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# CHICMAX

Shanghai Chicmax Cosmetic Co., Ltd.

上海上美化妝品股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock code: 2145)

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Shanghai Chicmax Cosmetic Co., Ltd. (the “**Company**”) announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 (the “**1H2024**”), together with the comparative figures for the six months ended 30 June 2023 (the “**1H2023**”).

### PERFORMANCE HIGHLIGHTS

	Six months ended 30 June		Change
	2024	2023	(%)
	RMB in millions		
	(Unaudited)	(Unaudited)	
Revenue	3,502.4	1,586.8	120.7
Gross profit	2,679.9	1,095.5	144.6
Profit for the period	412.4	100.9	308.7

### FINANCIAL HIGHLIGHTS

Our revenue increased to RMB3,502.4 million for the 1H2024 from RMB1,586.8 million for the 1H2023. Our gross profit increased to RMB2,679.9 million for the 1H2024 from RMB1,095.5 million for the 1H2023. Our profit for the 1H2024 was RMB412.4 million whereas our profit for the 1H2023 was RMB100.9 million.

The Board has resolved to recommend the payment of interim dividends of RMB0.75 per share for the 1H2024, on 22 August 2024 to the shareholders of the Company. The payment of interim dividends above is still subject to the approval from shareholders of the Company at the extraordinary general meeting of the Company to be held on Monday, 30 September 2024, and will be paid on or around Tuesday, 19 November 2024 to the shareholders of the Company whose names appear on the register of member of the Company on Wednesday, 9 October 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS OVERVIEW AND OUTLOOK

#### BUSINESS OVERVIEW

We are a multi-brand cosmetics company, focusing on research and development, manufacturing and sales of skincare, maternity and childcare and cleansing products. We focus on the implementation of multi-brand strategy and have remained dedicated to it since our establishment. With an operational history of more than 20 years, today we are one of the front runners in China's cosmetics industry, possessing comprehensive multi-brand development and operational capability and expertise, and we have successfully built a variety of popular cosmetic brands. Our decisive strategy originally to embark on and persist with a multi-brand strategy gives us an advantage to timely grasp market opportunities and sets us apart from our peers.

#### Brands and Products

We have successfully launched a couple of cosmetics brands in the PRC to cater to various groups of consumers with different needs. Our results mainly come from three major brands, namely *KANS*, *One Leaf* and *Baby Elephant*, whereas other brands such as *newpage* and *ARMIYO* have gradually become the second curve for the Company's business growth.

#### *KANS*

Launched in 2003, *KANS*, being positioned as a “**scientific anti-aging**” skincare brand, focuses on addressing the evolving anti-aging needs of Asian females of various age groups, with a broad target customer base, and is positioned to be a go-to brand in the anti-aging skincare market. For more than 20 years, *KANS* has been deeply engaging in anti-aging research, and continues to launch better products, striving to establish *KANS* as a super brand in China's cosmetics industry.

In 1H2024, *KANS* continued to maintain the leading position in beauty industry on *Douyin* channel. In 1H2024, the gross merchandise volume (the “**GMV**”) of *KANS* ranked first among beauty brands on *Douyin* platform, with a GMV of RMB3,444 million, exceeding the GMV of RMB3,340 million for the full year of 2023, and produced impressive outcomes by ranking the top in the “H1 List of *Douyin* E-commerce Skincare Brands (抖音電商護膚品牌總榜 H1)”.

At the same time, *KANS* has also achieved rapid development in other channels. As of June 30, 2024, the GMV of *Tmall's KANS* flagship store increased by approximately 200% year-on-year, and the growth rate of *JD's KANS* self-operated flagship store exceeded 400%.

According to industry media reports, in 1H2024, the GMV of *KANS* on the online channel ranked second among domestic cosmetics brands, with a growth rate of 222.8%, ranking the first among top cosmetics brands.

In 1H2024, we continued to launch special programs in holidays, such as the Spring Festival, International Women's Day and Mother's Day, through social media platforms to help “*KANS Red*” become a household name and enhance the emotional connection between brands and consumers by delivering affective content such as love and female power.

In addition, the pick-up service point of *KANS* opened at Shanghai Hongqiao Railway Station, creating a new business model of “Promotion Online + Picking up Offline”, and an one-stop solution for consumers’ needs for cosmetics products on business trips, travel and giving gifts. And we will continue to explore new strategies and new tactics of balancing online and offline development to further enhance consumer experience and enhance offline exposure of the brand.

In 1H2024, we upgraded the series of Polypeptide Collagen Softening (紅蠻腰系列) to version 2.0, and added a self-developed and filed new ingredient, “CYCLOHEXAPEPTIDE-9 (環六肽-9)”, with better anti-line and firming effects; as of June 30, 2024, the omnichannel sales volume of Polypeptide Collagen Softening Set (紅蠻腰禮盒) exceeded 10 million sets and Whitening Spot Fading Set (白蠻腰禮盒) over 1.5 million sets across all channels. We have launched a new single-product “REVIVING SKIN ESSENCE (活膚水)”, which contains “TIRACLE PRO (雙菌發酵成分活膚因)”, a self-developed two-bacteria-fermented ingredient.

In 1H2024, *KANS* was listed on the “2023-2024 Forbes China Beauty Awards Top 100 (2023-2024福布斯中國美業品牌 TOP100)” list made by Forbes China and “Shanghai 100+ (上海時尚100+)” list made by Shanghai Promotion Center for City of Fashion. *KANS* won the “Case Award for High Quality Development and Innovation of Green Consumer Brand (綠色消費品牌高質量發展創新案例獎)” at the 2024 Green Consumption High Quality Development Forum sponsored by People’s Daily. Besides, *KANS* also received several awards from various e-commerce platforms, such as “2023 Vibrancy and Popularity Award (2023 年度活力潮流獎)” and “2023 Shiny Pearl Award (2023 年度閃耀珍珠獎)” from *JD* and 2023 Brand Impact Award (2023年度品牌影响力大獎) presented by *Kuaishou*.

In 1H2024, the series of Polypeptide Collagen Softening (紅蠻腰系列) won “Item of the Year of New Cosme Awards (新妝大賞年度大單品)” by C2CC Media\*. “Polypeptide Collagen Softening Cream”, the series of Polypeptide Collagen Softening (紅蠻腰系列) products, won the “2024 CBE Technology Innovative Best Formulation Award (2024 CBE美伊科技創芯最佳配方獎)” at the China Beauty Expo; “Neige Blanc Skin Whitening Moisturizing Essence Cream (雪白肌美白補水精華霜)”, the series of Whitening Spot Fading (白蠻腰系列) products, won the “2024 Beauty China Skin Care Products Award (2024美伊BEAUTY中國好產品護膚大獎)” at the China Beauty Expo, and “Soothing Firming Essential Cream (舒緩緊致精華霜)”, the series of Soothing Firming Essential (藍蠻腰系列) products, won the “Formula Award of the Year (美耀年度配方獎)” at the InnoCosme Awards 2024.

We strive to consolidate the market position of *KANS* as a leading Chinese domestic scientific anti-aging brand to seize the market potential of anti-aging skincare products in the PRC. We are devoted to develop more advanced technologies, in order to meet the increasing needs of the consumers of *KANS*.

The revenue generated from *KANS* in 1H2024 was RMB2,926.5 million, representing an increase of 184.7% as compared to 1H2023 and accounting for 83.6% of our total revenue for the 1H2024.

### ***One Leaf***

*One Leaf* was launched in 2014. Targeting younger users, *One Leaf* blends ingredients from nature using advanced techniques, creating effective and natural skincare products.

In 1H2024, *One Leaf* started brand revamp based on a new brand positioning of “Recover Self-healing Capability, Repair Youth Energy” while making announcement on the brand spokesperson with a younger and simple image to interact with young consumers.

At the same time, targeted on young consumer, we launched “Watery Moisturizing Sunscreen lotion (水感透潤防曬液)” and other sunscreen products, specifying the user scenario and paying more attention on the product efficacy of repairing.

In terms of awards, *One Leaf*'s product, “Luminous Hydrating Repair Essence (一葉子光透修護水感精華)” won “ICIC Technological, Innovative Anti-sensitive and Repairing Product Award (ICIC 科技創新抗敏修護產品獎)” at International Cosmetics Innovation Conference (ICIC) 2024 in 1H2024.

The revenue generated from *One Leaf* in 1H2024 was RMB125.1 million, representing a decrease of 38.6% as compared to 1H2023, accounting for 3.5% of the total revenue for the 1H2024.

### ***Baby Elephant***

In 2015, we launched *Baby Elephant*. It is positioned as a professional maternity and childcare brand for Chinese babies and children to accompany each baby during its happy and healthy growth, and undertaken to use technology-based and harmful-additive-free natural ingredients.

In 2024, *Baby Elephant* has been promoting the rebranding, which focuses on the market of school-age children. In terms of brand, we have promoted the image refreshment for brand touchpoints on various platforms of online and offline omnichannel, have come up with the brand slogan of “More Safety and Comfort for Child Growth” (讓成長更安心), which means it will provide skincare with safety and comfort for children at each stage of growth.

In terms of products, *Baby Elephant* launched more new makeup products for children, including popular products such as shadow, lipstick, Face Crayons, nail polish, to expand the product line “CPSMIC WONDERS (宇宙奇趣)”. We will continuously refine the children's makeup products under *Baby Elephant* and also focus on core strategy of market of school-age children. Based on skincare needs of children at different stages of development, we will launch exclusive skincare products for infants, children and teenagers, achieving simultaneous improvement of “beauty and skincare”.

In 1H2024, *Baby Elephant* won the “Annual Outstanding Performance Award for Children's Cosmetic Brand (年度兒童化妝品品牌傑出表現大獎)” issued by Myguanacha.com at the 9th Future Material and Infant Conference cum Annual Cheery Awards Ceremony.

We strive for the leading position of *Baby Elephant* in the maternity and childcare segment in the PRC. We intend to continue to offer skincare products suitable for the skin type of Chinese babies and children to adapt to the rising demand for high-quality maternity and childcare products. We aim to conduct Research and Development (R&D) activities for additives-free, safe, organic and simple products. We will devote resources to the standardization and advancement of the maternity and childcare industry.

The revenue generated from *Baby Elephant* in 1H2024 was RMB174.1 million, representing a decrease of 7.9% as compared to 1H2023, accounting for 5.0% of the total revenue for the 1H2024.

In 1H2024, our revenue of RMB3,225.7 million was mainly derived from these three brands, which in aggregate contributed 92.1% of our total revenue in 1H2024, representing an increase of 127.1% as compared with 1H2023.

## ***newpage***

*newpage* was launched in May 2022. It is positioned as a functional skincare brand focusing on sensitive skins of babies and children. It was jointly established by Ms. Zhang Ziyi (章子怡), a famous actress, Mr. Cui Yutao (崔玉濤), a puericulturist, and a team of scientists of the Group. This brand adopted the “medical and research co-creation\*” (醫研共創) model and aimed to build a comprehensive system taking into account customer experience, clinical experience, and scientific research.

In 1H2024, for online channels, *newpage* achieved a more than three-digit growth year-on-year for its GMV on *Douyin*, *Tmall*, and *JD* channels. For offline channels, *newpage* cooperated with over 6,000 maternal and child stores and deployed its new presence in Babemax and other maternal and child channels.

In terms of products, *newpage* launched “Baby Cooling Cream (嬰童夏季安心霜)” and “Baby Sunscreen Lotion (嬰童舒緩特護防曬乳)” based on seasonal scenes and insights into the needs of users, providing professional skincare solutions for more sensitive skin babies. Products such as “Baby Balancing Cream (嬰童安心霜)” and “Baby Cooling Cream (嬰童夏季安心霜)” had repeatedly ranked No.1 in the best-selling list of baby face cream on *Tmall* and No.1 in the popularity list of baby face cream on the *Douyin*'s mall.

In the 1H2024, *newpage*'s “Baby Balancing Cream (嬰童安心霜)” won the “Annual Effective Baby Skin Care Hot-selling Product Award\* (年度嬰童功效護膚爆款產品大獎)” at the “9th Future Material and Infant Conference cum Annual Cheery Awards Ceremony” held by myguanacha.com. In addition, in the 2024 Green Consumption and High-quality Development Forum held by People's Daily, *newpage* won the “Green Consumption and High-quality Development of Brands Innovation Case\* (綠色消費品牌高品質發展創新案例)” award.

The revenue generated from *newpage* in 1H2024 was RMB161.2 million, representing an increase of 173.2% as compared to that in 1H2023, accounting for 4.6% of the total revenue for the 1H2024.

## **Other Brands**

To address the increased demands for high-quality functional products from consumers, we launched brands such as *ARMYIO*, *asnami*, *KYOCA* and *2032*, focusing on sensitive skincare, middle to high-end maternity skincare and washing care products. In addition, we are preparing to launch the brand *TAZU*, a high-end anti-aging skincare brand developed in cooperation with scientist, Kosaku Yamada.

In 1H2024, our products were mainly focused on the mass market. We currently manufacture and offer skin care products, maternity and childcare products and toiletries products, with some other categories as a supplement:

	skin care 护肤	maternity and childcare 母婴护理	toiletries 洗护
luxury 高端	TAZU ▲		
mid-to-high 中高端	安敏优 ARMIYO	asnami NEW PAE 一页	KYOCA 2032 ◆
mass 大众	KANS 韩束 ONE LEAF 一叶子	Baby Elephant 红色小象	韩束洗护 一叶子洗护

▲ to be launched ◆ was cancelled

## Research and Development

We started our independent R&D activities in 2003 and have insisted on product self-development. Our dual R&D centers are dedicated to building power platforms for advanced fundamental research and product development work. Staying close to consumers' needs, we focus on product development and new technology applications in response to the changing market. We strive to attract and cultivate talents and have formed a strong team with rich R&D experience. We maintained high and effective R&D investment persistently. In 1H2024 and 1H2023, we incurred R&D expenses of RMB78.3 million and RMB54.4 million, respectively, representing an increase of 43.9% year-on-year, accounting for 2.2% and 3.4% of our revenue, respectively.

## Ingredients

In 1H2024, we completed the raw material filing of "CYCLOHEXAPEPTIDE-9" and obtained three invention patents, providing the application of "CYCLOHEXAPEPTIDE-9" in the synthesis process and other aspects of cosmetics.

## Patents

In 1H2024, we newly applied for 24 patents, including 8 invention patents. We have been granted 11 patents, 5 of which are invention patents.

## Articles

In 1H2024, we published three articles, all of which aimed to validate the anti-inflammatory and soothing effects of “Artemisia Annua Oil AN+ (青蒿油 AN+)”. We published two articles in the Journal of Diagnosis and Therapy on Dermato-Venereology: Efficacy and Safety of Skin Care Product Containing Artemisia Naphtha in Individuals with Sensitive Skin (《含青蒿揮發油的護膚品在敏感性皮膚人群中的效果及安全性》), which was published in collaboration with Chongqing Hospital of Traditional Chinese Medicine, and Study on the Efficacy of Artemisia Oil for Acne and the Underlying Mechanisms in Mice (《青蒿油對小鼠痤瘡的療效和機制研究》), which was published independently. Furthermore, in collaboration with Signum Biosciences, we published an article titled Novel Anti-inflammatory Artemisia Naphta Oil Extract Efficacious in In Vivo Mouse Models of Atopic Dermatitis and Psoriasis in the English journal Archives of Microbiology and Immunology, which explored the efficacy of artemisia annua oil on acne-prone skin and its potential mechanism of action, providing scientific evidence and novel insights for the development of new therapeutic approaches for acne treatment.

## Awards

In 1H2024, “CYCLOHEXAPEPTIDE-9”, which is currently used in the series of Polypeptide Collagen Softening (紅蠻腰系列), won the “2024 CBE Technology Innovative Material Award (2024 CBE 美伊科技創芯原料獎)” at China Beauty Expo. “Armiyo Artemisia Annua Oil AN+” won the “2023 Innovative Ingredients of the Year (2023 年度創新成分)” award by C2CC Media in the event of New Cosme Awards. In addition, the “Omega-Pro (蛋黃油組合物)” applied to the products under the *newpage* brand won the “Science and Technology Innovation Concerned Ingredients Award\* (科技創新關注原料獎)” by the ICIC on the International Cosmetics Innovation Conference 2024.

## Employees and Remuneration Policy

As at 30 June 2024, we had 2,151 full-time employees, amongst which 2,083 full-time employees were based in the PRC and 68 full-time employees were based in overseas. The total remuneration cost for the 1H2024 was RMB271.7 million, as compared to RMB238.4 million for the 1H2023, maintaining a reasonable increase in remuneration to ensure the Group’s strong competitive advantage in the human resources market.

We recruit our employees through on-campus recruitment, job fairs, recruitment agencies and internal and external referrals. Committed to providing fair and equal opportunities in all our employment practices, we have adopted policies and procedures including candidate competency analysis models designed by third parties to ensure a fair selection and hiring process. As part of our retention strategy, we offer our employees competitive salaries, additional insurance packages and merit-based incentive schemes which are generally based on performance of the individual employees and the overall performance of our business.

We provide new hire training to new joiners on our culture, business and industry improving their understanding of the Company and their abilities to perform their duties. We also regularly provide tailor-made in-house training sessions to our employees that aim to improve their technical skills or arrange for our employees to attend training sessions provided by third parties. In addition, we provide management skills training opportunities to certain employees to help them transition into a management role.

## Capital Expenditures

The Group's capital expenditure of RMB121.1 million for the 1H2024 was mainly related to the new items of property, plant and equipment amounting to RMB120.6 million, and other intangible assets amounting to RMB0.5 million.

## Right-of-use Assets and Lease Liability

Hong Kong Financial Reporting Standards No. 16 – Lease (HKFRS 16) came into effect on 1 January 2019. At the commencement date, the Group should recognise a right-of-use asset and a lease liability. The related right-of-use assets and lease liabilities are located in the PRC and overseas. As at 30 June 2024, the Group's right-of-use assets were RMB128.2 million (RMB131.2 million as at 31 December 2023) and its lease liabilities were RMB61.6 million (RMB65.6 million as at 31 December 2023). For the 1H2024, depreciation charges of right-of-use assets amounted to RMB17.6 million and interest charges of lease liabilities amounted to RMB1.6 million.

## OUTLOOK

We are committed to our “six-six” strategy to promote overall business growth through six main competitive aspects and the planning of six major sectors in order to support sustainable development of the Group.

### Six main competitive aspects:

#### ***1. Maintain organization-driven leadership and support sustainable development of the Group with talents***

We believe that talents with excellent management or technical skills are our valuable assets as well as the impetus of providing customers with products of continuous innovation and high quality, and is the necessary condition for the achievement of a multi-brand cosmetics group. Implementing our corporate values of “Diversity, Optimism, Innovation and Legacy”, we plan to continuously improve our corporate structure and corporate culture to attract talents.

We will continue to focus on improving our recruitment and training system to recruit talents with an international perspective, such as graduates from prestigious schools such as the world's first-class universities and disciplines and the QS200. By establishing joint training projects in cooperation with universities, we can more effectively identify suitable talents. In order to remain competitive in the recruitment market, we strive to provide industry-leading salary and welfare systems and open up promotion channels, forming a scientific talent selection and incentive mechanism. In addition, we will implement job rotation and duty rotation for our employees to promote the all-rounder employee model, and prevent solidification of hierarchy. By leveraging a flat and effective management system, we encourage employees at the primary level to give play to their creativity, and maintain the enthusiasm and stability of management and technical staff. We aim to build up corporate culture and team atmosphere among employees to enhance their sense of belonging, and a talent training system for our employees to achieve their personal growth and to support the operation and development of multiple brands of the Group.



**2. *Maintain R&D leadership, continue to invest in R&D to drive product innovations and make popular products enjoyed by our consumers***

Leveraging our advanced R&D and production capabilities in the PRC and overseas, we will increase investments in fundamental research projects on trendy core ingredients in the skincare area such as anti-aging technology and skin barrier repairing technology, including development on new raw materials, new technologies, and new formulas; and applied science projects including application of the raw materials and formulas, and improving the overall skin feel of consumers. We have now established an independent scientific research system of Chicmax, with the aim of breaking down international scientific research barriers. We will continue to conduct pilot projects for new brands and new products to improve consumer experience and meet diverse consumer demands, and ultimately create more growth opportunities.

**3. *Artificial intelligence (AI) leadership and introduce AI empowered management tools to improve the Group's management and operation efficiency***

We plan to introduce leading AI empowered tools which will be used to intelligently process large amounts of data and information to conduct intelligent data analysis and prediction, providing data and insights to support decision-making, further optimizing the allocation and utilization of resources, and thus improving the Group's management and operation efficiency, innovation capabilities and competitiveness.

**4. *Maintain marketing leadership and continue to enhance and expand products marketing networks to penetrate users and build a consumer-centric mindset***

We will make full use of our advantageous resources and adopt stronger and more effective competitive strategies and marketing tools to increase the breadth and depth of our sales channels and in particular, to further deepen the marketing and promotion of our online e-commerce platforms and the offline omnichannel strategy. In addition to continuing to maintain and enhance KANS's leading position in the *Douyin* channel and driving more of the Group's brands to achieve breakthroughs in *Douyin*, we aim to achieve better development on platforms such as *Tmall/Taobao*, *JD* and *Kuaishou*.

**5. *Maintain intelligent production leadership and accelerate the Group's intelligent production to enhance the production efficiency and standardized product quality***

We will continue to design and establish the direction and plan of the Group's intelligent transformation in conjunction with our practical production and operation, comprehensively applying the artificial intelligence and other technologies to build and refine intelligent production lines to increase the production efficiency and improve standardized product quality of the Group.

**6. *Promote the Group's strategies from "personalization" development to "generality" development and drive development with platforms to further expand our business***

We aim to achieve development of our business by diversified cooperation with our talents and business partners. We are committed to gathering talents and providing them with a broad platform to assist them in achieving their development. We will continue to strengthen cooperation with multiple partners to build a brand incubation platform and to continuously cultivate breakthroughs in various aspects of our business.

## Planning of six major sectors:

Based on our existing multi-brand matrix, we will have a broader strategic layout in the next decade in building six major sectors of mass skin care, washing and personal care, maternal and baby products, skin medical beauty, makeup, high-end skin care and instrument, hence expanding our business boundaries in the cosmetics industry.

Looking forward, we are committed to conveying Chinese branding power to the world and promoting the brand image of Chinese domestic cosmetics products. Through developing our R&D capabilities, business presence and brand awareness, we aim to become a world-class cosmetics group.

## FINANCIAL REVIEW

### Revenue

We generated revenue primarily from the manufacture and sale of cosmetic products. Revenue of the Group in 1H2024 increased by 120.7% to RMB3,502.4 million compared to RMB1,586.8 million in 1H2023 owing to the increased revenue generated from *KANS*, one of the Group's major brands.

### Revenue by brands

	Six months ended 30 June			
	2024	% of Revenue	2023	% of Revenue
	Amount	Amount	Amount	Amount
	<i>(RMB in millions, except percentages)</i>			
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
<i>KANS</i>	2,926.5	83.6	1,028.0	64.8
<i>One Leaf</i>	125.1	3.5	203.6	12.8
<i>Baby Elephant</i>	174.1	5.0	189.1	11.9
<i>newpage</i>	161.2	4.6	59.0	3.7
Other brand <sup>(Note)</sup>	115.5	3.3	107.1	6.8
<b>Total</b>	<b>3,502.4</b>	<b>100.0</b>	<b>1,586.8</b>	<b>100.0</b>

*Note: Other brands primarily consist of ARMIYO, asnami, KYOCA, etc.*

The Group's revenue attributable to *KANS* increased by 184.7% from RMB1,028.0 million in 1H2023 to RMB2,926.5 million in 1H2024, primarily due to the overall upgrading of the *KANS* brand, and the increased revenue from our self-operated sale of the series of Polypeptide Collagen Softening (紅蠻腰系列) and Whitening Spot Fading (白蠻腰系列) on e-commerce platforms such as *Douyin* and *Tmall*.

The Group's revenue attributable to *One Leaf* decreased by 38.6% from RMB203.6 million in 1H2023 to RMB125.1 million in 1H2024, primarily because we are in the process of transforming and adjusting *One Leaf*.

The Group's revenue attributable to *Baby Elephant* decreased by 7.9% from RMB189.1 million in 1H2023 to RMB174.1 million in 1H2024, primarily due to the initial success of brand transformation and adjustment, resulting in a narrower decline.

The Group's revenue attributable to *newpage* increased by 173.2% from RMB59.0 million in 1H2023 to RMB161.2 million in 1H2024, primarily due to the rapid growth in overall brand sales driven by star products of the *newpage* series.

### **Revenue by sales channel**

	<b>Six months ended 30 June</b>			
	<b>2024</b>	<b>% of Revenue Amount</b>	<b>2023</b>	<b>% of Revenue Amount</b>
	<i>(RMB in millions, except percentages)</i>			
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
<b>Online channels</b>	<b>3,171.5</b>	<b>90.6</b>	1,291.2	81.4
Online direct sales	<b>2,745.2</b>	<b>78.4</b>	983.8	62.0
Sales to online retailers	<b>290.6</b>	<b>8.3</b>	139.6	8.8
Sales to online distributors	<b>135.7</b>	<b>3.9</b>	167.8	10.6
<b>Offline channels</b>	<b>300.8</b>	<b>8.6</b>	268.5	16.9
Sales to offline retailers	<b>164.4</b>	<b>4.7</b>	192.2	12.1
Sales to offline distributors	<b>136.4</b>	<b>3.9</b>	76.3	4.8
<b>Others</b>	<b>30.1</b>	<b>0.8</b>	27.1	1.7
<b>Total</b>	<b><u>3,502.4</u></b>	<b><u>100.0</u></b>	<b><u>1,586.8</u></b>	<b><u>100.0</u></b>

The Group's revenue attributable to online direct sales increased by 179.0% from RMB983.8 million in 1H2023 to RMB2,745.2 million in 1H2024 primarily due to the increase in revenue generated from e-commerce platforms such as *Douyin* and *Tmall*.

The Group's revenue attributable to sales to online retailers increased by 108.2% from RMB139.6 million in 1H2023 to RMB290.6 million in 1H2024, primarily due to the increase in revenue generated by *KANS* from online retailers such as *JD*.

The Group's revenue attributable to sales to online distributors decreased by 19.1% from RMB167.8 million in 1H2023 to RMB135.7 million in 1H2024, primarily due to adjustments of our online sales strategies to enhance our online direct sales channel.

The Group's revenue attributable to sales to offline retailers decreased by 14.5% from RMB192.2 million in 1H2023 to RMB164.4 million in 1H2024, primarily due to the changes in consumption habits.

The Group's revenue attributable to sales to offline distributors increased by 78.8% from RMB76.3 million in 1H2023 to RMB136.4 million in 1H2024, primarily due to strengthening the cooperation with offline distributors and expanding the offline market.

### **Revenue by categories**

	<b>Six months ended 30 June</b>			
	<b>2024</b>	<b>% of Revenue Amount</b>	<b>2023</b>	<b>% of Revenue Amount</b>
	<i>(RMB in millions, except percentages)</i>			
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Skin care	<b>3,108.3</b>	<b>88.8</b>	1,282.9	80.9
Maternity and childcare	<b>337.3</b>	<b>9.6</b>	259.0	16.3
Others	<b>56.8</b>	<b>1.6</b>	44.9	2.8
<b>Total</b>	<b>3,502.4</b>	<b>100.0</b>	1,586.8	100.0

The Group's revenue attributable to skin care increased by 142.3% from RMB1,282.9 million in 1H2023 to RMB3,108.3 million in 1H2024, primarily due to the increase in revenue generated from *KANS*.

The Group's revenue attributable to maternity and childcare increased by 30.2% from RMB259.0 million in 1H2023 to RMB337.3 million in 1H2024, primarily due to the increase in revenue generated from *newpage*.

### **Gross Profit and Gross Profit Margin**

The Group's gross profit increased by 144.6% from RMB1,095.5 million in 1H2023 to RMB2,679.9 million in 1H2024. Our gross profit margins were 76.5% and 69.0% in 1H2024 and 1H2023, respectively, primarily due to the further increase in the proportion of DTC.

### **Other Income and Gains**

The Group's other income and gains decreased by 41.6% from RMB67.1 million in 1H2023 to RMB39.2 million in 1H2024, primarily due to the decrease of foreign exchange gain and the decrease of gain from financial assets at fair value through profit or loss.

## **Selling and Distribution Expenses**

The Group's selling and distribution expenses as a percentage of the Group's revenue increased to 57.6% in 1H2024 compared with 53.6% in 1H2023. The selling and distribution expenses increased by 137.1% to RMB2,016.6 million in 1H2024 from RMB850.6 million in 1H2023.

Among which, the marketing and promotion expenses increased by 169.2% to RMB1,694.9 million in 1H2024 from RMB629.7 million in 1H2023, primarily due to increased brand exposure, seizure of new channel opportunities, increased brand promotion and channel construction investments. Employee benefits expenses in relation to selling and distribution work increased by 18.0% to RMB171.5 million in 1H2024 from RMB145.4 million in 1H2023. Other key expenses included integrated storage and transportation expenses of RMB130.8 million, travelling and entertainment expenses of RMB12.5 million and others of RMB6.9 million in 1H2024.

## **Administrative Expenses**

The Group's administrative expenses increased by 1.7% to RMB113.8 million in 1H2024 as compared to RMB111.9 million in 1H2023. Administrative expenses mainly comprised employee benefits expenses (including directors' emoluments) of RMB47.0 million, profession and consulting fees of RMB7.9 million, depreciation and amortisation charges of RMB24.3 million and office, utility expense of RMB22.5 million and others of RMB12.0 million in 1H2024.

## **Research and Development Costs**

The Group's R&D costs increased by 43.9% from RMB54.4 million in 1H2023 to RMB78.3 million in 1H2024, primarily due to the increase in R&D activities.

## **Impairment Losses on Financial Assets, net**

The Group's impairment losses on financial assets, net changed from the reversal of RMB14.7 million for the 1H2023 to RMB5.0 million loss in 1H2024, primarily due to the increase in provision for bad debts in respect of trade receivables.

## **Other Expenses**

The Group's other expenses increased by 43.3% from RMB21.5 million in 1H2023 to RMB30.8 million in 1H2024, primarily due to decrease in the fair value on financial assets at fair value through profit or loss.

## **Finance Costs**

The Group's finance costs decreased by 72.6% from RMB11.7 million in 1H2023 to RMB3.2 million in 1H2024, primarily due to the decrease of bank and other borrowings and the decrease in average interest rate on borrowings.

## **Income Tax Expense**

Income tax expense costs increased to RMB56.1 million in 1H2024 from RMB23.5 million in 1H2023.

## **Profit for the first half Year**

In summary, our profit for the period was RMB412.4 million and RMB100.9 million in 1H2024 and 1H2023, respectively.

## **Liquidity and Capital Resources**

Cash generated from operating activities of the Group in 1H2024 was approximately RMB217.3 million, compared with RMB171.6 million which were generated in 1H2023. As of 30 June 2024, the Group had cash and cash equivalents of approximately RMB569.4 million and external bank borrowings of approximately RMB60.0 million; whereas as at 31 December 2023, the Group had cash and cash equivalents of approximately RMB697.7 million and external bank borrowings of approximately RMB100.0 million.

In terms of gearing, the Group's debt to asset ratios (defined as total liabilities divided by total assets) in 1H2024 and in 1H2023 were 38.7% and 38.4%, respectively. The current ratios of the Group (defined as current assets divided by current liabilities) as at 30 June 2024 and 30 June 2023 were 1.8 times and 1.8 times respectively. The Group's gearing ratios (defined as total interest-bearing bank and other borrowings and lease liabilities divided by total equity) in 1H2024 and in 1H2023 were 5.7% and 18.9%, respectively. As at 30 June 2024, the Group had no material contingent liabilities, other than those disclosed in its consolidated financial statements and the notes thereto. With the cash and bank balances in hand, the Group's liquidity position remains strong to meet its working capital requirements.

As at 30 June 2024, the Group's interest-bearing bank and other borrowings were RMB60.0 million, which comprised of bank loans (current) of RMB60.0 million at effective interest rates of 2.35% to 3.05% per annum. The Group's interest-bearing bank and other borrowings decreased by 40.0% to RMB60.0 million as at 30 June 2024 from RMB100.0 million as at 31 December 2023, primarily due to the Group's abundant working capital and proactive reduction in the interest-bearing bank borrowings.

## **Pledge of Assets**

As at 30 June 2024, the Group did not have any secured bank borrowings (secured by investment properties with a net carrying amounts values of approximately RMB8.1 million as at 31 December 2023).

As at 30 June 2024, the amount of the Group's letter of credit guarantee deposits and bank guarantee deposits was nil (nil as at 31 December 2023).

## **Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures**

As of June 30, 2024, the Group did not hold any significant investments. The Group did not make any significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures during the reporting period.

## **Treasury Policies and Exposure to Fluctuations in Exchange Rates**

The Group's operations are mainly carried out in the PRC, with most transactions settled in Renminbi, and the reporting currency of the Group is Renminbi. The Group's subsidiaries in Hong Kong and overseas use local currencies as their functional currencies, including Japanese yen, Hong Kong dollar, Singapore dollar and US dollar. The Group has a partial amount of cash and bank deposits denominated in Japanese yen, Hong Kong dollar, Singapore dollar and US dollar. The Group continues to adopt a conservative approach in its foreign exchange exposure management. For the 1H2024, the Group did not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group reviews its foreign exchange risks periodically and uses derivative financial instruments to hedge against such risks when necessary.

## FINANCIAL INFORMATION

The Board announces the consolidated interim results of the Group for the six months ended 30 June 2024, with comparative figures for the six months ended 30 June 2023, as follows:

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	<i>Notes</i>	<b>2024</b> <i>(Unaudited)</i> <b>RMB'000</b>	<b>2023</b> <i>(Unaudited)</i> <b>RMB'000</b>
<b>Revenue</b>	4	<b>3,502,399</b>	1,586,826
Cost of sales		<b>(822,520)</b>	(491,341)
<b>Gross profit</b>		<b>2,679,879</b>	1,095,485
Other income and gains		<b>39,186</b>	67,132
Selling and distribution expenses		<b>(2,016,569)</b>	(850,582)
Administrative expenses		<b>(113,759)</b>	(111,937)
Research and development costs		<b>(78,324)</b>	(54,391)
Impairment losses on financial assets, net		<b>(4,986)</b>	14,742
Other expenses		<b>(30,759)</b>	(21,487)
Finance costs	6	<b>(3,156)</b>	(11,660)
Share of profits and losses of:			
Joint ventures		<b>(2,243)</b>	–
Associates		<b>(757)</b>	(2,883)
<b>PROFIT BEFORE TAX</b>	5	<b>468,512</b>	124,419
Income tax expense	7	<b>(56,087)</b>	(23,481)
<b>PROFIT FOR THE PERIOD</b>		<b>412,425</b>	100,938
<b>Attributable to:</b>			
Owners of the parent		<b>401,199</b>	100,965
Non-controlling interests		<b>11,226</b>	(27)
		<b>412,425</b>	100,938
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted			
– For profit for the period	9	<b>RMB1.01</b>	RMB0.25



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	2024 <i>(Unaudited)</i> RMB'000	2023 <i>(Unaudited)</i> RMB'000
<b>PROFIT FOR THE PERIOD</b>	<b><u>412,425</u></b>	<b><u>100,938</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(10,299)</u>	<u>(3,999)</u>
<b>Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods</b>	<b><u>(10,299)</u></b>	<b><u>(3,999)</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>402,126</u></b>	<b><u>96,939</u></b>
<b>Attributable to:</b>		
Owners of the parent	390,900	96,966
Non-controlling interests	<u>11,226</u>	<u>(27)</u>
	<b><u>402,126</u></b>	<b><u>96,939</u></b>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

30 June 2024

	<i>Notes</i>	<b>30 June 2024 (Unaudited) RMB'000</b>	<b>31 December 2023 (Audited) RMB'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>597,589</b>	594,412
Investment properties		<b>7,455</b>	8,065
Prepayments, other receivables and other assets		<b>85,034</b>	18,950
Right-of-use assets		<b>128,183</b>	131,171
Other intangible assets		<b>15,098</b>	16,860
Investment in joint ventures		<b>3,504</b>	2,698
Investments in associates		<b>97,131</b>	64,184
Financial assets at fair value through profit or loss		<b>–</b>	101,230
Deferred tax assets		<b>143,745</b>	112,941
		<hr/>	<hr/>
Total non-current assets		<b>1,077,739</b>	1,050,511
<b>CURRENT ASSETS</b>			
Inventories	<i>10</i>	<b>636,679</b>	510,757
Trade and bills receivables	<i>11</i>	<b>318,926</b>	321,246
Prepayments, other receivables and other assets		<b>575,867</b>	331,812
Financial assets at fair value through profit or loss		<b>288,377</b>	216,812
Cash and cash equivalents		<b>569,386</b>	697,689
		<hr/>	<hr/>
Total current assets		<b>2,389,235</b>	2,078,316
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>12</i>	<b>584,593</b>	518,613
Other payables and accruals		<b>480,279</b>	266,824
Interest-bearing bank and other borrowings		<b>60,003</b>	100,008
Lease liabilities		<b>37,257</b>	29,763
Tax payable		<b>143,471</b>	136,198
		<hr/>	<hr/>
Total current liabilities		<b>1,305,603</b>	1,051,406
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>1,083,632</b>	1,026,910
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,161,371</b>	2,077,421
		<hr/> <hr/>	<hr/> <hr/>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(CONTINUED)**  
30 June 2024

	<b>30 June 2024 (Unaudited) RMB'000</b>	31 December 2023 (Audited) RMB'000
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	24,380	35,803
Other payables	11,454	12,391
	<hr/>	<hr/>
Total non-current liabilities	35,834	48,194
	<hr/>	<hr/>
Net assets	2,125,537	2,029,227
	<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	398,001	397,958
Reserves	1,707,271	1,611,078
	<hr/>	<hr/>
	2,105,272	2,009,036
	<hr/>	<hr/>
Non-controlling interests	20,265	20,191
	<hr/>	<hr/>
Total equity	2,125,537	2,029,227
	<hr/> <hr/>	<hr/> <hr/>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1. Corporate information

Shanghai Chicmax Cosmetic Co., Ltd. (the “Company”) is a limited company incorporated in the People’s Republic of China on 11 June 2004. The registered office is located at Room 701, No.515 Yinxiang Road, Nanxiang Town, Jiading District, Shanghai, Mainland China. The Company was restructured from a limited company to a joint-stock company on 24 December 2020. The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 22 December 2022.

In the opinion of the directors, the controlling shareholder is Mr. Lyu Yixiong.

During the period, Shanghai Chicmax Cosmetic Co., Ltd. and its subsidiaries (the “Group”) were principally involved in the following activities: research and development, production and sales of cosmetics.

## 2. Basis of preparation

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

## 3. Operating segment information

### *Geographical Information*

Revenue from external customers

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB’000</b>	<b>RMB’000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Chinese Mainland	<b>3,497,958</b>	1,577,169
Other countries/regions	<b>4,441</b>	9,657
Total revenue	<b><u>3,502,399</u></b>	<b><u>1,586,826</u></b>

The revenue information above is based on the locations of the customers.

#### 4. Revenue

An analysis of revenue is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue from contracts with customers</b>		
Sales of goods	<b>3,498,509</b>	1,583,196
Transportation services	<b>3,890</b>	3,630
Total	<b>3,502,399</b>	1,586,826
<b>Disaggregated revenue information</b>		
	<b>For the six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Types of goods or services</b>		
Sales of goods	<b>3,498,509</b>	1,583,196
Transportation services	<b>3,890</b>	3,630
Total	<b>3,502,399</b>	1,586,826
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	<b>3,498,509</b>	1,583,196
Services transferred over time	<b>3,890</b>	3,630
Total	<b>3,502,399</b>	1,586,826

## 5. Profit before tax

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	822,046	491,341
Depreciation of property, plant and equipment	34,266	32,358
Depreciation of right-of-use assets	17,626	14,253
Amortisation of intangible assets	1,381	1,355
Wages and salaries	199,320	179,764
Pension scheme contributions, social welfare and other welfare	52,923	45,086
Share-based compensation expense	5,817	3,971
Foreign exchange differences	(2,795)	(14,543)
Marketing and promotion expenses	1,694,868	630,208
Inventory impairment and scrap	18,906	17,360
Interest expense	3,156	11,660
Impairment/(reversal of impairment) of financial assets, net	4,986	(14,742)
(Gain)/loss on disposal of items of property, plant, and equipment	(570)	60
Fair value losses/(gains) on financial assets		
at fair value through profit or loss, net	10,089	(16,425)
Gain on disposal of financial assets at fair value through profit or loss	(5,581)	-

## 6. Finance costs

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	1,509	9,505
Interest on lease liabilities	1,647	2,155
Total	3,156	11,660

## 7. Income tax

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – the People's Republic of China ("PRC")	86,451	26,184
Current – other jurisdictions	440	1,252
Deferred tax	(30,804)	(3,955)
	<u>56,087</u>	<u>23,481</u>

## 8. Dividends

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Final declared – RMB0.75 (2023: RMB0.25) per ordinary share	<u>298,468</u>	<u>99,489</u>

On 22 August 2024, the Board of Directors proposed an interim dividend of RMB0.75 (six months ended 30 June 2023: RMB0.20) per ordinary share, amounting to a total of approximately RMB299 million (six months ended 30 June 2023: approximately RMB80 million).

The final dividend of approximately RMB298 million declared to all shareholders for the year ended 31 December 2023 has been fully paid in July 2024.

## 9. Earnings per share attributable to ordinary equity holders of the parent

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 397,958,610 (six months ended 30 June 2023: 397,908,590) in issue during the period.

The Group had no potentially dilutive shares in issue during the periods ended 30 June 2024 and 2023.

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	<u>401,199</u>	<u>100,965</u>
	Number of shares for the six months ended 30 June	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	397,958,610	397,908,590
Basic and diluted earnings per share (RMB)	<u>1.01</u>	<u>0.25</u>

## 10. Inventories

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Raw materials	145,206	116,030
Work in progress	16,908	16,664
Finished goods	474,565	378,063
Total	<b>636,679</b>	<b>510,757</b>

## 11. Trade and bills receivables

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Trade receivables	332,453	329,453
Bills receivable	3,144	3,798
Impairment	(16,671)	(12,005)
Trade and bills receivables, net	<b>318,926</b>	<b>321,246</b>

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

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Within 1 year	305,222	309,517
Over 1 year	13,704	11,729
Total	<b>318,926</b>	<b>321,246</b>

## 12. Trade payables

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

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Within 1 year	584,303	517,731
Over 1 year	290	882
Total	<b>584,593</b>	<b>518,613</b>



## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

### **Compliance with the Corporate Governance Code**

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders of the Company (the “**Shareholders**”) as a whole. During the 1H2024, the Company has adopted corporate governance practices based on the principles and code provisions listed in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code of corporate governance practices.

The Board is of the view that during the 1H2024, the Company has complied with all the applicable provisions as set out in the CG Code, except for Code Provision C.2.1 described below. The Board will continue to review and monitor the code of corporate governance practices of the Company with an aim to maintaining a high standard of corporate governance.

Code Provision C.2.1 of the CG Code states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Lyu Yixiong is both the chairman of the Board and the chief executive officer of the Company. Notwithstanding the deviation from Code Provision C.2.1 of the CG Code, given Mr. Lyu Yixiong’s extensive knowledge and experience of the Group’s business, the Board considers that vesting the roles of both chairman of the Board and chief executive officer of the Company in the same person brings the benefit of ensuring consistent leadership within the Group and enabling more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and efficiently.

The Board will nevertheless continue to review the structure from time to time and consider the appropriate move to take when appropriate.

### **Compliance with the Model Code**

During the 1H2024, the Company has adopted the Model Code (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors and the Supervisors of the Company (the “**Supervisors**”), and the Group’s employees who, because of his/her office or employment, are likely to possess inside information in relation to the Group or the Company’s securities. Specific enquiries have been made to all Directors and Supervisors and the Directors and Supervisors have confirmed that they have complied with the Model Code during the 1H2024.

No incident of non-compliance of the Model Code by the employees was noted by the Company for the 1H2024.

### **Purchase, sale or redemption of listed securities**

During the 1H2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares). As of 30 June 2024, the company did not hold any of treasury shares.

## Material Litigation

The Company was not involved in any material litigation or arbitration during the 1H2024. The Directors are also not aware of any material litigation or claims that were pending or threatened against the Group during the 1H2024.

## Use of Proceeds from the Global Offering

The H shares of the Company (the “**Share(s)**”) were listed on the Main Board of the Stock Exchange (the “**Stock Exchange**”) at HKD25.20 per share on 22 December 2022 (the “**Listing Date**”). With net proceeds received by the Company from the global offering of the H shares (the “**Global Offering**”) in the amount of approximately HKD859.7 million<sup>(1)</sup> after deducting underwriting commissions and all related expenses. The following table sets forth the Company’s use of the proceeds from the Global Offering as at 30 June 2024:

	Approximate percentage of the total net proceeds	Net proceeds from the Global Offering (HKD’ million)	Remaining net proceeds as of 31 December 2023 (HKD’ million)	Utilised amount during the reporting period (HKD’ million)	Remaining net proceeds as of 30 June 2024 (HKD’ million)	Expected time to utilize the remaining net proceeds in full
Branding activities to continue to enhance the brand image and raise brand awareness of our existing brands, as well as to establish the brand images of our new brands	32.0%	275.5	204.1	163.9	40.2	By 31 December 2026
Enhancing our R&D capabilities by strengthening our fundamental research and product development, to maintain the continuous innovation of our brands	12.2%	104.9	76.8	76.8	0.0	Fully Utilized
Strengthen our production and supply chain capabilities, mainly involving the renovation of our production facilities, upgrading our automation equipment, and the expansion of production capacities in the Fengxian Plant	19.8%	170.6	158.4	70.5	87.9	By 31 December 2026 <sup>(2)</sup>
Increasing the breadth and depth of our sales networks to enhance the penetration of our products	18.0%	154.5	0.0	0.0	0.0	Fully Utilized
Enhancing our digitization and information infrastructure	8.0%	69.2	63.3	7.2	56.1	By 31 December 2026 <sup>(2)</sup>
Working capital and other general corporate purposes	9.9%	85.1	0.0	0.0	0.0	Fully Utilized
<b>Total</b>	<b>100%</b>	<b>859.7</b>	<b>502.5</b>	<b>318.4</b>	<b>184.2</b>	

*Notes:*

- (1) The total net proceeds of approximately HKD859.7 million include approximately HKD835.1 million from the Global Offering in December 2022 and approximately HKD24.6 million from the partial exercise of the over-allotment option in January 2023 as disclosed in the announcement of the Company dated 16 January 2023.
- (2) The expected time to fully utilize the remaining net proceeds has been updated from 31 December 2024 to 31 December 2026, taking into account our operation and financial status.
- (3) Any discrepancies in the above table between the total shown and the sum of the amounts listed are due to rounding.

The Group has utilised part of the net proceeds from the Global Offering, and will gradually utilise the net proceeds in accordance with the intended purposes as stated in the prospectus of the Company dated 12 December 2022. The expected timeline is based on the best estimation of future market conditions and business operations made by the Company currently, and will be subject to change based on future development of market conditions and actual business needs.

### **Future plans for material investments and capital assets**

Save as disclosed in the aforementioned section headed “Use of proceeds from the Global Offering” in this announcement, the Group did not have plan for material investments and capital assets as at the date of this announcement.

### **Audit committee**

The audit committee of the Board (the “**Audit Committee**”) comprises three independent non-executive Directors, namely Mr. Leung Ho Sun Wilson, Ms. Luo Yan (羅妍) and Mr. Li Yang. The chairman of the Audit Committee is Mr. Leung Ho Sun Wilson.

The Audit Committee has reviewed the unaudited consolidated interim results of the Group for the 1H2024 with the management and the auditor of the Company. The Audit Committee considered that the unaudited consolidated interim results of the Group for the 1H2024 are in compliance with the applicable accounting standards, laws and regulations. The Audit Committee has also discussed matters in relation to internal audit work and financial reporting with the management of the Company.

### **Completion of the H Share Full Circulation**

The Company received the filing notice issued by the China Securities Regulatory Commission (the “**CSRC**”) in respect of the conversion of 8,861,580 unlisted shares of the Company into H shares and the listing thereof on the Stock Exchange (the “**Conversion and Listing**”) on 18 April 2024, and was granted the listing approval by the Stock Exchange on 30 April 2024. On 23 May 2024, the conversion of 8,861,580 unlisted shares of the Company into H shares had been completed, and the listing of the converted H Shares on the Stock Exchange commenced on 24 May 2024. Please refer to the Company’s announcements dated 23 February 2024, 23 April 2024, 30 April 2024 and 23 May 2024 for details of the Conversion and Listing.

### **EVENTS AFTER THE 1H2024**

There were no other significant events occurred subsequent to 30 June 2024 and up to the date of this announcement.

## **DIVIDEND**

The Board has resolved to recommend the payment of interim dividends of RMB0.75 per share for the 1H2024, on 22 August 2024 to the Shareholders. The payment of interim dividends above is still subject to the approval from Shareholders at the extraordinary general meeting of the Company to be held on Monday, 30 September 2024 (“**First 2024 EGM**”), and will be paid on or around Tuesday, 19 November 2024 to the Shareholders whose names appear on the register of members of the Company on Wednesday, 9 October 2024.

## **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

On 22 August 2024, in accordance with the newly amended Company Law (effective from 1 July 2024) and in light of the actual circumstances of the Company, the Board proposed to make certain amendments to the articles of association of the Company (the “**Articles of Association**”), the Rules of Procedure for the General Meetings and the Rules of Procedure for the Board of Directors, and the supervisory committee of the Company (the “**Supervisory Committee**”) proposed to make certain amendments to the Rules of Procedures for the Supervisory Committee (the “**Proposed Amendments**”).

The Proposed Amendments shall be subject to the approval by the Shareholders at the First 2024 EGM by way of special resolutions. A circular containing, among others, the details of the Proposed Amendments, together with a notice convening the First 2024 EGM, will be dispatched by the Company to the Shareholders as appropriate and published on the websites of the stock Exchange and the Company in due Course.

## **ADJUSTMENT TO REMUNERATION OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

On 30 May 2024, the 2023 annual general meeting of the Company considered and approved the Directors’ remuneration plan for the year 2024. Pursuant to the resolution, the independent non-executive Directors shall receive an allowance of RMB150,000 (pre-tax) per year from the Company. Taking into account the contributions made by the independent non-executive Director to corporate governance and development of the Group, current business development of the Group, and the remuneration levels of directors of other H-share companies and companies in the same industry, the Board proposed to adjust the allowance received by each of the independent non-executive Director to RMB200,000 (pre-tax) per year.

The above adjustment to remuneration of the independent non-executive Directors has been considered by the remuneration and appraisal committee of the Board (the “**Remuneration and Appraisal Committee**”) and approved by the Board on 22 August 2024, and shall be subject to the approval by the Shareholders at the First 2024 EGM by way of ordinary resolution.

## CHANGE OF EMPLOYEE REPRESENTATIVE SUPERVISOR

The employee representative Supervisor of the second session of the Supervisory Committee was changed to Ms. Yang Min (楊敏女士), who was elected by the employee congress of the Company on 21 August 2024, with her appointment commencing from 21 August 2024 and ending on the date of expiry of the second session of the Supervisory Committee, which is not subject to the Shareholders' approval.

Biographical details of Ms. Yang Min are set out below.

Ms. Yang Min, aged 40, is an employee representative Supervisor. Ms. Yang served as the finance head at Shanghai Red Star Macalline Yijia Decoration Engineering Co., Ltd.\* (上海紅星美凱龍億家裝飾工程有限公司); and as the finance and accounting director at Shanghai Fenshang Network Science and Technology Co., Ltd.\* (上海分尚網絡科技有限公司). Ms. Yang joined our Group in July 2018 and is currently the director of the finance department, responsible for construction of the Group's financial management system and business analysis.

Ms. Yang Min obtained a bachelor's degree in accounting from Hubei University of Economics (湖北經濟學院) in the PRC in June 2008 and a master's degree in business administration from Shanghai University of Finance and Economics (上海財經大學) in the PRC in June 2023.

The term of office of Ms. Yang Min commenced from 21 August 2024 and ending on the date of expiry of the second session of the Supervisory Committee. The Company has entered into a service contract with Ms. Yang. The remuneration of Ms. Yang shall be determined in accordance with her positions in the Company and the remuneration management policy of the Company, and shall not receive additional remuneration as a Supervisor.

As at the date of this announcement, Ms. Yang Min held 26,997 H Shares and held 0.12% equity interests in Shanghai Nanyin Investment Co., Ltd. (上海南印投資有限公司).

As at the date of this announcement, save as disclosed above, Ms. Yang Min (i) did not hold any directorships in the last three years in any public companies the securities of which are listed on any securities market in Hong Kong or overseas or any other major positions; (ii) does not have any relationship with any Director, Supervisor, senior management or substantial or controlling Shareholders of the Company (as defined in the Listing Rules); and (iii) does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, there is no other information that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules nor are there any matters that need to be brought to the attention of the Shareholders in respect of the election of Ms. Yang Min.

## **CLOSURE OF REGISTER OF MEMBERS**

*For determining the entitlement to attend and vote at the First 2024 EGM*

To determine the entitlement of the Shareholders to attend and vote at the First 2024 EGM, the register of members of the Company will be closed from Wednesday, 25 September 2024 to Monday, 30 September 2024, both days inclusive, during which period no share transfers of the Company will be registered. Shareholders whose name appear on the register of members of the Company on Monday, 30 September 2024 will be entitled to attend and vote at the First 2024 EGM.

In order to be eligible to attend and vote at the First 2024 EGM, all transfers forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong H share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 24 September 2024 (for H share shareholders).

*For determining the entitlement to the proposed interim dividends*

To determine the eligibility of the Shareholders for their entitlement to the proposed interim dividends, the register of members of the Company will be closed from Monday, 7 October 2024 to Wednesday, 9 October 2024, both days inclusive, during which period no share transfers of the Company will be registered. Shareholders whose name appear on the register of members of the Company on Wednesday, 9 October 2024 will be entitled to the interim dividends. In order to qualify for the interim dividend, all transfers forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong H share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, 4 October 2024 (for H share shareholders).

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.chicmaxgroup.com](http://www.chicmaxgroup.com)). The interim report of the Company for the 1H2024 containing all the information required by the Listing Rules will be despatched to the Shareholders as appropriate and published on the aforementioned websites of the Stock Exchange and the Company in due course.

By Order of the Board  
**Shanghai Chicmax Cosmetic Co., Ltd.**  
上海上美化妝品股份有限公司

**Mr. Lyu Yixiong**  
*Chairman of the Board, Executive Director and Chief Executive Officer*

Shanghai, the PRC  
22 August 2024

*As at the date of this announcement, the Board comprises Mr. Lyu Yixiong, Ms. Luo Yan (羅燕), Mr. Feng Yifeng and Ms. Song Yang as executive Directors; Ms. Li Hanqiong and Mr. Sun Hao as non-executive Directors; Mr. Leung Ho Sun Wilson, Ms. Luo Yan (羅妍) and Mr. Li Yang as independent non-executive Directors.*

\* *For identification purposes only*