

CHEERWIN

朝雲集團有限公司

Cheerwin Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6601

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2023 INTERIM REPORT



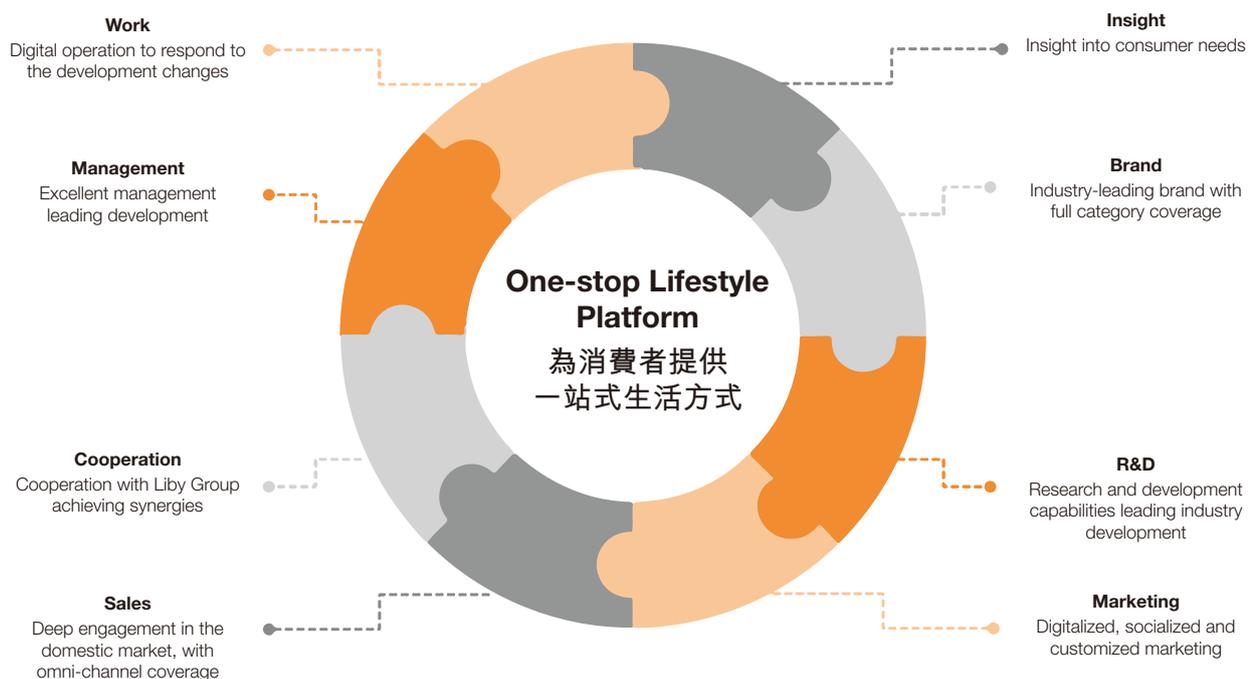
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COMPANY INTRODUCTION

Cheerwin Group Limited (the “**Company**”) and its subsidiaries (together, the “**Group**” or “**we**” or “**our**”) are a leading one-stop multi-category household care, pet and pet product and personal care platform in China, developing and manufacturing a variety of household care, pet and pet product and personal care products.

We are committed to providing consumers with a one-stop lifestyle offering through our focus on the eight pillars to underpin our organisational, operational and business structures, which we believe have delivered our success to date. The eight pillars are Insight, Brand, R&D, Marketing, Sales, Cooperation, Management and Work, under which we operate a fully integrated business process in delivering a one-stop lifestyle offering, from consumer and market research, research and development, procurement and production, to sales and marketing.



Our success to date has been driven by our ability to create new products and expand into new categories that meet consumer needs. We have successfully launched ten categories, covering household care product, pet and pet product, and personal care product, among which our pet and pet product category is developing rapidly. We provide consumers with one-stop comprehensive household care product, pet and pet product and personal care product offerings, mainly under eight core brands, namely, Vewin (威王), Superb (超威), Babeking (貝貝健), Naughty Buddy (倔強尾巴), Naughty Mouth (倔強嘴巴), Cyrin (西蘭), Rikiso (潤之素) and Dux (德是), each targeting different aspects of household care demands and specific consumer segments.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Chen Danxia (*Chairman and Chief Executive Officer*)
Mr. Xie Rusong
Mr. Zhong Xuyi

Non-executive Director

Mr. Chen Zexing

Independent Non-executive Directors

Dr. Yu Rong
Mr. Guo Sheng
Mr. Chan Wan Tsun Adrian Alan

AUDIT COMMITTEE

Mr. Chan Wan Tsun Adrian Alan (*Chairman*)
Mr. Guo Sheng
Mr. Chen Zexing
Dr. Yu Rong

REMUNERATION COMMITTEE

Mr. Guo Sheng (*Chairman*)
Ms. Chen Danxia
Dr. Yu Rong

NOMINATION COMMITTEE

Ms. Chen Danxia (*Chairman*)
Mr. Guo Sheng
Dr. Yu Rong

JOINT COMPANY SECRETARIES

Ms. Wang Dong
Ms. Leung Shui Bing (*ACG, HKACG*)

AUTHORISED REPRESENTATIVES

Ms. Chen Danxia
Ms. Leung Shui Bing (*ACG, HKACG*)

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F, One Pacific Place
88 Queensway
Hong Kong

LEGAL ADVISOR

As to Hong Kong law
Eric Chow & Co. in association with
Commerce & Finance Law Offices
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18 Chater Road
Central, Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE IN THE PRC

No. 2, Luju Road, Liwan District
Guangzhou, Guangdong Province
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

THE CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKS

Bank of China Limited
Industrial and Commercial Bank of China Limited
Agricultural Bank of China Limited
Bank of China (Hong Kong) Limited
Nanyang Commercial Bank, Limited

STOCK CODE

6601

COMPANY'S WEBSITE

www.cheerwin.com

LISTING DATE

10 March 2021



FINANCIAL SUMMARY

RESULTS

	Six months ended 30 June		
	2023	2022	Change
	RMB'000	RMB'000	(%)
	(unaudited)	(unaudited and restated)	(unaudited and restated)
Revenue	1,132,761	1,023,180	10.7
Gross profit	467,781	400,511	16.8
Profit before tax	174,078	122,955	41.6
Profit for the period	135,700	89,427	51.7
Earnings per share			
– Basic (cents)	10.24	6.72	52.4

ASSETS, LIABILITIES AND EQUITY

	As at	As at
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(audited and restated)
Assets		
Non-current assets	427,049	417,855
Current assets	3,053,401	3,160,304
Total assets	3,480,450	3,578,159
Equity and liabilities		
Equity attributable to owners of the Company	2,962,991	2,817,271
Non-controlling interests	6,603	7,297
Total equity	2,969,594	2,824,568
Non-current liabilities	17,071	18,682
Current liabilities	493,785	734,909
Total liabilities	510,856	753,591
Total equity and liabilities	3,480,450	3,578,159



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW AND OUTLOOK

Business Overview

In the first half of 2023, riding on the recovery of the COVID-19 epidemic and lifting of the quarantine measures, the Group's overall business performance has gradually improved, with a steady growth in offline channel sales and a rapid growth in online channel sales. We continue to optimize the product category structure and supply chain management to further improve the overall gross profit margin; we adhered to the business principle of prudence, and has implemented effective cost management measures to ensure a steady generation of revenue and a continued stability of cash flow and profits.

As a result, in the first half of 2023, the Group recorded revenue of RMB1,132.8 million, representing a year-on-year increase of 10.7%; the Group's gross profit margin was 41.3%, representing a year-on-year increase of 2.2 percentage points; the Group's net profit was RMB135.7 million, representing a year-on-year increase of 51.7%.

The breakdown of revenue by product categories are as follows:

- For household care products category, which includes household insecticide and repellent products, household cleaning and air care products, revenue for the six months ended 30 June 2023 (the "Reporting Period") was RMB1,043.9 million, representing an increase of 10.8% as compared to the six months ended 30 June 2022;
- For the pets and pet products category, revenue for the Reporting Period was RMB45.2 million, representing an increase of 41.1% as compared to the six months ended 30 June 2022; and
- For the personal care products category, revenue for the Reporting Period was RMB42.6 million, representing a decrease of 3.9% as compared to the six months ended 30 June 2022.

The breakdown of revenue by sales channels are as follows:

- For online channels, revenue for the Reporting Period was RMB341.3 million, representing an increase of 25.0% as compared to the six months ended 30 June 2022; and
- For offline channels, which comprises offline distributors, corporate and institutional customers, overseas distributors and retail channel (Liby Channel), etc., revenue for the Reporting Period was RMB791.5 million, representing an increase of 5.5% as compared to the six months ended 30 June 2022.



MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2023, the following effective measures were implemented by the Group to proactively mitigate the market challenges and maintain business momentum:

- Brand and product category: we continuously enhance our brand power, maintain our top brand strength in the categories of insecticides and mosquito repellents, and household cleaning products. We have launched differentiated, highly effective, and with healthy ingredients product categories, created multiple high-margin key products; we have been simultaneously upgrading the existing product lines and developing new products with high profit margins, gradually optimizing the product structure, further enhancing the profitability of the Group.
- Offline sales channels: we have been enhancing the quality of our distribution outlets by leveraging on the sales of products with high profit margin, and to enhance the market foundation with widen distribution coverage of multi-category products. We also created our terminal brand image in standardised offline stores that reinforces the professional image of our Superb mosquito repellent products ranking first in the industry and Vewin household cleaning products. Also, our personal care products and air care products are promoted in a special display feature of products stacking with chamfers arrangement (堆頭切角) and shelf banners with an aim to improve the promotion efficiency of our resources input.
- Online sales channels: we have also been cultivating our channels on JD.com, Pinduoduo (拼多多) and Taobao (淘寶) and developed our business with social community base and sales channels such as Douyin (抖音) and Kuaishou (快手) rapidly to realise growth.

The Group has continued to promote its brands and products with marketing strategies of digitalization, socialisation and personalization. We have strived to offer our consumers the one-stop high quality products for household care, personal care, and pet categories, and have been recognised and well received by our consumers. In particular, NielsenIQ retail market data showed that the Group's household insecticides and repellents products ranked first in China in terms of comprehensive market share of similar products for eight consecutive years from 2015 to 2023.

Business Outlook

In the second half of 2023, the Group will continue to strengthen the multi-brand, multi-category and full-channel strategy, together with our product innovation and upgrading, to form a technological shield and a channel shield, continue to create competitive products in various categories and channels, and improve channel profitability. In addition, the Group will also strive to develop full-channel sales, strengthen the distribution of high-margin products, and seize the incremental opportunities in emerging channels to achieve the sustainable development of the Group.



MANAGEMENT DISCUSSION AND ANALYSIS

Looking forward, the Group will focus in the following growth strategies:

- Expansion of household cleaning business: we will further improve the product planning of household cleaning products, accelerate the marketing promotion of both the online and offline channels, and promote the distribution and advance the progress of our promotion scheme, Vewin Qianzhen Wandian (威王千鎮萬店), increase the gross profit margin of household cleaning business, and expand the high-end household cleaning market;
- Expansion of pet business: with the setup of our offline stores for the pets and pet products, the Group aims to accommodate both its high-quality internal resources and external resources acquired via strategic investments and mergers and acquisitions, which led to a rapid development of a shield for our pet and pet product segment;
- Breakthrough in online channels: maintaining the rapid development of emerging online channels such as Douyin, JD.com, Pinduoduo, and Kuaishou (快手), and further consolidate our leading position and business moat in terms of the core competitiveness of various categories of our products and enhance the profitability from our e-commerce segment;
- Further in-depth development of offline channels: by optimizing and reforming the organizational structure of the offline sales system, we will continue to promote product distribution and expansion and further consolidate the leading position of offline distribution channels;
- Cost reduction and efficiency enhancement management: we will strengthen upstream supply chain construction and optimize production costs; keep up with market conditions, improve cost competitiveness through various measures such as centralized procurement and strategic cooperation, and technological reform, etc., with the aim of enhancing our cost competitiveness;
- Technology research and development improvement: through the acquisition of Guangdong Zhongkeyan Cosmetic Technology Research Company Limited* (廣東中科研化妝品技術研究有限公司), the Group will integrate its expertise in research & development and product testing, and continue to maintain its leading ability of technological research and development in the industry;
- Empowerment through team's building: we will continue to promote multiple incentive mechanisms such as share options and restricted share awards, cash incentives and partnership operations to enhance the Group's organizational cohesion and coordination and ensure efficient implementation of the Group's development strategy;
- Proactiveness in mergers and acquisitions opportunities: we will focus on domestic and foreign pet and fast-moving consumer goods (FMCG) industries, speed up the pace of merger and acquisition, and target quality projects with stable cash flow, clear profit model and business development space; and
- Implementation of dividend policy: a high-proportion and stable annual dividend policy to maximize the Company's shareholders' returns.

* For identification only



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group derived its revenue primarily from the sales of (i) household care products; (ii) personal care products; (iii) pets and pet products; and (iv) others to customers through our omni-channel sales and distribution network. Our revenue is stated net of allowances for returns, sales discounts, rebates and value-added tax.

Our revenue increased by 10.7% from RMB1,023.2 million for the six months ended 30 June 2022 to RMB1,132.8 million for the six months ended 30 June 2023. The increase was attributable to the Group's success in capturing market opportunities and actively promoting the rapid development of product categories and sales channels.

Revenue by product categories

	Six months ended 30 June			
	2023		2022	
	RMB'000	%	RMB'000 (restated)	% (restated)
Household Care ⁽¹⁾	1,043,854	92.1	941,996	92.1
Personal Care	42,596	3.8	44,343	4.3
Pets and Pet Products	45,243	4.0	32,065	3.1
Others ⁽²⁾	1,068	0.1	4,776	0.5
Total	1,132,761	100.0	1,023,180	100.0

Notes:

- (1) Household Care included household insecticide and repellent products, household cleaning and air care products.
- (2) Others included numerous household supplies, appliances, other products and testing services and none of them accounted for a material portion individually.

Our revenue from household care products increased by 10.8% from RMB942.0 million for the six months ended 30 June 2022 to RMB1,043.9 million for the six months ended 30 June 2023.

Our revenue from personal care products decreased by 3.9% from RMB44.3 million for the six months ended 30 June 2022 to RMB42.6 million for the six months ended 30 June 2023.

Our revenue from pets and pet products increased by 41.1% from RMB32.1 million for the six months ended 30 June 2022 to RMB45.2 million for the six months ended 30 June 2023.



MANAGEMENT DISCUSSION AND ANALYSIS

Revenue by sales channels

	Six months ended 30 June			
	2023		2022	
	RMB'000	%	RMB'000 (restated)	% (restated)
Online Channels ⁽¹⁾	341,297	30.1	273,005	26.7
Offline Channels ⁽²⁾	791,464	69.9	750,175	73.3
Total	1,132,761	100.0	1,023,180	100.0

Notes:

- (1) Online channels included self-operated online stores, online distributors, and community e-commerce platforms.
- (2) Offline channels included offline distributors, retail channel (Liby Channel), corporate and institutional customers, overseas distributors, and OEM business etc..

Revenue from online channels increased by 25.0% from RMB273.0 million for the six months ended 30 June 2022 to RMB341.3 million for the six months ended 30 June 2023.

Revenue from offline channels increased by 5.5% from RMB750.2 million for the six months ended 30 June 2022 to RMB791.5 million for the six months ended 30 June 2023.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 16.8% from RMB400.5 million for the six months ended 30 June 2022 to RMB467.8 million for the six months ended 30 June 2023. Our overall gross profit margin remained relatively stable at 39.1% and 41.3% for the six months ended 30 June 2022 and 2023, respectively, slightly increased by 2.2 percentage points.

Gross profit and gross profit margin by product categories

	Six months ended 30 June			
	2023		2022	
	Gross Profit RMB'000	Gross Profit Margin %	Gross Profit RMB'000 (restated)	Gross Profit Margin % (restated)
Household Care ⁽¹⁾	429,954	41.2	365,883	38.8
Personal Care	18,161	42.6	17,441	39.3
Pets and Pet Products	20,551	45.4	16,073	50.1
Others ⁽²⁾	(885)	(82.9)	1,114	23.3
Total	467,781	41.3	400,511	39.1

Notes:

- (1) Household Care included household insecticide and repellent products, household cleaning and air care products.
- (2) Others included numerous household supplies, appliances, other products and testing services and none of them accounted for a material portion individually.



MANAGEMENT DISCUSSION AND ANALYSIS

With respect to the gross profit margin, primarily due to the continuous optimization of the product category structure and supply chain management.

Our gross profit of household care products for the six months ended 30 June 2023 was RMB430.0 million, whereas the gross profit margin has increased from 38.8% for the six months ended 30 June 2022 to 41.2% for the six months ended 30 June 2023.

Our gross profit of personal care products for the six months ended 30 June 2023 was RMB18.2 million, whereas the gross profit margin has increased from 39.3% for the six months ended 30 June 2022 to 42.6% for the six months ended 30 June 2023.

Our gross profit of pets and pet products for the six months ended 30 June 2023 was RMB20.6 million, whereas the gross profit margin has decreased from 50.1% for the six months ended 30 June 2022 to 45.4% for the six months ended 30 June 2023.

Gross profit and gross profit margin by sales channels

	Six months ended 30 June			
	2023		2022	
	Gross Profit RMB'000	Gross Profit Margin %	Gross Profit RMB'000 (restated)	Gross Profit Margin % (restated)
Online Channels ⁽¹⁾	164,235	48.1	130,851	47.9
Offline Channels ⁽²⁾	303,546	38.4	269,660	35.9
Total	467,781	41.3	400,511	39.1

Notes:

- (1) Online channels included self-operated online stores, online distributors, and community e-commerce platforms.
- (2) Offline channels included offline distributors, retail channel (Liby Channel), corporate and institutional customers, overseas distributors, and OEM business etc..

Our gross profit of online channels for the six months ended 30 June 2023 was RMB164.2 million, whereas the gross profit margin has increased from 47.9% for the six months ended 30 June 2022 to 48.1% for the six months ended 30 June 2023.

Our gross profit of offline channels for the six months ended 30 June 2023 was RMB303.5 million, whereas the gross profit margin has increased from 35.9% for the six months ended 30 June 2022 to 38.4% for the six months ended 30 June 2023.

Other Income

Our other income increased by 83.4% from RMB29.3 million for the six months ended 30 June 2022 to RMB53.8 million for the six months ended 30 June 2023 primarily due to increase in bank interests over the same period. Our other income as a percentage of our total revenue increased from 2.9% for the six months ended 30 June 2022 to 4.8% for the six months ended 30 June 2023.



MANAGEMENT DISCUSSION AND ANALYSIS

Selling and Distribution Expenses

Our selling and distribution expenses increased by 11.0% from RMB238.5 million for the six months ended 30 June 2022 to RMB264.8 million for the six months ended 30 June 2023, primarily attributable to the impact of the increase in the Company's overall revenue scale, which was in line with the growth of our business.

Administrative Expenses

Our administrative expenses increased by 16.3% from RMB72.7 million for the six months ended 30 June 2022 to RMB84.6 million for the six months ended 30 June 2023, primarily attributable to the increase in business related compliance costs and labor costs, including salaries and travel expenses.

Other Gains and Losses

We recorded other gains of RMB3.3 million for the six months ended 30 June 2023, as compared to other gains of RMB6.7 million for the same period in 2022, primarily relating to the fair value change of the Company's investments and the impact of exchange rate fluctuations.

Finance Costs

Our finance costs remain relatively stable at RMB0.4 million and RMB0.5 million for the six months ended 30 June 2022 and for the six months ended 30 June 2023, respectively.

Profit before Tax

As a result of the foregoing, our profit before income tax increased by 41.6% from RMB123.0 million for the six months ended 30 June 2022 to RMB174.1 million for the six months ended 30 June 2023.

Income Tax Expense

Our income tax expense increased by 14.5% from RMB33.5 million for the six months ended 30 June 2022 to RMB38.4 million for the six months ended 30 June 2023, primarily due to the increase in profit before tax. Our effective tax rate decreased from 27.3% for the six months ended 30 June 2022 to 22.0% for the six months ended 30 June 2023, mainly due to the fact that one of our subsidiaries has completed the qualification renewal process as a high-tech enterprise in the second half of 2022, and therefore enjoyed a preferential income tax rate of 15% since then.

Profit for the Period

As a result of the foregoing, our profit increased by 51.7% from RMB89.4 million for the six months ended 30 June 2022 to RMB135.7 million for the same period in 2023. Our net profit margin increased from 8.7% for the six months ended 30 June 2022 to 12.0% for the six months ended 30 June 2023.

Non-IFRS Measures: Adjusted Net Profit

Adjusted net profit, as we present, represents profit and total comprehensive income for the period before one-time charity donations. Adjusted net profit is not a standard measure under IFRSs. We believe that adjusted net profit helps identify underlying trends in our business that could otherwise be distorted by the effect of the expenses that we include in income from operations and net profit through eliminating potential impacts of items that our management does not consider to be indicative of our operating performance, such as certain impacts of our one-time charity donations. We believe that adjusted net profit provides useful information about our operating results, enhance the overall understanding of our past performance and future prospects and allow for greater visibility with respect to key metrics used by our management in its financial and operational decision-making.



MANAGEMENT DISCUSSION AND ANALYSIS

While adjusted net profit provides an additional financial measure for investors to assess our operating performance, the use of adjusted net profit has certain limitations because it does not reflect all items of income and expense that affect our operations. The item that is adjusted for may continue to be incurred and should be considered in the overall understanding and assessment of our results.

As a measure of our operating performance, we believe that the most directly comparable IFRSs measure to adjusted net profit is profit for the period. The following table reconciles profit for the periods under IFRSs to adjusted net profit for the periods indicated:

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000 (restated)
Profit for the period	135,700	89,427
Adjustments for:		
One-time charity donations	150	2,371
Adjusted net profit	135,850	91,798

Adjusted net profit should not be considered in isolation or construed as a substitute for analysis of IFRSs financial measures, such as operating profit or profit for the year or period. In addition, because adjusted net profit may not be calculated in the same manner by all companies, our adjusted net profit may not be comparable to the same or similarly titled measures presented by other companies.

Operating Cash Flows

Net operating cash outflow for the six months ended 30 June 2023 was RMB74.0 million, as compared to net operating cash outflow of RMB172.6 million for the six months ended 30 June 2022, resulting from our profit before tax of RMB174.1 million, adjustment of non-cash and non-operating items, movements in working capital, and income tax paid.

Capital Expenditures

Our capital expenditures increased from RMB13.0 million for the six months ended 30 June 2022 to RMB14.4 million for the six months ended 30 June 2023. Our capital expenditures were used primarily for acquisition of property, plant and equipment and right-of-use assets. We financed our capital expenditures primarily through our cash generated from our operating activities.

Financial Position

Historically, we funded our operations primarily with net cash generated from our business operations. After the global offering of the Company (the “**Global Offering**”), we intend to finance our future capital requirements through the same sources of funds above, together with the net proceeds we received from the Global Offering.

As at 30 June 2023, we had RMB2,465.6 million in cash and cash equivalents and time deposits, most of which were denominated in RMB.



MANAGEMENT DISCUSSION AND ANALYSIS

Gearing Ratio

The gearing ratio (calculated using total interest bearing debt (consists of current and non-current lease liabilities) divided by total equity, multiplied by 100%) decreased from 0.6% as at 31 December 2022 to 0.5% as at 30 June 2023, primarily due to the decrease in the Group's right-of-use assets and lease liabilities.

Significant Investments Held

The Group maintains a portfolio of investments which generate steady income with potential of capital appreciation. Save as the subscription of the short-term interest-bearing instruments of indebtedness issued by Zhongtai Financial International Limited (中泰金融國際有限公司) as set out in the announcement of the Company dated 25 November 2022, the Group did not hold other significant investments which constitutes a fair value of 5% or above of the total assets of the Group as at 31 December 2022 and 30 June 2023 respectively.

Funding and Treasury Policy

The Group adopts a stable approach on its finance and treasury policy, aiming to maintain an optimal financial position, the most economic finance costs, and minimal financial risks. The Group regularly reviews its funding requirements to maintain adequate financial resources in order to support its current business operations as well as its future investments and expansion plans.

Material Acquisitions and Future Plans for Major Investment

During the six months ended 30 June 2023, the Group did not conduct any material acquisitions or disposals. In addition, save for the expansion plans as disclosed in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 26 February 2021 (the "**Prospectus**"), the Group has no specific plan for major investment or acquisition for major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development.

Exposure to Fluctuations in Exchange Rates

The Group operates mainly in China with most of its transactions settled in RMB. However, the Group is exposed to foreign exchange risk arising mainly from deposits denominated in USD and Hong Kong dollars. The Group closely monitors the exchange rate fluctuations and reviews its foreign exchange risk management strategies from time to time. The Board may consider hedging foreign exchange exposures where appropriate in order to minimize its foreign exchange risk.

Pledge of Assets

The Group did not have any pledged assets as at 30 June 2023 and 31 December 2022.

Contingent Liabilities

As at 30 June 2023, the Group had no significant contingent liabilities.

Human Resources

As at 30 June 2023, the number of employees of the Group was 909 as compared to 877 as at 30 June 2022. The total cost of staff, including basic salary and wages, social insurance and bonus, for the six months ended 30 June 2023 increased to RMB95.3 million, as compared to RMB77.2 million for the same period in 2022. The increase is primarily due to the increase in the number of employees in the Group's newly acquired business, the growth in the overall Group business, and the increase in staff performance incentive awarded.



MANAGEMENT DISCUSSION AND ANALYSIS

Interim Dividend

The Board resolved to declare the payment of an interim dividend of RMB0.0410 per share of the Company (the “**Shares**”) (equivalent to HK\$0.0447 per Share) for the six months ended 30 June 2023 (six months ended 30 June 2022: RMB0.0168 per Share), and the dividend payout ratio increased to approximately 40.0% for the six months ended 30 June 2023 (dividend payout ratio for the six months ended 30 June 2022: 25.0%), on or around Thursday, 12 October 2023 to the shareholders of the Company (the “**Shareholder(s)**”) whose names appear on the register of members of the Company on Tuesday, 19 September 2023.

The interim dividend shall be declared in RMB and paid in Hong Kong dollars. The interim dividend payable in Hong Kong dollars will be converted from RMB at the average central parity rate of RMB to Hong Kong dollars as announced by the People’s Bank of China for the period from Monday, 21 August 2023 to Friday, 25 August 2023.

Closure of Register of Members

As disclosed in the interim results announcement of the Company dated 28 August 2023, for determining the entitlement to the interim dividend, the register of members of the Company was closed from Friday, 15 September 2023 to Tuesday, 19 September 2023, both days inclusive, during which period no share transfers of the Company were registered. 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 share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong before 4:30 p.m. on Thursday, 14 September 2023.



OTHER INFORMATION

DIRECTOR'S AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2023, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (with the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (the “SFO”)) which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which have been entered in the register required to be kept pursuant to Section 352 of the SFO, or which shall be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) are as follows:

Interest in Shares

Name of Director	Nature of interest	Number of Shares	Approximate percentage of interest ⁽⁴⁾
Chen Danxia	Beneficial owner	3,993,500 (L)	0.30%
Xie Rusong ⁽²⁾	Beneficial owner	780,500 (L)	0.06%
Zhong Xuyi ⁽³⁾	Beneficial owner	300,000 (L)	0.02%

Notes:

- (1) The letter “L” denotes the person’s long position in such Shares.
- (2) Mr. Xie Rusong holds 480,500 Shares and he is interested in 300,000 underlying Shares. Such underlying Shares are the relevant Shares that may be allotted and issued to him upon the fully exercise of all the outstanding share options granted to him under the Share Option Scheme as at 30 June 2023.
- (3) Mr. Zhong Xuyi is interested in 300,000 underlying Shares. Such underlying Shares are the relevant Shares that may be allotted and issued to him upon the fully exercise of all the outstanding share options granted to him under the Share Option Scheme as at 30 June 2023.
- (4) As at 30 June 2023, the Company had 1,333,333,500 ordinary Shares in issue.

Save as disclosed above, as at 30 June 2023, none of the Directors nor the chief executive of the Company had any interests or short positions in any of the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.



OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2023, the following persons (other than the Directors or the chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO or which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Nature of interest	Number of Shares	Approximate percentage of interest ⁽⁵⁾
Ms. Ma Huizhen (“ Ms. Ma ”) ⁽²⁾	Interest of corporation controlled/ Interest of spouse	990,000,000 (L)	74.25%
Ms. Li Ruohong (“ Ms. Li ”) ⁽³⁾	Interest of corporation controlled/ Interest of spouse	990,000,000 (L)	74.25%
Mr. Chen Kaixuan ⁽³⁾	Interest of corporation controlled/ Interest of spouse	990,000,000 (L)	74.25%
Mr. Chen Kaichen ⁽²⁾	Interest of corporation controlled/ Interest of spouse	990,000,000 (L)	74.25%
Cheerwin Global Limited ⁽⁴⁾	Beneficial interest	990,000,000 (L)	74.25%

Notes:

- (1) The letter “L” denotes the person’s long position in such shares of the Company.
- (2) Ms. Ma and Mr. Chen Kaichen are in a spousal relationship. By virtue of the SFO, they are deemed to be interested in all the Shares held by each other.
- (3) Ms. Li and Mr. Chen Kaixuan are in a spousal relationship. By virtue of the SFO, they are deemed to be interested in all the Shares held by each other.
- (4) The entire issued share capital of Cheerwin Global Limited is beneficially owned by Ms. Ma, Ms. Li, Mr. Chen Kaichen and Mr. Chen Kaixuan who are deemed to be interested in the Shares held by Cheerwin Global Limited pursuant to SFO.
- (5) As at 30 June 2023, the Company had 1,333,333,500 ordinary Shares in issue.

Save as disclosed above, as at 30 June 2023, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.



OTHER INFORMATION

SHARE SCHEMES

Share Option Scheme

On 23 July 2021, the share option scheme of the Company (the “**Share Option Scheme**”) was approved and adopted by the Shareholders. The purpose of the Share Option Scheme is to attract, retain and motivate talented employees to strive towards long term performance targets set by the Group and to provide them with an incentive to work better for the interest of the Group. The Share Option Scheme will link the value of the Company with the interests of the share option participants, enabling the share option participants and the Company to develop together and promote the Company’s corporate culture. The Board may offer to grant an option to subscribe for certain number of Shares as the Board may determine to an eligible person including Directors, senior management and core employees of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group in accordance with the terms of the Share Option Scheme.

The maximum number of Shares issued and to be issued upon exercise of the share options granted and to be granted to each participant (including both exercised, cancelled and outstanding share options) under the Share Option Scheme or any other share option schemes adopted by the Company in any 12-month period is limited to 1% of the Shares in issue, unless otherwise separately approved by Shareholders in general meeting with such participant and his close associates (or his associates if the participant is a connected person) abstaining from voting.

The total number of Shares which may be issued upon exercise of share options to be granted under the Share Option Scheme or any other share option schemes adopted by the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) shall not exceed 10% of the total number of the Shares in issue (i.e. 133,333,350 Shares) on the adoption date of the Share Option Scheme. Share options which have lapsed shall not be counted in calculating the 10% limit. The Company may refresh the 10% limit with Shareholders’ approval provided that each such limit (as refreshed) may not exceed the 10% of the total number of the Shares in issue as at the date of the Shareholders’ approval. Share options previously granted under the Share Option Scheme and any other share option schemes adopted by the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) (including those outstanding, cancelled or lapsed in accordance with the relevant scheme or exercised options) will not be counted for the purpose of calculating the limit to be refreshed. The Company may seek separate approval by Shareholders in general meeting of the Company for granting options beyond the 10% limit provided that the share options in excess of the limit are granted only to share option participants specially identified by the Company before such approval is sought. Total number of Shares which may be issued upon exercise of all options granted and yet to be exercised under the Share Option Scheme or any other share option schemes adopted by the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not exceed 30% of the total number of the Shares in issue from time to time. No options may be granted under the Share Option Scheme and any other share option schemes of the Company if this will result in such limit being exceeded.

The total number of share options which may be granted under the Share Option Scheme is 128,533,350, representing approximately 9.64% of the total number of issued Shares (i.e. 1,333,333,500 Shares) as at the date of this report.

As at the date of this report, the grantees under the Share Option Scheme are Ms. Wang Dong, Mr. Xie Rusong, Mr. Zhong Xuyi and four other employees of the Group.



OTHER INFORMATION

Subject to any adjustments made pursuant to the terms of the Share Option Scheme, the exercise price shall be at a price determined by the Board at its absolute discretion and notified to the share option participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the daily quotation sheet issued by the Stock Exchange on the offer date; (ii) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the offer date; and (iii) the nominal value of a Share on the offer date.

The share options granted shall be open for acceptance for a period of seven days from the date of grant. An amount of HK\$1.00 is payable upon acceptance of the grant of the share options. The Share Option Scheme shall be valid and effective for a period of ten years commencing on the date on which the Share Option Scheme was conditionally adopted. Accordingly, as at 30 June 2023, the remaining life of the Share Option Scheme is approximately 8 years.

Any option shall be vested on an option-holder upon his acceptance of the offer of options provided that if any vesting schedule and/or conditions are specified in the offer of the option, such option shall only be vested on an option-holder according to such vesting schedule and/or upon the fulfillment of the vesting conditions (as the case may be). The Board may specify the exercise period and/or the vesting schedule of the options in the grant letter, and in all circumstances all options shall automatically lapse upon the expiry of the tenth anniversary of the date of grant. During the six months ended 30 June 2023, no share options were granted under the Share Option Scheme. Details of the movements of the share options granted under the Share Option Scheme as at 30 June 2023 are set out below:

Name of grantee	Position held with the Company/relationship with the Company	Date of grant	No. of Shares involved in the share options				Share options		No. of Shares involved in the share options		Exercise price (HK\$ per Share) ⁽¹⁾	Vesting date ⁽²⁾⁽³⁾	Exercise period
			as at 1 January 2023	Share options granted during the Reporting Period	Share options exercised during the Reporting Period	Share options cancelled during the Reporting Period	lapsed/ forfeited during the Reporting Period	as at 30 June 2023					
Ms. Wang Dong	Chief Operating Officer and Joint Company	23 September 2021	150,000	-	-	-	(150,000)	-	4.33	15 April 2023	15 April 2023 – 14 April 2030 ⁽⁴⁾		
	Secretary	23 September 2021	150,000	-	-	-	-	150,000	4.33	15 April 2024	15 April 2024 – 14 April 2031 ⁽⁴⁾		
	Secretary	23 September 2021	150,000	-	-	-	-	150,000	4.33	15 April 2025	15 April 2025 – 22 September 2031 ⁽⁵⁾		
Mr. Xie Fusong	Executive Director and Vice President	23 September 2021	150,000	-	-	-	(150,000)	-	4.33	15 April 2023	15 April 2023 – 14 April 2030 ⁽⁴⁾		
		23 September 2021	150,000	-	-	-	-	150,000	4.33	15 April 2024	15 April 2024 – 14 April 2031 ⁽⁴⁾		
		23 September 2021	150,000	-	-	-	-	150,000	4.33	15 April 2025	15 April 2025 – 22 September 2031 ⁽⁵⁾		
Mr. Zhong Xuyi	Executive Director and Chief Financial Officer	23 September 2021	150,000	-	-	-	(150,000)	-	4.33	15 April 2023	15 April 2023 – 14 April 2030 ⁽⁴⁾		
		23 September 2021	150,000	-	-	-	-	150,000	4.33	15 April 2024	15 April 2024 – 14 April 2031 ⁽⁴⁾		
		23 September 2021	150,000	-	-	-	-	150,000	4.33	15 April 2025	15 April 2025 – 22 September 2031 ⁽⁵⁾		
Other Employees of the Group	Employees of the Group	23 September 2021	600,000	-	-	-	(600,000)	-	4.33	15 April 2023	15 April 2023 – 14 April 2030 ⁽⁴⁾		
		23 September 2021	600,000	-	-	-	-	600,000	4.33	15 April 2024	15 April 2024 – 14 April 2031 ⁽⁴⁾		
		23 September 2021	600,000	-	-	-	-	600,000	4.33	15 April 2025	15 April 2025 – 22 September 2031 ⁽⁵⁾		
Total			3,150,000				(1,050,000)	2,100,000					



OTHER INFORMATION

Notes:

- (1) The closing price of the securities immediately before the date on which the share options were granted was HK\$4.21 per Share. The fair value of the share options at the date of grant was HK\$4.33.
- (2) Two batches of the share options granted, each being 25% of the total number of share options granted, which were originally proposed to be vested on 15 April 2022 and 15 April 2023 respectively, were not vested because the performance target relating to the corresponding year (as set out under Note (3)) was not met. 25% of the total number of share options granted shall be vested on 15 April 2024, and the remaining 25% of the total number of share options granted shall be vested on 15 April 2025, subject to the fulfillment of the vesting conditions pursuant to the Share Option Scheme.
- (3) The Company has established an appraisal mechanism for the purpose of calculating and assessing the fulfilment of performance targets by each of the grantees, in relation to vesting of share options granted to them. The appraisal mechanism is a scoring system which comprises a mixture of key performance indicators (“KPI”) components which vary among the grantees.

The KPI in relation to the Group as a whole includes:

- (a) Revenue growth rate of the Group (with a weight of 50%); and
- (b) Net profit growth rate of the Group (with a weight of 50%).

The weighted average calculation result (the “**Result**”) of the two indicators (a) and (b) above will be used to determine the performance coefficient of the Company (the “**Coefficient**”):

- (i) if the Result is 100% or more, the Coefficient will be 1;
- (ii) if the Result is between 90% and 100% (not including 100%), the Coefficient will be 0.9;
- (iii) if the Result is between 80% and 90% (not including 90%), the Coefficient will be 0.8;
- (iv) if the Result is between 70% and 80% (not including 80%), the Coefficient will be 0.7; and
- (v) if the Result is less than 70%, the Coefficient will be 0.

For the current grantees, the appraisal mechanism is a scoring system used to determine the personal attribution ratio (the “**Personal Attribution Ratio**”) for each of them:

- (i) for a grantee whose KPI score is more than 90, the Personal Attribution Ratio will be 100%, representing 100% of the share options planned to be vested to him/her in the year shall be vested;
- (ii) for a grantee whose KPI score is between 80 and 90 (not including 90), the Personal Attribution Ratio will be 80%, representing 80% of the share options planned to be vested to him/her in the year shall be vested; and
- (iii) for a grantee whose KPI score is less than 80, the Personal Attribution Ratio will be 0%, representing none of the share options planned to be vested to him/her in the year shall be vested.

If the Result is less than 70%, none of the share options planned to be vested in the year shall be vested.

- (4) The exercise period for the vested share options expires 7 years from the date of vesting.
- (5) The exercise period for the vested share options expires 10 years from the date of grant.

Please refer to note 24 to the condensed consolidated financial statements for further information of the Share Option Scheme.



OTHER INFORMATION

Restricted Share Award Scheme

The restricted share award scheme of the Company (the “**RSA Scheme**”) was approved and adopted by the Board on 3 June 2021. Pursuant to the RSA Scheme, the Board may, from time to time, in its absolute discretion, select any individual who is a key management personnel of the Group including Directors, senior management and core employees of the Group, after taking into consideration various factors as they deem appropriate and determine the number of award shares to be granted to each of the selected participants. In determining the number of award shares for each selected participant, the Board shall take into consideration matters, including but not limited to, the selected participant’s position, experience, years of service, performance and contribution to the Group and the market price of the Shares.

The purpose and objective of the RSA Scheme are (i) to realize the binding of the management team with the Shareholders and the Company’s interests in the long run; (ii) to incentivize the management team to achieve the Company’s performance goals, supporting the Company’s rapid growth in the future; (iii) to send positive signals to the capital market and increase the market’s confidence in the Company’s development; and (iv) to attract external talents and enhance talent competitiveness.

The award shares shall be open for acceptance for a period of seven days from the date of grant. An amount of HK\$1.00 is payable upon acceptance of the grant of the restricted shares. The RSA Scheme shall be effective from its adoption date and shall be in full force and effect for a term of ten years or until such date of early termination as determined by the Board, whichever is the earlier. Accordingly, as at 30 June 2023, the remaining life of the RSA Scheme is approximately 8 years. The maximum number of award shares that may be granted under the RSA Scheme in aggregate shall be no more than 25,000,000 Shares, representing 1.87% of the total number of the issued Shares as at the date of this report, subject to the compliance of the Listing Rules, including, the requirement concerning the maintenance of the public float. Under the RSA Scheme, the last batch of the restricted shares will be vested on 15 April 2025.



OTHER INFORMATION

Details of the share awards granted under the RSA Scheme

As at the date of this report, the grantees under the RSA Scheme are Ms. Chen Danxia, Ms. Wang Dong, Mr. Xie Rusong, Mr. Zhong Xuyi and four other employees of the Group.

Details of the movements of the restricted shares granted under the RSA Scheme as at 30 June 2023 are set out below:

Name of grantee	Position held with the Company/relationship with the Company	Date of grant	No. of Shares involved in the restricted shares outstanding as at 1 January 2023	Restricted shares granted during the Reporting Period	Restricted Shares exercised during the Reporting Period	Restricted shares cancelled during the Reporting Period	Restricted shares lapsed/forfeited during the Reporting Period	No. of Shares involved in the restricted shares outstanding as at 30 June 2023	Closing price (HK\$ per Share) ⁽¹⁾	Vesting date ⁽²⁾⁽³⁾
Ms. Chen Danxia	Executive Director,	23 September 2021	3,750,000	-	-	-	(3,750,000)	-	4.33	15 April 2023
	Chairman and Chief	23 September 2021	3,750,000	-	-	-	-	3,750,000	4.33	15 April 2024
	Executive Officer	23 September 2021	3,750,000	-	-	-	-	3,750,000	4.33	15 April 2025
Ms. Wang Dong	Chief Operating Officer	23 September 2021	150,000	-	-	-	(150,000)	-	4.33	15 April 2023
	and Joint Company	23 September 2021	150,000	-	-	-	-	150,000	4.33	15 April 2024
	Secretary	23 September 2021	150,000	-	-	-	-	150,000	4.33	15 April 2025
Mr. Xie Rusong	Executive Director and	23 September 2021	150,000	-	-	-	(150,000)	-	4.33	15 April 2023
	Vice President	23 September 2021	150,000	-	-	-	-	150,000	4.33	15 April 2024
		23 September 2021	150,000	-	-	-	-	150,000	4.33	15 April 2025
Mr. Zhong Xuyi	Executive Director and	23 September 2021	150,000	-	-	-	(150,000)	-	4.33	15 April 2023
	Chief Financial Officer	23 September 2021	150,000	-	-	-	-	150,000	4.33	15 April 2024
		23 September 2021	150,000	-	-	-	-	150,000	4.33	15 April 2025
Other Employees of the Group	Employees of the Group	23 September 2021	600,000	-	-	-	(600,000)	-	4.33	15 April 2023
		23 September 2021	600,000	-	-	-	-	600,000	4.33	15 April 2024
		23 September 2021	600,000	-	-	-	-	600,000	4.33	15 April 2025
Total			14,400,000				(4,800,000)	9,600,000		

Notes:

- (1) The closing price of the securities immediately before the date on which the restricted shares were granted was HK\$4.21 per Share. The fair value of the restricted shares at the date of grant was HK\$4.33.
- (2) Two batches of the restricted shares granted, each being 25% of the total number of restricted shares granted, which were originally proposed to be vested on 15 April 2022 and 15 April 2023 respectively, were not vested because the performance target relating to the corresponding year (as set out under Note (3)) was not met. 25% of the total number of restricted shares granted shall be vested on 15 April 2024, and the remaining 25% of the total number of restricted shares granted shall be vested on 15 April 2025, subject to the fulfilment of vesting conditions pursuant to the RSA Scheme.



OTHER INFORMATION

- (3) The Company has established an appraisal mechanism for the purpose of calculating and assessing the fulfilment of performance targets by each of the Grantees, including Ms. Chen Danxia, in relation to vesting of restricted shares granted to them. The appraisal mechanism is a scoring system which comprises a mixture of KPI components which vary among the Grantees. Such KPI applied to Ms. Chen Danxia solely comprises of performance targets for the business of the Group as a whole.

The KPI in relation to the Group as a whole includes:

- (a) Revenue growth rate of the Group (with a weight of 50%); and
- (b) Net profit growth rate of the Group (with a weight of 50%).

The Result of the two indicators (a) and (b) above will be used to determine the performance Coefficient of the Company:

- (i) if the Result is 100% or more, the Coefficient will be 1;
- (ii) if the Result is between 90% and 100% (not including 100%), the Coefficient will be 0.9;
- (iii) if the Result is between 80% and 90% (not including 90%), the Coefficient will be 0.8;
- (iv) if the Result is between 70% and 80% (not including 80%), the Coefficient will be 0.7; and
- (v) if the Result is less than 70%, the Coefficient will be 0.

The number of restricted shares vested to Ms. Chen Danxia in a year will be calculated by multiplying the total number of restricted shares planned to be vested to her in the year by the Coefficient of the same year.

For the seven other Grantees, excluding Ms. Chen Danxia, the appraisal mechanism is a scoring system used to determine the Personal Attribution Ratio for each of them:

- (i) for a grantee whose KPI score is more than 90, the Personal Attribution Ratio will be 100%, representing 100% of the restricted shares planned to be vested to him/her in the year shall be vested;
- (ii) for a grantee whose KPI score is between 80 and 90 (not including 90), the Personal Attribution Ratio will be 80%, representing 80% of the restricted shares planned to be vested to him/her in the year shall be vested; and
- (iii) for a grantee whose KPI score is less than 80, the Personal Attribution Ratio will be 0%, representing none of the restricted shares planned to be vested to him/her in the year shall be vested.

For the seven other RSA grantees excluding Ms. Chen Danxia, the number of restricted shares vested to each of them in a year will be calculated by multiplying the total number of restricted shares planned to be vested to him/her in the year by the Coefficient of the same year and then by his/her Personal Attribution Ratio.

For the purpose of the RSA Scheme, the Company will appoint two trustees to hold Shares in two separate trust plans for the respective benefit of the connected persons (the **“Connected Grantees”**) and other non-connected persons (the **“Non-connected Grantees”**) of the Company. The two trustees will hold 16,200,000 restricted shares for Connected Grantees and 3,600,000 restricted shares for the other Non-connected Grantees, respectively, in accordance with the terms of the RSA Scheme. The restricted shares held for the Non-connected Grantees will be counted as public float. As at the date of this report, the trustees and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons. The trustees shall not exercise the voting rights in respect of any Shares held under the trusts including but not limited to the restricted shares.



OTHER INFORMATION

As at the date of this report, a total number of 9,600,000 outstanding restricted shares, representing approximately 0.72% of the Shares in issue, had been granted to three Directors, one senior management and four employees of the Group pursuant to the RSA Scheme. The selected participants are not required to pay any exercise price to receive the restricted shares granted under the RSA Scheme while the vesting conditions shall be fulfilled before the restricted shares can be vested. The total number of restricted shares which may be granted under the RSA Scheme is 15,400,000 (consist of 5,200,000 ungranted restricted shares and 10,200,000 granted restricted shares which has lapsed/forfeited since adoption of the RSA Scheme), representing approximately 1.15% of the total number of issued Shares (i.e. 1,333,333,500 Shares) as at the date of this report.

Further details of the RSA Scheme are set out in note 24 to the condensed consolidated financial statements.

As provided under the transitional arrangements under the amended Chapter 17 of the Listing Rules, the Company would continue to make grants to participants eligible under the existing Share Option Scheme and RSA Scheme until refreshment or expiry of the respective existing scheme mandate, upon which the Company will be required to amend the terms of the Share Option Scheme and RSA Scheme to comply with the amended Chapter 17 of the Listing Rules and seek shareholders' approval for new scheme mandates (if applicable).

USE OF PROCEEDS FROM GLOBAL OFFERING

The Shares were listed on the Main Board of the Stock Exchange on 10 March 2021 (the "Listing Date"). The Company received net proceeds (after deduction of the underwriting commissions and related costs and expenses) from the Global Offering of approximately RMB2,418.8 million (equivalent to approximately HK\$2,883.8 million). The Company intends to apply such net proceeds in accordance with the purposes as set out in the Prospectus. The details of intended application of net proceeds from the Global Offering are set out as follows:

Item	Approximate % of total net proceeds	Net proceeds from the Global Offering (RMB million)	Unutilised net amount as at 31 December 2022 (RMB million)	Actual net amount utilised during the Reporting Period (RMB million)	Actual net amount utilised up to 30 June 2023 (RMB million)	Unutilised net amount as at 30 June 2023 (RMB million)	Expected timeline of full utilisation of the unutilised proceeds
Research and development of new products, upgrade of existing products and development of new brands and categories	7.1%	171.8	136.6	4.2	39.4	132.4	Expected to be fully utilised by the end of 2026
Facilitate the construction and upgrade of relevant research and development centers and support their research activities	10.2%	246.7	246.7	0	0	246.7	Expected to be fully utilised by the end of 2026
Motive existing research personnel and recruit additional experienced and talented personnel for our research and development team	2.7%	65.3	65.3	0	0	65.3	Expected to be fully utilised by the end of 2026
Further develop online distribution channels	10.0%	241.9	155.3	50.0	136.6	105.3	Expected to be fully utilised by the end of 2026
Further enhance our offline distribution network	5.0%	120.9	103.8	2.0	19.1	101.8	Expected to be fully utilised by the end of 2026



OTHER INFORMATION

Item	Approximate % of total net proceeds	Net proceeds from the Global Offering (RMB million)	Unutilised net amount as at 31 December 2022 (RMB million)	Actual net amount utilised during the Reporting Period (RMB million)	Actual net amount utilised up to 30 June 2023 (RMB million)	Unutilised net amount as at 30 June 2023 (RMB million)	Expected timeline of full utilisation of the unutilised proceeds
Establish and optimise our overseas online and offline sales network and develop new markets	5.0%	120.9	120.9	0	0	120.9	Expected to be fully utilised by the end of 2026
Enhance our market penetration in lower-tier cities	5.0%	120.9	112.3	0	8.6	112.3	Expected to be fully utilised by the end of 2026
Invest in online brand marketing activities to enhance brand and product awareness and educate customers	10.0%	241.9	174.1	14.3	82.1	159.8	Expected to be fully utilised by the end of 2026
Establish overseas supply chain to improve our cost advantage for our overseas operations	1.5%	36.3	36.3	0	0	36.3	Expected to be fully utilised by the end of 2026
Upgrade our existing production facilities and existing production lines at our Anfu and Panyu plants, and to establish new production lines to increase production capacity and efficiency	1.5%	36.3	36.3	0	0	36.3	Expected to be fully utilised by the end of 2026
Establish a supply chain base in Shanghai which include a warehouse and a logistic center and offices	7.0%	169.3	169.3	0	0	169.3	Expected to be fully utilised by the end of 2026
Deepen our digitalisation strategy, enhance information technology infrastructure, and further develop our technology and data-driven middle-office for our supply chain management, consumer community and proprietary platform operation and distribution channel management to improve operating efficiency	10.0%	241.9	236.4	1.3	6.8	235.1	Expected to be fully utilised by the end of 2026
Strategic acquisitions of upstream and downstream businesses to acquire external high quality, complementary technologies, brands and businesses	15.0%	362.8	224.2	1.5	140.1	222.7	Expected to be fully utilised by the end of 2026
Working capital and other general corporate purposes	10.0%	241.9	241.9	0	0	241.9	Expected to be fully utilised by the end of 2026
Total	100.0%	2,418.8	2,059.4	73.3	432.7	1,986.1	



OTHER INFORMATION

As at 30 June 2023, the remaining proceeds of approximately RMB1,986.1 million (equivalent to approximately HK\$2,154.2 million) will continue to be used in accordance with the purposes as set out in the Prospectus and follow the expected implementation timetable as disclosed in the Prospectus. Most of the unutilised net proceeds were placed in licensed banks with Chinese-funded background and in Hong Kong as at 30 June 2023.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code of corporate governance. For the six months ended 30 June 2023, the Company has complied with all applicable code provisions under the CG Code and adopted most of the best practices set out therein except for the following provision.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

However, the Company does not have a separate chairman and chief executive officer and the responsibilities of both chairman and chief executive officer vest in Ms. Chen Danxia. The Board believes that vesting the responsibilities of both chairman and chief executive officer in the same person has the benefit of ensuring the consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group. Besides, with three independent non-executive Directors out of a total of seven Directors in the Board, there will be sufficient independent voice within the Board to protect the interests of the Company and the Shareholders as a whole.

Therefore, the Board considers 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 effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions since the Listing Date. Having been made specific enquiries, all of the Directors confirmed that he/she has complied with the required standards as set out in the Model Code during the six months ended 30 June 2023.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SHARES

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

PUBLIC FLOAT

Based on the information publicly available to the Company and to the knowledge of the Directors, the Company has maintained sufficient public float as required by the Listing Rules as at the date of this report. The Company maintained the minimum level of public float of 25% of its total number of issued Shares.



OTHER INFORMATION

EVENTS AFTER THE PERIOD

There is no significant subsequent event after the Reporting Period.

AUDIT COMMITTEE

The Board has established the Audit Committee, which comprises three independent non-executive Directors, namely, Mr. Chan Wan Tsun Adrian Alan (Chairman), Mr. Guo Sheng and Dr. Yu Rong and one non-executive Director, namely Mr. Chen Zexing. The Audit Committee has adopted written terms of reference which clearly set out its duties and obligations (the terms of reference are available on the websites of the Company and the Stock Exchange).

The Audit Committee has, together with the senior management of the Company, reviewed the accounting principles and practices adopted by the Group as well as the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2023.

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2023 have also been reviewed by the Company's independent auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

CHANGES TO DIRECTORS' INFORMATION

Mr. Chan Wan Tsun Adrian Alan has been appointed as an independent non-executive director of Regent Pacific Group Limited (formerly known as Endurance RP Limited) (stock code: 575) on 21 April 2023.

Save as disclosed above, there is no change to any information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) under Rule 13.51(2) of the Listing Rules since the publication of the Company's 2022 annual report.



REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF CHEERWIN GROUP LIMITED

(incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Cheerwin Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 28 to 58, which comprise the condensed consolidated statement of financial position as of 30 June 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“**IAS 34**”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“**HKSRE 2410**”) issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

28 August 2023



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	NOTES	Six months ended 30 June	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited and restated)
Revenue	3	1,132,761	1,023,180
Cost of sales		(664,980)	(622,669)
Gross profit		467,781	400,511
Other income	4	53,812	29,342
Other gains and losses	5	3,268	6,675
Impairment losses under expected credit loss model, net of reversal		(938)	(1,928)
Selling and distribution expenses	6	(264,799)	(238,532)
Administrative expenses		(84,581)	(72,703)
Finance costs	7	(465)	(410)
Profit before tax		174,078	122,955
Income tax expense	8	(38,378)	(33,528)
Profit for the period	9	135,700	89,427
Other comprehensive income			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		39,276	54,215
Total comprehensive income for the period		174,976	143,642
Profit (loss) for the period attributable to:			
Owners of the Company		136,502	89,658
Non-controlling interests		(802)	(231)
		135,700	89,427
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		175,670	143,858
Non-controlling interests		(694)	(216)
		174,976	143,642
Earnings per share			
Basic (RMB cents)	11	10.24	6.72



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	NOTES	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited and restated)
Non-current assets			
Property, plant and equipment	12	160,840	163,963
Right-of-use assets	12	23,123	23,609
Intangible assets		11,486	11,645
Goodwill		3,925	3,925
Interests in an associate	13	1,500	–
Deposits paid for acquisition of property, plant and equipment		171	618
Financial assets at fair value through profit or loss (“FVTPL”)	14	146,031	146,031
Deferred tax assets	15	79,973	68,064
		427,049	417,855
Current assets			
Inventories	16	148,001	319,177
Trade and other receivables	17	117,999	97,231
Tax recoverable		–	6,876
Amounts due from related parties	18	70,620	14,410
Other financial assets at amortised cost	19	251,216	357,910
Time deposits	20	1,696,239	1,455,986
Bank balances and cash		769,326	908,714
		3,053,401	3,160,304
Current liabilities			
Trade and other payables	21	364,719	415,200
Contract liabilities	22	42,509	243,719
Dividend payable		30,821	–
Amounts due to related parties	18	38,237	66,548
Lease liabilities		7,102	6,202
Income tax payables		10,397	3,240
		493,785	734,909
Net current assets		2,559,616	2,425,395
Total assets less current liabilities		2,986,665	2,843,250
Non-current liabilities			
Lease liabilities		8,842	10,412
Deferred tax liabilities	15	8,229	8,270
		17,071	18,682
Net assets		2,969,594	2,824,568
Capital and reserves			
Share capital	23	2	2
Reserves		2,962,989	2,817,269
Equity attributable to owners of the Company		2,962,991	2,817,271
Non-controlling interests		6,603	7,297
Total equity		2,969,594	2,824,568



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

Attributable to owners of the Company

	Share capital	Share premium	Capital reserve	Translation reserve	Merger reserve	Share based payments reserve	Statutory reserve	Retained profits	Sub-total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2021 (audited)	2	2,465,311	30,115	(18,199)	(21,030)	7,097	30,430	240,035	2,733,761	1,498	2,735,259
Business combination under common control (Note 1)	-	-	-	-	1,000	-	-	2,427	3,427	-	3,427
At 1 January 2022 (audited and restated)	2	2,465,311	30,115	(18,199)	(20,030)	7,097	30,430	242,462	2,737,188	1,498	2,738,686
Profit (loss) for the period	-	-	-	-	-	-	-	89,658	89,658	(231)	89,427
Other comprehensive income for the period	-	-	-	54,200	-	-	-	-	54,200	15	54,215
Total comprehensive income (expense) for the period	-	-	-	54,200	-	-	-	89,658	143,858	(216)	143,642
Dividends recognised as distribution (Note 10)	-	-	-	-	-	-	-	(73,733)	(73,733)	-	(73,733)
Reversal of share-based payments (Note 24)	-	-	-	-	-	(148)	-	-	(148)	-	(148)
At 30 June 2022 (unaudited and restated)	2	2,465,311	30,115	36,001	(20,030)	6,949	30,430	258,387	2,807,165	1,282	2,808,447
At 31 December 2022 (audited)	2	2,465,311	30,115	87,572	(21,030)	11,441	33,621	205,441	2,812,473	7,297	2,819,770
Business combination under common control (Note 1)	-	-	-	-	1,000	-	-	3,798	4,798	-	4,798
At 1 January 2023 (audited and restated)	2	2,465,311	30,115	87,572	(20,030)	11,441	33,621	209,239	2,817,271	7,297	2,824,568
Profit (loss) for the period	-	-	-	-	-	-	-	136,502	136,502	(802)	135,700
Other comprehensive income for the period	-	-	-	39,168	-	-	-	-	39,168	108	39,276
Total comprehensive income (expense) for the period	-	-	-	39,168	-	-	-	136,502	175,670	(694)	174,976
Dividends recognised as distribution (Note 10)	-	-	-	-	-	-	-	(29,333)	(29,333)	-	(29,333)
Merger reserve arising from common control combination (Note 1)	-	-	-	-	(5,036)	-	-	-	(5,036)	-	(5,036)
Recognition of share-based payments (Note 24)	-	-	-	-	-	4,419	-	-	4,419	-	4,419
At 30 June 2023 (unaudited)	2	2,465,311	30,115	126,740	(25,066)	15,860	33,621	316,408	2,962,991	6,603	2,969,594

Note: Pursuant to the relevant laws and regulations in the People's Republic of China (the "PRC"), subsidiaries established in the PRC are required to transfer a portion of the profit after taxation to the statutory surplus reserve as approved by the respective boards of directors annually. The appropriation is 10% of profit after tax at a minimum and should cease when it reaches 50% of the registered capital of the relevant PRC subsidiaries. The statutory reserve, which is non-distributable, can be used (i) to offset the prior year losses, if any, and/or (ii) in capital conversion.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited and restated)
Operating cash flows before movements in working capital	151,242	110,938
Decrease in inventories	169,340	175,081
Increase in trade and other receivables	(21,706)	(50,832)
Increase in amounts due from related parties	(56,210)	(117,126)
Decrease in trade and other payables	(50,801)	(116,929)
Decrease in contract liabilities	(201,210)	(131,160)
Decrease in amounts due to related parties	(28,311)	(12,230)
Cash used in operations	(37,656)	(142,258)
Income tax paid	(36,295)	(30,337)
Cash used in operating activities	(73,951)	(172,595)
Withdrawal of time deposits	945,807	4,663,292
Withdrawal of financial assets at amortised cost	119,952	–
Proceeds on disposal of financial assets at FVTPL	90,000	220,000
Bank interest income received	17,820	17,295
Investment income from financial assets at amortised cost received	7,311	–
Receipt of investment income from financial assets at FVTPL	566	4,441
Proceeds on disposal of property, plant and equipment	111	3
Purchase of financial assets at amortised cost	–	(228,592)
Payment for leasehold lands	–	(200)
Acquisition of interests in an associate	(1,500)	–
Consideration paid for business combination under common control	(5,036)	–
Purchase and deposits paid for acquisition of property, plant and equipment	(8,750)	(5,863)
Purchase of financial assets at FVTPL	(90,000)	(277,700)
Placement of time deposits	(825,923)	(5,265,088)
Net cash from (used in) investing activities	250,358	(872,412)
Repayments of lease liabilities	(4,685)	(3,078)
Finance costs paid	(465)	(410)
Dividends paid	–	(73,733)
Cash used in financing activities	(5,150)	(77,221)
Net increase (decrease) in cash and cash equivalents	171,257	(1,122,228)
Cash and cash equivalents at the beginning of the period	1,340,980	1,953,122
Effect of foreign exchange rate changes	30,095	50,515
	1,542,332	881,409
Cash and cash equivalents at the end of the period, represented by		
Bank balances and cash	769,326	631,409
Time deposits with maturity of three months or less	773,006	250,000
	1,542,332	881,409



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. BASIS OF PREPARATION

The condensed consolidated financial statements of Cheerwin Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“**IAS 34**”) issued by the International Accounting Standards Board (the “**IASB**”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Merger accounting for business combination involving a subsidiary under common control

On 24 March 2023, Guangzhou Cheerwin Holding Company Limited (“**Guangzhou Cheerwin**”), an wholly-owned subsidiary of the Company, entered into an Equity Transfer Agreement (The “**agreement**”) with Shanghai Xingaozi Cosmetic Co., Limited (“**Shanghai Xingaozi**”). Pursuant to the agreement, Guangzhou Cheerwin agree to acquire 100% equity interests in Guangdong Zhongkeyan Cosmetics Technology Research Co., Limited (“**Guangdong Zhongkeyan**”) from Shanghai Xingaozi at a cash consideration of RMB5,035,632.00 (the “**Acquisition**”).

Shanghai Xingaozi is ultimately owned by Mr.Chen Kaixuan and Mr. Chen Kaichen, the controlling shareholders of the Company, therefore, the Acquisition was considered as a business combination under common control. The acquisition of Guangdong Zhongkeyan was accounted for using merger accounting in accordance with Hong Kong Accounting Guideline 5 “Merger Accounting for Common Control Combinations” (“**AG 5**”) issued by the Hong Kong Institute of Certified Public Accountants. The Group and Guangdong Zhongkeyan are regarded as continuing entities.

Under merger accounting, based on the guidance set out in AG 5, the condensed consolidated financial statements incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party’s perspective. No amount is recognised in respect of goodwill or excess of acquirer’s interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party’s interest. The adjustments to eliminate share/registered capital of the combining entities or businesses against the related investment costs have been made to merger reserve in the consolidated statement of changes in equity.

The condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months ended 30 June 2022, and the consolidated statement of financial position as at 31 December 2022 have been restated as a result of adoption of merger accounting for the above business combination under common control.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. BASIS OF PREPARATION (continued)

Merger accounting for business combination involving a subsidiary under common control (continued)

- (i) Effect on the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2022:

	The Group (before business combination under common control) RMB'000 (originally stated)	Business combination of entities under common control RMB'000	Consolidated RMB'000 (unaudited and restated)
Revenue	1,021,635	1,545	1,023,180
Cost of sales	(621,252)	(1,417)	(622,669)
Gross Profit	400,383	128	400,511
Other income	29,325	17	29,342
Other gains and losses	6,675	–	6,675
Impairment losses under expected credit loss model, net of reversal	(1,928)	–	(1,928)
Selling and distribution expenses	(238,532)	–	(238,532)
Administrative expenses	(72,653)	(50)	(72,703)
Finance costs	(410)	–	(410)
Profit before tax	122,860	95	122,955
Income tax expense	(33,525)	(3)	(33,528)
Profit for the period	89,335	92	89,427
Profit (loss) for the period attributable to:			
Owners of the Company	89,566	92	89,658
Non-controlling interests	(231)	–	(231)
Profit for the period	89,335	92	89,427



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. BASIS OF PREPARATION (continued)

Merger accounting for business combination involving a subsidiary under common control (continued)

(ii) Effect on the condensed consolidated statement of financial position as at 31 December 2022:

	The Group (before business combination under common control) RMB'000 (originally stated)	Business combination of entities under common control RMB'000	Adjustments RMB'000	Consolidated RMB'000 (audited and restated)
Non-current assets				
Property, plant and equipment	163,961	2	–	163,963
Right-of-use assets	23,609	–	–	23,609
Deposits paid for acquisition of property, plant and equipment	618	–	–	618
Deferred tax assets	68,064	–	–	68,064
Intangible assets	11,645	–	–	11,645
Goodwill	3,925	–	–	3,925
Financial assets at fair value through profit or loss (“FVTPL”)	146,031	–	–	146,031
	417,853	2	–	417,855
Current assets				
Inventories	319,177	–	–	319,177
Trade and other receivables	97,216	15	–	97,231
Tax Recoverable	6,876	–	–	6,876
Amounts due from related parties	14,410	–	–	14,410
Other financial assets at amortised cost	357,910	–	–	357,910
Time deposits	1,455,986	–	–	1,455,986
Bank balances and cash	903,500	5,214	–	908,714
	3,155,075	5,229	–	3,160,304
Current Liabilities				
Trade and other payables	414,807	393	–	415,200
Contract liabilities	243,719	–	–	243,719
Amounts due to related parties	66,548	–	–	66,548
Lease liabilities	6,202	–	–	6,202
Income tax payables	3,200	40	–	3,240
	734,476	433	–	734,909
Net current assets	2,420,599	4,796	–	2,425,395
Total assets less current Liabilities	2,838,452	4,798	–	2,843,250



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. BASIS OF PREPARATION (continued)

Merger accounting for business combination involving a subsidiary under common control (continued)

(ii) Effect on the condensed consolidated statement of financial position as at 31 December 2022: (continued)

	The Group (before business combination under common control) RMB'000 (originally stated)	Business combination of entities under common control RMB'000	Adjustments RMB'000	Consolidated RMB'000 (audited and restated)
Non-current Liabilities				
Lease liabilities	10,412	–	–	10,412
Deferred tax liabilities	8,270	–	–	8,270
	18,682	–	–	18,682
Net assets	2,819,770	4,798	–	2,824,568
Capital and reserves				
Share capital	2	1,000	(1,000)	2
Reserves	2,812,471	3,798	1,000	2,817,269
Equity attributable to owners of the Company	2,812,473	4,798	–	2,817,271
Non-controlling interests	7,297	–	–	7,297
Total equity	2,819,770	4,798	–	2,824,568



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. BASIS OF PREPARATION (continued)

Merger accounting for business combination involving a subsidiary under common control (continued)

(iii) The impact of restatement on the Group's equity as of 31 December 2021 is summarised as follows:

	The Group (before business combination under common control) RMB'000 (originally stated)	Business combination of entities under common control RMB'000	Adjustments RMB'000 (Note)	Consolidated RMB'000 (audited and restated)
Share capital	2	1,000	(1,000)	2
Share premium	2,465,311	–	–	2,465,311
Capital reserve	30,115	–	–	30,115
Translation reserve	(18,199)	–	–	(18,199)
Merger reserve	(21,030)	–	1,000	(20,030)
Share based payments reserve	7,097	–	–	7,097
Statutory reserve	30,430	–	–	30,430
Retained profits	240,035	2,427	–	242,462
Total	2,733,761	3,427	–	2,737,188
Non-controlling interests	1,498	–	–	1,498
Total equity	2,735,259	3,427	–	2,738,686

Note: The adjustments represent the reclassification of reserves to conform with the presentation of the Group's condensed consolidated financial statements.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. BASIS OF PREPARATION (continued)

Merger accounting for business combination involving a subsidiary under common control (continued)

- (iv) The impact of restatement on the Group's basic earnings per share for the six months ended 30 June 2022 is as follows:

	Six months ended 30 June 2022 RMB cents (unaudited)
Earnings per share	
Basic	6.72
Adjustments arising from the business combination under common control	–
Basic (Restated)	6.72

- (v) The impact of restatement on the cash flow of the Group for the six months ended 30 June 2022 is summarized as follows:

	Six months ended 30 June 2022 RMB'000 (unaudited)
Increase in net cash used in operating activities	212
Increase/(decrease) in cash used in investing activities	–
Increase/(decrease) in cash used in financing activities	–
Increase in cash and cash equivalents at the end of period	212



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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 additional 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 June 2023 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2022.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group’s annual periods beginning on 1 January 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 amendments to IFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

3. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited and restated)
Revenue by types of products or services		
Household care (Note i)	1,043,854	941,996
Personal care	42,596	44,343
Pets and pet products	45,243	32,065
Others (Note ii)	1,068	4,776
Total	1,132,761	1,023,180
Timing of revenue recognition		
At a point in time	1,132,761	1,023,180

Notes:

- (i) Household care included household insecticides and repellents, household cleaning and air care products.
- (ii) Others included numerous household supplies, appliances, other products and testing services, none of them accounted for a material portion individually.

(ii) Transaction price allocated to the remaining performance obligations for contracts with customers

As at 30 June 2023, the Group had aggregate amount of the transaction price allocated to remaining performance obligations (unsatisfied or partially unsatisfied) amounted to approximately RMB42,509,000 (unaudited) (31 December 2022: RMB243,719,000 (audited)). The amounts were equivalent to the contract liabilities as at 30 June 2023 and 31 December 2022, which represented payments received from customers by the Group while the underlying goods are yet to be delivered.

Based on the information available to the Group at the end of the reporting period, management of the Group expects the transaction price allocated to the above unsatisfied (or partially unsatisfied) contracts as at 30 June 2023 and 31 December 2022 will be recognised as revenue within next twelve months.

(iii) Segment information

Revenue and operating result of the Group are reported to the executive directors of the Company, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and performance assessment. The accounting policies are the same as the Group's accounting policies. No other analysis of the Group's results nor assets and liabilities is regularly provided to the CODM for review and the CODM reviews the overall results and financial position of the Group as a whole. Accordingly, the CODM has identified one operating segment and only entity-wide disclosures on revenue, major customers and geographical information are presented in accordance with IFRS 8 Operating Segments.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

3. REVENUE AND SEGMENT INFORMATION (continued)

(iv) Geographic information

The Group principally operates in the PRC, which is also the place of domicile. The Group's revenue is almost all derived from operations in the PRC and the Group's non-current assets are almost all located in the PRC.

(v) Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue are as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited and restated)
Customer A (Note)	145,774	151,784

Note: Customer A represented a group of entities under common control of the controlling shareholders of the Company. No single entity other than Customer A contributes 10% or more of total revenue of the Group for the respective periods.

4. OTHER INCOME

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited and restated)
Government grants (Note)	5,538	7,374
Bank interest income	37,217	17,295
Interest income from other financial assets at amortised cost	10,135	939
Investment income from financial assets at FVTPL	566	3,502
Others	356	232
	53,812	29,342

Note: The amount represented subsidy income received from certain government authorities in the PRC for the purpose of giving immediate financial support to the Group with no future obligations.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited and restated)
Gains/(losses) on disposal of property, plant and equipment	76	(51)
Donations	(150)	(2,371)
Foreign exchange gains/(losses), net	3,342	(1,527)
Gain on fair value changes of financial assets at FVTPL	–	10,624
	3,268	6,675

6. SELLING AND DISTRIBUTION EXPENSES

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited and restated)
Staff costs	45,508	34,529
Promotion expenses	42,625	42,483
E-commerce channel promotion expenses	91,057	64,358
Advertising service expenses	19,646	38,278
Transportation and storage expenses	56,677	51,292
Marketing expenses	8,784	7,254
Others	502	338
	264,799	238,532

7. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited and restated)
Interest expense on lease liabilities	465	410



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited and restated)
Enterprise Income Tax ("EIT"):		
Current tax	50,328	48,988
Deferred tax (Note 15)	(11,950)	(15,460)
	38,378	33,528

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act, Cap 22 of the Cayman Islands and is exempted from the Cayman Islands income tax.

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the PRC EIT rate of subsidiaries of the Group operating in the PRC was 25% for both periods, except for those described below.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Anfu Cheerwin Rihua Company Limited has been qualified as a New and Hi-Tech Enterprise and entitled to a preferential tax rate of 15% from 2019 to 2024 granted by the local tax authority.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

9. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited and restated)
Profit for the period has been arrived at after charging (crediting):		
Staff costs (including directors' remuneration) (Note i):		
– Directors' remuneration	9,792	6,321
Other staff costs:		
– Salaries and other allowances	79,505	65,237
– Contributions to retirement benefits scheme	6,043	5,685
	95,340	77,243
Depreciation of property, plant and equipment	12,733	12,374
Depreciation of right-of-use assets	4,608	3,352
Amortisation of intangible assets	159	–
Total depreciation	17,500	15,726
Less: capitalised in inventories	(3,341)	(2,720)
	14,159	13,006
Auditor's remuneration	1,626	1,420
Research and development costs (included in administrative expenses)	14,081	9,925
Cost of inventories recognised as an expense (Note ii)	663,194	622,665

Notes:

- (i) Total staff costs have been charged to the condensed consolidated statement of profit or loss and other comprehensive income as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited and restated)
Staff costs included in cost of inventories	9,053	9,218
Selling and distribution expenses	45,508	34,529
Administrative expenses	40,779	33,496
	95,340	77,243

- (ii) Amount included allowance for inventories of approximately RMB1,786,000 (unaudited) (six months ended 30 June 2022: RMB4,000 (unaudited)).



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

10. DIVIDENDS

During the current interim period, a final dividend of RMB0.0220 per ordinary share (equivalent to HK\$0.0251 per ordinary share) in respect of the year ended 31 December 2022 (six months ended 30 June 2022: RMB0.0553 per ordinary share (equivalent to HK\$0.0680 per ordinary share) in respect of the year ended 31 December 2021) was declared to owners of the Company. The aggregate amount of the final dividend amounted to approximately RMB29,333,000 (six months ended 30 June 2022: RMB73,733,000) was paid on 7 July 2023.

Subsequent to the end of the current interim period, the directors of the Company have determined that an interim dividend of RMB0.0410 per ordinary share (equivalent to HK\$0.0447 per ordinary share) amounting to RMB54,667,000 in aggregate (six months ended 30 June 2022: RMB0.0168 per ordinary share (equivalent to HK\$0.0192 per ordinary share) amounting to RMB22,400,000 in aggregate) will be paid to owners of the Company whose names appear in the Register of Members on 19 September 2023.

11. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited and restated)
Earnings for the purposes of calculating basic earnings per share (profit for the period attributable to the owners of the Company)	136,502	89,658
	No. of Shares	No. of Shares
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,333,334	1,333,334

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price of the Company's shares for both six months ended 30 June 2023 and 2022 since the grant date of those share options.

12. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the Group incurred approximately RMB9,517,000 (unaudited) (six months ended 30 June 2022: RMB5,176,000 (unaudited)) on the acquisition of property, plant and equipment.

During the current interim period, the Group renewed several lease agreements and entered into several new lease agreements with lease terms ranged from 3 to 3.13 years (six months ended 30 June 2022: 5 years). On date of lease modification or lease commencement, the Group recognised right-of-use assets of RMB4,849,000 (six months ended 30 June 2022: RMB7,845,000) and lease liabilities of RMB4,849,000 (six months ended 30 June 2022: RMB7,845,000). The Group is required to make fixed monthly payments.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

13. INTERESTS IN AN ASSOCIATE

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited and restated)
Cost of investments in an associate – unlisted	1,500	–
Share of results of an associate	–	–
	1,500	–

Details of the Group's associates at the end of the reporting periods are as follows:

Name of associates	Place of incorporation/ establishment/ principal place of business	Proportion of ownership interests/ voting rights held by the Group		Principal activities
		As at 30 June 2023	As at 31 December 2022	
Wuhan Zhongbo Lvya Biotechnology Co., Limited (“ Zhongbo Lvya ”) (Note i) (Note 14)	The PRC	30%	30%	Development and production of pet products
Yunnan Yunbang Co., Limited (“ Yunnan Yunbang ”) (Note ii)	The PRC	49%	–	Production and sales of pet products

Notes:

- (i) According to the investment agreement, under certain circumstances, the Group has the right to request Zhongbo Lvya and its controlling shareholder to buy back the 30% equity interest at the original investment amount plus a fixed return of 8% interest per annum. Due to the existence of redemption right, the investment in Zhongbo Lvya was accounted for as a financial asset at FVTPL.
- (ii) During the six months ended 30 June 2023, the Group invested in 49% equity interest in Yunnan Yunbang at a cash consideration of RMB1,500,000. The Group has the power to appoint one out of the three directors of Yunnan Yunbang under the Article of Association. As such, the Group exercises significant influence in deciding the associate's financial and operating policy, the resolution of which required approval by simple majority of the Board and accordingly accounts for its interest in Yunnan Yunbang as an associate.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited and restated)
Unlisted investments		
Financial assets at FVTPL	146,031	146,031

The unlisted equity investments represent the Group's equity interests in the below companies.

During the year ended 31 December 2021, the Group invested in 3.2% equity interest in a private entity established in the PRC at a consideration of approximately RMB66,900,000. In the opinion of the management of the Company, as there was no significant change on the business operation or market environment that may have material impacts on the key assumptions and inputs used in the valuation model during the current interim period and year ended 31 December 2022, the change in fair value of the investment is considered to be insignificant. As at 30 June 2023, the fair value of the investment amounted to approximately RMB86,469,000 (unaudited) (31 December 2022: RMB86,469,000 (audited)).

In April 2022, the Group invested in 30% equity interest in Zhongbo Lvya at a cash consideration of approximately RMB57,700,000. The Group has the power to appoint one out of the three directors of Zhongbo Lvya under the Article of Association of Zhongbo Lvya. The Group considers it has the power to exercise and has significant influence over the operating and financing activities of Zhongbo Lvya and Zhongbo Lvya became an associate of the Group upon the completion of the transaction. Details of the associate are set out in Note 13. In the opinion of the management of the Company, as there was no significant change on the business operation or market environment that may have material impacts on the key assumptions and inputs used in the valuation model during the current interim period and year ended 31 December 2022, the fair value change of investment in Zhongbo Lvya is considered to be insignificant. As at 30 June 2023, the fair value of the investment amounted to approximately RMB59,562,000 (unaudited) (31 December 2022: RMB59,562,000 (audited)).



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

15. DEFERRED TAX ASSETS AND LIABILITIES

For the purpose of presentation in the condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited and restated)
Deferred tax assets	79,973	68,064
Deferred tax liabilities	(8,229)	(8,270)
	71,744	59,794

The following are the major deferred tax assets and liabilities recognised and movements thereon during the current and prior periods:

	Accrued sales rebates RMB'000	Unrealised profit on inventories RMB'000	Unrealised profit on financial assets at FVTPL RMB'000	Intangible assets acquired in business combinations RMB'000	Others RMB'000	Total RMB'000
At 1 January 2022 (audited and restated)	47,097	6,999	–	–	38	54,134
Credited (charged) to profit or loss	15,930	(2,021)	(5,358)	10	21	8,582
Acquisition of a subsidiary	–	–	–	(2,922)	–	(2,922)
At 31 December 2022 (audited and restated)	63,027	4,978	(5,358)	(2,912)	59	59,794
Credited to profit or loss	8,613	2,643	–	41	653	11,950
At 30 June 2023 (unaudited)	71,640	7,621	(5,358)	(2,871)	712	71,744



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

16. INVENTORIES

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited and restated)
Raw materials	32,473	47,148
Work-in-progress	8,713	14,559
Finished goods	106,815	257,470
	148,001	319,177

17. TRADE AND OTHER RECEIVABLES

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited and restated)
Trade receivables	44,284	22,246
Less: Allowance for credit losses	(1,881)	(943)
	42,403	21,303
Prepayments for purchase of raw materials	11,046	10,336
Prepaid promotion service expenses	15,423	4,528
Other tax recoverables	34,081	49,291
Receivables from payment intermediaries (Note a)	3,636	978
Other receivables (Note b)	11,410	10,795
	117,999	97,231

Notes:

- (a) Receivables from payment intermediaries represent the sales received by Alipay, Jingdong and other platforms on behalf of the Group for the online platform sales. The balance will be transferred back to the bank accounts of the Group upon the Group's instruction.
- (b) Other receivables represent advances to staff and other miscellaneous deposits, which are unsecured, non-interest bearing and repayable in 12 months.

Trade receivables

Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit limit to each customer on an individual basis. Credit limits attributed to customers are reviewed regularly.

The Group generally requires advance payments from majority of its customers before delivery of goods. For certain customers, the Group allows credit terms of 5 to 60 days from the invoice date for trade receivables.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

17. TRADE AND OTHER RECEIVABLES (continued)

Trade receivables (continued)

The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date which approximated the revenue recognition date at the end of each reporting period:

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited and restated)
Within 30 days	30,161	12,934
31–60 days	7,603	6,863
61–90 days	3,245	1,506
91–120 days	1,394	–
	42,403	21,303

As at 30 June 2023, included in the Group's trade receivables balance are debtors with an aggregate carrying amount of approximately RMB12,242,000 (unaudited) (31 December 2022: RMB8,369,000 (audited)) which are past due as at the reporting date. In particular, for trade receivable past due as at 30 June 2023, carrying amount of approximately RMB3,512,000 (unaudited) (31 December 2022: RMB4,267,000 (audited)) is due from one single customer. The directors of the Company are of the opinion that there has not been a significant change in credit quality and the balances are still considered fully recoverable considering factors such as historical settlement patterns from and on-going business relationship with this customer. The entire balance has been fully settled subsequently.

The Group applies the simplified approach to provide for expected credit losses ("ECL") prescribed by IFRS 9 "Financial Instruments", which permits the use of the lifetime expected loss provision for trade receivables.

Trade receivables with significant balances and credit-impaired are assessed for ECL individually. The remaining trade receivables are assessed collectively, grouped by internal credit rating taking into account past due status of respective receivables. The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

During the six months ended 30 June 2023, the Group recognised credit loss allowance of approximately RMB938,000 (unaudited) (six months ended 30 June 2022: RMB1,928,000 (unaudited)) for trade receivables.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

18. AMOUNTS DUE FROM (TO) RELATED PARTIES

Amounts due from related parties

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited and restated)
Trade nature (Notes a & b)		
– Guangdong Liby Washing Products Company Limited	28,616	9,202
– Shanghai Liby Shiye Company Limited	13,339	4,373
– Tianjin Liby Product Sales Company Limited	847	54
– Chengdu Liby Shiye Company Limited	1,817	362
– Nanjing Liby Rihua Company Limited	1,330	80
– Guangzhou Liby Group Company Limited	24,200	–
	70,149	14,071
Trade related prepayments (Note a)		
– Guangzhou Zhanze Property Management Company Limited	471	339
	70,620	14,410

Notes:

- (a) These entities have been identified as related parties of the Group as they are under the common control by the controlling shareholders of the Company.
- (b) Trade related balances with related parties arose from sales of goods. In general, 45 days credit period is allowed. The amounts were unsecured and interest-free.

The following is the aged analysis of trade related balances (excluding prepayments to related parties) with related parties at the end of the reporting period presented based on the invoice date.

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited and restated)
Within 45 days	69,530	6,164
46–90 days	419	7,670
91–135 days	–	237
136–180 days	200	–
	70,149	14,071

As at 30 June 2023, included in the Group's trade related balances with related parties approximately RMB619,000 (unaudited) (31 December 2022: RMB7,907,000 (audited)) were past due as at the reporting date. Out of the past due balances as at 30 June 2023, RMB200,000 (unaudited) (31 December 2022: nil (audited)) had been past due 90 days or more and was not considered as in default by considering the historical payment arrangement and forward-looking information of these related parties. The Group did not hold any collateral over these balances.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

18. AMOUNTS DUE FROM (TO) RELATED PARTIES (continued)

Amounts due to related parties

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited and restated)
Trade nature (Note)		
– Guangzhou Liby Group Company Limited	–	26,883
– Xinxiang Liby Shiye Company Limited	9,972	10,763
– Guangzhou Liby (Panyu) Company Limited	8,933	11,414
– Maanshan Liby Rihua Company Limited	10,396	10,993
– Siping Liby Rihua Company Limited	4,863	3,283
– Liby Rihua Company Limited	794	185
– Sichuan Liby Shiye Company Limited	3,279	3,027
	38,237	66,548

Note: These entities have been identified as related parties of the Group as they are under the common control by the controlling shareholders of the Company.

Trade related balances with related parties arose from purchase of goods and provision of services. In general, 30 to 60 days credit period is allowed. These balances were unsecured and interest-free.

The following is an aged analysis of the Group's trade related balances with related parties at the end of the reporting period presented based on invoice date:

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited and restated)
Within 30 days	27,041	19,056
31–60 days	11,026	16,400
61–90 days	170	15,089
91–180 days	–	2,615
181–365 days	–	13,388
	38,237	66,548



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

19. OTHER FINANCIAL ASSETS AT AMORTISED COST

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited and restated)
Other investments		
– principal	245,677	355,195
– interest receivables	5,539	2,715
	251,216	357,910

As at 30 June 2023, other investments include i) bond of US\$20,000,000 (equivalent to RMB144,516,000) (unaudited) issued by a private company incorporated in HK and its corresponding interest receivables. The bond carries interest at 5.8% per annum and due in November 2023; ii) asset management plans of US\$14,000,000 (equivalent to RMB101,161,000) (unaudited) and its corresponding interest receivables with fixed interest rate at prevailing market rate. The asset management plans are with fixed period of one month and redeemable anytime at the Group's request upon the one-month fixed period.

Since the contractual cash flows of the bonds and asset management plans represent solely the payments of principal and interest on the principal amount outstanding, the investment in bond and asset management plans are measured at amortised cost.

20. TIME DEPOSITS

As at 30 June 2023, time deposits of approximately RMB1,696,239,000 (unaudited) (31 December 2022: RMB1,455,986,000 (audited)) carried fixed-rates ranging from 2.15% to 5.84% (31 December 2022: 3.20% to 5.18%) per annum.

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited and restated)
Time deposits with maturity of three months or less	773,006	432,266
Time deposits with maturity of more than three months but less than one year	888,297	1,008,182
	1,661,303	1,440,448
Interest receivables	34,936	15,538
	1,696,239	1,455,986
Presented as:		
Current	1,696,239	1,455,986



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

21. TRADE AND OTHER PAYABLES

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited and restated)
Trade payables	117,523	177,243
Accrued sales rebates (Note)	123,072	166,034
Other accrued expenses	59,096	29,547
Accrued staff payroll and welfare	30,347	27,753
Construction costs payables	3,533	3,213
Other tax payables	21,762	6,735
Other payables	9,386	4,675
	364,719	415,200

Note: The accrued sales rebates will be settled in cash or through offsetting future sales orders, at the discretion of the Group's customers.

Trade payables

The credit period of trade payables is normally within 20 to 60 days from the invoice date.

The following is an aged analysis of trade payables, presented based on the invoice date at the end of each reporting period:

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited and restated)
Within 30 days	32,585	95,129
31–60 days	58,105	46,536
61–90 days	17,912	18,845
Over 90 days	8,921	16,733
	117,523	177,243



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

22. CONTRACT LIABILITIES

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited and restated)
Receipts in advances from customers		
– finished goods	42,509	243,719

The Group generally requires advance payments from majority of its customers before delivery of goods. This will give rise to a contract liability at the beginning of a contract, until the revenue recognised on the relevant contract exceeds the amount received.

23. SHARE CAPITAL

	Par value	Number of shares	Share capital USD	Presented as RMB'000
Authorised:				
At 31 December 2021 (audited), 30 June 2022 (unaudited), 31 December 2022 (audited) and 30 June 2023 (unaudited)	USD0.0000002	250,000,000,000	50,000	
Issued and fully paid:				
At 31 December 2021 (audited), 30 June 2022 (unaudited), 31 December 2022 (audited) and 30 June 2023 (unaudited)	USD0.0000002	1,333,333,500	267	2



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

24. SHARE-BASED PAYMENT TRANSACTIONS

Share Award Scheme

On 3 June 2021, the Company has adopted the share award scheme (the “**Share Award Scheme**”) with effect from 23 December 2021 to recognise the contribution of and provide incentives for the key management personnel including directors and senior management and employees of the Group. Under the Share Award Scheme, the board of directors of the Company may grant shares to eligible employees, including directors of the Company and its subsidiaries.

The table below discloses movement of the Scheme:

	Number of awarded shares
Outstanding as at 1 January 2022	19,800,000
Forfeited during the year	(10,200,000)
Outstanding as at 31 December 2022	9,600,000
Forfeited during the period	–
Outstanding as at 30 June 2023	9,600,000

At the end of each interim period, the Group revises its estimates of the number of awarded shares that are expected to vest ultimately. The impact of the revision of the estimates, if any, is recognised in profit and loss, with a corresponding adjustment to the share-based payments reserve.

During the six months ended 30 June 2023, share-based payment expenses amounted to approximately RMB4,012,000 (unaudited) was recognised (six months ended 30 June 2022: RMB156,000 was reversed (unaudited)) under the Share Award Scheme while no shares were vested for both periods.

Share Option Scheme

The Company’s share option scheme (the “**Share Option Scheme**”) was adopted pursuant to a resolution passed on 23 September 2021 for the primary purpose of providing incentives to directors and eligible employees, and effective for a period of ten years. Under the Share Option Scheme, the directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. The Share Option Scheme is effective from 23 July 2021 and shall continue in full force and effect for a term of 10 years.

During the six months ended 30 June 2023, share-based payment expenses amounted to approximately RMB407,000 (unaudited) (six months ended 30 June 2022: RMB8,000 (unaudited)) was recognised under the Share Option Scheme.

During the six months ended 30 June 2023, nil (six months ended 30 June 2022: 600,000) of share options were forfeited while no shares were vested for both periods.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

25. CAPITAL COMMITMENTS

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited and restated)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	2,769	1,172

26. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Certain of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial assets	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
Financial asset at FVTPL	86,469	86,469	Level 3	Market approach by applying market multiples such as the ratio of market capital to EBITDA from comparable companies. The inputs are probability of IPO, redemption and liquidation, the risk-free interest rate and expected volatility.	Expected volatility of 43.96% (31 December 2022: 43.96%), determined by reference to the expected volatility of comparable companies.
Financial asset at FVTPL	59,562	59,562	Level 3	Market approach by applying market multiples such as the ratio of market capital to sales from comparable companies. The inputs are probability of IPO, redemption and liquidation, the risk-free interest rate and expected volatility.	Expected volatility of 43.67% (31 December 2022: 43.67%), determined by reference to the expected volatility of comparable companies.



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For the six months ended 30 June 2023

26. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the condensed consolidated financial statements approximate to their fair values.

The fair values of financial assets and financial liabilities recorded at amortised cost have been determined in accordance with generally accepted pricing model based on discounted cash flow analysis.

27. RELATED PARTY TRANSACTIONS

(a) Details of the balances with related parties at the end of the reporting period are disclosed in the condensed consolidated statement of financial position and Note 18 to the condensed consolidated financial statements. Apart from disclosure elsewhere in the condensed consolidated financial statements, the Group entered into the following transactions with related parties during the period:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited and restated)
Sales to related parties (Note)		
– Guangzhou Liby Group Company Limited	81,810	62,553
– Guangdong Liby Washing Products Company Limited	36,613	55,878
– Shanghai Liby Shiye Company Limited	21,397	24,850
– Tianjin Liby Product Sales Company Limited	429	31
– Guangzhou Liby (Panyu) Company Limited	952	700
– Xinxiang Liby Shiye Company Limited	23	53
– Maanshan Liby Rihua Company Limited	71	247
– Chengdu Liby Shiye Company Limited	2,827	3,964
– Nanjing Liby Rihua Company Limited	1,412	2,047
– Liby Rihua Company Limited	1	13
	145,535	150,336
Rendering of services to		
Shanghai New COGI Cosmetic Co., Ltd.	239	1,448
Purchase from related parties (Note)		
– Guangzhou Liby Group Company Limited	618	138
– Xinxiang Liby Shiye Company Limited	16,843	22,424
– Guangzhou Liby (Panyu) Company Limited	17,158	23,254
– Maanshan Liby Rihua Company Limited	17,943	19,831
– Siping Liby Rihua Company Limited	7,897	6,930
– Liby Rihua Company Limited	1,463	1,165
– Shanghai New COGI Cosmetic Co., Ltd.	–	2
– Sichuan Liby Shiye Company Limited	6,032	7,114
– Guangzhou Zhi Yun COGI bio-technology Company Limited	559	–
	68,513	80,858



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

27. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited and restated)
Sales support service expenses (Note)		
– Guangzhou Liby Group Company Limited	25,050	13,450
Warehousing service expenses (Note)		
– Guangzhou Liby Group Company Limited	6,750	4,500
IT service expenses (Note)		
– Guangzhou Liby Group Company Limited	1,725	1,150
Expenses relating to short-term leases (Note)		
– Shanghai New COGI Cosmetic Co., Ltd.	207	207
– Guangzhou Liby Group Company Limited	229	–
	436	207
Payment of lease liabilities (Note)		
– Guangzhou Liby Group Company Limited	1,813	1,638
– Guangzhou Liby (Panyu) Company Limited	1,293	1,013
	3,106	2,651
Property management expenses (Note)		
– Guangzhou Zhanze Property Management Company Limited	825	634

Note: These entities have been identified as related parties of the Group as they are under the common control by the controlling shareholders of the Company.

(b) Compensation of key management personnel

The remuneration of directors, being the key management of the Company is set out in Note 9.