

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Blue Moon Group Holdings Limited

藍月亮集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6993)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

FINANCIAL SUMMARY

- Revenue decreased by approximately 3.3% from HK\$2,435.9 million for the period ended 30 June 2020 to HK\$2,355.4 million for the period ended 30 June 2021.
- Gross profit decreased by approximately 19.2% to approximately HK\$1,259.5 million for the six months ended 30 June 2021 as compared to approximately HK\$1,558.6 million for the six months ended 30 June 2020. Gross profit margin decreased by approximately 10.5% to approximately 53.5% for the six months ended 30 June 2021 as compared to approximately 64.0% for the six months ended 30 June 2020.
- Loss attributable to equity holders of the Company was approximately HK\$43.9 million for the six months ended 30 June 2021 as compared to profit attributable to equity holders of the Company of approximately HK\$302.2 million for the six months ended 30 June 2020.
- The Board has resolved not to declare an interim dividend in respect of the six months ended 30 June 2021.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board of directors (the “**Board**” or the “**Directors**”) of Blue Moon Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2021, together with comparative information, as follows:

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2021

		Unaudited Six months ended 30 June 2021 HK\$'000	Audited 2020 HK\$'000
	<i>Note</i>		
Revenue	5	2,355,401	2,435,868
Cost of sales	6	<u>(1,095,938)</u>	<u>(877,265)</u>
Gross profit		1,259,463	1,558,603
Other income and other gains, net		12,224	39,768
Selling and distribution expenses	6	(916,346)	(816,386)
General and administrative expenses	6	(449,391)	(346,154)
Provision for impairment losses of financial assets		<u>(3,616)</u>	<u>(6,459)</u>
Operating (loss)/profit		(97,666)	429,372
Finance income		56,490	4,136
Finance costs		<u>(18,764)</u>	<u>(4,703)</u>
Finance income/(costs), net		<u>37,726</u>	<u>(567)</u>
(Loss)/profit before income tax		(59,940)	428,805
Income tax credit/(expense)	7	<u>16,003</u>	<u>(126,612)</u>
(Loss)/profit for the period		<u><u>(43,937)</u></u>	<u><u>302,193</u></u>
(Loss)/profit attributable to equity holders of the Company		<u><u>(43,937)</u></u>	<u><u>302,193</u></u>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

		Unaudited Six months ended 30 June 2021 <i>HK\$'000</i>	Audited 2020 <i>HK\$'000</i>
	<i>Note</i>		
(Loss)/profit for the period		<u>(43,937)</u>	<u>302,193</u>
Other comprehensive income/(loss) <i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences from translation of financial statements of subsidiaries		<u>72,100</u>	<u>(49,600)</u>
Other comprehensive income/(loss) for the period, net of tax		<u>72,100</u>	<u>(49,600)</u>
Total comprehensive income for the period		<u><u>28,163</u></u>	<u><u>252,293</u></u>
Total comprehensive income attributable to equity holders of the Company		<u><u>28,163</u></u>	<u><u>252,293</u></u>
(Loss)/earnings per share attributable to equity holders of the Company			
Basic	8	<u><u>HK(0.75) cents</u></u>	<u><u>HK6.04 cents</u></u>
Diluted	8	<u><u>HK(0.75) cents</u></u>	<u><u>HK6.04 cents</u></u>

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AS AT 30 JUNE 2021

		Unaudited As at 30 June 2021 <i>HK\$'000</i>	Audited As at 31 December 2020 <i>HK\$'000</i>
	<i>Note</i>		
ASSETS			
Non-current assets			
Intangible assets		193,168	197,251
Property, plant and equipment	10	1,424,030	1,382,474
Right-of-use assets		403,538	416,460
Prepayments for property, plant and equipment		55,570	49,446
Deferred income tax assets		56,376	7,908
		<u>2,132,682</u>	<u>2,053,539</u>
Current assets			
Inventories		459,243	469,789
Trade and bills receivables	11	1,472,564	2,014,298
Prepayments, deposits and other receivables		225,523	319,089
Restricted cash		—	17,822
Cash and cash equivalents		9,904,671	10,921,095
Tax recoverable		—	7,505
		<u>12,062,001</u>	<u>13,749,598</u>
Total assets		<u><u>14,194,683</u></u>	<u><u>15,803,137</u></u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	12	58,591	57,471
Other reserves		11,427,689	9,920,729
Retained earnings		1,253,000	1,701,221
Total equity		<u>12,739,280</u>	<u>11,679,421</u>

**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (continued)
AS AT 30 JUNE 2021**

		Unaudited	Audited
		As at	As at
		30 June	31 December
		2021	2020
	<i>Note</i>	HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Deferred government grant		63,427	64,377
Deferred income tax liabilities		90,169	78,456
Lease liabilities		17,927	25,609
		<u>171,523</u>	<u>168,442</u>
Current liabilities			
Trade and bills payables	13	361,386	548,044
Contract liabilities		30,830	30,779
Accruals and other payables		423,010	812,095
Amounts due to related companies		239	505
Dividend payable	9	404,284	2,300,000
Current income tax liabilities		36,711	231,716
Lease liabilities		27,420	32,135
		<u>1,283,880</u>	<u>3,955,274</u>
Total liabilities		<u>1,455,403</u>	<u>4,123,716</u>
Total equity and liabilities		<u>14,194,683</u>	<u>15,803,137</u>
Net current assets		<u>10,778,121</u>	<u>9,794,324</u>
Total assets less current liabilities		<u>12,910,803</u>	<u>11,847,863</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

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

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

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

This condensed consolidated interim financial information is presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board on 25 August 2021.

This condensed consolidated interim financial information has not been audited.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2021 of the Group has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

This condensed consolidated interim financial information does not include all the notes of the type normally included in the annual financial statements. Instead, this condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

3 Accounting policies

The accounting policies applied to this condensed consolidated interim financial information are consistent with those of the annual consolidated financial statements for the year ended 31 December 2020 as described in those annual consolidated financial statements except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings.

Accounting policies not described in the annual consolidated financial statements for the year ended 31 December 2020, and the adoption of amended standards effective for the financial year ending 31 December 2021 are described below.

(a) *New accounting policy adopted by the Group*

The Group has adopted a Share Award Plan (as defined below) for the financial year beginning on 1 January 2021. The new accounting policy related to the Share Award Plan is as follows:

Shares held for share award plan

The consideration paid by the independent trustee, at the costs of the Company, for purchasing the Company’s shares from the market, including any directly attributable incremental cost, is presented as “Shares held for share award plan” and the amount is deducted from total equity. When the independent trustee transfers the Company’s shares to the awardees upon vesting, the related costs of the awarded shares vested are credited to “Shares held for share award plan”, with a corresponding adjustment made to reserves. The related share-based compensation expense is recognised in the consolidated statement of comprehensive income over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

3 Accounting policies (continued)

(b) Amendments to existing standards adopted by the Group

The following amendments to existing standards are mandatory for the first time for the financial year beginning 1 January 2021 and currently relevant to the Group:

Amendments to HKFRS 16	COVID-19-related rent concessions
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

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

(c) New standard and amendments to standards not yet adopted

A new accounting standard and certain amendments to standards have been published that are not mandatory for the financial year beginning 1 January 2021 and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendments to HKAS 3	Update reference to the conceptual framework	1 January 2022
Amendments to HKAS 16	Proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous contracts — costs of fulfilling a contract	1 January 2022
Annual Improvements Project (Amendments)	Annual improvements to HKFRSs 2018–2020	1 January 2022
Accounting Guideline 5 (Revised)	Merger accounting for common control combinations	1 January 2022
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2023
HKFRS 17	Insurance contracts and the related amendments	1 January 2023
HK Interpretation 5 (2020)	Presentation of financial statements — Classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

None of the above new standard and amendments to existing standards are expected to have a significant effect on the condensed consolidated interim financial information of the Group.

4 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (“CODM”).

The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors of the Company that make strategic decisions.

The CODM reviews the performance of the Group on a regular basis.

As substantial business operations of the Group relate to the manufacturing, selling and distribution of cleaning products, the CODM makes decisions about resources allocation and performance assessment based on the entity-wide consolidated financial information. Accordingly, there is only one single operating segment for the Group qualified as reportable segment under HKFRS 8. No separate segmental analysis is presented.

5 Revenue

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

	Unaudited Six months ended 30 June 2021 HK\$'000	Audited 2020 HK\$'000
Revenue recognised at a point in time:		
Fabric care products	1,958,616	1,681,407
Personal hygiene products	216,536	465,602
Home care products	180,249	288,859
	<u>2,355,401</u>	<u>2,435,868</u>

All of the Group's revenue was generated from customers in the PRC for the six months ended 30 June 2021 and for the same period in 2020, accordingly, no revenue by geographical location is presented.

6 Expenses by nature

	Unaudited Six months ended 30 June 2021 HK\$'000	Audited 2020 HK\$'000
Cost of raw materials consumed	933,498	818,137
Changes in inventories of finished goods and work in progress	19,219	(61,995)
Manufacturing overheads (excluding depreciation)	7,852	7,982
Auditor's remuneration	2,975	1,825
Advertising expenses	109,818	107,627
Amortisation of intangible assets	20,229	12,849
Consulting fee	11,513	9,760
Consumables	2,995	2,678
Depreciation of property, plant and equipment (<i>Note 10</i>)	67,291	52,121
Depreciation of right-of-use assets	21,128	20,927
Employee benefits expense	680,750	585,688
Inventory written off	5,750	4,962
Listing expenses	—	21,448
Loss on disposals of plant and equipment, net	1,457	293
Maintenance expenses	7,891	7,598
Motor expenses	6,479	4,550
Office expenses	1,377	1,894
Other tax expenses	30,862	28,974
Promotion expenses	236,630	151,294
Recruitment fee	2,400	937
Rental expenses related to short term leases	8,481	11,146
Transportation expenses	237,959	198,833
Travelling expenses	11,204	14,376
Utility expenses	12,579	11,448
Others	21,338	24,453
	<u>2,461,675</u>	<u>2,039,805</u>

7 Income tax credit/(expense)

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

	Unaudited	Audited
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Current income tax		
— PRC corporate income tax	16,674	(110,470)
Deferred income tax expense	(671)	(16,142)
Income tax credit/(expense)	16,003	(126,612)

Notes:

(a) Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Company and its subsidiaries have no assessable profit arising in or deriving from Hong Kong during the six months ended 30 June 2021 (2020: Nil).

(b) PRC corporate income tax (“CIT”)

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

Guangzhou Blue Moon Industrial Co., Ltd. had been qualified as a New and Hi-Tech Enterprise (“NHTE”) and enjoyed a preferential income tax rate of 15% since 2014, which was subject to review and renewal every three years. The NHTE certificate remained valid for 3 years from November 2017 to November 2020. As Guangzhou Blue Moon Industrial Co., Ltd. would not renew the certificate after expiration date, the standard income tax rate of 25% was adopted in 2020.

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

8 (Loss)/earnings per share

Basic

Basic (loss)/earnings per share is calculated by dividing the loss attributable to equity holders of the Company of approximately HK\$43,937,000 (six months ended 30 June 2020: profit of HK\$302,193,000) by the weighted number of ordinary shares in issue less shares held under the Share Award Plan (as defined below) during the period of approximately 5,852,915,000 shares (six months ended 30 June 2020: 5,000,000,000 shares).

	Unaudited Six months ended 30 June 2021	Audited 2020
(Loss)/profit attributable to equity holders of the Company used in calculating basic and diluted earnings per share (HK\$'000)	(43,937)	302,193
Weighted number of ordinary shares in issue less shares held under the Share Award Plan (as defined below) during the period ('000) (Note)	5,852,915	5,000,000
Basic (loss)/earnings per share (HK cent per share)	<u>(0.75)</u>	<u>6.04</u>

Note:

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the six months ended 30 June 2020 had been determined on the assumption that the capitalisation issue on 23 November 2020 had been effective from 1 January 2019.

Diluted

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

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

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

For the same period in 2020, as the Company had no dilutive instruments, the Group's diluted earnings per share equalled its basic earnings per share.

9 Dividends

As at 31 December 2020, the dividend payable represented dividend declared in 2020 but not yet settled, which was fully settled by the Company during the six months ended 30 June 2021.

The rates for dividends and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this announcement.

A dividend in respect of the year ended 31 December 2020 of HK6.9 cents per share was proposed by the Board of Directors on 29 March 2021 and was approved by the shareholders of the Company (the "Shareholders") in the annual general meeting held on 25 June 2021.

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2021.

10 Property, plant and equipment

	Buildings <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Furniture, Fixtures and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Construction- in-progress <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>(Audited)</i>							
Six months ended							
30 June 2020							
Opening net book amount	703,408	—	278,869	54,209	13,432	161,173	1,211,091
Additions	—	—	3,244	3,760	—	74,867	81,871
Disposals	—	—	(99)	(625)	—	—	(724)
Transfer	114,912	—	27,243	12,226	—	(154,381)	—
Depreciation	(8,676)	—	(30,747)	(11,285)	(1,413)	—	(52,121)
Exchange differences	(14,862)	—	(9,370)	(1,111)	(464)	(2,332)	(28,139)
Closing net book amount	<u>794,782</u>	<u>—</u>	<u>269,140</u>	<u>57,174</u>	<u>11,555</u>	<u>79,327</u>	<u>1,211,978</u>
As at 30 June 2020							
Cost	896,652	11,244	604,060	152,359	27,661	79,327	1,771,303
Accumulated depreciation	(101,870)	(11,244)	(334,920)	(95,185)	(16,106)	—	(559,325)
Net book amount	<u>794,782</u>	<u>—</u>	<u>269,140</u>	<u>57,174</u>	<u>11,555</u>	<u>79,327</u>	<u>1,211,978</u>
<i>(Unaudited)</i>							
Six months ended							
30 June 2021							
Opening net book amount	919,764	—	304,708	70,258	11,076	76,668	1,382,474
Additions	—	—	3,549	10,885	470	84,077	98,981
Disposals	(1,312)	—	(2,153)	(2,806)	(238)	—	(6,509)
Transfer	18,684	—	41,116	2,529	—	(62,329)	—
Depreciation	(19,959)	—	(33,971)	(12,123)	(1,238)	—	(67,291)
Exchange differences	11,705	—	2,705	824	92	1,049	16,375
Closing net book amount	<u>928,882</u>	<u>—</u>	<u>315,954</u>	<u>69,567</u>	<u>10,162</u>	<u>99,465</u>	<u>1,424,030</u>
As at 30 June 2021							
Cost	1,080,518	11,906	723,441	185,172	26,586	99,465	2,127,088
Accumulated depreciation	(151,636)	(11,906)	(407,487)	(115,605)	(16,424)	—	(703,058)
Net book amount	<u>928,882</u>	<u>—</u>	<u>315,954</u>	<u>69,567</u>	<u>10,162</u>	<u>99,465</u>	<u>1,424,030</u>

11 Trade and bills receivables

The aging analysis of trade and bills receivables as at 30 June 2021, based on invoice date, is as follows:

	Unaudited As at 30 June 2021 HK\$'000	Audited As at 31 December 2020 HK\$'000
1–30 days	287,475	1,064,708
31–60 days	454,456	434,812
61–180 days	318,173	373,777
Over 180 days	428,656	153,581
Trade and bills receivables	1,488,760	2,026,878
Less: Loss allowance	(16,196)	(12,580)
Trade and bills receivables, net	1,472,564	2,014,298

The Group allows a credit period of up to 90 days to its customers.

As at 30 June 2021, the carrying amounts of the Group's trade and bills receivables were denominated in RMB and approximated their fair values.

12 Share capital

	Number of shares	Share capital HK\$'000
<u>Authorised ordinary shares of HK\$0.01 each:</u>		
Audited		
At 1 January and 30 June 2020	38,000,000	380
Unaudited		
At 1 January and 30 June 2021 (Note (a))	10,000,000,000	100,000
<u>Ordinary shares of HK\$0.01 each, issued and fully paid:</u>		
Audited		
At 1 January and 30 June 2020	10,000	—
Unaudited		
At 1 January 2021 (Notes (b) and (c))	5,747,126,500	57,471
Issuance of ordinary shares upon — full exercise of the over-allotment option (Note (d))	112,068,500	1,120
At 30 June 2021	5,859,195,000	58,591

Notes:

- (a) On 23 September 2020, pursuant to the written resolution passed by the Shareholders, the authorised share capital of the Company was increased from 38,000,000 shares of a single class with a par value of HK\$0.01 each to a total of 10,000,000,000 shares of a single class with a par value of HK\$0.01 each.
- (b) Pursuant to shareholders' resolutions passed on 23 November 2020, the Company allotted and issued a total of 4,999,990,000 shares by way of capitalisation of the sum of HK\$49,999,900 standing to the credit of the share premium account of the Company before the listing.
- (c) On 16 December 2020, 747,126,500 ordinary shares of HK\$0.01 each were issued at an offer price of HK\$13.16 per share upon the listing of the Company's shares on the Stock Exchange. Gross proceeds from the issuance of these shares in December 2020 amounted to approximately HK\$9,832,184,000 with approximately HK\$7,471,000 and HK\$9,610,280,000 being credited to the share capital and share premium account of the Company respectively, after net off with the listing expenses of approximately HK\$214,433,000.

12 Share capital (continued)

- (d) On 11 January 2021, 112,068,500 ordinary shares of HK\$0.01 each were allotted and issued by the Company pursuant to the full exercise of the over-allotment option. Gross proceeds from the issuance of these shares in January 2021 amounted to approximately HK\$1,474,821,000 with approximately HK\$1,120,000 and HK\$1,444,196,000 being credited to the share capital and share premium account of the Company respectively, after net off with the commissions and other offering expenses payable by the Company in relation to the exercise of the over-allotment option of approximately HK\$29,505,000.

13 Trade and bills payables

The aging analysis of the trade and bills payables as at 30 June 2021, based on invoice date, is as follows:

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2021	2020
	HK\$'000	HK\$'000
Up to 3 months	360,355	547,209
3 to 6 months	196	—
Over 6 months	835	835
	<u>361,386</u>	<u>548,044</u>

As at 30 June 2021, the carrying amounts of trade and bills payables were denominated in RMB and approximated their fair values.

BUSINESS REVIEW

Product Development

The Group has constantly enhanced its product portfolio and has launched a series of products with unique features to cater to consumer demands. Its new products in 2021 included the new automatic hand wash dispenser (自動洗手機), the underwear laundry detergent (內衣專用洗衣液), the bacteria and odour removal laundry detergent (除菌去味洗衣液), the washing machine cleaner (洗衣機清潔劑), the multi-purpose sanitizer (多用途除菌液) and the rinse-free hand wash (免洗抑菌洗手液), which further strengthened its product portfolio to fulfil the needs of consumers in various home and personal cleaning scenarios.

Sales and Distribution Network

Offline Business

In the first half of 2021, the Group continued to build and improve its sales and distribution channels in China. In order to allocate resources more effective and efficiently, the Group implemented classification management on distribution channels to ensure a wider coverage of more stores and a higher product distribution rate in stores under the distribution network. Through the classification of these channels, the Group aims to achieve more accurate allocation of resources according to the corresponding market demands of each channel.

The Group has continued to improve its offline distribution network structure in terms of both its coverage and quality during the first half of 2021. It has conducted analysis and evaluation of the condition of its existing distributorships, examined the strengths and weaknesses and optimised the efficiency of its distributorship arrangements.

The online-to-offline, or O2O, model has become an important driver for the development of the Group's offline business. In the first half of 2021, the Group accomplished its nationwide O2O strategic planning and focused on the retail business in communities to satisfy the needs of local consumers. In the first half of 2021, the Group's market share ranking on JD Daojia (京東到家), a leading O2O supermarket platform in China, rose rapidly.

Online Business

In the first half of 2021, the Group's products continued to receive wide popularity and recognition from online consumers. During the "618 Shopping Festival" in June 2021, the Group ranked first in terms of sales volume among all household care (including cleaning, laundry and paper product) brands on JD.com, and also first in terms of sales volume among all fabric care washing brands on Tmall. The sales of certain trending products, including the underwear laundry detergent (內衣專用洗衣液) and the concentrated fabric softener (濃縮柔順劑), have increased continuously.

The Group has invested continuously in the operation of the increasingly diversified new and emerging online sales and distribution channels, and has achieved important progress, including the following:

- developed sales through live streaming platforms, including the widely popular Douyin and Kuaishou. In particular, the Group focused on the operation of its self-operated accounts for sales and marketing activities on these platforms, achieving remarkable results through live streaming platforms; and
- introduced the Group's products on major fresh food e-commerce platforms, including fresh food e-commerce platforms such as Dingdong Maicai (叮咚買菜), Missfresh (每日優鮮) and Pupu (朴朴生鮮) and has achieved significant growth on such platforms.

FINANCIAL REVIEW

For the six months ended 30 June 2021, the Group recorded revenue of approximately HK\$2,355.4 million, which represents a decrease of approximately 3.3% as compared to approximately HK\$2,435.9 million for the six months ended 30 June 2020. The Group recorded loss of approximately HK\$43.9 million, which represents a decrease of approximately 114.5% compared to the profit of approximately HK\$302.2 million recorded for the six months ended 30 June 2020.

Revenue

For the six months ended 30 June 2021, the Group recorded revenue of approximately HK\$2,355.4 million, which represents a decrease of approximately 3.3% as compared to approximately HK\$2,435.9 million for the six months ended 30 June 2020. The sales of our personal hygiene products and home care products experienced a decline in the first half of 2021 as compared to the first half of 2020, primarily because the COVID-19 outbreak greatly stimulated the sales of personal hygiene products and home care products. As the COVID-19 outbreak was largely under control in the first half of 2021, the sales of personal hygiene products and home care products also decreased. However, as a result of the increased consumers' awareness of personal hygiene as a result of the COVID-19 outbreak, our sales of personal hygiene products and home care products are still higher than the sales in the first half of 2019, in line with our objective to gradually improve the revenue contribution of the personal hygiene products and home care products.

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

	Six months ended 30 June					Change (%)
	2021		2020			
	Revenue (Unaudited) HK\$'000	Total (%)	Revenue (Audited) HK\$'000	Total (%)		
Fabric care products	1,958,616	83.1	1,681,407	69.0	16.5	
Personal hygiene products	216,536	9.2	465,602	19.1	(53.5)	
Home care products	180,249	7.7	288,859	11.9	(37.6)	
Total	2,355,401	100.0	2,435,868	100.0	(3.3)	

The Group sells products through online sales channels (primarily e-commerce platforms and online stores), key account clients (primarily hypermarkets and supermarkets) and offline distributors. The revenue from online sales channels increased in the first half of 2021, primarily because of the Group captured the growth opportunities online and successfully developed sales through live streaming platforms. The Group's offline sales decreased in the first half of 2021, primarily because of the oversupply of lower-priced products in the market that led to disruption to the Group's pricing strategy and the pricing structure of the Group's products in the market. With a view to aligning the pricing of its products in the market, the Group provided certain discounts to its clients to stabilise the market price of the Group's products. The level of discounts has been steadily decreasing during the first half of 2021.

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

	Six months ended 30 June				Change (%)
	2021		2020		
	Revenue (Unaudited) HK\$'000	Total (%)	Revenue (Audited) HK\$'000	Total (%)	
Online sales channels	1,640,235	69.6	1,431,570	58.8	14.6
Direct sales to key account clients	170,833	7.3	187,707	7.7	(9.0)
Offline distributors	544,333	23.1	816,591	33.5	(33.3)
Total	<u>2,355,401</u>	<u>100.0</u>	<u>2,435,868</u>	<u>100.0</u>	<u>(3.3)</u>

Cost of Sales

Costs of sales increased by approximately 24.9% to approximately HK\$1,095.9 million for the six months ended 30 June 2021 as compared to approximately HK\$877.3 million for the six months ended 30 June 2020, primarily due to the increase in raw material costs mainly as a result of an increase in the unit price of raw materials. The increase in cost of sales was also due to the increased cost related to certain Supreme-branded concentrated liquid detergent products returned during the first half of 2020 that was bundled with other products and sold at a discount during the first half of 2021. As disclosed in the prospectus of the Company dated 4 December 2020 (the "Prospectus"), the Group recognised sales return of unsold Supreme-branded concentrated liquid laundry detergent products in 2020 as a result of the COVID-19 outbreak.

Gross Profit

As a result of the foregoing, the Group's gross profit decreased by approximately 19.2% to approximately HK\$1,259.5 million for the six months ended 30 June 2021 as compared to approximately HK\$1,558.6 million for the six months ended 30 June 2020. The gross profit margin decreased by approximately 10.5% to approximately 53.5% for the six months ended 30 June 2021 as compared to approximately 64.0% for the six months ended 30 June 2020.

Other Income and Other Gains, Net

The Group's net other income and other gains decreased by approximately 69.3% from approximately HK\$39.8 million for the six months ended 30 June 2020 to approximately HK\$12.2 million for the six months ended 30 June 2021, primarily due to the decrease in government grants received in the first half of 2021.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by approximately 12.2% from approximately HK\$816.4 million for the six months ended 30 June 2020 to approximately HK\$916.3 million for the six months ended 30 June 2021, primarily due to (i) the increase in promotion expenses for online channels as the sale competition for online channels intensified, (ii) the increase in transportation expenses, especially the courier charges, in line with the increase in sales from online channels, and (iii) the increase in staff costs as the Group further developed its laundry business since the fourth quarter of 2020.

General and Administrative Expenses

The Group's general and administrative expenses increased by approximately 29.8% from approximately HK\$346.2 million for the six months ended 30 June 2020 to approximately HK\$449.4 million for the six months ended 30 June 2021, primarily due to (i) an increase in staff costs related to the Group's administrative personnel mainly as a result of (a) the absence of COVID-related government grant on employee's social insurance and (b) increase in employee expense as more senior management are hired for the Group's long-term development; and (ii) the staff costs related to the pre-IPO share option scheme adopted by the Board on 23 September 2020.

Provision for Impairment Losses of Financial Assets

Additional provision for impairment losses of financial assets amounted to approximately HK\$3.6 million was provided for the six months ended 30 June 2021, primarily due to deterioration of ageing profiles of the Group's trade receivables as arisen from lengthening of trade receivables reconciliation process with certain customers.

Operating Loss

As a result of the foregoing, the Group incurred an operating loss of approximately HK\$97.7 million for the six months ended 30 June 2021 as compared to an operating profit of approximately HK\$429.4 million for the six months ended 30 June 2020.

Finance Income and Costs

Finance income increased by approximately 1,265.8% from approximately HK\$4.1 million for the six months ended 30 June 2020 to approximately HK\$56.5 million for the six months ended 30 June 2021, primarily due to increase in short-term deposits placed during the current period.

Finance costs increased by approximately 299% from approximately HK\$4.7 million for the six months ended 30 June 2020 to approximately HK\$18.8 million for the six months ended 30 June 2021, primarily due to the fees and interest expense on the loan related to the interim dividend that was declared in June 2020. Such loan was subsequently repaid in the first half of 2021.

Loss before Income Tax

As a result of the foregoing, the Group incurred a loss before income tax of approximately HK\$59.9 million for the six months ended 30 June 2021 as compared to a profit before income tax of approximately HK\$428.8 million for the six months ended 30 June 2020.

Income Tax Credit

The Group recorded income tax credit of approximately HK\$16.0 million for the six months ended 30 June 2021 as compared to income tax expense of approximately HK\$126.6 million for the six months ended 30 June 2020. The effective income tax rate decreased from approximately 29.5% for the six months ended 30 June 2020 to approximately 26.7% for the six months ended 30 June 2021, primarily due to deferred tax liabilities recognised for withholding tax to distribute substantially all the retained earnings of the PRC subsidiaries as at 30 June 2020 compared to deferred tax recognised based on the latest dividend payout policy of the Group for the current period, as well as incremental deferred tax assets recognised for tax losses for the period.

Loss attributable to Equity Holders of the Company

As a result of the foregoing, the Group incurred loss attributable to equity holders of the Company of approximately HK\$43.9 million for the six months ended 30 June 2021 as compared to profit attributable to equity holders of the Company of approximately HK\$302.2 million for the six months ended 30 June 2020.

Basic and Diluted Loss Per Share

Loss per share (basic and diluted) was approximately HK0.75 cents and HK0.75 cents for the six months ended 30 June 2021, respectively.

Liquidity and Financial Resources

As at 30 June 2021, the total bank deposits and cash of the Group, comprising the Group's cash and cash equivalents, amounted to approximately HK\$9,904.7 million, a decrease of approximately HK\$1,034.2 million from approximately HK\$10,938.9 million as at 31 December 2020. The decrease in bank deposits and cash was primarily due to the payment of HK\$2,300,000,000 interim dividend declared in 2020, partially off-set by proceeds obtained from the issuance of ordinary shares upon exercise of the Over-allotment Option (as defined in the Prospectus).

As at 30 June 2021, the net current assets of the Group were approximately HK\$10,778 million (31 December 2020: approximately HK\$9,794 million). The Group's current ratio (current assets/current liabilities) was approximately 9.4 times (31 December 2020: approximately 3.48 times).

As at 30 June 2021, the Group did not have any borrowings.

Capital Expenditure and Capital Commitment

For the six months ended 30 June 2021, the capital expenditure of the Group was approximately HK\$114.8 million, which was primarily used to finance the Group's production capacity expansion for its existing production bases to cater for new products and the development of computer software pursuant to the Group's strategy of sustained long-term investment in technology.

As at 30 June 2021, the capital commitment of the Group amounted to approximately HK\$300.7 million, which was primarily related to acquisition of property, plant and equipment for production facilities under construction and expansion of production capacity at certain existing production facilities.

Pledge of Assets of the Group

As at 30 June 2021, buildings and land use rights with the carrying amounts of approximately HK\$34.2 million and HK\$63.6 million (31 December 2020: approximately HK\$186.6 million and HK\$229.1 million), respectively, were pledged to banks to secure certain bank facilities of the Group.

The borrowings under such bank facilities were repaid in full during the current period. The Group was undergoing the process of releasing such pledge as at 30 June 2021.

As at 30 June 2021, the Group had no restricted cash (31 December 2020: approximately HK\$17.8 million) placed in the bank to secure bank facilities.

Exposure to Foreign Exchange

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

Contingent Liabilities

As at 30 June 2021, the Group had no material contingent liabilities.

Significant Investments, Acquisitions and Disposals

The Company did not have significant investments, acquisitions and disposals during the six months ended 30 June 2021.

EVENTS AFTER THE SIX MONTHS ENDED 30 JUNE 2021

On 13 August 2021, an indirect wholly-owned subsidiary of the Company entered into a strategic cooperation framework agreement (the “**Strategic Cooperation Agreement**”) with CPMC Investment Co., Ltd., pursuant to which both parties agree to engage in strategic cooperation during the period from the date of the Strategic Cooperation Agreement to 31 December 2026 to achieve the major cooperation objectives, namely sustainable development, collaborative research and development, facilitation of mutual progress, and business priority. Further details of the Strategic Cooperation Agreement are as set out in the announcement of the Company dated 13 August 2021.

HUMAN RESOURCES

The Group had approximately 7,212 employees as at 30 June 2021. Salaries of employees are maintained at competitive levels.

On 3 June 2021, the Board approved the adoption of the share award plan (the “**Share Award Plan**”) to recognise and reward the contribution of certain eligible participants to the growth and development of the Group and to give incentives to them in order to retain them for the continual operation and development of the Group and to attract suitable personnel for the further development of the Group.

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

As at 30 June 2021, no share award has been granted pursuant to the Share Award Plan. Further details in relation to the Share Award Plan and the share purchase in respect of the Share Award Plan by the trustee are set out in the announcements of the Company dated 3 June 2021 and 27 July 2021, respectively.

OUTLOOK, FUTURE PROSPECTS AND STRATEGIES

The Group's sales and distribution network continues to be a core factor to its success and competitive advantage. The Group plans to further improve its sales and distribution network to increase product penetration. Specifically,

- in terms of the offline business, the Group intends to further strengthen its allocation of resources in its distribution network and improve the management of procurement and inventory to better serve consumers in local communities and deepen the product penetration from urban downtown areas of the larger cities to counties, townships and villages across China, and the overall business layout is expected to complete structural optimisation from July to September 2021; and
- in terms of the online business, the Group plans to further strengthen its partnership with major e-commerce platforms and seize the opportunities with new and emerging platforms, including live streaming e-commerce and fresh food e-commerce platforms.

The Group plans to continue improving its product and service offerings to provide a better consumer experience. Leveraging its technological capabilities and industry experience, it continues to focus on the research and development of new products, upgrade existing products based on consumer feedback and industry knowhow and expand into new product categories to cater to the changing consumer needs and preferences. For instance, it is in the progress of launching new fabric care products that are equipped with specific functionalities to better tailor to different consumer demands. The Group is also committed to enriching consumer experience by its service offerings.

Financially, though the Group recorded a loss during the first half of 2021, it expects to achieve an improved financial situation in the second half of the year. With the continuous strengthening of the sales and distribution network and the expected stabilising of the raw material costs, it aims to raise operational efficiency and better control the operational costs. Furthermore, the Group expects the discounts given to the sales channels to gradually decrease to a normal level and expects its gross profit margin to be improved in the second half of 2021.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend in respect of the six months ended 30 June 2021.

CORPORATE GOVERNANCE

The Company's corporate governance practices are based on the principles and code provisions of the Corporate Governance Code, as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") (the "**CG Code**"), and the Company has adopted the CG Code as its own corporate governance code.

The Board is of the view that the Company has complied with applicable code provisions as set out in the CG Code during the six months ended 30 June 2021.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its code of conduct for Directors' securities transactions. Each Director had been given a copy of the code of conduct regarding security transactions upon his/her appointment, and the Company issues two reminders each year thereafter, being 30 days prior to the Board meeting approving the interim results of the Company and 60 days prior to the Board meeting approving the annual results of the Company, reminding the Directors that they (including their respective spouse, minor child and others whose dealings are treated as dealings by them under the Model Code) are not allowed to deal in the securities of the Company prior to and on the day of publication of the announcement of the results (the periods during which the Directors are prohibited from dealing in Shares), and that all transactions must be conducted according to the Model Code.

After having made specific enquiries, each Director has confirmed that he/she has complied with the requirements of the Model Code during the six months ended 30 June 2021.

REVIEW OF INTERIM RESULTS

The unaudited condensed consolidated interim financial information has been reviewed by the audit committee of the Company and the Company's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the amended and restated articles of association of the Company, or the applicable laws of the Cayman Islands where the Company is incorporated, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

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

Save for the allotment and issuance of an aggregate of 112,068,500 Shares on 6 January 2021 pursuant to the full exercise of the Over-allotment Option (as defined in the Prospectus) as disclosed in the announcement of the Company dated 6 January 2021, during the six months ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

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

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

USE OF NET PROCEEDS FROM THE COMPANY'S GLOBAL OFFERING

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

Intended use of Net Proceeds as stated in the Prospectus	Net Proceeds approximately HK\$ million	Up to 30 June 2021 Utilised amount approximately HK\$ million	As at 30 June 2021 Unutilised amount approximately HK\$ million
Financing business expansion including production capacity expansion plans and to purchase equipment and machinery to facilitate such expansion plan as well as the development of the Group's laundry services	3,918	82	3,836 ⁽¹⁾
Raising brand awareness, further strengthening the Group's sales and distribution network and increasing product penetration	5,766	354	5,412 ⁽²⁾
Working capital and for other general corporate purposes	1,100	1,100	—
Enhancing research and development capabilities	220	23	197 ⁽³⁾
Total	11,004	1,559	9,445

Notes:

- (1) The balance of unutilised amount on financing business expansion including production capacity expansion plans and to purchase equipment and machinery to facilitate such expansion plan as well as the development of the Group's laundry services is expected to be fully utilised by the end of 2025.
- (2) The balance of unutilised amount on raising brand awareness, further strengthening the Group's sales and distribution network and increasing product penetration is expected to be fully utilised by the end of 2025.
- (3) The balance of unutilised amount on enhancing research and development capabilities is expected to be fully utilised by the end of 2025.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.bluemoon.com.cn), respectively. The interim report of the Company will be despatched to the Shareholders in due course and will be published on the websites of the Stock Exchange and the Company, respectively.

By Order of the Board
Blue Moon Group Holdings Limited
PAN Dong
Chairman & Executive Director

Hong Kong, 25 August 2021

As at the date of this announcement, the Board of Directors of the Company comprises Ms. PAN Dong, Mr. LUO Qiuping, Ms. LUO Dong, Mr. POON Kwok Leung and Ms. XIAO Haishan as Executive Directors; Mr. CAO Wei as Non-executive Director; and Mr. Bruno Robert MERCIER, Ms. NGAN Edith Manling and Mr. HU Yebi as Independent non-executive Directors.