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EASTBUY

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East Buy Holding Limited

東方甄選控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1797)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 NOVEMBER 2023**

The Board of East Buy Holding Limited is pleased to announce the unaudited consolidated interim results of our Group for the Reporting Period. These interim results have been reviewed by the Audit Committee.

In this announcement: (a) “we”, “us”, and “our” refer to the Company and where the context otherwise requires, the Group; and (b) unless the context otherwise suggests or it is otherwise stated, our condensed consolidated financial statements are presented in Renminbi, which is our Group’s primary functional currency, and presented figures are approximations that are rounded to the nearest whole number or one decimal place, as appropriate.

KEY FINANCIAL HIGHLIGHTS

	Six months ended 30 November 2023 RMB’000 (unaudited)	Six months ended 30 November 2022 RMB’000 (unaudited)	Change %
Revenue	2,795,046	2,080,073	34.4
Profit before tax	378,128	755,294	(49.9)
Income tax expenses	(128,937)	(170,001)	(24.2)
Profit for the period	249,191	585,293	(57.4)
Profit for the period attributable to:			
– Owners of our Company	249,191	585,293	(57.4)
– Non-controlling interests	–	–	–
Earnings per share:			
– Basic (RMB)	0.25	0.58	(56.9)
– Diluted (RMB)	0.23	0.55	(58.2)
Non-IFRS measure: Adjusted Profit⁽¹⁾	508,500	600,995	(15.4)
Non-IFRS measure: Adjusted EBITDA⁽²⁾	595,197	686,246	(13.3)

- (1) Adjusted profit (“**Adjusted Profit**”) for the period represents profit for the period less (loss)/gain on fair value changes of financial assets at FVTPL plus share-based compensation expenses for the period.
- (2) Adjusted EBITDA (“**Adjusted EBITDA**”) (or earnings before interest, taxes, depreciation, and amortisation) represents profit for the period plus income tax expenses, share-based compensation expenses, finance costs, impairment losses recognised under expected credit loss model, net, depreciation of property and equipment, depreciation of right-of-use assets, less other income, gains and losses for the period.

BUSINESS OVERVIEW AND OUTLOOK

Our business

We have positioned ourselves as a private label products and livestreaming e-commerce platform that focuses on carefully selecting premium products for our customers, an outstanding product and technology company that continually provides as its core product agricultural products under our private label brand, “East Buy” (東方甄選), and a cultural communication company that provides customers with pleasant experience. Through the provision of high-quality products and services, the promotion of traditional Chinese culture and positive values, we hope to contribute and provide every customer and viewer with a better, healthier, and high-quality life.

Since 2021, we have expanded our businesses in private label products and livestreaming e-commerce and established “East Buy”, which has become a well-known online platform for selling top-quality and good value for money agricultural and other products. Not only does the platform offer an alternative channel for farmers and local companies to sell high-quality agricultural and other products to a broader customer base, it also provides consumers with a platform which offers a wide range of high-quality products with transparency in pricing. Leveraging our deep understanding of customers’ needs, we select quality agricultural and other products for our customers through our integrated supply chain management and diversified cooperation with various third parties. We create value for consumers by providing various private label products under the “East Buy” brand, which are designed to be healthy and high-quality with good value for money, including fresh foods, juice, coffee, tea, bedding, etc. Through direct cooperation with producers and local enterprises, we aspire to promote quality products that have traditionally lacked sales channels and to improve the operational efficiency of the industry supply chain, so as to accelerate rural revitalisation and contribute long-term value to the relevant upstream and downstream industry.

Being consistent with our Company’s history, we continue to stand by a “customer-centric” long-term development strategy. Through innovative livestreaming activities and providing premium services, we provide our customers with a unique and entertaining shopping experience that involves the sharing of knowledge, wisdom and Chinese culture and history. We have an established team of talented livestreamers and have adopted a multi-channel strategy to reach a wider consumer base. We have set up various livestreaming channels, including East Buy Beautiful Life (東方甄選美麗生活) and East Buy Private Label (東方甄選自營產品) on Douyin (抖音), which focus on different product categories to continually create positive, unique and interesting content to attract and retain user viewership, while at the same time, promote traditional Chinese culture and share knowledge with consumers. During the six months ended 30 November 2023, we launched our livestreaming channel on Taobao (淘寶), Mini program (微信小程序) and our own APP. The “East Buy” brand has become increasingly prominent in the industry, quickly becoming synonymous with “quality, accessibility, and lifestyle culture” in China, particularly as related to agricultural and other daily necessities products, and thereby, our brand is gaining millions of loyal viewers/followers and returning customers.

The key operating metrics in livestreaming e-commerce business for the periods indicated are summarised below:

	For the six months ended 30 November 2023	For the six months ended 30 November 2022
Key operating data		
GMV (RMB) (billion) ⁽¹⁾	5.7	4.8
Number of followers on Douyin (million)	45.8	35.2
Number of paid orders on Douyin (million)	59.6	70.2

Note:

(1) Include the paid GMV from all sales channels such as Douyin, Taobao and our own APP, etc.

During the Reporting Period, we have also been operating a leading online learning and extracurricular education services platform in China with a portfolio of well-recognised brands known for high-quality content, with a notable speciality in online language learning and test preparation (“**Education Business**”).

On 21 November 2023, we announced a proposed disposal of our Education Business (comprising college education and institutional customers) (the “**Disposal**”). Following this Disposal, we have no current plans to operate online education business services. The Disposal was approved by independent Shareholders at the extraordinary general meeting of the Company on 18 January 2024 and as at the date of this announcement, the Disposal has not yet completed. Please see our announcements dated 21 November 2023 (in which we first announced the Disposal) and 18 January 2024 (on the poll results from the extraordinary general meeting held to consider the Disposal) and our circular dated 28 December 2023 (the “**Disposal Circular**”) for more information.

Accordingly, during the Reporting Period, our Education Business represented a smaller percentage of our overall Group business. The student enrolments in the college education segment decreased from 315 thousand in the six months ended 30 November 2022 to 225 thousand in the six months ended 30 November 2023, while average spending per enrolment in the college education segment increased from RMB1,058 in the six months ended 30 November 2022 to RMB1,944 in the six months ended 30 November 2023.

Business developments

Our financial performance

We delivered a strong start to the financial year 2024, demonstrating resilience of our business model and the potential of our private label products and livestreaming e-commerce business. During the Reporting Period, the Company achieved solid revenue growth as we implemented a series of new initiatives to boost the development of private label products and upgrade our services to consumers. Total net revenues increased by 34.4% from RMB2.08 billion for the six months ended 30 November 2022 to RMB2.8 billion for the six months ended 30 November 2023. The net revenue from private label products and livestreaming e-commerce segment increased by 36.6% from RMB1.77 billion for the six months ended 30 November 2022 to RMB2.41 billion for the six months ended 30 November 2023. The adjusted net profit was RMB508.5 million for the Reporting Period as compared to RMB601.0 million in the first half of financial year 2023 and RMB488.3 million in the second half of financial year 2023.

Benefiting from domestic consumption recovery, a matured social infrastructure and China's long-standing historical and cultural heritage, we were able to launch a series of new high-quality products, new content and new livestreaming events. Despite being faced with higher customer demands and a complex and ever-changing market environment, we remained loyal to our "customer-centric" approach and were committed to providing high-quality products and premium experience for our consumers.

The "East Buy" brand has always regarded the quality of our products as the fundamental basis for our business success and growth, and the cornerstone of New Oriental's reputation over the past three decades. During the Reporting Period, we carried out a holistic, top-down, detailed optimising and upgrade of our product quality control measures. For example, for the quality control of the raw materials in our product offerings, we installed CCTV surveillance systems to monitor our raw material warehouse and core input process stages. At the same time, we have also set up a "one-shot" video shooting mode and ensure food safety and transparency in (i) the sourcing of our raw material production through a centralised unpacking system for raw materials, (ii) the traceability testing of raw material in upstream factories, and (iii) the monitoring and testing of each batch of production, so as to guarantee that the raw materials are of high-quality, are authentic and reliable, and that the production process meets our prescribed standards (which are set above industry standards). Furthermore, we understand that it is difficult to fully encapsulate the rigor and meticulousness involved in product quality inspections through text descriptions and data presentations. Therefore, through live-broadcasting events, we will also showcase our production line to provide consumers an opportunity to witness the production and quality inspection process of our products first-hand, so as to maintain a more transparent and trustworthy process.

Our supply chain management has horizontally expanded in FY2023, and during the Reporting Period, we have made a breakthrough achievement in our supply chain integration. We are already benefiting from having built an economy of scale with some of our popular products during the Reporting Period, and sales of each product reaching notably high levels in the industry. Leveraging off our competitive advantage in branding, business model and development pace, we have the ability to select the best manufacturers in the industry to collaborate with us in the long term, enabling us to request for more stringent adjustments in product design and quality control.

We have continued to improve and enhance our service capabilities. We have established and will continue to promote our membership system. With our increasing number of customers and increasing repurchase rate, we have introduced a membership plan in our APP, to effectively provide customers with more favorable products and more comprehensive membership services. Members can enjoy membership discounts or coupons during the year and earn loyalty points that can be used to offset cash payments. Based on our existing warehouse network layout in FY2023, we also further upgraded our storage capacity during the Reporting Period and expanded our warehouse network by the addition of warehouses in Qingdao, Kunshan and Xinjiang. As a result, deliveries under normal temperatures cover over 99% of China and cold chain deliveries cover over 97% of China. For express deliveries, we have cooperated with S.F. Holding Co., Ltd. and JD Logistics, Inc. to establish warehouses nationwide, including in Beijing, Xi'an, Guangzhou, Tianjin, Shanghai, Hangzhou, Nanjing and other cities, which has enabled us to achieve same-day or next-day express deliveries nationwide, thereby minimising the time needed for deliveries in transit and allows us to continually improve customer experience.

During the Reporting Period, we have continued to host provincial broadcast events nationwide with strong support of local cultural and tourism authorities. We have started to introduce cultural tourism products (文旅產品), incorporated history, culture, geography and folklore into our livestreaming e-commerce broadcasts to introduce and promote certain historical sites and monuments, tourist attractions and also local specialty products to our audience. Local products and brands that are less well-known but popular among locals can achieve nationwide publicity through livestreaming broadcast, which allows more consumers to enjoy different cuisines, and at the same time, allows audiences to tap into the culture of these local places and improve their understanding of local traditional cultures.

We believe that the key drivers for growth are advanced technological capabilities and continuous product innovation. During the Reporting Period, we have upgraded our APP by carefully selecting and optimising our product offerings and successfully, stably, and promptly launching various core business innovations and special features, including paid membership subscriptions, point and coupon system, cultural tourism products, new customer introduction incentive scheme, livestreaming gifts, etc. These special features have greatly improved user engagement and user adhesion, thereby providing an enriched and personalised shopping experience.

Further, we have built a more comprehensive organisational structure to support the rapid development of our new businesses, and recruited and cultivated more excellent talents in the professional field. As of 30 November 2023, the total number of personnel in our private label products and livestreaming e-commerce team reached 1,587, of which 643 personnels are dedicated to our supply chain and product team.

Our strategic positioning is clear and concise. In the future, we will continue to strive to become a livestreaming platform that focuses on carefully selecting premium products for our customers, an outstanding product and technology company that continually provides agricultural products as its core product under our private label, "East Buy", and a cultural communication company that provides customers with pleasant experience. We firmly believe in our mission of promoting public welfare and creating value for society.

As a result of our aspiration and insistence on creating values in the industry, we have attracted and retained a large group of talents, co-operators as well as followers and members. We have continued to expand our product selection and SKUs through the strong development of private labels. During the Reporting Period, the number of our private label products has exceeded 264. Our GMV for the six months ended 30 November 2023 reached RMB5.7 billion. While the GMV from Douyin represented a large majority of our GMV, the total number of paid orders from our third-party products and our private label products on Douyin for the six months ended 30 November 2023 has reached 59.6 million.

FUTURE OUTLOOK BEYOND THE REPORTING PERIOD

Disposal of the Education Business

As mentioned above, we announced on 21 November 2023 that the Company proposed to dispose all of its Education Business to its parent company, New Oriental. The Company has no present plans to operate online education business services following the Disposal. The Disposal is part of a broader business re-delineation of our parent group (of which we form part), to enable our parent company to focus on offline-merge-online education and to enable our Group to become a pure-play private label and livestreaming e-commerce operator. This will allow us to consolidate and concentrate our management and financial resources towards growing this business, which has already seen rapid growth and become the majority revenue generator for our Group. The Disposal was approved by independent Shareholders at the extraordinary general meeting of the Company on 18 January 2024 and as at the date of this announcement, the Disposal is still in progress and has not yet completed.

Future plans for the private label products and livestreaming e-commerce business

The Company will continue to adopt the multi-platform strategy in order to expand its reach for a wider consumer base and increase brand awareness and influence. With the Company's continuous enhancement of supply chain management capabilities and a richer product portfolio, we are able to expand our cooperation with more e-commerce platforms and fulfil the needs of target customers from different channels to develop the layout for our product portfolio, and ensure that consumers receive consistently high-quality products, brand experience and services through different channels. We believe that relying on our deep understanding of customers accumulated over the years, our ability to continually learn and our capability to cultivate popular live streamers, we will develop a series of suitable marketing strategies and events in the future to effectively expand our reach to new consumer groups and better meet their needs.

Going forward, we will focus our efforts in the following key areas:

- (a) Expanding our catalogue of products, strengthening our relationship with existing and new suppliers and farming businesses, and exploring new product categories and livestreaming topics that align with our aim of communicating Chinese culture, history and wellbeing to its viewers and connecting local producers/suppliers with a broader audience base.

- (b) Expanding our brand awareness and audience reach, including through community partnerships and local offline and broader online campaigns, to elevate the presence of “East Buy” (東方甄選) as the premium “go to” brand for quality products, knowledge and culture, and wellbeing across China.
- (c) Growing, retaining and continuing to foster our team of established and up-and-coming livestreaming talent, to deliver educational wisdom in an entertaining and inspirational manner to audiences, with the goal of distilling “simple to digest” information about Chinese culture, history, wellbeing and China’s agricultural industry to a broader audience.
- (d) Researching and developing new or improved technologies to support our online livestreaming and e-commerce business, to enhance the user experience for both livestreamers and viewers/consumers.

Product offerings

As an innovative company, we continue to stand by our “customer-centric” strategy, given our commitments to providing customers with healthy, delicious and cost-effective products. During the Reporting Period, we have continued to focus our efforts on our product offerings in the following key areas:

- (a) Solving product pain points for customers. We pay close attention to channel data and market feedback. For the development of new products, we strive to ensure product quality, while minimising unnecessary additions. We have strict protocols and safety requirements for pigment, preservatives and other additives, adhering to the principle of “unless it is necessary, less is more” (能不加就不加，能少加就少加) to develop healthier and natural products for consumers. For our existing products, we will continually improve and optimize the user experience.
- (b) Acting in the interests of our customers. Based on our experience and data, and in-depth communication and cooperation with the manufacturers, we deepened our understanding of raw material trend, which in turn, achieves significant optimisation results in terms of cost saving. At the same time, we will strengthen quality control over the whole inspection process starting from raw materials to the finished products. The Company aims to provide better products at more affordable prices to customers.

Taking into account the market trend of a more conservative consumption pattern, we will focus on creating “hot-selling” products and strive to introduce new products with high cost performance and high repurchase rate with an attempt to break through the existing product cycle, and continue to increase the scope of SKUs.

Supply chain

We will continue to strengthen the layout and management of our upstream and downstream supply chains. Our control of the supply chain is not only reflected in our top-tier manufacturers and high standards, but also lies in the in-depth layout of our entire supply chain and strategic investments. In the future, we will increase our investments in the supply chain at the factory level, as a means to gain control over quality control measures, so that our production capacity can be more flexible, and reducing raw material and management costs. In addition, this will also allow us to fully return value to our consumers.

Customer services

We will continue to pursue our “customer centric” long-term development strategy. In order to continue to improve customer service experience, we not only provide price insurance for our private label products, but also implement the price insurance mechanism for products from third parties purchased from our different channels on Douyin. Whether purchasing private label products or third-party products, we always ensure that customers can enjoy high-quality service experience. In order to further improve logistics efficiency and ensure the supply of fresh, high-quality products, we will experiment with hosting front-end warehouses through cooperation with third-party logistics companies in first-tier cities such as Beijing in 2024. By hosting our front-end warehouses, we expect to achieve faster, more cost-effective shipping and complete the order-to-delivery process in two hours. We can also consolidate orders and package shipments, which will greatly improve our user experience. In terms of after-sales services, our overall responsiveness and reputation have been improved, and will continue to actively accept the constructive criticism and advice from consumers, draw inspiration and motivation from the needs of customers, and improve the quality of our products and services. We firmly believe that through sincere communication and interaction with our consumers, our East Buy brand will continue to experience tremendous growth.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Our total revenues increased by 34.4% from RMB2.08 billion in the six months ended 30 November 2022 to RMB2.8 billion in the six months ended 30 November 2023.

Private label products and livestreaming e-commerce business

Revenue from our private label products and livestreaming e-commerce segment increased by 36.6% from RMB1.77 billion in the six months ended 30 November 2022 to RMB2.41 billion in the six months ended 30 November 2023, among which revenue from our private label products amounted to approximately RMB1.9 billion. During the Reporting Period, we have been working on strengthening the supply chain management system, expanding our product categories, and increasing the number of products and SKUs, especially our private label products.

College education

Revenue from our college education segment increased by 23.9% from RMB295.1 million in the six months ended 30 November 2022 to RMB365.7 million in the six months ended 30 November 2023. The increase was mainly due to improvement in marketing strategies and increase in brand exposure. The student enrolments in the college education segment decreased from 315 thousand in the six months ended 30 November 2022 to 225 thousand in the six months ended 30 November 2023.

Institutional customers

Revenue from our institutional customers decreased by 6.2% from RMB19.2 million in the six months ended 30 November 2022 to RMB18.0 million in the six months ended 30 November 2023. This was primarily due to the business adjustment in institutional customers segment.

Cost of revenue, gross profit and gross margin

Our total cost of revenue increased by 55.0% from RMB1.1 billion in the six months ended 30 November 2022 to RMB1.7 billion in the six months ended 30 November 2023, primarily due to the increase in cost of inventories and shipping cost for private label products as a result of substantial growth in our business.

Our gross profit increased by 11.4% from RMB982.5 million in the six months ended 30 November 2022 to RMB1.1 billion in the six months ended 30 November 2023. Our gross profit margin decreased from 47.2% in the six months ended 30 November 2022 to 39.1% in the six months ended 30 November 2023, primarily due to the rapid development of our private label products and livestreaming e-commerce business.

Private label products and livestreaming e-commerce business

Cost of revenue for our private label products and livestreaming e-commerce segment was RMB1.6 billion in the six months ended 30 November 2023, compared to RMB1.0 billion in the six months ended 30 November 2022. Segment gross profit for our private label products and livestreaming e-commerce was RMB794.2 million in the six months ended 30 November 2023, compared to RMB749.8 million in the six months ended 30 November 2022, and the gross profit margin decreased from 42.5% in the six months ended 30 November 2022 to 32.9% in the six months ended 30 November 2023, mainly due to the increased proportion of revenue from private label products.

College education

Cost of revenue for our college education segment increased by 5.4% from RMB77.6 million in the six months ended 30 November 2022 to RMB81.8 million in the six months ended 30 November 2023, primarily due to the increase in staff costs.

Segment gross profit for our college education business increased by 30.6% from RMB217.5 million in the six months ended 30 November 2022 to RMB284.0 million in the six months ended 30 November 2023, and the segment profit margin increased from 73.7% in the six months ended 30 November 2022 to 77.6% in the six months ended 30 November 2023. This was primarily due to strong recovery in market demand and less low-price entry courses offering as a result of strong brand exposure.

Institutional customers

Cost of revenue for services to institutional customers decreased by 49.6% from RMB4.0 million in the six months ended 30 November 2022 to RMB2.0 million in the six months ended 30 November 2023, and the gross profit margin increased from 79.2% in the six months ended 30 November 2022 to 88.8% in the six months ended 30 November 2023.

Other income, gains and losses

Our other income, gains and losses decreased by 48.1% from RMB121.3 million in the six months ended 30 November 2022 to RMB63.0 million in the six months ended 30 November 2023, primarily due to the decrease in exchange gain.

Selling and marketing expenses

Our selling and marketing expenses increased by 145.6% from RMB227.8 million in the six months ended 30 November 2022 to RMB559.5 million in the six months ended 30 November 2023, primarily due to the increase in staff costs as we recruited and attracted more talents in private label products and livestreaming business operations.

Research and development expenses

Our research and development expenses increased by 56.5% from RMB48.3 million in the six months ended 30 November 2022 to RMB75.5 million in the six months ended 30 November 2023, primarily due to an increase in staff costs as we invested in the internet technology system and application for private label and livestreaming e-commerce business during the Reporting Period.

Administrative expenses

Our administrative expenses increased by 129.6% from RMB62.3 million in the six months ended 30 November 2022 to RMB142.9 million in the six months ended 30 November 2023, primarily due to the increase in share-based compensation expenses.

Share of result of associates

Our share of profit of associates increased from a loss of RMB9.1 million in the six months ended 30 November 2022 to a gain of RMB1.9 million in the six months ended 30 November 2023, primarily due to the turnaround from loss to profit in Beijing Shidai Yuntu Book Co., Ltd. (北京時代雲圖圖書有限責任公司) and the change in Beijing Edutainment World Education Technology Co., Ltd. (北京寓科未來智能科技有限公司) as it ceased to be an associate of the Group from 1 June 2023.

Income tax expenses

Our income tax expenses were RMB128.9 million in the six months ended 30 November 2023, compared to RMB170.0 million in the six months ended 30 November 2022, primarily due to the increase in deferred tax during the Reporting Period.

Net profit for the period

As a result of the above, our net profit decreased from RMB585.3 million in the six months ended 30 November 2022 to RMB249.2 million in the six months ended 30 November 2023.

Non-IFRS measures

To supplement our financial information presented in accordance with IFRS, we also use Adjusted Profit for the period and Adjusted EBITDA as non-IFRS measures, which are not required by, or presented in accordance with IFRS. We believe that these non-IFRS measures facilitate comparison of operating performance from period to period by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. We also believe these measures provide useful information to investors and others in understanding and evaluating our consolidated statements of profit or loss in the same manner as they have assisted our management. Please note, however, our presentation of Adjusted Profit and Adjusted EBITDA may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our consolidated statements of profit or loss or financial condition as reported under IFRS.

We define Adjusted Profit for the period represents profit for the period less (loss)/gain on fair value changes of financial assets at FVTPL plus share-based compensation expenses for the period. We define Adjusted EBITDA as profit for the period plus income tax expense, share-based compensation expenses, finance costs, impairment losses recognised under expected credit loss model, net, depreciation of property and equipment, depreciation of right-of-use assets, less other income, gains and losses for the period.

The following table reconciles our net profit for the period to Adjusted Profit for the period:

	Six months ended 30 November 2023 RMB'000 (unaudited)	Six months ended 30 November 2022 RMB'000 (unaudited)
Reconciliation of our net profit for the period to Adjusted Profit:		
Net profit for the period	249,191	585,293
Less:		
(Loss)/gain on fair value changes of financial assets at FVTPL	(13,587)	13,007
Add:		
Share-based compensation expenses	245,722	28,709
Adjusted Profit for the period	508,500	600,995

The following table reconciles our profit for the period to Adjusted EBITDA for the period:

	Six months ended 30 November 2023 RMB'000 (unaudited)	Six months ended 30 November 2022 RMB'000 (unaudited)
Reconciliation of net profit for the period to Adjusted EBITDA		
Net profit for the period	249,191	585,293
Add:		
Income tax expense	128,937	170,001
Share-based compensation expenses	245,722	28,709
Finance costs	1,213	923
Impairment losses recognised under expected credit loss model, net of reversal	1,600	112
Depreciation of property and equipment	10,811	9,301
Depreciation of right-of-use assets	20,716	13,168
Less:		
Other income, gain and losses	62,993	121,261
Adjusted EBITDA for the period	595,197	686,246

OTHER INFORMATION ABOUT OUR FINANCIAL PERFORMANCE

Liquidity and capital resources

During the Reporting Period, we met our cash requirements primarily from cash and cash equivalents and proceeds from the 2020 Subscription. We had cash and cash equivalents of RMB1.3 billion as at 30 November 2023 compared to RMB1.2 billion as at 31 May 2023 and RMB793.7 million as at 30 November 2022. We had term deposits of RMB991.5 million as at 30 November 2023, compared to RMB796.9 million as at 31 May 2023 and RMB743.5 million as at 30 November 2022. We also had financial assets (current) at FVTPL of RMB1.2 billion as at 30 November 2023, compared to RMB1.0 billion as at 31 May 2023 and RMB716.1 million as at 30 November 2022. Cash and cash equivalents were represented by bank balances and cash; and bank balances and cash comprised of cash and short-term deposits with an original maturity of three months or less. Financial assets (current) at FVTPL comprised of wealth management products.

During the Reporting Period, we primarily used cash to fund required working capital and other recurring expenses to support the expansion of our operations. Going forward, we believe that our liquidity requirements will be satisfied by using funds from a combination of internally generated cash and net proceeds from our 2020 Subscription and/or 2023 Subscription.

As at 30 November 2023, our gearing ratio was 30.3%, compared with 27.8% as at 30 November 2022 and 27.2% as at 31 May 2023, calculated as total liabilities divided by total assets.

Capital expenditure

The following table sets forth our capital expenditure for the period indicated:

	Six months ended 30 November 2023 RMB'000 (unaudited)	Six months ended 30 November 2022 RMB'000 (unaudited)
Purchase of property and equipment	18,954	4,755

Our capital expenditures were primarily for purchases of property and equipment in the six months ended 30 November 2022 and 2023, respectively. Our purchases of property and equipment were RMB4.8 million and RMB19.0 million for the six months ended 30 November 2022 and 2023, respectively.

Off-balance sheet commitments and arrangements

As of 30 November 2023, we had not entered into any off-balance sheet transactions.

Future plans for material investments and capital assets

As of 30 November 2023, we did not have any other foreseeable plans for material investments and capital assets.

Material acquisitions and/or disposals of subsidiaries and affiliated companies

During the Reporting Period, we did not have any other material acquisitions and/or disposals of subsidiaries and affiliated companies.

Significant Investments Held

Save as disclosed above, the Group did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as of 30 November 2023) during the six months ended 30 November 2023.

Employees and remuneration policy

As at 30 November 2023, we had 1,785 full-time employees and 720 part-time employees (30 November 2022: 1,260 full-time employees and 410 part-time employees). The number of employees employed by the Group varies from time to time depending on needs and employees are remunerated based on industry practice.

Our success depends on our ability to attract, retain and motivate qualified personnel. The remuneration policy and package of the Group's employees are periodically reviewed. Apart from pension funds and in-house training programmes, discretionary bonuses, share awards and share options may be awarded to employees according to assessment of individual performance.

The total remuneration expenses, including share based compensation expense incurred by the Group for the six months ended 30 November 2023 was RMB624.8 million, representing a period-on-period increase of 167.7% from RMB233.4 million for the six months ended 30 November 2022.

Foreign exchange risk

Foreign exchange risk arises when commercial transactions or recognised assets and liabilities are denominated in a currency that is not the functional currency of our operating entities. We operate in the PRC with most of the transactions settled in RMB. During the Reporting Period, we had assets and liabilities denominated in United States dollars and Hong Kong dollars. We continuously monitor changes in currency exchange rates and will take necessary measures to mitigate exchange rate impact.

Indebtedness

During the Reporting Period, we did not incur any bank loan or other borrowings. Our Directors consider that we have adequate cash and capital resources considering our bank balances and cash, term deposits and our financial assets at FVTPL, wealth management products generated from our operating activities and the net proceeds from the share subscriptions to fund our operations and expansion, therefore, we do not plan to incur any borrowing in the 12 months from the date of this announcement.

Pledge of assets

As at 30 November 2023, none of our Group's assets were pledged.

Contingent liabilities

As of 30 November 2023, we did not have any material contingent liabilities.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with Corporate Governance Code

Our Company was incorporated in the Cayman Islands on 7 February 2018 as an exempted company with limited liability, and our Shares were listed on the Main Board of the Stock Exchange on 28 March 2019.

We are committed to maintaining and promoting stringent corporate governance. The principle of our Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all shareholders of our Company. During the Reporting Period, the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code.

We will continue to regularly review and monitor our corporate governance practices to ensure compliance with the Corporate Governance Code, and maintain a high standard of corporate governance practices of the Company.

Compliance with the Model Code for Securities Transactions by Directors

We have adopted the Model Code as the code of conduct regulating our Directors' dealings in our Company's securities. To the best of our Directors' knowledge and belief, all our Directors confirm that they have complied with the required standards set out in the Model Code during the Reporting Period.

Audit Committee

Our Board has established an Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code (as amended from time to time). The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system (including risk management) of our Group, to review and approve connected transactions (as defined in the Listing Rules) and to provide advice and comments to the Board. The Audit Committee consists of three members: Mr. TONG Sui Bau (as the Audit Committee's chairperson), Mr. KWONG Wai Sun Wilson and Mr. LIN Zheyang.

The Audit Committee, together with our external Auditor, Deloitte Touche Tohmatsu, have reviewed our Group's unaudited condensed consolidated financial statements for the six months ended 30 November 2023. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by our Company and internal control measures with senior management members.

Other Board Committees

In addition to our Audit Committee, our Company has also established a nomination committee and a remuneration committee.

Purchase, Sale or Redemption of our Listed Securities

Save as disclosed in this announcement under the section "Net Proceeds from Share Subscriptions", neither our Company nor any of its subsidiaries purchased, sold or redeemed any of our Company's securities listed on the Stock Exchange during the Reporting Period.

Material Litigation

During the Reporting Period, our Company was not involved in any material litigation or arbitration; nor were our Directors aware of any material litigation or claims that were pending or threatened against our Company as at 30 November 2023.

Interim Dividend

Our Board does not recommend the distribution of an interim dividend for the Reporting Period (six months ended 30 November 2022: nil).

NET PROCEEDS FROM SHARE SUBSCRIPTIONS

2020 Subscription

The 2020 Subscription was completed on 24 December 2020 and raised approximately HK\$1.783 billion in net proceeds. Subsequent to the 2020 Subscription, our Group had used the net proceeds from the 2020 Subscription in the manner and according to the intended uses set out in the circular of the Company dated 14 October 2020. On 21 January 2022, the Board has resolved to change the use of the remaining net proceeds as at the same date and the Group had used the net proceeds in accordance with the intended use as set out in the announcement of the Company dated 21 January 2022. We will continue to gradually utilise the net proceeds, in accordance with the table set out below, within three years from 21 January 2022.

The utilisation of the net proceeds for the six months ended 30 November 2023 are summarised as follows:

	Unutilised amount as at 1 June 2023	Utilised during the six months ended 30 November 2023	Remaining amount
<i>HK\$ million</i> ⁽¹⁾			
Sales and marketing	254.8	4.4	250.4
Technology infrastructure	3.9	–	3.9
Teachers and other business related staff	216.5	73.6	142.9
Working capital	202.6	20.9	181.7
Total	677.8	98.9	578.9

Notes:

- (1) The amounts “utilised during the six months ended 30 November 2023” are based on the exchange rate of HK\$1.0992:RMB1.
- (2) The figures presented in this table are approximations and subject to currency exchange rate fluctuation and rounding.

2023 Subscription

On 24 November 2023, we and New Oriental entered into a subscription agreement, pursuant to which we would allot and issue under a proposed specific mandate 51,352,277 subscription shares at the subscription price of HK\$31.75 per Share (equivalent to approximately US\$4.08 per Share), for an aggregate subscription amount of RMB1.5 billion (equivalent to an agreed amount of HK\$1,630,434,783 or US\$209,497,207). At the time of entering into the announcement, the gross proceeds from the 2023 Subscription are estimated to be approximately HK\$1,630 million, while the net proceeds (after deducting relevant expenses) are estimated to be approximately HK\$1,628 million.

As of the date of this announcement, the 2023 Subscription is still subject to a number of conditions, including approval from our Shareholders at general meeting. Accordingly, the 2023 Subscription has not been, and may not be, completed. We will further update the market in due course of further details about the 2023 Subscription and details of the general meeting for Shareholders to consider and approve the 2023 Subscription. For more information about the 2023 Subscription, including the proposed use of proceeds, please see our announcement dated 24 November 2023 and our circular dated 19 January 2024.

EVENTS AFTER THE REPORTING PERIOD

With effect from 16 December 2023, Mr. Sun Dongxu (孫東旭) (“**Mr. Sun**”) was dismissed from the position of Chief Executive Officer of the Company (“**CEO**”) and was re-designated from his position of executive Director to non-executive Director, and Mr. Yu Minhong (俞敏洪) was appointed as new CEO and was re-designated as an executive Director with effect from 16 December 2023. For details, please refer to the announcement of the Company dated 17 December 2023.

With effect from 22 December 2023, Mr. Sun resigned from his position as a non-executive Director. For details, please refer to the announcement of the Company dated 22 December 2023.

On 21 November 2023, we announced our proposal to dispose of our Education Business, with further details announced in our circular dated 28 December 2023. On 18 January 2024, The proposal was approved by our Shareholders at the extraordinary general meeting, with the poll results announced on the same date. As at the date of this announcement, the Disposal is still in progress and has not yet completed. Details of which are set out under the section headed “Future Outlook Beyond the Reporting Period” in this announcement.

On 24 November 2023, we announced a proposed issuance of subscription shares under specific mandate to our parent company, New Oriental, (i.e. the 2023 Subscription) with further details announced in our circular dated 19 January 2024. The proposal is subject to approval by our Shareholders at an extraordinary general meeting scheduled for 7 February 2024. For further details, please refer to the circular and notice of extraordinary general meeting, each dated 19 January 2024. Details of which are set out under the section headed “2023 Subscription” in this announcement.

Save as disclosed in this announcement, no significant events affecting our Company have occurred since the end of the Reporting Period to the date of this announcement.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and our Company’s website at ir.eastbuy.com. Our Group’s interim report for the six months ended 30 November 2023 will be published on the same websites of the Stock Exchange and our Company and will be dispatched to our Shareholders in due course.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 NOVEMBER 2023**

		Six months ended	
		30 November	
	<i>NOTES</i>	2023	2022
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue	3	2,795,046	2,080,073
Cost of revenue		<u>(1,700,970)</u>	<u>(1,097,600)</u>
Gross profit		1,094,076	982,473
Other income, gains and losses	5	62,993	121,261
Impairment losses recognised under expected credit loss model, net of reversal		(1,600)	(112)
Selling and marketing expenses		(559,529)	(227,816)
Research and development expenses		(75,539)	(48,253)
Administrative expenses		(142,926)	(62,259)
Share of results of associates		1,866	(9,077)
Finance costs		<u>(1,213)</u>	<u>(923)</u>
Profit before tax		378,128	755,294
Income tax expense	6	<u>(128,937)</u>	<u>(170,001)</u>
Profit for the period	7	<u>249,191</u>	<u>585,293</u>
Profit and total comprehensive income for the period		<u>249,191</u>	<u>585,293</u>
Earnings per share			
– Basic (RMB)	8	0.25	0.58
– Diluted (RMB)	8	0.23	0.55

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 NOVEMBER 2023**

	<i>NOTES</i>	30 November 2023 RMB'000 (unaudited)	31 May 2023 RMB'000 (audited)
Non-current Assets			
Property and equipment		40,302	34,057
Right-of-use assets		49,704	54,389
Interests in associates		71,305	138,423
Financial assets at fair value through profit or loss	<i>10</i>	142,982	102,576
Deposits for acquisition of property and equipment		2,706	569
Refundable rental deposits		4,703	2,743
Deferred tax assets		72,415	83,265
		384,117	416,022
Current Assets			
Inventories	<i>11</i>	359,754	140,952
Trade and other receivables	<i>12</i>	257,146	218,972
Prepayments		161,730	77,308
Financial assets at fair value through profit or loss	<i>10</i>	1,150,527	1,037,402
Term deposits		991,454	796,895
Restricted cash		93,291	250
Cash and cash equivalents		1,345,039	1,165,137
		4,358,941	3,436,916
Current Liabilities			
Lease liabilities		24,955	33,074
Contract liabilities	<i>13</i>	257,205	253,522
Refund liabilities		45,278	27,665
Trade payables	<i>14</i>	644,424	335,263
Accrued expenses and other payables		361,526	336,248
Income tax payables		79,082	43,057
		1,412,470	1,028,829
Net Current Assets		2,946,471	2,408,087
Total Assets less Current Liabilities		3,330,588	2,824,109

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 NOVEMBER 2023**

	30 November 2023 RMB'000 (unaudited)	31 May 2023 RMB'000 (audited)
Capital and Reserves		
Share capital	131	131
Reserves	<u>3,304,928</u>	<u>2,803,677</u>
Total Equity	<u>3,305,059</u>	<u>2,803,808</u>
Non-current Liabilities		
Deferred tax liabilities	4,732	2,379
Lease liabilities	<u>20,797</u>	<u>17,922</u>
	<u>25,529</u>	<u>20,301</u>
Net Assets	<u>3,305,059</u>	<u>2,803,808</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 NOVEMBER 2023

1. GENERAL INFORMATION

East Buy Holding Limited (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 7 February 2018 under the Companies law, Cap 22 (law 3 of 1961, as consolidated and revised) of the Cayman Islands. New Oriental Education & Technology Group Inc. (“**New Oriental Group**”) is the ultimate controlling shareholder of the Company.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (the “**Group**”) are operating livestreaming e-commerce business for sales of private label products to individual customers and provision of commission services. The Group provides online education services to college students and other occupational people in the People’s Republic of China (the “**PRC**”). The Group also provides education and related services to institutional customers such as public libraries and universities in the PRC.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 28 March 2019.

The condensed consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of amendments to International Financial Reporting Standards (“**IFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 November 2023 are the same as those presented in the Group’s annual financial statements for the year ended 31 May 2023.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied the following new and amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group’s annual period beginning on or after 1 June 2023 for the preparation of the Group’s condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two Model Rules

The application of the new and amendments to IFRSs in the current interim period has had no material impact on the Group’s financial position and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE

Disaggregation of revenue from contracts with customers

	Six months ended 30 November	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Timing of revenue recognition		
At a point in time	2,414,115	1,779,621
Over time	380,931	300,452
Total	<u>2,795,046</u>	<u>2,080,073</u>
Type of customers		
Customers for private label products and livestreaming e-commerce	2,411,323	1,765,803
Students for online education service	365,742	295,103
Institutional customers for online education service	17,981	19,167
Total	<u>2,795,046</u>	<u>2,080,073</u>
Type of revenue		
Sales of products	1,865,607	1,088,838
Service revenue and others	929,439	991,235
Total	<u>2,795,046</u>	<u>2,080,073</u>

All revenues of the Group were generated from private label products and livestreaming e-commerce, online education services and other related services.

4. SEGMENT INFORMATION

Information reported to the executive directors, being the chief operating decision maker (the “CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services provided.

Specifically, the Group’s reportable segments under IFRS 8 *Operating Segments* are as follows:

1. Private Label Products and Livestreaming E-Commerce – online live commerce with private label products sold to individual customers and commission services.
2. College Education – online education service targeted to college and above students and adults.
3. Institutional Customers – online education service provided to institutional customers.

The following is an analysis of the Group's revenue and results by reportable segments:

For the six months ended 30 November 2023 (unaudited)

	Private Label Products and Livestreaming E-Commerce RMB'000	College Education RMB'000	Institutional Customers RMB'000	Total RMB'000
Revenue	2,411,323	365,742	17,981	2,795,046
Cost of revenue	(1,617,173)	(81,785)	(2,012)	(1,700,970)
Segment gross profit	<u>794,150</u>	<u>283,957</u>	<u>15,969</u>	<u>1,094,076</u>
Unallocated income and expenses:				
Other income, gains and losses				62,993
Impairment losses recognised under expected credit loss model, net of reversal				(1,600)
Selling and marketing expenses				(559,529)
Research and development expenses				(75,539)
Administrative expenses				(142,926)
Share of results of associates				1,866
Finance costs				(1,213)
Profit before tax				<u><u>378,128</u></u>

For the six months ended 30 November 2022 (unaudited)

	Private Label Products and Livestreaming E-Commerce RMB'000	College Education RMB'000	Institutional Customers RMB'000	Total RMB'000
Revenue	1,765,803	295,103	19,167	2,080,073
Cost of revenue	(1,015,993)	(77,614)	(3,993)	(1,097,600)
Segment gross profit	<u>749,810</u>	<u>217,489</u>	<u>15,174</u>	<u>982,473</u>
Unallocated income and expenses:				
Other income, gains and losses				121,261
Impairment losses recognised under expected credit loss model, net of reversal				(112)
Selling and marketing expenses				(227,816)
Research and development expenses				(48,253)
Administrative expenses				(62,259)
Share of results of associates				(9,077)
Finance costs				(923)
Profit before tax				<u><u>755,294</u></u>

Segment gross profit is the measure reported to the CODM for the purposes of resource allocation and performance assessment. Segment gross profit is gross profit earned by each segment and other income, gains and losses, impairment losses recognised under expected credit loss model, net of reversal, selling and marketing expenses, research and development expenses, administrative expenses, share of results of associates and finance costs are excluded from segment result.

Information of segment assets and liabilities and other segment information for reportable and operating segments are not provided to the CODM for their review. Therefore, no analysis of the Group's assets and liabilities and other segment information by reportable and operating segments are presented.

All of the Group's revenue were generated from external customers in the PRC during the six months ended 30 November 2023 and 2022. The Group's non-current assets excluding financial instruments and deferred tax assets are located in the PRC.

No goods or services provided to a single customer exceed 10% or more of the total revenue of the Group for the six months ended 30 November 2023 (six months ended 30 November 2022: nil).

5. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 November	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest income	35,929	7,879
Government grants ⁽ⁱ⁾	30,948	–
(Loss)/gain on fair value changes of financial assets at fair value through profit or loss (“FVTPL”)	(13,587)	13,007
Net foreign exchange gain	8,817	96,617
Others	886	3,758
	<u>62,993</u>	<u>121,261</u>

Note:

- (i) Government grants amounted to RMB29,870,000 (six months ended 30 November 2022: nil) have been recognised for the subsidies relating to its local municipal business development during the six months ended 30 November 2023. The amounts have been recognised as other income, and there was no unfulfilled condition attached to these government grants in the period in which they were recognised.

6. INCOME TAX EXPENSE

	Six months ended 30 November	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax:		
PRC enterprise income tax	115,734	172,409
Deferred tax	13,203	(2,408)
	<u>128,937</u>	<u>170,001</u>

7. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging the following items:

	Six months ended 30 November	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Depreciation of property and equipment	10,811	9,301
Depreciation of right-of-use assets	20,716	13,168
Cost of inventories recognised as expenses	1,113,521	751,704
Share-based payment expenses	245,722	28,709
	<u>245,722</u>	<u>28,709</u>

8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following data:

	Six months ended 30 November	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings:		
Earnings for the period attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	249,191	585,293
	<u>249,191</u>	<u>585,293</u>

Number of shares:

	Six months ended 30 November	
	2023	2022
	(unaudited)	(unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,014,522,650	1,003,695,178
Effect of dilutive potential ordinary shares:		
Share options and share awards	68,100,183	59,297,507
	<u>68,100,183</u>	<u>59,297,507</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,082,622,833	1,062,992,685
	<u>1,082,622,833</u>	<u>1,062,992,685</u>

9. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 November 2023 (six months ended 30 November 2022: nil). The Board has determined that no dividend will be paid in respect of the six months ended 30 November 2023 (six months ended 30 November 2022: nil).

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 November 2023 RMB'000 (unaudited)	31 May 2023 RMB'000 (audited)
Non-current assets		
Financial assets at FVTPL		
– unlisted equity investments ^(a)	<u>142,982</u>	<u>102,576</u>
Current assets		
Financial assets at FVTPL		
– wealth management products ^(b)	<u>1,150,527</u>	<u>1,037,402</u>

- (a) Included in the equity investments as at 30 November 2023 are the Group's investments in ordinary shares with preferential rights of Oriental Selection (Henan) Food Technology Co., Ltd. ("**Henan Oriental**") and Beijing Edutainment World Education Technology Co., Ltd. ("**Edutainment World**") which are established in the PRC and investments in preferred shares of EEO Education Technology Co., Ltd. ("**EEO**") which is incorporated in the Cayman Islands.

On 18 January 2023, Dongfang Optimization (Beijing) Technology Co., Ltd., one of the Company's subsidiaries, invested 30% ordinary shares with preferential rights in Henan Oriental, a grilled sausages producer, for a total cash consideration of RMB17,527,000. With the preferential rights, the Group has the right to require the investee to redeem all of the shares held by the Group at a guaranteed predetermined fixed amount upon certain redemption events which are out of control of the investee. Hence, the investment is accounted for under IFRS 9 *Financial Instruments* and measured as financial assets at FVTPL.

The Group's previously investment in Edutainment World's equity interest was accounted for as investment in an associate using equity method. On 1 June 2023, the Group entered into a new shareholder agreement (the "**Agreement**") with Edutainment World and its other shareholders which included certain preferred rights such as redemption rights and liquidation preference. The management of the Group concludes that such ordinary shares with preferential rights are not substantively the same as ordinary shares under the Agreement and accounted for the investment in Educational World as financial assets at FVTPL. On 22 January 2024, the Group transferred the equity interest in Edutainment World to the founder of Edutainment World at a consideration of approximately RMB33 million.

During the six months ended 30 November 2023, the Group did not make any sales or purchases from EEO (six months ended 30 November 2022: nil).

During the six months ended 30 November 2023, the Group made purchases of products from Henan Oriental amounting to RMB76,593,000 (six months ended 30 November 2022: nil).

During the six months ended 30 November 2022, the Group made sales and purchases of products from Edutainment World amounting to RMB1,354,000 and RMB27,000 respectively (six months ended 30 November 2023: nil and nil).

- (b) Wealth management products are purchased from various banks with expected rate of return ranging from 2.02% to 3.47% (31 May 2023: 2.17% to 3.00%) per annum, and maturity period ranging from 1 day to 365 days (31 May 2023: 1 day to 180 days) as at 30 November 2023. The principals and returns of these wealth management products are not guaranteed.

11. INVENTORIES

	30 November 2023 RMB'000 (unaudited)	31 May 2023 RMB'000 (audited)
Products	300,003	114,688
Products in transit	59,751	26,264
	<u>359,754</u>	<u>140,952</u>

12. TRADE AND OTHER RECEIVABLES

	30 November 2023 RMB'000 (unaudited)	31 May 2023 RMB'000 (audited)
Trade receivables	55,223	48,381
Less: allowance for credit losses	(12,006)	(10,454)
	<u>43,217</u>	<u>37,927</u>
Other receivables		
Receivables from third-party payment platforms	181,979	131,640
Others	31,950	49,405
	<u>257,146</u>	<u>218,972</u>

The credit terms granted to the institutional customers are within 90 days from the date of invoice.

The following is an analysis of trade receivables by age, presented based on the invoice date, net of allowance for credit losses:

	30 November 2023 RMB'000 (unaudited)	31 May 2023 RMB'000 (audited)
1 – 90 days	5,993	2,530
91 – 180 days	5,871	953
181 days – 365 days	1,780	33,995
over 365 days	29,573	449
	<u>43,217</u>	<u>37,927</u>

13. CONTRACT LIABILITIES

	30 November 2023 RMB'000 (unaudited)	31 May 2023 RMB'000 (audited)
Contract liabilities in relation to:		
Students for online education service	190,439	168,903
Membership fees	21,507	–
Membership points	16,839	58,741
Institutional customers for online education service	15,036	25,423
Others	13,384	455
	<u>257,205</u>	<u>253,522</u>

14. TRADE PAYABLES

The following is an analysis of trade payables by age, presented based on the invoice date.

	30 November 2023 RMB'000 (unaudited)	31 May 2023 RMB'000 (audited)
1 – 90 days	577,240	237,918
91 – 180 days	42,935	88,553
181 days – 1 year	22,168	4,786
1 year – 2 years	1,380	2,374
> 2 years	701	1,632
	<u>644,424</u>	<u>335,263</u>

DEFINITIONS

Unless otherwise stated or set out below, capitalised terms have the same meaning as defined below.

“2020 Subscription”	the subscription of an aggregate of 59,432,000 Shares by the Subscribers for a subscription price of HK\$30.00 per subscription share, which was completed on 24 December 2020, the further details of which are contained in the Company’s circular dated 14 October 2020
“2023 Subscription”	the subscription of 51,352,277 Shares by New Oriental for a subscription price of HK\$31.75 per subscription share, which is subject to approval by independent Shareholders at the extraordinary general meeting, the further details of which are contained in the Company’s announcement dated 24 November 2023 and circular dated 19 January 2024
“APP”	software that causes a computer, smartphone, or electronic mobile device to perform tasks, specifically in our Company’s context, it refers to private label products and livestreaming e-commerce application
“Audit Committee”	the audit committee of the Board
“Auditor”	Deloitte Touche Tohmatsu
“Board”	the board of Directors
“China” or “the PRC”	the People’s Republic of China
“Company”, “we”, “us”, “our” or “East Buy”	East Buy Holding Limited 東方甄選控股有限公司, an exempted company with limited liability incorporated under the laws of the Cayman Islands on 7 February 2018
“Corporate Governance Code”	the <i>Corporate Governance Code</i> as set out in Part 2 of Appendix C1 (formerly Appendix 14) to the Listing Rules, as amended from time to time
“Director(s)”	the director(s) of our Company
“FVTPL”	fair value through profit or loss
“FY2023”	the financial year ended 31 May 2023

“GMV”	gross merchandise volume
“Group”	the Company and its subsidiaries from time to time or, where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“HK\$”	Hong Kong dollars, lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“IFRS(s)”	the International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“Listing Rules”	the <i>Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited</i> , as amended, supplemented or otherwise modified from time to time
“Model Code”	the <i>Model Code for Securities Transactions by Directors of Listed Issuers</i> as set out in Appendix C3 (formerly Appendix 10) to the Listing Rules
“New Oriental”	New Oriental Education & Technology Group Inc., a company incorporated under the Laws of the Cayman Islands on 16 March 2006, the American depository shares of which are listed on the New York Stock Exchange under the symbol “EDU”
“Reporting Period”	the six months ended 30 November 2023
“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“Share(s)”	ordinary share(s) in the share capital of the Company, currently with a par value of US\$0.00002 each
“Shareholder(s)”	holder(s) of our Share(s)
“SKU”	stock-keeping units
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	New Oriental Group and Tigerstep
“Tigerstep”	Tigerstep Developments Limited, a company incorporated under the Laws of the British Virgin Islands, and a connected person of the Company

“United States” or “U.S.”	United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

By order of the Board of
East Buy Holding Limited
YU Minhong
Chairman of our Board

Hong Kong, 24 January 2024

As at the date of this announcement, our Board comprises Mr. YU Minhong and Mr. YIN Qiang, as executive Directors; Ms. SUN Chang, as non-executive Director; and Mr. LIN Zheyang, Mr. TONG Sui Bau and Mr. KWONG Wai Sun Wilson, as independent non-executive Directors.