



# 优趣汇控股有限公司 UNQ HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 2177

## 2024 Interim Report 中期報告



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## Company Profile

UNQ Holdings Limited (the “**Company**” or “**we**”, together with its subsidiaries, the “**Group**”) is a leading brand e-commerce service provider in China, focusing on fast-moving consumer goods, including personal care products for adults, personal care products for babies, beauty products, health products and others. We cooperate with approximately 50 brands, including SOFY, moony of Unicharm, brands of FineToday including but not limited to AQUAIR, KUYURA, TSUBAKI, UNO, FINO, and AQUA LABEL, HAKU of Shiseido, ATTENIR and Boscia owned by FANCL, Ohta’s Isan, Taisho Pharmaceutical and etc., and provide brands with omnichannel, one-stop and high value-added operations and customized services, empowering brands and promoting values.

The Group acts as the bridge between brand partners, e-commerce platforms and customers in China. We operate our business primarily through distribution method and service fee method. Under the distribution model, we purchase products from selected brand partners, manage Chinese and cross-border supply chains, identify and reach target customers through omnichannel marketing, and sell products to customers through online marketplace stores operated by us, which we refer to as our business-to-customer, or B2C model, or to e-commerce platforms or other distributors, which, in turn, sell to customers, which we refer to as our business-to-business, or B2B model. Under the service fee method, as a supplement to the B2C and B2B models, we also provide our solutions to brand partners or other customers for service fees.

The Group will be continuously and deeply engaged in its business areas and improve its overall operational efficiency. Meanwhile, it will keep up with the industry development trend, gain insight into consumer demand, provide more forward-looking operational services for brand partners, drive more spending traffic to e-commerce platforms and offer more high-quality and interesting products to customers.



# Corporate Information

## DIRECTORS

### Executive Directors

Mr. WANG Yong (*Chairman and Chief Executive Officer*)  
Mr. SHEN Yu  
Mr. MATSUMOTO Ryoji (*resigned on 28 March 2024*)  
Ms. CHEN Weiwei (*appointed on 28 March 2024*)

### Non-executive Director

Mr. NAKAYAMA Kokkei

### Independent Non-executive Directors

Mr. NG Kam Wah Webster  
Mr. WEI Hang  
Ms. XIN Honghua

## JOINT COMPANY SECRETARIES

Mr. SHEN Yu  
Ms. NG Sau Mei (*FCG, HKFCG*)

## AUDIT COMMITTEE

Mr. NG Kam Wah Webster (*Chairman*)  
Mr. WEI Hang  
Ms. XIN Honghua

## REMUNERATION COMMITTEE

Mr. WEI Hang (*Chairman*)  
Ms. XIN Honghua  
Mr. WANG Yong

## NOMINATION COMMITTEE

Mr. WANG Yong (*Chairman*)  
Mr. NG Kam Wah Webster  
Mr. WEI Hang

## AUTHORISED REPRESENTATIVES

Mr. SHEN Yu  
Ms. NG Sau Mei (*FCG, HKFCG*)

## AUDITOR

BDO Limited  
*Certified Public Accountants*  
25th Floor Wing On Centre  
111 Connaught Road Central  
Hong Kong

## LEGAL ADVISER

*As to Hong Kong law:*  
Stephenson Harwood  
43/F, One Taikoo Place  
979 King's Road  
Quarry Bay  
Hong Kong

## REGISTERED OFFICE

Campbells Corporate Services Limited  
Floor 4, Willow House, Cricket Square  
Grand Cayman KY1-9010  
Cayman Islands



## Corporate Information

### HEAD OFFICE

Room 2505, Guohua Life Finance Tower  
No. 288 Xiangcheng Road  
Pudong New Area  
Shanghai  
PRC

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two, Times Square  
1 Matheson Street  
Causeway Bay  
Hong Kong

### SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Campbells Corporate Services Limited  
Floor 4, Willow House, Cricket Square  
Grand Cayman KY1-9010  
Cayman Islands

### HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

### PRINCIPAL BANKERS

DBS (Hong Kong) Limited  
11/F, The Center  
99 Queen's Road Central  
Hong Kong

Sumitomo Mitsui Banking Corporation,  
Hong Kong Branch  
7/F-8/F, One International Finance Centre  
1 Harbour View Street, Central  
Hong Kong

The Hongkong and Shanghai  
Banking Corporation Limited  
1 Queen's Road Central  
Hong Kong

### STOCK CODE

2177

### COMPANY'S WEBSITE

[www.youquhui.com](http://www.youquhui.com)

### LISTING DATE

12 July 2021



# Financial Highlights

## DECLINE IN REVENUE

- Mainly affected by the optimization of the existing brand and channel structure and the termination of some low-margin brand partnerships, coupled with the impact of the external environment, the Group recorded a revenue of RMB613.3 million for the six months ended 30 June 2024, representing a decrease of 32.0% compared to the same period of last year.

## INCREASE IN GROSS PROFIT MARGIN

- Due to proactive improvements in the trading terms with brand partners and continued cost reduction and efficiency improvement, the Group's gross profit margin for the six months ended 30 June 2024 was 30.0%, representing an increase of 3.2 percentage points as compared to the gross profit margin of 26.8% in the same period of last year.

## SIGNIFICANT INCREASE IN NET PROFIT

- For the six months ended 30 June 2024, the Group recorded a net profit of RMB23.7 million, representing an increase of 981.1% as compared to the net profit of RMB2.2 million for the same period of last year.

## INCREASE IN BASIC EARNINGS PER SHARE

- The Group's basic earnings per share for the six months ended 30 June 2024 was RMB0.15, and the Group's basic earnings per share for the same period of last year was RMB0.01.



# Management Discussion and Analysis

## OVERVIEW

In the first half of 2024, China's economy achieved steady growth, but the consumer market still faced many risks and challenges. The consumer confidence index has fallen since the beginning of the year, and consumers have become more rational, cautious and cost-effective in their consumption decisions. At the same time, low-priced involuntary competition among e-commerce platforms has become more intense.

In the first half of 2024, the Group continued to proactively optimize its existing brand and channel structure and terminated the cooperation with some low-margin businesses, and the market share of Japanese consumer goods in China was eroded by domestic products due to external environmental factors. Accordingly, the Group's overall revenue in the first half of 2024 decreased by 32.0% as compared to the same period of last year.

In the first half of 2024, the Group successfully implemented the strategy of "Streamlining Organization, Reducing Costs and Increasing Efficiency, Enhancing Operating Quality", resulting in a substantial improvement in gross profit margin and net profit as compared to the same period of last year. In the first half of 2024, the Group's gross profit margin was 30.0%, representing an increase of 3.2 percentage points as compared to 26.8% for the same period of last year; the net profit was RMB23.7 million, representing a year-on-year increase of 981.1% as compared to the net profit of RMB2.2 million for the same period of last year, which was mainly attributable to (i) proactively improving the trading terms with brand partners; (ii) continuously reducing expenses and increasing efficiency to improve promotion efficiency and human efficiency, and improving refined operation capability; and (iii) in respect of investment and financing, actively lowering the level of borrowings while earning interest income and gains on equity transfer.

In the first half of 2024, the Group made a breakthrough in the co-incubation business in the healthcare category, with the Canadian healthcare brand entering into the Chinese market and breaking the ice. Meanwhile, the Group continued to expand businesses in channels of Douyin (抖音) and Pinduoduo (拼多多) to provide more diversified omni-channel services for its brand partners. The revenue from the businesses in Douyin and Pinduoduo for the first half of 2024 accounted for 11.1% of the overall revenue of the Group.

## ANALYSIS OF KEY FINANCIAL DATA

### Revenue

The Group's overall revenue in the first half of 2024 decreased by 32.0% as compared to the same period of last year, which was mainly because (i) the Group continuously consolidated and optimized existing brands and channels, terminated cooperation with some low-margin brands and channels, and reduced the scale of low-margin businesses; and (ii) the market share of some Japanese brands in China was eroded by the external environment and isolated incidents, which led to a decline in the sales volume.





## Management Discussion and Analysis

### Revenue by business model in absolute amount and as a percentage of total revenue

	Unaudited Six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
<b>Sales of goods</b>				
<b>B2B</b>	<b>271,246</b>	<b>44.3</b>	416,907	46.2
General trade	<b>192,969</b>	<b>31.5</b>	260,684	28.9
Cross-border e-commerce	<b>78,277</b>	<b>12.8</b>	156,223	17.3
<b>B2C</b>	<b>337,666</b>	<b>55.1</b>	477,171	52.9
General trade	<b>197,360</b>	<b>32.2</b>	224,004	24.8
Cross-border e-commerce	<b>140,306</b>	<b>22.9</b>	253,167	28.1
<b>Provision of services</b>	<b>4,392</b>	<b>0.6</b>	7,847	0.9
<b>Total</b>	<b>613,304</b>	<b>100.0</b>	901,925	100.0

### Revenue of sales of goods by product categories and provision of services in absolute amount and as a percentage of total revenue

	Unaudited Six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
<b>Sales of goods</b>				
Personal care products for adults	<b>399,409</b>	<b>65.3</b>	566,775	62.9
Personal care products for babies	<b>63,236</b>	<b>10.3</b>	116,733	12.9
Beauty products	<b>50,899</b>	<b>8.3</b>	88,833	9.8
Health products	<b>60,816</b>	<b>9.9</b>	82,906	9.2
Others	<b>34,552</b>	<b>5.6</b>	38,831	4.3
<b>Provision of services</b>	<b>4,392</b>	<b>0.6</b>	7,847	0.9
<b>Total</b>	<b>613,304</b>	<b>100.0</b>	901,925	100.0

Note: Others mainly include household necessities.





## Management Discussion and Analysis

Sales revenue from personal care products for adults decreased by 29.5% as compared to the same period of last year, mainly due to, on the one hand, the decline of the brand power of a personal care product for adults of the Group, leading to the decrease in the sales volume, and on the other hand, the Group's reduction of the proportion of shipments to low-margin channels in a profit-oriented manner.

Sales revenue from personal care products for babies decreased by 45.8% as compared to the same period of last year, mainly due to, on the one hand, the impact of the declining birth rate and intensified competition in the overall market for baby and maternal products, and on the other hand, the reduction of the proportion of sales to low-margin channels.

Sales revenue from beauty products decreased by 42.7% as compared to the same period of last year, mainly due to, on the one hand, the termination of the Group's cooperation with the Tmall channel of a certain brand in the second half of last year, and on the other hand, the erosion in market share caused by the competition with local beauty brands.

Sales revenue from health products decreased by 26.6% as compared to the same period of last year, which was mainly affected by the incident of a certain brand, leading to the decline in the sales revenue of the Group's cross-border health medical products.

Service revenue decreased by 44.0% as compared to the same period of last year, mainly due to, on the one hand, the impact of the incident of a certain brand, leading to the decline in the service revenue of the E-commerce operation business, and on the other hand, the contraction of part of the low-margin businesses.

### Gross profit and gross profit margin

The Group's overall gross profit margin for the six months ended 30 June 2024 was 30.0%, as compared with 26.8% for the same period of last year, representing an increase of 3.2 percentage points, mainly because (i) the Group increased the proportion of high-margin product sales, enhanced the promotion efficiency and improved the trading terms with brand partners; and (ii) the Group took active actions in optimizing inventory structure and enhancing turnover efficiency of goods.



## Management Discussion and Analysis

### Gross profit and gross profit margin by business model

	Unaudited			
	Six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
<b>Sales of goods</b>				
<b>B2B</b>	<b>40,748</b>	<b>15.0</b>	43,555	10.4
General trade	<b>24,186</b>	<b>12.5</b>	29,401	11.3
Cross-border e-commerce	<b>16,562</b>	<b>21.2</b>	14,154	9.1
<b>B2C</b>	<b>139,434</b>	<b>41.3</b>	190,555	39.9
General trade	<b>65,014</b>	<b>32.9</b>	76,976	34.4
Cross-border e-commerce	<b>74,420</b>	<b>53.0</b>	113,579	44.9
<b>Provision of services</b>	<b>3,539</b>	<b>80.6</b>	7,241	92.3
<b>Total</b>	<b>183,721</b>	<b>30.0</b>	241,351	26.8

### Gross profit and gross profit margin in respect of sales of goods by product categories and provision of services

	Unaudited			
	Six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
<b>Sales of goods</b>				
Personal care products for adults	<b>100,001</b>	<b>25.0</b>	119,288	21.0
Personal care products for babies	<b>20,978</b>	<b>33.2</b>	30,619	26.2
Beauty products	<b>17,543</b>	<b>34.5</b>	32,291	36.4
Health products	<b>24,710</b>	<b>40.6</b>	32,269	38.9
Others	<b>16,950</b>	<b>49.1</b>	19,643	50.6
<b>Provision of services</b>	<b>3,539</b>	<b>80.6</b>	7,241	92.3
<b>Total</b>	<b>183,721</b>	<b>30.0</b>	241,351	26.8

Note: Others mainly include household necessities.



## Management Discussion and Analysis

The gross profit margin of personal care products for adults increased by 4.0 percentage points as compared to the same period of last year, mainly due to (i) the Group's in-depth cooperation with brand partners in the first half of 2024, ranging from product to content promotion, as well as the suppliers' support from brand partners in order to strengthen the clearance of products close to expiry, which had a positive impact on the gross profit margin; and (ii) the optimization of channel operations and decrease in shipment proportion of low-margin channel.

The gross profit margin of personal care products for babies increased by 6.9 percentage points as compared to the same period of last year, mainly due to the Group's continuous optimization of channel and decrease in sales proportion of low-margin channel, resulting in the increase in overall gross profit margin.

The gross profit margin of beauty products decreased by 1.9 percentage points as compared to the same period of last year, mainly due to the Group's continuous optimization of product structure, increase in the proportion of high-margin channel, and offset by low gross profit margin on clearance of products close to expiry.

The gross profit margin of health products increased by 1.7 percentage points as compared to the same period of last year, mainly due to the Group's active optimization of product structure, increase in the proportion of high-margin product sales and effective control over product costs, resulting in improvement in overall gross profit margin.

### Operating profit and earnings per share

The Group recorded an operating profit of RMB16.4 million for the six months ended 30 June 2024, as compared with RMB8.1 million for the same period of last year, which was mainly due to (i) a decrease in the promotion and advertising expenses by 40.6% due to the Group's optimization of the marketing expenses and improvement in marketing efficiency; (ii) a decrease in human resources costs by 15.6% as compared to the same period of last year, in order to continuously improve human efficiency; and (iii) in terms of investment and financing, actively lowering the level of borrowings and increasing deposit gains by the Group, resulting in the net financial gain of RMB2.8 million in the first half of 2024, as well as the gains from equity transfer of RMB9.0 million.

For the six months ended 30 June 2024, basic earnings per share of the Group was RMB0.15 as compared with RMB0.01 for the same period of last year.



# Management Discussion and Analysis

## LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 June 2024, the Group mainly used cash generated from operations and bank borrowings to meet its cash demand. As at 30 June 2024, cash and cash equivalents were RMB365.4 million. Cash and cash equivalents include monetary funds, bank deposits and other short-term highly liquid investments with original maturities of up to three months (inclusive). Most of the Group's cash and cash equivalents are presented in Renminbi, US Dollar and Japanese Yen.

The cash flows for the six months ended 30 June 2023 and the six months ended 30 June 2024 are as follows:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Net cash generated from operating activities	88,648	865
Net cash used in investing activities	(8,728)	(36,073)
Net cash used in financing activities	(52,808)	(107,046)
Net increase/(decrease) in cash and cash equivalents	27,112	(142,254)
Opening cash and cash equivalents	338,397	417,642
Effect on exchange rate difference	(96)	633
Closing cash and cash equivalents	365,413	276,021

For the six months ended 30 June 2024, net cash generated from operating activities was RMB88.6 million, mainly consisted of cash from operations of RMB77.7 million, plus received income tax refund of RMB5.4 million. The Group accelerated inventory clearance in the first half of the year to release more cash flows.

Net cash used in investing activities was RMB8.7 million, mainly used to purchase wealth management products.

Net cash used in financing activities was RMB52.8 million, mainly due to the Group's active repayment of net borrowings of RMB48.6 million as a result of the Group's proactive efforts to reduce its debt ratio.

## CAPITAL STRUCTURE

As at 30 June 2024, the gearing ratio of the Group was -28.3% (31 December 2023: -14.6%), which was calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including interest-bearing borrowings and lease liabilities) less cash and cash equivalents, and liquid investment which are financial assets at fair value through profit or loss. The Group's gearing ratio is at a low level, total amount of borrowings is relatively low and the book maintains relatively sufficient cash.



## Management Discussion and Analysis

### **BANK AND OTHER BORROWINGS, CHARGES ON ASSETS**

The Group adopted reasonable and stable financing policies. As at 30 June 2024, the Group's total amount of borrowings was RMB156.1 million, mainly consisting of bank borrowings. Among the Group's borrowings, an equivalent of RMB122.0 million were guaranteed by the Company and its subsidiaries. As at 30 June 2024, the Group's borrowings were mainly at a fixed interest rate.

As at 30 June 2024, the Group's unutilized banking facilities amounted to RMB209.3 million.

### **CAPITAL EXPENDITURE AND CAPITAL COMMITMENT**

During the six months ended 30 June 2024, the Group did not have any capital expenditure (RMB0.8 million for the same period of 2023). As at 30 June 2024, the Group had no material capital commitment.

### **FUTURE PLANS OF MAJOR INVESTMENTS AND CAPITAL ASSETS**

As at 30 June 2024, the Group did not have any other plans of major investments and capital assets.

### **SIGNIFICANT INVESTMENTS HELD**

During the six months ended 30 June 2024, the Group did not hold any significant investments in any other companies' equity interest.

### **MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Group did not have material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2024.

### **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2024, the Group had a total of 259 employees, most of whom were resident in China, including Shanghai, Hangzhou and Beijing. The remuneration offered by the Group is determined with reference to the market conditions and the performance, qualifications and experience of employees. Based on the performance of the Group and employees, the Group offers competitive remuneration packages to retain employees, including salaries, discretionary bonuses and benefit plans. In addition to on-the-job training, the Group also adopts a training policy to provide employees with various internal and external trainings. During the six months ended 30 June 2024, the relationship between the Company and its employees was stable. The Group was not subject to any strikes or other labor disputes that had a significant impact on its business activities.



# Management Discussion and Analysis

## FOREIGN EXCHANGE RISK

During the six months ended 30 June 2024, the Group mainly operated its businesses in mainland China, with most transactions settled in Renminbi. Foreign exchange risk means the risk of loss arising out of changes in foreign exchange rates. Fluctuations in exchange rates between Renminbi and other currencies used for the Group's business operations may have an impact on its financial position and results of operations. The foreign exchange risk to which the Group is exposed mainly arises from the changes in the exchange rates of US Dollar and Japanese Yen against Renminbi.

## CONTINGENT LIABILITIES

In October 2023, UNQ (Shanghai) Supply Chain Management Co., Ltd. (優趣匯(上海)供應鏈管理有限公司, an indirect wholly-owned subsidiary of the Company, "**UNQ Supply Chain**") has provided Shanghai Xuyi Industry Co., Ltd. (上海旭一實業有限公司, "**Shanghai Xuyi**") a guarantee for a bank loan of RMB48.0 million from Industrial Bank Co. Ltd. by Shanghai Xuyi with its bank deposit of RMB50.0 million (the "**Guarantee**"), which covered the principal, interests, default penalties and other incidental expenses payable of the bank loan. Shanghai Xuyi and Ms. LI Min, the controlling shareholder of Shanghai Xuyi, entered into counter-guarantee agreements with UNQ Supply Chain respectively, to provide counter-guarantee for UNQ Supply Chain's liability in relation to the Guarantee. The Group adopted a multi-scenario discounted cash flow approach under the 3-stage model when evaluating the expected credit losses of the financial guarantees for the six months ended 30 June 2024. Several key assumptions were adopted for different scenarios, including the cancellation or settlement of the financial guarantees and the related probabilities. Based on the above assessment, the Group made a provision for loss allowance on the Guarantee of RMB6.4 million for the six months ended 30 June 2024. The board (the "**Board**") of directors (the "**Directors**") of the Company expected that it would not materially and adversely affect the financial condition of the Group. Please refer to the announcement of the Company dated 17 October 2023 for further details on the Guarantee.

Save as disclosed above, during the six months ended 30 June 2024, the Group did not have any other material contingent liabilities.

## SUBSEQUENT EVENTS

After 30 June 2024 and up to the date of this interim report, the Group did not have material subsequent events.

## NO MATERIAL CHANGE

Since the publication of the latest annual report for the year ended 31 December 2023, there have been no material changes to the Company's business.

## OUTLOOK

In the second half of 2024, in the face of the external consumer environment, which remains fraught with various uncertainties, the Group will implement the following operating strategies:

1. We will continuously promote the incubation of self-owned brand and co-creation brand in health-care food, skincare and other sectors, and expand the brand influence and sales of products;
2. We will continue to increase the investment in Douyin platform, create excellent content to leverage streaming conversion, drive crowd growth and increase consumers' loyalty; and
3. We will stabilize the existing businesses and revenue, continue to improve the Group's profitability through refined operation, reductions in costs, improvement of efficiency and optimization of asset structure.



## Other Information

### CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as its own code of corporate governance. During the six months ended 30 June 2024, save as disclosed as follows, the Company has complied with all applicable code provisions as set out in the CG Code. The Company will continue to review and monitor its corporate governance practices to ensure the compliance with the CG Code.

Under code provision C.2.1 of the CG Code, the roles of chairman of the board and chief executive officer should be separate and performed by different individuals.

The roles of chairman of the Board and chief executive officer of the Company are currently performed by Mr. WANG Yong. In view of Mr. WANG Yong’s substantial contribution to the Group since its establishment and his extensive experience, the Group considers that having Mr. WANG Yong acting as both the chairman of the Board and chief executive officer of the Company will provide strong and consistent leadership to the Group and facilitate the efficient execution of business strategies of the Group. The Group considers it appropriate and beneficial to the Group’s business development and prospects that Mr. WANG Yong acts as both the chairman of the Board and chief executive officer of the Company, and therefore currently does not propose to separate the functions of chairman of the Board and chief executive officer of the Company.

While this would constitute a deviation from code provision C.2.1 of the CG Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) there are sufficient checks and balances in the Board, as a decision to be made by the Board requires approval by at least a majority of the Directors, and the Board comprises three executive Directors, one non-executive Director and three independent non-executive Directors, which is in compliance with the requirement under the Listing Rules; (ii) Mr. WANG Yong and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of the Company and will make decisions for the Group accordingly; and (iii) the balance of power and authority is ensured by the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategic and other key business, financial, and operational policies of the Group are made collectively after thorough discussion at both Board and senior management. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman of the Board and chief executive officer of the Company is necessary.





## Other Information

### HUMAN RESOURCES MANAGEMENT AND INTERNAL CONTROL

Employees are the foundation for the sustainable development of the Group. We are committed to providing equal employment opportunities for all qualified candidates, without employment discrimination based on age, nationality, race, religion, sexual orientation, gender, skin color, etc. Meanwhile, the Group has implemented a fair and reasonable remuneration management and performance appraisal system, and has provided internal training and sharing sessions that are beneficial to the career development of its employees.

As at 30 June 2024, the Group had a total of 259 employees, of which 71% were female employees.

The Group is committed to maintaining a high standard of corporate governance. All employees should adhere to the Group's code of conduct. We regularly review and update our internal control policies, procedures and guidelines so that they comply with the latest external and internal control requirements. All new employees have to receive necessary training. The Company has a dedicated mail to accept any report on misconducts. The internal audit department is responsible for conducting internal compliance review and reporting to the management. In the first half of 2024, the Group has organized 33 staff training sessions, mainly covering business introduction, industry and market insights, corporate culture and enhancement of comprehensive capabilities.

### CORPORATE SOCIAL RESPONSIBILITY

The Group has always actively fulfilled corporate social responsibilities and constantly carried out multi-dimensional charitable activities.

In the first half of 2024, Zhejiang Women and Children's Foundation, together with Alibaba Foundation, Tmall Mart and SOFY brand, sent more than 10,000 "Pink Warm Heart Packs" to girls in the Aksu region of Xinjiang, and the Group donated 30,000 packs of SOFY sanitary napkins, worth nearly RMB200,000. At the meanwhile, the Group's volunteers went into the long-term co-construction unit, Shanghai Changning District Auxiliary School, and held a joyful and warm 10<sup>th</sup> birthday party for the exceptional youth. In addition, the Group donated RMB30,000 to Beijing Entrepreneurs Environmental Protection Foundation for the organization's environmental public welfare programs.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by the Directors of the Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' securities transactions. Having made specific enquiry to all Directors, each of the Directors confirmed that he/she has complied with the required standards set out in the Model Code during the six months ended 30 June 2024. No incident of non-compliance of the Model Code by the employees who are likely to be in possession of inside information of the Company was noted by the Company.

### INTERIM DIVIDEND

The Board declared the distribution of an interim dividend of HK\$0.25 per share for the six months ended 30 June 2024 (for the six months ended 30 June 2023: HK\$0.12) to the shareholders of the Company whose names appear on the register of members of the Company on Monday, 16 September 2024, amounting to approximately HK\$41.5 million out of the share premium account of the Company. The above-mentioned interim dividend is expected to be paid on Thursday, 26 September 2024.



## Other Information

### CLOSURE OF REGISTER OF MEMBERS

In order to determine the identity of members who are eligible for receiving the interim dividend, the register of members of the Company will be closed from Thursday, 12 September 2024 to Monday, 16 September 2024, both days inclusive, during which no transfer of shares will be registered. In order to be eligible for receiving the interim dividend, all completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Wednesday, 11 September 2024.

### AUDIT COMMITTEE

The Board has established the audit committee (the "**Audit Committee**"), which comprises three independent non-executive Directors, namely Mr. NG Kam Wah Webster, Mr. WEI Hang and Ms. XIN Honghua. Mr. NG Kam Wah Webster is the chairman of the Audit Committee. The primary duties of the Audit Committee are to review the Company's financial information, and oversee the Company's financial reporting system, risk management and internal control procedures.

The interim financial information of the Group is unaudited and has not been reviewed by the auditors. The Audit Committee has jointly reviewed with the Board the unaudited condensed interim results of the Group for the six months ended 30 June 2024.

### CHANGE IN INFORMATION OF DIRECTORS

On 28 March 2024, Mr. MATSUMOTO Ryoji resigned as an executive Director and Ms. CHEN Weiwei was appointed as an executive Director.

Save as disclosed above, the Directors have confirmed that there is no information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules as at 30 June 2024.

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

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury share, if any).



## Other Information

### USE OF PROCEEDS FROM LISTING

The Company was listed on the Main Board of the Stock Exchange on 12 July 2021 (the “**Listing Date**”) with total net proceeds from the listing of approximately HK\$320 million after deducting underwriting fees, commissions and estimated expenses.

The proceeds from listing are and will continuously be used in accordance with the plans as disclosed in the section headed “Future Plans and Use of Proceeds” of the prospectus of the Company dated 28 June 2021 (the “**Prospectus**”), namely:

Item	Approximate percentage of total amount (%)	Amount of net proceeds allocated upon listing (HK\$ million)	Unutilised amount as at 31 December 2023 (HK\$ million)	Utilised amount	Utilised amount as at 30 June 2024 (HK\$ million)	Unutilised amount as at 30 June 2024 (HK\$ million)	Expected timeline for balance of net proceeds
				during the six months ended 30 June 2024 (HK\$ million)			
For investing in social media marketing and advertising, growing proprietary brands, diversifying brand portfolios and strengthening supply chain management	54.3%	174	46	19	147	27	By 31 December 2024
For diversifying our brand and product offerings for health products, in particular OTC drugs	15.7%	50	0	0	50	0	Not applicable
For enhancing our technology systems and data analytics capabilities	7.0%	22	7	2	17	5	By 31 December 2024
For pursuing strategic investments in technology companies and O2O service providers	13.0%	42	42	0	0	42	By 31 December 2024
For working capital and general corporate uses	10.0%	32	0	0	32	0	Not applicable
<b>Total</b>	<b>100%</b>	<b>320</b>	<b>95</b>	<b>21</b>	<b>246</b>	<b>74</b>	

Save as disclosed above, since the Listing Date, the Group has not utilised any other portion of the net proceeds and will gradually utilise the remaining net proceeds in accordance with the intended purposes as stated in the Prospectus, and the remaining net proceeds are expected to be fully utilised by 31 December 2024. The expected timeline is based on the best estimation of future market conditions and business operations made by the Company currently, and remains subject to change based on future development of market conditions and actual business needs.



## Other Information

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”) which were required to be 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 were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be otherwise notified to the Company and the Stock Exchange were as follows:

Interests in shares of the Company (the “Shares”):

Name of Director	Identity and nature of interests	Number of Shares held <sup>(1)</sup>	Approximate percentage of equity interest
Mr. WANG Yong (“ <b>Mr. WANG</b> ”) <sup>(2)</sup>	Interest in controlled corporation	64,392,700	38.82%
Ms. CHEN Weiwei (“ <b>Ms. CHEN</b> ”) <sup>(3)</sup>	Interest in controlled corporation	350,000	0.21%

Notes:

- All interests stated are long positions.
- Wisdom Oasis Holdings Limited (“**Wisdom Oasis**”), which is wholly owned by Mr. WANG, is interested in 64,392,700 Shares, and thus Mr. WANG is deemed to be interested in 64,392,700 Shares.
- Athena Land IV Holdings Limited, which is owned as to 39.33% by Ms. CHEN, is interested in 350,000 Shares, and thus Ms. CHEN is deemed to be interested in 350,000 Shares.

Save as disclosed above, as at 30 June 2024, none of the Directors and chief executives of the Company had interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be 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 were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



## Other Information

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares, which were required to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or to be recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholders	Identity and nature of interests	Number of Shares held <sup>(1)</sup>	Approximate percentage of equity interest
Wisdom Oasis	Beneficial owner	64,392,700	38.82%
Transcosmos Inc.	Beneficial owner	57,264,100	34.52%

Note:

1. All interests stated are long positions.

Save as disclosed above, as at 30 June 2024, the Directors or chief executive of the Company were not aware of any persons (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which were required to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or to be recorded in the register required to be kept by the Company under section 336 of the SFO.

### DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in this interim report, during the six months ended 30 June 2024, none of the Directors or their respective spouses or minor children were authorized to benefit from the purchase of shares or debentures of the Company, nor did they exercise any of these rights, and none of the Company or any of its holding companies, fellow subsidiaries and subsidiaries had entered into any arrangements that would enable the Directors to obtain such rights from any other companies.



## Other Information

### 2022 RESTRICTED SHARE UNIT SCHEME

The Company adopted the 2022 Restricted Share Unit Scheme with effect from 22 June 2022 (the “**Adoption Date**”) for the purpose of recognising and rewarding participants for their contribution to the Group, to attract best available personnel, and to provide additional incentives to them to remain with and further promote the success of the Group’s business. The maximum number of underlying Shares in respect of which the award (the “**Award**”) may be granted under the 2022 Restricted Share Unit Scheme shall not exceed 5,475,525 Shares (excluding Awards that have lapsed or been cancelled in accordance with the rules of the 2022 Restricted Share Unit Scheme), which represents approximately 3.3% of the total issued Shares as at the date of this interim report. The maximum number of underlying Shares in respect of which Award may be granted to a selected participant under the 2022 Restricted Share Unit Scheme, at any time or in aggregate shall not exceed 1% of the total issued Shares as at the Adoption Date (excluding Awards that have lapsed or been cancelled in accordance with the rules of the 2022 Restricted Share Unit Scheme). The number of Awards available for grant at the beginning and at the end of the reporting period is 5,475,525 and 5,475,525, respectively.

For details of the 2022 Restricted Share Unit Scheme, please refer to the announcement of the Company dated 27 April 2022 and the circular of the Company dated 31 May 2022.

The number of Shares that may be issued in respect of Awards granted under the 2022 Restricted Share Unit Scheme during the reporting period divided by the weighted average number of Shares in issue (excluding treasury shares) for the reporting period is nil as no Award was granted under the 2022 Restricted Share Unit Scheme during the six months ended 30 June 2024. The total number of Shares available for issue under the 2022 Restricted Share Unit Scheme is nil as at the date of this interim report. During the reporting period, no Shares were vested, cancelled or had lapsed under the 2022 Restricted Share Unit Scheme.



# Interim Condensed Consolidated Statements of Comprehensive Income

For the six months ended 30 June 2024

		Unaudited	
		Six months ended 30 June	
	Note	2024	2023
		RMB'000	RMB'000
<b>Revenue</b>	7	<b>613,304</b>	901,925
Cost of revenue	8	<b>(429,583)</b>	(660,574)
<b>Gross profit</b>		<b>183,721</b>	241,351
Selling and marketing expenses	8	<b>(135,237)</b>	(197,878)
General and administrative expenses	8	<b>(25,653)</b>	(34,806)
Research and development expenses	8	<b>(2,251)</b>	(1,778)
Net impairment losses on financial assets		<b>(3,756)</b>	(4,713)
Other income		<b>39</b>	755
Other (losses)/gain		<b>(435)</b>	5,193
<b>Operating profit</b>		<b>16,428</b>	8,124
Finance income	9	<b>5,538</b>	563
Finance costs	9	<b>(2,697)</b>	(8,688)
Finance income/(costs) – net		<b>2,841</b>	(8,125)
Share of net profit of associates and joint ventures accounted for using the equity method		<b>9,016</b>	1,286
<b>Profit before income tax</b>		<b>28,285</b>	1,285
Income tax (expense)/credit	10	<b>(4,576)</b>	908
<b>Profit for the period</b>		<b>23,709</b>	2,193
<b>Attributable to:</b>			
– Owners of the Company		<b>24,422</b>	1,678
– Non-controlling interests		<b>(713)</b>	515
		<b>23,709</b>	2,193



# Interim Condensed Consolidated Statements of Comprehensive Income

For the six months ended 30 June 2024

	Note	Unaudited	
		Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
<b>Other comprehensive (losses)/income</b>			
<i>Items that maybe reclassified to profit or loss</i>			
Share of other comprehensive losses of associates and joint ventures accounted for using the equity method		(580)	(93)
Exchange differences on translation of foreign operations		(9,067)	2,472
<b>Total other comprehensive (losses)/income</b>		<b>(9,647)</b>	2,379
<b>Total comprehensive income for the period</b>		<b>14,062</b>	4,572
<b>Attributable to:</b>			
– Owners of the Company		14,775	4,057
– Non-controlling interests		(713)	515
		<b>14,062</b>	4,572
<b>Earnings per share for profit attributable to owners of the Company</b>			
– Basic earnings per share (RMB)	11	0.15	0.01
– Diluted earnings per share (RMB)	11	0.15	0.01

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



# Interim Condensed Consolidated Balance Sheets

As at 30 June 2024

		Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		10,072	10,483
Intangible assets		1,716	1,825
Deferred tax assets		53,615	52,639
Investments accounted for using the equity method		25,321	16,637
Financial assets measured at fair value through profit or loss (FVPL)	5.2	35,458	35,414
<b>Total non-current assets</b>		<b>126,182</b>	116,998
<b>Current assets</b>			
Inventories	12	293,207	279,570
Trade and other receivables	13	206,348	243,697
Other current assets		107,450	126,214
Financial assets measured at fair value through profit or loss (FVPL)	5.2	10,000	–
Restricted cash		60,475	52,475
Cash and cash equivalents		365,413	338,397
<b>Total current assets</b>		<b>1,042,893</b>	1,040,353
<b>Total assets</b>		<b>1,169,075</b>	1,157,351

# Interim Condensed Consolidated Balance Sheets

As at 30 June 2024

		Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
	<i>Note</i>		
<b>EQUITY</b>			
Share capital		14	14
Share premium		2,524,727	2,524,727
Other reserves		(1,484,580)	(1,474,933)
Accumulated losses		(299,107)	(323,529)
<b>Equity attributable to owners of the Company</b>		<b>741,054</b>	726,279
<b>Non-controlling interests</b>		<b>2,351</b>	979
<b>Total equity</b>		<b>743,405</b>	727,258
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	14	28,932	35,188
Lease liabilities		3,409	3,409
<b>Total non-current liabilities</b>		<b>32,341</b>	38,597
<b>Current liabilities</b>			
Contract liabilities		–	521
Trade and other payables	15	241,570	181,691
Lease liabilities		5,669	5,669
Current tax liabilities		12,552	9,452
Provisions		6,375	6,375
Borrowings	14	127,163	187,788
<b>Total current liabilities</b>		<b>393,329</b>	391,496
<b>Total liabilities</b>		<b>425,670</b>	430,093
<b>Total equity and liabilities</b>		<b>1,169,075</b>	1,157,351

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



# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Unaudited							
	Note	Attributable to owners of the Company				Total	Non-controlling interests	Total equity
		Share capital	Share premium	Other reserves	Accumulated losses			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>As at 1 January 2024</b>	14	2,524,727	(1,474,933)	(323,529)	726,279	979	727,258	
<b>Comprehensive income/(losses)</b>								
Profit/(loss) for the period	-	-	-	24,422	24,422	(713)	23,709	
Other comprehensive losses	-	-	(9,647)	-	(9,647)	-	(9,647)	
<b>Transactions with owners:</b>								
Dividends declared to non-controlling shareholders	-	-	-	-	-	(245)	(245)	
Contribution from non-controlling interests	-	-	-	-	-	2,330	2,330	
<b>As at 30 June 2024</b>	14	2,524,727	(1,484,580)	(299,107)	741,054	2,351	743,405	
<b>As at 1 January 2023</b>	14	2,542,930	(1,474,665)	(305,312)	762,967	166	763,133	
<b>Comprehensive income</b>								
Profit for the period	-	-	-	1,678	1,678	515	2,193	
Other comprehensive income	-	-	2,379	-	2,379	-	2,379	
<b>Transactions with owners:</b>								
Disposal of subsidiary	-	-	-	-	-	124	124	
<b>As at 30 June 2023</b>	14	2,542,930	(1,472,286)	(303,634)	767,024	805	767,829	

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

# Interim Condensed Consolidated Statements of Cash Flows

For the six months ended 30 June 2024

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	77,684	11,854
Interest received	5,538	563
Income tax received/(paid)	5,426	(11,552)
<b>Net cash generated from operating activities</b>	<b>88,648</b>	865
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	–	(664)
Purchases of intangible assets	–	(132)
Payments for investments accounted for using the equity method	(71)	(138)
Proceeds from disposal of property, plant and equipment	–	23
Acquisition of financial assets at fair value through profit or loss	(10,000)	(34,359)
Disposal of subsidiaries, net of cash paid	–	(252)
Payments for disposal of derivative financial instrument	–	(1,151)
Repayment of loans by third parties	1,343	600
<b>Net cash used in investing activities</b>	<b>(8,728)</b>	(36,073)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings from third parties	137,800	233,373
Repayment of borrowings to third parties	(204,681)	(332,401)
Proceeds from loans from related parties	18,290	–
Interest paid	(2,986)	(4,400)
Payments of lease liabilities	(3,317)	(3,618)
Contributions from non-controlling interests	2,330	–
Dividends paid to non-controlling shareholders	(244)	–
<b>Net cash used in financing activities</b>	<b>(52,808)</b>	(107,046)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>27,112</b>	(142,254)
Cash and cash equivalents at beginning of the period	338,397	417,642
Effect on exchange rate difference	(96)	633
<b>Cash and cash equivalents at end of the period</b>	<b>365,413</b>	276,021

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



# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 31 October 2019 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Floor 4, Willow House, Cricket Square, Grand Cayman KY1-9010, Cayman Islands.

The Company is an investment holding company. The Group is principally engaged in (i) selling goods to customers ("**Sales of Goods Business**"), including Business To Business Model ("**B2B**") and Business To Consumer Model ("**B2C**"); (ii) the facilitation of brand partners' online operating services; (iii) the provision of digital marketing services in the People's Republic of China (the "**PRC**"). Mr. WANG Yong is the ultimate controlling shareholder of the Company.

The Company completed its initial public offering ("**IPO**") and listed its shares on the Main Board of the Stock Exchange of Hong Kong on 12 July 2021.

The interim condensed consolidated financial information is presented in Renminbi thousand (RMB'000), unless otherwise stated.

The interim condensed consolidated financial information was approved by the Board on 28 August 2024.

The interim condensed consolidated financial information has not been audited.

## 2 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with International Accounting Standard ("**IAS**") 34, "Interim financial reporting". The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with IFRS Accounting Standards.



# Notes to the Interim Condensed Consolidated Financial Information

## 3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2023, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total earnings.

### (a) New and amended standards adopted by the Group

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

There is no significant impact of the new and amended standards.

### (b) New standards and interpretations not yet adopted

New standards, amendments and interpretations that have been published but not yet effective and have not been early adopted by the Group during the period ended 30 June 2024, are as follows:

		Effective for annual periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	Classification and measurement of financial instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or amended standards which are relevant to the Group's operations. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.





# Notes to the Interim Condensed Consolidated Financial Information

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparing the interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual financial statements for the year ended 31 December 2023.

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### 5.1 Financial risk factors

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

The interim condensed consolidated financial information does not include all financial risk management information and disclosures as described in the annual financial information for the year ended 31 December 2023.

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

### 5.2 Fair value estimation

Financial instruments carried at fair value or where fair value was disclosed can be categorized by levels of the inputs to valuation techniques used to measure fair value. The inputs are categorized into three levels within a fair value hierarchy as follows:

Level 1: Quoted prices (unadjusted) inactive markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

# Notes to the Interim Condensed Consolidated Financial Information

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

### 5.2 Fair value estimation (continued)

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 30 June 2024				
Financial assets				
– Investment in a private fund	–	–	35,458	35,458
– Wealth management products	–	–	10,000	10,000
	–	–	45,458	45,458
As at 31 December 2023				
Financial assets				
– Investment in a private fund	–	–	35,414	35,414

The Group's financial assets at fair values included investment in a private fund and wealth management products, fair value of which is estimated based on unobservable inputs (level 3).

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2024 and 31 December 2023.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the six months ended 30 June 2024 and 2023.

#### (i) Valuation techniques used to determine fair value

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- Discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate; and
- A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

There were no changes in valuation techniques during the six months ended 30 June 2024 and 2023.



# Notes to the Interim Condensed Consolidated Financial Information

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

### 5.2 Fair value estimation (continued)

#### (ii) Fair value measurement using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the period ended 30 June 2024 and 2023.

	Financial assets at FVPL	
	Investment funds	
	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Opening balance as at 1 January	35,414	–
Addition	–	36,129
Exchange difference	44	–
Closing balance as at 30 June	35,458	36,129

	Financial assets at FVPL	
	Wealth management products	
	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Opening balance as at 1 January	–	–
Addition	10,000	–
Closing balance as at 30 June	10,000	–

### 5.3 Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of the Group's current financial assets, including cash and cash equivalents, restricted cash, trade and other receivables and financial liabilities, including borrowings, lease liabilities, trade and other payables approximate their fair values due to their short maturities.

# Notes to the Interim Condensed Consolidated Financial Information

## 6 SEGMENT INFORMATION

The Group's chief operating decision maker ("CODM") has been identified as the chief executive officer. The CODM reviews the consolidated results of the Group as a whole when making decisions about allocating resources and assessing performance of the Group. The Group mainly operates in the PRC. As at 30 June 2024 and 31 December 2023, most of non-current assets were located in the PRC. All of the Group's revenue are derived from the PRC.

Thus no segment information was presented for the six month ended 30 June 2024 and 2023.

## 7 REVENUE

(a) The revenue for the six months ended 30 June 2024 and 2023 are set out as follows:

	Timing of recognition	Unaudited Six months ended 30 June	
		2024 RMB'000	2023 RMB'000
Sales of goods			
– B2B	at a point in time	271,246	416,907
– B2C	at a point in time	337,666	477,171
Provision of services	over time	4,392	7,847
		<b>613,304</b>	901,925

(b) Revenue by geographical markets

All the revenue of the Group was generated in the PRC during the six months ended 30 June 2024 and 2023.

(c) Information about major customers

During the six months ended 30 June 2024 and 2023, the revenue derived from external customers accounted for more than 10% of total revenue are set out below.

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Customer A	196,072	331,455



## Notes to the Interim Condensed Consolidated Financial Information

### 8 EXPENSES BY NATURE

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Cost of goods sold	429,094	660,115
Sales and marketing expenses	45,794	77,152
Warehousing and logistic expenses	60,197	84,214
Employee benefit expenses	45,858	54,339
Depreciation and amortization charges	3,862	5,152
Office expenses	1,616	4,317
Auditors' remuneration	940	1,190
Others	5,363	8,557
	<b>592,724</b>	895,036

### 9 FINANCE INCOME/(COSTS) – NET

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Finance income:		
Bank interest income	5,538	563
Finance costs:		
Interest expense on borrowings	(2,697)	(5,135)
Interest expense on lease liabilities	–	(255)
Net exchange losses on foreign currency borrowings	–	(3,298)
	<b>(2,697)</b>	(8,688)
Finance income/(costs) – net	<b>2,841</b>	(8,125)

# Notes to the Interim Condensed Consolidated Financial Information

## 10 INCOME TAX (EXPENSE)/CREDIT

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Current income tax	(4,243)	(443)
Deferred income tax	(333)	1,351
Income tax (expense)/credit	(4,576)	908

### (a) Cayman Islands

Under the current laws of Cayman Islands, the Company is not subject to tax on income or capital gain.

### (b) British Virgin Islands

The Group's entities incorporated in the British Virgin Islands are not subject to tax on income or capital gains.

### (c) Hong Kong

Entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 8.25% on assessable profits up to HKD2,000,000 and 16.5% on any part of assessable profits over HKD2,000,000 for the years presented. Provision for Hong Kong profits tax was made on the assessable profits of entities within the Group incorporated in Hong Kong.

### (d) Japan corporate income tax

Entities incorporated in Japan are subject to Japan corporate income tax at an effective statutory tax rate of approximately 30%.

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

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% for the six months ended 30 June 2024 and 2023.

### (f) PRC withholding Tax ("WHT")

According to the New Corporate Income Tax Law ("**New CIT Law**"), distribution of profits earned by PRC companies since 1 January 2009 to foreign investors is subject to withholding tax of 5% or 10%, depending on if the foreign investor is considered as the beneficial owner of the dividend according to the double tax treaty (agreement) between China and the jurisdiction of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies.



## Notes to the Interim Condensed Consolidated Financial Information

### 11 EARNINGS PER SHARE

Basic earnings per share for the six months ended 30 June 2024 and 2023 are calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the interim periods.

For the six months ended 30 June 2024 and 2023, the Company had no dilutive potential ordinary shares and therefore diluted earnings per share is equivalent to basic earnings per share.

	Unaudited Six months ended 30 June	
	2024	2023
Net profit attributable to owners of the Company (RMB'000)	24,422	1,678
Weighted average number of ordinary shares in issue	165,894,700	165,894,700
Basic earnings per share (expressed in RMB per share)	0.15	0.01

### 12 INVENTORIES

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Merchant goods	310,807	306,502
Less: provision	(17,600)	(26,932)
	293,207	279,570

Movements on the Group's allowance for provision of inventories are as follows:

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
At beginning of period	26,932	30,494
Charge for the period		
– (reverse)/charge to profit or loss	(9,851)	9,362
– exchange differences	519	460
At end of period	17,600	40,316

# Notes to the Interim Condensed Consolidated Financial Information

## 13 TRADE AND OTHER RECEIVABLES

The following amounts, determined after appropriate offsetting, are shown in the condensed consolidated balance sheets:

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
<b>Trade receivables</b>		
– Related parties	63,569	67,514
– Third parties	101,947	119,119
	<b>165,516</b>	186,633
<b>Other receivables</b>		
– Related parties	2,273	2,951
– Third parties	77,184	89,007
	<b>79,457</b>	91,958
Less: allowance for impairment	<b>(38,625)</b>	(34,894)
<b>Total trade and other receivables</b>	<b>206,348</b>	243,697





## Notes to the Interim Condensed Consolidated Financial Information

### 13 TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) The ageing analysis of the trade receivables based on invoice date were as follows:

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
<b>Trade receivables – gross</b>		
Up to 3 months	86,927	107,867
3 to 6 months	7,382	4,774
6 months to 1 year	3,839	–
Over 1 year	67,368	73,992
	<b>165,516</b>	<b>186,633</b>

(b) The ageing analysis of other receivables based on due date were as follows:

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
<b>Other receivables – gross</b>		
Up to 3 months	75,762	88,958
3 to 6 months	695	3,000
6 months to 1 year	3,000	–
	<b>79,457</b>	<b>91,958</b>

# Notes to the Interim Condensed Consolidated Financial Information

## 13 TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) Movements on the Group's allowance for impairment of trade and other receivables are as follows:

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
At beginning of period	34,894	12,009
Charge for the period		
– charge to profit or loss	3,756	4,713
– exchange differences	(25)	(92)
At end of period	38,625	16,630

The Group's allowance for impairment of trade and other receivables charged to profit or loss are as follows:

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Trade receivables	3,542	4,619
Other receivables	214	94
	3,756	4,713



## Notes to the Interim Condensed Consolidated Financial Information

### 14 BORROWINGS

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
<b><i>Secured or guaranteed</i></b>		
Current	122,000	181,000
Current portion of non-current	3,579	4,520
Non-current	5,664	8,116
	<b>131,243</b>	193,636
<b><i>Unsecured</i></b>		
Current	–	–
Current portion of non-current	1,584	2,268
Non-current	23,268	27,072
	<b>24,852</b>	29,340
<b>Total borrowings</b>	<b>156,095</b>	222,976

# Notes to the Interim Condensed Consolidated Financial Information

## 15 TRADE AND OTHER PAYABLES

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
<b>Trade payables</b>		
– Related parties	2,929	6,366
– Third parties	184,471	131,087
	<b>187,400</b>	137,453
<b>Other payables</b>		
– Related parties	18,590	300
– Third parties	23,034	24,594
	<b>41,624</b>	24,894
Accrued payroll	10,423	14,232
Other taxes payables	2,123	4,823
Interest payables	–	289
	<b>241,570</b>	181,691

The ageing analysis of the trade payables based on invoice date were as follows:

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Up to 3 months	187,239	33,126
3 to 6 months	161	104,327
6 months to 1 year	219	–
	<b>187,400</b>	137,453

## 16 DIVIDENDS

In accordance with the resolution at the Board meeting dated 28 August 2024, the Board resolved an interim dividend of HKD0.25 per share to the shareholders in respect of the six months ended 30 June 2024. The interim dividend will be paid out of the share premium of the Company. The subsequently proposed dividend is not recorded as liability in the interim condensed consolidated financial statements for the six months ended 30 June 2024.



# Notes to the Interim Condensed Consolidated Financial Information

## 17 RELATED PARTY TRANSACTIONS

### (a) Name and relationship with related parties

Name	Relationship
Mr. Wang Yong 王勇	The controlling shareholder of the Group
Transcosmos Inc. (“ <b>TCI</b> ”) トランスコスモス株式会社	Shareholder of the Group
UNQ International (HK) Limited (“ <b>UNQ International HK</b> ”) 優趣匯國際香港有限公司	Joint venture of UNQ Supply Chain
Shanghai Xuyi	Associate of UNQ Supply Chain
Calbee E-commerce Limited 卡樂比電子商務股份有限公司	Associate of UNQ International HK
Calbee (Hangzhou) Food Co., Ltd. 卡樂比 (杭州) 食品有限公司	Subsidiary of Calbee E-commerce Limited

The English name of the related parties represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

The following is a summary of the significant transactions carried out between the Group and its joint venture, associate and shareholder TCI in the ordinary course of business during the six months ended 30 June 2024 and 2023, and balances arising from related party transactions as at 30 June 2024 and 31 December 2023.

### (b) Transactions with related parties

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Sales of goods and provision of services – Shanghai Xuyi	49	–
Purchase of goods and services – TCI	23,171	34,234
Guarantee provided – Shanghai Xuyi	50,000	50,000
Borrowings – UNQ International HK	18,290	–

# Notes to the Interim Condensed Consolidated Financial Information

## 17 RELATED PARTY TRANSACTIONS (CONTINUED)

### (c) Balances with related parties

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Trade receivables (Note 13) – Shanghai Xuyi	63,569	67,514
Other receivables (Note 13) – TCI	2,273	2,951
Trade payables (Note 15) – TCI	2,929	6,366
Other payables (Note 15) Trade – TCI	300	300
Non-trade: borrowings (Note 15) – UNQ International HK	18,290	–



优趣汇控股有限公司  
**UNQ HOLDINGS LIMITED**