

藍月亮集團控股有限公司 Blue Moon Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6993



藍月亮

INTERIM
REPORT
2021

Corporate Information

Board of Directors

Executive Directors

Ms. PAN Dong (*Chairman*)

Mr. LUO Qiuping (*Chief Executive Officer*)

Ms. LUO Dong

Mr. POON Kwok Leung

Ms. XIAO Haishan

Non-executive Director

Mr. CAO Wei

Independent Non-executive Directors

Mr. Bruno Robert MERCIER

Ms. NGAN Edith Manling

Mr. HU Yebi

Authorised Representatives

Ms. PAN Dong

Mr. POON Kwok Leung

Audit Committee

Ms. NGAN Edith Manling (*Chairman*)

Mr. CAO Wei

Mr. Bruno Robert MERCIER

Remuneration Committee

Mr. HU Yebi (*Chairman*)

Ms. PAN Dong

Ms. XIAO Haishan

Mr. Bruno Robert MERCIER

Ms. NGAN Edith Manling

Nomination Committee

Ms. PAN Dong (*Chairman*)

Mr. Bruno Robert MERCIER

Mr. HU Yebi

Company Secretary

Mr. POON Kwok Leung, *CPA*

Registered Office

Cricket Square, Hutchins Drive

PO Box 2681

Grand Cayman

KY1-1111

Cayman Islands

Headquarters and Principal Place of Business in the People's Republic of China

No. 36, Pu Nan Road

Yun Pu Industrial Zone

Huangpu District

Guangzhou

The People's Republic of China

Principal Place of Business in Hong Kong

Unit 4606, 46/F

COSCO Tower

Grand Millennium Plaza

No. 183 Queen's Road Central

Hong Kong

Stock Code

6993

Website

<http://www.bluemoon.com.cn>

Corporate Information

Auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

Hong Kong Share Registrar

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

Legal Advisers

Linklaters
11/F, Alexandra House
Chater Road
Central
Hong Kong

Compliance Adviser

Somerley Capital Limited
20/F China Building
29 Queen's Road Central
Hong Kong

Principal Share Registrar and Transfer Agent in the Cayman Islands

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Management Discussion and Analysis

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 effectively 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.

Management Discussion and Analysis

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.

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.

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				
	2021		2020		Change
	Revenue	Total	Revenue	Total	
	(Unaudited)	(%)	(Audited)	(%)	
HK\$'000	(%)	HK\$'000	(%)		
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

Management Discussion and Analysis

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				
	2021		2020		Change (%)
	Revenue (Unaudited)	Total	Revenue (Audited)	Total	
	HK\$'000	(%)	HK\$'000	(%)	
Online sales channels	1,640,235	69.6	1,431,570	58.8	
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	2,355,401	100.0	2,435,868	100.0	(3.3)

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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 (denominated in HK\$, RMB, USD and other currencies), 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 offset 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. Gearing ratio (which is calculated using total bank borrowings divided by total equity) is not applicable as at 30 June 2021.

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.

Management Discussion and Analysis

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.

Human Resources

The Group had approximately 7,212 employees as at 30 June 2021. Salaries of employees are maintained at competitive levels. For further details related to the remuneration of employees during the six months ended 30 June 2021, please refer to employee benefits expense in note 8 to the condensed consolidated interim financial information.

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).

Management Discussion and Analysis

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. Subsequent to 30 June 2021, certain share awards have been granted to employees of the Group. For further details, please refer to the subsection headed “Events after the six months ended 30 June 2021” below. Save as disclosed above, there are no other material changes to the remuneration policies, bonus and share option schemes and training schemes of the Group from those disclosed in its 2020 annual report.

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.

On 17 September 2021, 7,048,000 share awards have been granted under the Share Award Plan to 321 employees of the Group. No share awards have been granted to any connected persons (as defined under the Listing Rules) of the Company. As at the date of this report, none of the share awards granted have been vested.

Saved as disclosed above, there are no other significant events subsequent to 30 June 2021 which would materially affect the Group’s operating and financial performance as of the date of this interim report.

Corporate Governance and Other Information

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2021, the interests and/or short positions (as applicable) of the Directors in the Shares, underlying Shares and debentures of the Company and any interests and/or short positions (as applicable) in shares, underlying shares or debentures of any of the Company's associated corporations ("**Associated Corporations**") (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "**SFO**") which (i) will have to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") (the "**Model Code**"), to be notified to the Company and the Stock Exchange were as follows:

(i) The Company

Directors	Nature of Interest	Number of Shares	Approximate % of Shares held ⁽¹⁾
Ms. PAN Dong ⁽²⁾	Interest in controlled corporation	4,446,000,000	75.88
Mr. LUO Qiuping ⁽²⁾	Interest of spouse	4,446,000,000	75.88
Ms. LUO Dong ⁽³⁾	Beneficial owner	4,800,000	0.08
Mr. POON Kwok Leung ⁽⁴⁾⁽⁵⁾	Beneficial owner	1,000,000	0.02
	Interest in controlled corporation	3,500,000	0.06
Ms. XIAO Haishan ⁽⁶⁾	Beneficial owner	1,000,000	0.02
Mr. Bruno Robert MERCIER ⁽⁷⁾	Beneficial owner	10,000	0.00

Notes:

(1) As at 30 June 2021, the total number of issued Shares was 5,859,195,000.

(2) Ms. PAN Dong was the sole shareholder of ZED Group Limited ("**ZED**"), which in turn held (i) directly 75.69% Shares and (ii) indirectly (as the sole shareholder of Van Group Limited ("**VGL**") 0.19% Shares. Therefore, ZED was deemed or taken to be interested in all the Shares which were beneficially owned by VGL for the purpose of Part XV of the SFO. Each of Ms. PAN and Mr. LUO Qiuping (the spouse of Ms. PAN) was deemed or taken to be interested in all the Shares which are beneficially owned by ZED and VGL for the purpose of Part XV of the SFO.

(3) Ms. LUO Dong was granted share options under the Pre-IPO Share Option Scheme to subscribe for 4,800,000 Shares.

(4) Mr. POON Kwok Leung was granted share options under the Pre-IPO Share Option Scheme to subscribe for 1,000,000 Shares.

(5) Mr. POON Kwok Leung was the sole shareholder of Allied Power Limited ("**APL**"), which in turn held directly 0.06% Shares. Therefore, Mr. POON was deemed or taken to be interested in all the Shares which were beneficially owned by APL for the purpose of Part XV of the SFO.

(6) Ms. XIAO Haishan was granted share options under the Pre-IPO Share Option Scheme to subscribe for 1,000,000 Shares.

(7) On 5 July 2021, the Shares held by Mr. Bruno Robert MERCIER increased from 10,000 to 20,000.

Corporate Governance and Other Information

(ii) Associated Corporations

Directors	Associated Corporations	Nature of Interest	Number of Shares	Approximate % of Shares held
Ms. PAN Dong ⁽¹⁾	ZED	Beneficial owner	1	100
	VGL	Interest in controlled corporation	1,000	100
Mr. LUO Qiuping ⁽¹⁾	ZED	Interest of spouse	1	100
	VGL	Interest of spouse	1,000	100

Note:

- (1) Ms. PAN Dong was the sole shareholder of ZED, which held the entire issued shares of VGL. Therefore, each of Ms. PAN and Mr. LUO (the spouse of Ms. PAN) was deemed or taken to be interested in all the shares of VGL which were beneficially owned by ZED for the purpose of Part XV of the SFO.

Details of the share options duly granted to the Directors pursuant to the Pre-IPO Share Option Scheme are set out in the section headed “Pre-IPO Share Option Scheme” of this interim report.

All the interests disclosed in sections (i) and (ii) above represent long positions in the shares of the Company or the Associated Corporations.

Save as disclosed herein, none of the Directors had any other interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its Associated Corporations which (i) had 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/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) pursuant to section 352 of the SFO, had to be entered in the register referred to therein or (iii) pursuant to the Model Code, had to be notified to the Company and the Stock Exchange.

Substantial Shareholders' Interests in Shares and Underlying Shares

As at 30 June 2021, the interests of the persons (other than the Directors) in the Shares or underlying Shares (within the meaning of Part XV of the SFO) of the Company which were notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Name	Nature of Interest	Number of Shares	Approximate % of shareholding ⁽¹⁾
ZED ⁽²⁾	Beneficial owner/Interest in controlled corporation	4,446,000,000	75.88
HCM BM Holdings, Ltd. ⁽³⁾	Beneficial owner	500,000,000	8.53
Gaoling Fund, L.P. ⁽³⁾	Beneficial owner/Interest in controlled corporation	542,765,000	9.26
Hillhouse Capital Advisors, Ltd. ⁽³⁾	Investment manager/Interest in controlled corporation	544,922,500	9.30

Notes:

- (1) As at 30 June 2021, the total number of issued Shares was 5,859,195,000.
- (2) ZED held (i) 75.69% Shares directly and (ii) indirectly (as the sole shareholder of VGL) 0.19% Shares. Therefore, ZED was deemed or taken to be interested in all the Shares which were beneficially owned by VGL for the purpose of Part XV of the SFO. Each of Ms. PAN Dong and Mr. LUO Qiuping (the spouse of Ms. PAN) was deemed or taken to be interested in all the Shares which were beneficially owned by ZED and VGL for the purpose of Part XV of the SFO.
- (3) HCM BM Holdings, Ltd. was a company incorporated under the laws of the British Virgin Islands with limited liability and was owned as to 95.32% by Gaoling Fund, L.P., whose sole investment manager is Hillhouse Capital Advisors, Ltd. Gaoling Fund, L.P. was a beneficial owner of 42,765,000 Shares. Hillhouse Capital Advisors, Ltd.'s interest also included the beneficial interest in 2,157,500 Shares held by YHG Investment L.P., whose general partner was Hillhouse Capital Advisors, Ltd. Both Gaoling Fund, L.P. and YHG Investment L.P. were affiliates of HCM BM Holdings, Ltd.

All the interests disclosed in the table above represent long positions in the Shares or underlying Shares of the Company.

Save as disclosed herein, as at 30 June 2021, the Company had not been notified of any interests or short positions in the Shares or underlying Shares which was required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Corporate Governance and Other Information

Pre-IPO Share Option Scheme

The Board adopted the Pre-IPO Share Option Scheme on 23 September 2020. On 23 September 2020 (being the date of grant), pursuant to the Pre-IPO Share Option Scheme, the Company has granted share options to subscribe for an aggregate of 61,651,000 Shares to grantees. The grantees comprise three Directors and certain existing employees and Business Associates of the Group (who are not Directors or connected persons of the Group). All the share options have been granted before the Listing Date.

Set out below are the detailed movements in the outstanding options granted under the Pre-IPO Share Option Scheme during the six months ended 30 June 2021:

Name of Grantee	Date of grant	Number of options					Outstanding options as at 30 June 2021	Exercise Price per Share (HK\$)	Option Period
		Outstanding options as at 1 January 2021	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period			
Directors of the Company									
Ms. LUO Dong	23 September 2020	4,800,000	–	–	–	–	4,800,000	HK\$3.76	10 years from the date of grant
Mr. POON Kwok Leung	23 September 2020	1,000,000	–	–	–	–	1,000,000	HK\$3.76	10 years from the date of grant
Ms. XIAO Haishan	23 September 2020	1,000,000	–	–	–	–	1,000,000	HK\$3.76	10 years from the date of grant
Others									
Grantees including existing employees and Business Associates of the Group	23 September 2020	54,851,000	–	–	–	1,927,000	52,924,000	HK\$3.76	10 years from the date of grant
Total:		61,651,000	–	–	–	1,927,000	59,724,000		

Save as disclosed above, during the six months ended 30 June 2021, no share options were granted, exercised, lapsed or cancelled under the Pre-IPO Share Option Scheme. For further details regarding the Pre-IPO Share Option Scheme, please refer to the Prospectus.

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.

Changes in Directors' Information

There has been no change in the biographical details of the Directors that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Compliance with the Code on Corporate Governance Practices

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 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 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.

Continuing Disclosure Requirements pursuant to the Listing Rules

Our Directors have confirmed that, as of 30 June 2021, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

Corporate Governance and Other Information

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 report, 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 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.

Corporate Governance and Other Information

Intended use of Net Proceeds as stated in the Prospectus	Net Proceeds ⁽⁴⁾	Up to 30 June 2021	As at 30 June 2021
	<i>approximately</i> <i>HK\$ million</i>	Utilised amount <i>approximately</i> <i>HK\$ million</i>	Unutilised amount <i>approximately</i> <i>HK\$ million</i>
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.
- (4) The full amount of Net Proceeds was brought forward from the financial year ended 31 December 2020 to this financial year.

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2021

	Note	Unaudited Six months ended 30 June 2021 HK\$'000	Audited 2020 HK\$'000
Revenue	7	2,355,401	2,435,868
Cost of sales	8	(1,095,938)	(877,265)
Gross profit		1,259,463	1,558,603
Other income and other gains, net		12,224	39,768
Selling and distribution expenses	8	(916,346)	(816,386)
General and administrative expenses	8	(449,391)	(346,154)
Provision for impairment losses of financial assets		(3,616)	(6,459)
Operating (loss)/profit		(97,666)	429,372
Finance income		56,490	4,136
Finance costs		(18,764)	(4,703)
Finance income/(costs), net	9	37,726	(567)
(Loss)/profit before income tax		(59,940)	428,805
Income tax credit/(expense)	10	16,003	(126,612)
(Loss)/profit for the period		(43,937)	302,193
(Loss)/profit attributable to equity holders of the Company		(43,937)	302,193

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>		
(Loss)/profit for the period		(43,937)	302,193
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		72,100	(49,600)
Other comprehensive income/(loss) for the period, net of tax		72,100	(49,600)
Total comprehensive income for the period		28,163	252,293
Total comprehensive income attributable to equity holders of the Company		28,163	252,293
(Loss)/earnings per share attributable to equity holders of the Company			
Basic	12	HK(0.75) cents	HK6.04 cents
Diluted	12	HK(0.75) cents	HK6.04 cents

Condensed Consolidated Interim Balance Sheet

As at 30 June 2021

		Unaudited As at 30 June 2021 HK\$'000	Audited As at 31 December 2020 HK\$'000
	Note		
ASSETS			
Non-current assets			
Intangible assets		193,168	197,251
Property, plant and equipment	13	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
		2,132,682	2,053,539
Current assets			
Inventories		459,243	469,789
Trade and bills receivables	14	1,472,564	2,014,298
Prepayments, deposits and other receivables	15	225,523	319,089
Restricted cash		—	17,822
Cash and cash equivalents		9,904,671	10,921,095
Tax recoverable		—	7,505
		12,062,001	13,749,598
Total assets		14,194,683	15,803,137
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	58,591	57,471
Other reserves	17	11,427,689	9,920,729
Retained earnings		1,253,000	1,701,221
Total equity		12,739,280	11,679,421

Condensed Consolidated Interim Balance Sheet

As at 30 June 2021

		Unaudited As at 30 June 2021 HK\$'000	Audited As at 31 December 2020 HK\$'000
	<i>Note</i>		
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
		171,523	168,442
Current liabilities			
Trade and bills payables	18	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		404,284	2,300,000
Current income tax liabilities		36,711	231,716
Lease liabilities		27,420	32,135
		1,283,880	3,955,274
Total liabilities		1,455,403	4,123,716
Total equity and liabilities		14,194,683	15,803,137
Net current assets		10,778,121	9,794,324
Total assets less current liabilities		12,910,803	11,847,863

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

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to equity holders of the Company			
	Share capital	Other reserves	Retained earnings	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Unaudited				
As at 1 January 2021	57,471	9,920,729	1,701,221	11,679,421
Loss for the period	—	—	(43,937)	(43,937)
Other comprehensive income:				
Exchange translation of foreign operations	—	72,100	—	72,100
Total comprehensive income for the period	—	72,100	(43,937)	28,163
Transactions with the owners of the Company				
Issuance of ordinary shares upon over-allotment	1,120	1,473,701	—	1,474,821
Listing expenses charged	—	(29,505)	—	(29,505)
Dividend declared	—	—	(404,284)	(404,284)
Equity-settled share option expense	—	12,215	—	12,215
Purchase of shares held for Share Award Plan (Note 17)	—	(21,551)	—	(21,551)
As at 30 June 2021	58,591	11,427,689	1,253,000	12,739,280
Audited				
As at 1 January 2020	—	58,853	2,804,226	2,863,079
Profit for the period	—	—	302,193	302,193
Other comprehensive income:				
Exchange translation of foreign operations	—	(49,600)	—	(49,600)
Total comprehensive income for the year	—	(49,600)	302,193	252,593
Transactions with the owners of the Company				
Dividend declared	—	—	(36,664)	(36,664)
Appropriation to statutory surplus reserves	—	9,642	(9,642)	—
As at 30 June 2020	—	18,895	3,060,113	3,079,008

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

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 30 June 2021

	Unaudited Six months ended 30 June 2021 HK\$'000	Audited 2020 HK\$'000
<i>Note</i>		
Cash flows from operating activities		
Cash generated from operations	82,501	755,183
Interest received	56,490	4,136
Income taxes paid	(210,383)	(232,411)
Net cash (outflow)/inflow from operating activities	(71,392)	526,908
Cash flows from investing activities		
Acquisition of property, plant and equipment	(105,063)	(79,463)
Proceeds from disposal of property, plant and equipment	5,637	431
Acquisition of intangible assets	(13,821)	(9,551)
Release of restricted cash	17,925	7,374
Net cash outflow from investing activities	(95,322)	(81,209)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares upon over-allotment	1,474,821	—
Payments for professional fees in connection with the listing of the Company	—	(25)
Purchase of shares held for Share Award Plan	(21,551)	—
Interest paid	(18,764)	(7,491)
Acquisition of right-of-use assets	—	(2,750)
Proceeds from borrowings	1,300,009	27,196
Repayment of borrowings	(1,300,009)	(287,722)
Dividend paid	(2,300,000)	(84,925)
Principal elements of lease payments	(23,104)	(16,807)
Net cash outflow from financing activities	(888,598)	(372,524)
Net (decrease)/increase in cash and cash equivalents	(1,055,312)	73,175
Cash and cash equivalents at the beginning of period	10,921,095	690,064
Effect of exchange rate changes on cash and cash equivalents	38,888	(9,797)
Cash and cash equivalents at the end of period	9,904,671	753,442

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

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.

Notes to the Condensed Consolidated Interim Financial Information

3 Accounting policies (continued)

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 (the “**Share Award Plan**”) 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.

(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.

Notes to the Condensed Consolidated Interim Financial Information

3 Accounting policies (continued)

(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.

Notes to the Condensed Consolidated Interim Financial Information

4 Critical estimates and judgements

The preparation of this condensed consolidated 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 this condensed consolidated interim 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 applied to the consolidated financial statements for the year ended 31 December 2020.

5 Financial risk management

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 condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2020.

There have been no changes in the risk management policies since year end.

5.2 Liquidity risk

The Group's primary cash requirements have been used on payments for additions and upgrades of property, plant and equipment, related debts and raw material purchases and operating expenses. The Group finances its working capital requirements through a combination of funds generated from operations and bank borrowings and takes into account all available information on future business environment of the countries in which the Group, its customers and suppliers operate.

The Group's policy is to maintain sufficient cash and cash equivalents or have available funding through adequate amount of committed credit facilities to meet its working capital requirements.

At the reporting date, the Group held cash and cash equivalents of approximately HK\$9,904,671,000 (2020: HK\$10,921,095,000) and trade and bills receivables of approximately HK\$1,472,564,000 (2020: HK\$2,014,298,000) (Note 14) that are expected to generate cash inflows for managing liquidity risk.

Notes to the Condensed Consolidated Interim Financial Information

5 Financial risk management (continued)

5.3 Fair value estimation

The carrying amounts of the Group's financial assets and financial liabilities approximate their fair values.

The nominal values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair values of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

6 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.

7 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
	2,355,401	2,435,868

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.

Notes to the Condensed Consolidated Interim Financial Information

8 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 (Note 13)	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
	2,461,675	2,039,805

Notes to the Condensed Consolidated Interim Financial Information

9 Finance income/(costs), net

	Unaudited Six months ended 30 June 2021 HK\$'000	Audited 2020 HK\$'000
Finance income		
– Interest income on bank deposits	56,490	4,136
Finance costs		
– Interest expenses on bank borrowings	(16,497)	(5,699)
– Interest expenses on lease liabilities	(2,267)	(1,792)
	(18,764)	(7,491)
– Amount capitalised	–	2,788
	(18,764)	(4,703)
Finance income/(costs), net	37,726	(567)

10 Income tax credit/(expense)

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

	Unaudited Six months ended 30 June 2021 HK\$'000	Audited 2020 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 to the Condensed Consolidated Interim Financial Information

10 Income tax credit/(expense) (continued)

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.

11 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 report.

A dividend in respect of the year ended 31 December 2020 of HK6.9 cents per share was proposed by the Board 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.

Notes to the Condensed Consolidated Interim Financial Information

12 (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 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 Six months ended 30 June 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 during the period ('000) (Note)	5,852,915	5,000,000
Basic (loss)/earnings per share (HK cent per share)	(0.75)	6.04

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 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 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.

Notes to the Condensed Consolidated Interim Financial Information

13 Property, plant and equipment

	Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction -in-progress	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Unaudited							
As at 1 January 2021							
Cost	1,050,651	11,244	682,861	179,514	28,904	76,668	2,029,842
Accumulated depreciation	(130,887)	(11,244)	(378,153)	(109,256)	(17,828)	—	(647,368)
Net book amount	919,764	—	304,708	70,258	11,076	76,668	1,382,474
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	928,882	—	315,954	69,567	10,162	99,465	1,424,030
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	928,882	—	315,954	69,567	10,162	99,465	1,424,030

Notes to the Condensed Consolidated Interim Financial Information

13 Property, plant and equipment (continued)

	Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction -in-progress	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Audited							
As at 1 January 2020							
Cost	798,510	11,244	591,560	140,839	28,338	161,173	1,731,664
Accumulated depreciation	(95,102)	(11,244)	(312,691)	(86,630)	(14,906)	—	(520,573)
Net book amount	703,408	—	278,869	54,209	13,432	161,173	1,211,091
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	794,782	—	269,140	57,174	11,555	79,327	1,211,978
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	794,782	—	269,140	57,174	11,555	79,327	1,211,978

Notes to the Condensed Consolidated Interim Financial Information

14 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.

Notes to the Condensed Consolidated Interim Financial Information

15 Prepayments, deposits and other receivables

	Unaudited As at 30 June 2021 <i>HK\$'000</i>	Audited As at 31 December 2020 <i>HK\$'000</i>
Non-current		
Prepayments for acquisition of property, plant and equipment	55,570	49,446
Current		
Prepayments for advertising and promotion expenses	108,066	130,884
Prepayments for raw materials and transportation	310	4,211
Deposits	30,918	37,566
VAT recoverable	1,638	446
Advances to staff	3,652	5,158
Receivables from payment intermediaries (Note)	32,952	119,166
Others	47,987	21,658
	225,523	319,089

Note:

Receivables from payment intermediaries represent the sales received by Alipay and WeChat pay on behalf of the Group for the online platform sales.

As at 30 June 2021, the carrying amounts of prepayments, deposits and other receivables were mainly denominated in RMB and approximated their fair values.

Notes to the Condensed Consolidated Interim Financial Information

16 Share capital

	Number of shares	Share capital <i>HK\$'000</i>
Authorised ordinary shares of HK\$0.01 each:		
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
Ordinary shares of HK\$0.01 each, issued and fully paid:		
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.
- (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.

Notes to the Condensed Consolidated Interim Financial Information

17 Other reserves

	Share premium <i>HK\$'000</i>	Statutory surplus reserves (Note (a)) <i>HK\$'000</i>	Shares held for share award plan <i>HK\$'000</i>	Share-based payment reserve <i>HK\$'000</i>	Exchange translation reserve <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Audited</i>						
As at 1 January 2020	—	208,211	—	—	(149,358)	58,853
Appropriation	—	9,642	—	—	—	9,642
Exchange differences	—	—	—	—	(49,600)	(49,600)
As at 30 June 2020	—	217,853	—	—	(198,958)	18,895
<i>Unaudited</i>						
As at 1 January 2021	9,560,280	283,963	—	7,087	69,399	9,920,729
Issuance of ordinary shares upon over-allotment	1,473,701	—	—	—	—	1,473,701
Listing expenses charged	(29,505)	—	—	—	—	(29,505)
Equity-settled share option expense	—	—	—	12,215	—	12,215
Purchase of shares held for Share Award Plan (Note (b))	—	—	(21,551)	—	—	(21,551)
Exchange differences	—	—	—	—	72,100	72,100
As at 30 June 2021	11,004,476	283,963	(21,551)	19,302	141,499	11,427,689

Notes:

- (a) Statutory reserves represent the statutory surplus reserves and statutory public welfare fund. The subsidiaries in the PRC appropriate 10% of the net profits as reported in their statutory financial statements (after offsetting any prior year's losses) to the statutory surplus reserves until the reserves have reached 50% of their registered capital. Statutory surplus reserves are non-distributable to shareholders. The use of these reserves is to offset accumulated losses or to increase capital as determined by the Board of Directors of the relevant PRC subsidiaries in accordance with the relevant laws and regulations in the PRC.
- (b) On 3 June 2021, the Share Award Plan was approved and adopted by the Board. Unless otherwise cancelled or amended, the Share Award Plan will remain valid and effective for 10 years from the date of adoption, subject to early termination as determined by the Board.

During the period, the Group had acquired 2,000,000 of its own shares through the trustee of the Share Award Plan from open market. The cost of acquiring the shares amounted to approximately HK\$21,551,000 and had been deducted from other reserves.

Notes to the Condensed Consolidated Interim Financial Information

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

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

19 Related party transactions

The directors of the Company are of the view that the following companies are related parties of the Group:

Company's name	Relationship with the Group
Guangzhou Daoming Chemical Co., Ltd.	Company owned by Mr. Fu Xiangdong, the brother of Mr. Luo Qiuping
ZED Group Limited	Ultimate holding company

Save as disclosed elsewhere in the condensed consolidated interim financial information, the following transactions were carried out with related parties:

(a) Transactions with related parties

	Unaudited Six months ended 30 June 2021 HK\$'000	Audited 2020 HK\$'000
Purchase of goods and raw materials from: Guangzhou Daoming Chemical Co., Ltd. (Note)	1,192	1,129

Note:

Goods were purchased in the ordinary course of business and in accordance with the terms and prices of the underlying agreements as agreed by both parties.

Notes to the Condensed Consolidated Interim Financial Information

19 Related party transactions (continued)

(b) Key management compensation

Key management refers to executive directors of the Group. The compensation of key management personnel of the Group is shown below:

	Unaudited Six months ended 30 June 2021 HK\$'000	Audited 2020 HK\$'000
Salaries, bonuses, allowances and other benefits	11,040	7,259
Contributions to social security plans	149	35
Equity-settled share option expense	1,516	—
	12,705	7,294

20 Commitments

(a) Capital commitments

As at 30 June 2021, the Group had the following capital commitments:

	Unaudited As at 30 June 2021 HK\$'000	Audited As at 31 December 2020 HK\$'000
Acquisition of property, plant and equipment and intangible assets: — Contracted but not provided for	300,663	186,983

(b) Committed leases not yet commenced

As at 30 June 2021, the total future lease payments for leases committed but not yet commenced were payable as follows:

	Unaudited As at 30 June 2021 HK\$'000	Audited As at 31 December 2020 HK\$'000
Properties:		
— Within one year	31,041	—
— After one year but within five years	88,067	—
	119,108	—