

藍月亮集團控股有限公司

Blue Moon Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 6993



蓝月亮

ANNUAL REPORT
2024

Remarkable laundry technologies for the future



Official partner of
Chinese Diving Team

「Concentrated+」 biotech 「Zhizhun liquid laundry detergent」

Dissolving in 1 second[^], super clean, easy to rinse, no residues[△]

Three essential tips for laundry

Three modes for machine wash

Express wash
(15 mins)
for daily routine clothes



Big-item wash
(≥70 mins, 40°C)
for pillow cases that are washed
every two weeks, etc.

Standard wash
(40-60 mins)
for towels, baby clothing,
sports clothing, etc.



Let stand for 5 mins



Soak for 0.5-2 hours



For oil spots and collar stains
Apply on dry clothes before standard wash

Color spots and yellowing
Soak first before standard wash^{*}

Pre-wash



Soak

[^]Dissolving in 1 second: it can dissolve instantly in 1 second under specific test conditions according to testing by a professional institution. [△]No residues: a 15-min express wash with reference to the QB/T5827 test showed the laundry was free of anionic surfactants and alkaline residues after washing, and was easy to rinse. ^{*}Soak: for color stains, add one spoon of Color Stain Remover (色渍净) and soak for 0.5-2 hours; for yellowing, add one pump of Zhizhun and two spoons of Color Stain Remover and soak for two hours. Extend the soaking time when necessary, but do not exceed 24 hours.



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CORPORATE INFORMATION AND FINANCIAL CALENDAR

Board of Directors

Executive Directors

Ms. PAN Dong (*Chairman*)
Mr. LUO Qiuping (*Chief Executive Officer*)
Ms. LUO Dong
Mr. POON Kwok Leung
Ms. XIAO Haishan

Independent Non-executive Directors

Mr. Bruno Robert MERCIER
Ms. NGAN Edith Manling
Mr. HU Yebi

Authorised Representatives

Ms. PAN Dong
Mr. POON Kwok Leung

Audit Committee

Ms. NGAN Edith Manling (*Chairman*)
Mr. Bruno Robert MERCIER
Mr. HU Yebi

Remuneration Committee

Mr. HU Yebi (*Chairman*)
Ms. PAN Dong
Ms. XIAO Haishan
Mr. Bruno Robert MERCIER
Ms. NGAN Edith Manling

Nomination Committee

Ms. PAN Dong (*Chairman*)
Mr. Bruno Robert MERCIER
Mr. HU Yebi

Company Secretary

Mr. POON Kwok Leung, *CPA*

Auditor

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

Legal Advisers

Norton Rose Fulbright Hong Kong
38/F, Jardine House
1 Connaught Place
Central, Hong Kong

Compliance Adviser

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

Registered Office

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Grand Cayman
KY1-1111
Cayman Islands

Principal Share Register and Transfer Agent in the Cayman Islands

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



CORPORATE INFORMATION AND FINANCIAL CALENDAR

Key Dates for 2024 Annual Results and Final Dividend

Publication Dates

Annual results announcement	25 March 2025
Annual report available online:	25 April 2025
- Website of the Company	www.bluemoon.com.cn
- Website of the Stock Exchange	www.hkexnews.hk

Dividend-related Dates

Ex-dividend date	11 June 2025
Latest time to lodge transfer documents for registration with share registrar for determining entitlement to the dividend	At 4:30 p.m. on 12 June 2025
Book close period	
- For Annual General Meeting:	3 to 5 June 2025
- For Final Dividend:	13 to 17 June 2025
Payment date	23 June 2025

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited

Address: Shops 1712-1716, 17th Floor,
Hopewell Centre, 183 Queen's Road East,
Wanchai, Hong Kong

Telephone: (852) 2862 8628

Facsimile: (852) 2865 0990

Enquiries: www-uk.computershare.com/Investor/#Contact/Enquiry?cc=hk&lang=en

Stock Code

Stock Exchange of Hong Kong: 6993

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Facsimile: (852) 3182 0120



COMPANY HIGHLIGHTS

Corporate Profile

The Blue Moon brand was established in 1992 and has been developed into a leading innovative household cleaning solutions provider in China. Blue Moon Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) under the stock code 6993 in 2020.

The Group has spent relentless effort in focusing on providing the customers with top quality products in fabric care, personal hygiene and home care categories. The Group’s liquid laundry detergent and liquid soap have ranked first in the China Brand Power Index for 14 consecutive years (2011-2024)¹. In addition, the Group’s liquid laundry detergent and liquid soap have ranked first in comprehensive market share among similar products for 15 consecutive years (2009-2023) and 12 consecutive years (2012-2023) respectively².

With consumers at heart and with leading product technologies guiding the way, the Group has been committed to continuously upgrading the laundry experience of Chinese households with breakthrough products and to cater for the new cleaning needs of consumers and the industry development trend.

From “washing powder” to “liquid laundry detergent”, then from “liquid laundry detergent” to “concentrated liquid laundry detergent”, Blue Moon, as a pioneer in driving product reform with innovation, has continued to introduce technologically advanced cleaning products that exceed expectation. The Group has been upgrading its concentrated liquid laundry detergent since its first launch in 2015 and introduced the new “Concentrated Plus” Zhizhun Biotech Liquid Laundry Detergent in 2024 to once again revolutionize China’s laundry market.

The Group has stayed true to its consumer-centric brand philosophy and aimed to allow every family to enjoy a clean, healthy, comfortable, respectable and delightful lifestyle. Going forward, the Group will continue to provide comprehensive home cleaning solutions that bring relaxing and efficient cleaning experience to consumers.

Sources:

1 Chnbrand (Beijing) Brand Consulting Co., Ltd. (中企品研(北京)品牌顧問股份有限公司)

2 China National Commercial Information Center (中華全國商業信息中心)



COMPANY HIGHLIGHTS

Key Financial Information and Financial Ratios

	2024	2023
Key Financial Information	HK\$'000	HK\$'000
Revenue	8,555,601	7,323,532
Gross profit	5,183,436	4,540,420
(Loss)/profit before income tax	(785,008)	395,909
(Loss)/profit for the year and (Loss)/profit attributable to equity holders of the Company	(749,312)	325,309
(Loss)/earnings per share (HK cents) ^(Note)		
Basic	(13.74)	5.84
Diluted	(13.74)	5.84
Dividend per share (HK cents)		
Interim	4.0	–
Final	6.0	6.0
Key Financial Ratio		
Gross profit margin	60.6%	62.0%
Net (loss)/profit margin	(8.8%)	4.4%
Current ratio	5.5	6.7

Note:

Basic (loss)/earning per share is calculated by dividing (loss)/profit attributable to Blue Moon Group Holdings Limited's (the "Company") equity holders by the weighted average number of ordinary shares of the Company in issue.

COMPANY HIGHLIGHTS

Analysis of revenue of the Group by products

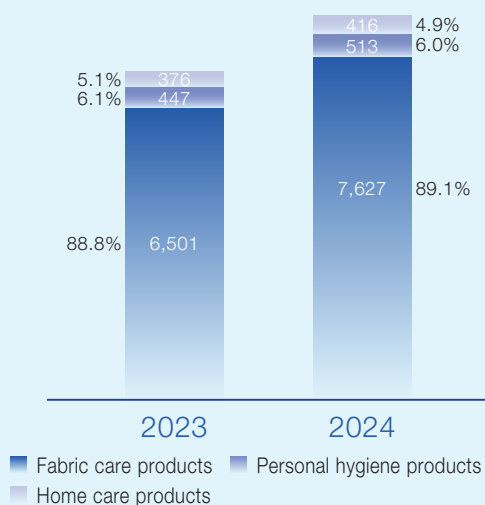
Revenue by products	2024		2023	
	HK\$'000	%	HK\$'000	%
Fabric care products	7,627,243	89.1	6,500,671	88.8
Personal hygiene products	512,405	6.0	447,008	6.1
Home care products	415,953	4.9	375,853	5.1
Total	8,555,601	100.0	7,323,532	100.0

Analysis of revenue of the Group by channels

Revenue by channels	2024		2023	
	HK\$'000	%	HK\$'000	%
Online sales channels	5,103,690	59.7	3,805,208	52.0
Offline distributors	3,128,989	36.5	2,754,941	37.6
Direct sales to key account clients	322,922	3.8	763,383	10.4
Total	8,555,601	100.0	7,323,532	100.0

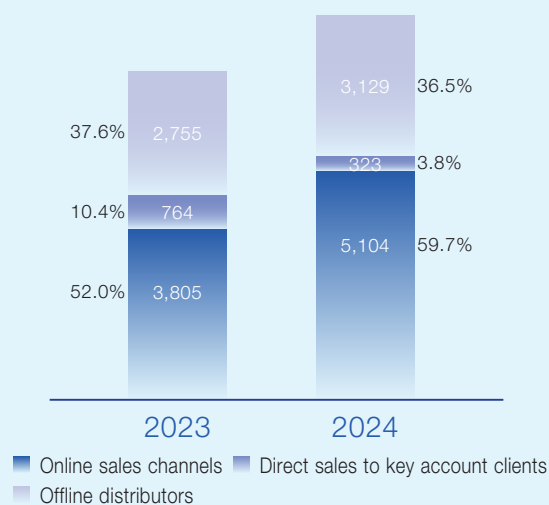
Revenue Breakdown by Products

(HK\$ million)



Revenue Breakdown by Channels

(HK\$ million)

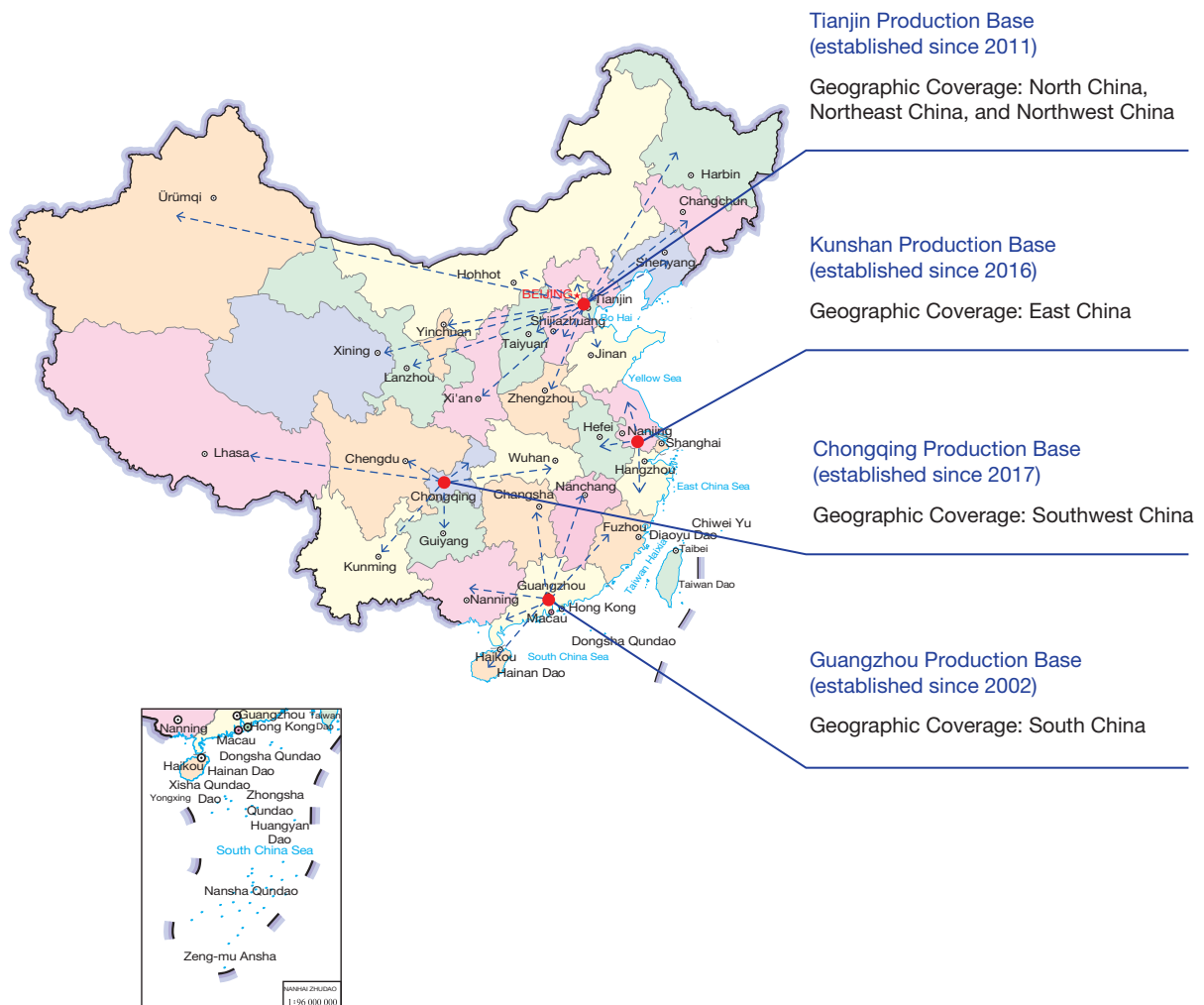




COMPANY HIGHLIGHTS

Production Bases

As at 31 December 2024, the Company and its subsidiaries (together, the “**Group**”) had four production bases located in Guangzhou, Tianjin, Kunshan, and Chongqing of the People's Republic of China (the “**PRC**”). The map below illustrates the geographic coverage of the Group's production bases in the PRC as at 31 December 2024.





COMPANY HIGHLIGHTS

Company Products

The following illustration demonstrates the coverage of the Group's product portfolio:





COMPANY HIGHLIGHTS

The following diagram illustrates the development milestones of our Group's products:

Zhizun Biotech Liquid Laundry Detergent (Multiple Cleaning)



Zhizun Biotech



Sports Liquid Laundry Detergent (For Quick-dry Fabrics)



Concentrated Fabric Softener



Zhizun Biotech Liquid Laundry Detergent



Liquid Laundry Detergent for Babies



High Performance Liquid Laundry Detergent



Powerful Kitchen Degreaser



2024

2023

2022

2021

2020

2019

2018

2015

2013

2011

2008

2000

1993

Jingxiang Foaming Body Wash



Bacteria and Odor Removal Liquid Laundry Detergent
Zhizun Biotech Liquid Laundry Detergent (Bacteria & Odor Removal)



Underwear Liquid Laundry Detergent



Jingxiang Amino Acid Foaming Hand Wash



Tianlu Dishwashing Detergent



Zhizun Liquid Laundry Detergent Concentrated Plus



Handwash Liquid Laundry Detergent



Aloe Bacteriostatic Hand Wash





LETTER TO THE SHAREHOLDERS

Dear Shareholders,

In 2024, despite the slowdown in economic growth and weak demand, China's consumer market remained vibrant. Consumers, especially those in the household cleaning market, are becoming more mature and rational after years of development, and the demand for high-quality, functional and green products, as well as value for money products is becoming the dominant trend. This year, adhering to a user-centric philosophy, we overcame difficulties in product research and development, pipeline expansion and digitalization construction with forward-looking strategic layout and innovative practices, and achieved sound growth in overall sales, further consolidated our leading position in the industry and laid a solid foundation for sustainable development.

Continuing to Delve into the Cleaning Industry and Empowering Healthy Lifestyles

The year of 2024 is a crucial year for Blue Moon to deepen product innovation and lead the upgrade and reform in the field of fabric cleaning. We are fully aware that high efficiency and concentration of detergents are important factors for the laundry industry to reduce its impact on the environment and maintain sustainable development. We have conducted in-depth research and continuous optimization to vigorously promote concentrated laundry products, thereby promoting the leapfrog transformation of laundry products from “liquid” to “concentrated”.

Leveraging our keen insight into market demand trends, we have further launched a new series of Zhizun (至尊) products to meet the needs of different consumers, allowing more consumers to experience the ease and convenience of using Blue Moon Zhizun (至尊) concentrated liquid laundry detergents and its high efficiency in solving various laundry problems without any worries. The sales of the new series of Zhizun (至尊) products drove the sales growth of the entire range of products in fabric care category.

As the consumer market is undergoing a transition from “functional satisfaction” to “value recognition”, we have condensed the results of years of research into a scientific washing method, and continued to create an experience for consumers that goes beyond the product itself. We have integrated scientific washing knowledge into consumers' daily lives through interactive activities with consumers such as “Remarkable Laundry Technologies for the Future”, “Blue Moon Festival” and “Journey to Cleanliness”, empowering healthy lifestyles and enhancing users' trust in the brand.



LETTER TO THE SHAREHOLDERS

Strengthening the Engine of Omni-Channel Growth and Laying a Solid Foundation for Value Development in the Long Run

Wherever the consumers are, Blue Moon will be there, which is Blue Moon's strategy for long-term development. We stay alert to the market, secure insights and adapt to the changes quickly. To better reach consumers and meet their demands, Blue Moon continued to deepen the omni-channel strategy in 2024. While refining the existing channels, it focused on various fast-growing emerging channels, and rapidly invested in channel building and product penetration to secure a brand leadership and cover a bigger market and more customers. We have established an ecosystem that promotes synergetic growth across all levels, constantly optimized the sales modes in all online and offline channels to achieve synergies among the channels, which helped us continuously improve our brand reputation and product penetration and gain more spaces for incremental growth. In 2024, Blue Moon maintained its leadership in all major e-commerce platforms.

Fulfilling our Responsibilities to Drive Sustainable Development

In 2024, we continued to deeply integrate the ESG concept into our corporate development strategy, systematically promoting environmental friendliness, social cohesion and governance innovation with a sustainable development framework.

We continued to empower product innovation with technology, advocated the concentration of detergents and promoted green upgrading in the industry. We continued to unleash the power of "business for good", continued to promote the concept and practices of healthy lifestyle and supported public welfare events. We were awarded the "Responsible Brand for the Year" (年度責任品牌獎) by China Philanthropy Festival for ten consecutive years.

We continued to enhance our systematic corporate governance capability and transparency, and our efforts have been recognized by the society. Blue Moon Group was laurelled with "Awards of Excellence in Corporate Governance 2024" (2024 年度公司管治卓越獎) conferred by the Chamber of Hong Kong Listed Companies and the Centre for Corporate Governance and Financial Policy, Hong Kong Baptist University. We believe that these accomplishments will earn the deep trust from consumers, investors and business partners for the Group, laying a solid foundation for value development in the long run.

We are devoted to staying true to original aspiration and making solid and sustained progress. In 2025, Blue Moon will continue to seek innovations, continue our commitment to providing customers with quality products and excellent services and continue to conduct refined management, so as to maintain our sustainable and stable development.

We are clearly aware that our accomplishments are inseparable from the unwavering support of our employees, customers, partners and shareholders. Looking ahead, Blue Moon will embrace the future with a more open mind, a more determined pace, and a resilient development. We will join hands with every one of you to create a clean, healthy and wonderful life, and constantly create shared value for our shareholders and society.



MANAGEMENT DISCUSSION AND ANALYSIS



MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group has deeply realised that the core and foundation of our business development is to allow more consumers to experience Blue Moon's excellent and high-quality products, and to continuously enhance consumers' awareness of scientific washing and healthy living, as well as the trust in brands.

In 2024, the Group continued to focus on its consumers and proactively seize market opportunities and address challenges through optimising business operations with its multiple core strategies, such as products, sales and distribution network, knowledge-based marketing and digitalisation.

- Products:** guided by the mission of "providing consumers with trouble-free cleaning solutions comprising quality products, professional education and excellent service" (提供卓越產品、專業教學、極致服務，讓消費者潔淨無憂), the Group launched its Zhizun (至尊) series of concentrated liquid laundry detergents as the pioneer, which dissolves quickly, exerts an instant cleaning power, and is convenient to use, saving water, electricity and freight. The Group continued to consolidate the leading position in fabric care category and continued to promote the improvement and upgrade of products in the personal hygiene and home care product categories. In August 2024, the Group had a breakthrough in its concentrated product line by launching the upgraded Zhizun biotech liquid laundry detergent (multiple cleaning) (全效潔淨型至尊生物科技洗衣液), which has increased the sales of Zhizun (至尊) series detergents continuously. The Group also

continued to promote the sales of best-selling products such as underwear liquid laundry detergent (內衣專用洗衣液), bacteria and odour removal liquid laundry detergent (除菌去味洗衣液) and sports liquid laundry detergent (運動型洗衣液) to diversify its product portfolio and meet different cleaning needs of consumers.





MANAGEMENT DISCUSSION AND ANALYSIS

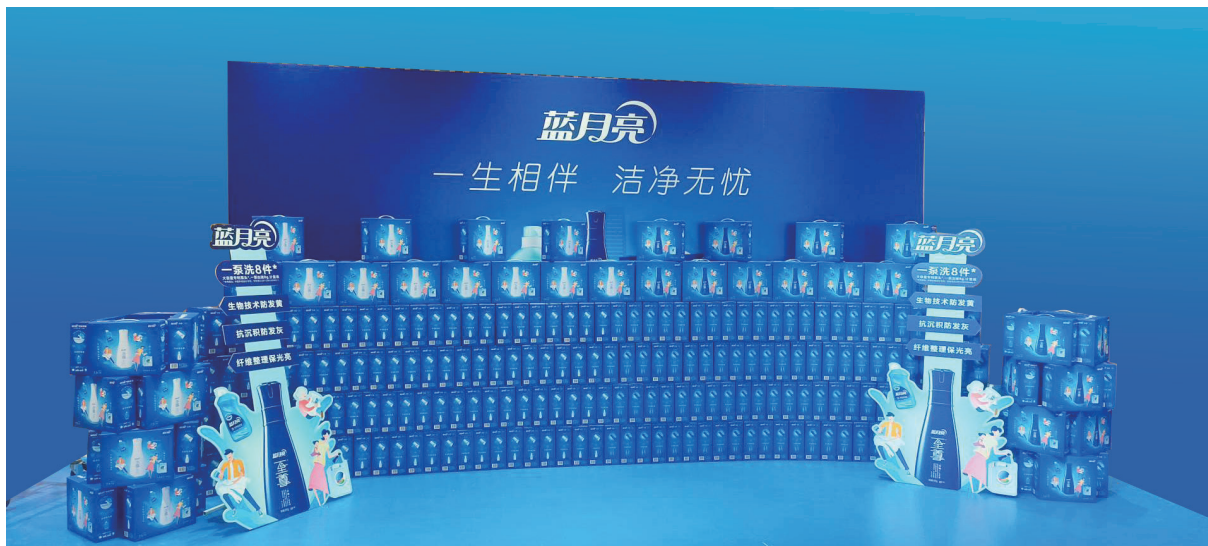
- Sales and Distribution Network:** the Group has strived to enhance and expand its sales and distribution channels and optimise omni-channel sales strategy. It has focused on reaching new customers, improving distributors' operational efficiency and increasing brand exposure and awareness.

To systematically increase market footprint, the Group has leveraged distribution network to penetrate into China's counties and townships and to expand offline sales coverage. The Group has also managed the offline point of sales by categorisation and formulated corresponding standards for resources allocation based on shop types. For each target region in China, the Group has business targets set with metrics such as distributor coverage, store coverage, exclusive shelf coverage and brand penetration to clarify sales objectives, monitor sales advancement and guide the attainment of operational goals. In particular:

Offline Distributors: the Group has continued to recruit distributors in China and enhanced its distributor layout, with the expansion of county areas and deepening of channels to the lower-tier cities being the core tasks of the Group. The Group has carried on optimising the sales chain management system by establishing standards on stock level for various distributors' products, aligning sales and delivery plans, conducting regular inventory checks, and adjusting the distribution of product mix. These measures help with achieving efficient and reasonable circulation of products, thereby optimising the inventory level of distributors. Additionally, the Group has collaborated with distributors in store merchandise operations and designed market-tailored incentive schemes. More model stores have been set up through collaboration with distributors and the number of sales points nationwide has increased, thereby boosting sales.

Direct Sales to Key Account: the Group adjusted its channel operation strategy in response to market changes, and actively sought opportunities for growth while maintaining stable business development. The Group has reduced sales to credit-based key accounts, and focused on reducing the level of its receivables, in particular overdue receivables, to mitigate risk exposure. Meanwhile, the Group continued to strengthen shelf management and conduct marketing campaigns to focus on promoting new and best-selling products in order to drive sales. The Group has also focused on growth opportunities on emerging platforms of sales, such as urban chain community stores and convenience stores.

Online Sales Channels: in addition to maintaining its traditional e-commerce advantages, the Group has also actively embraced new social e-commerce platforms and channels, so that more consumers can experience Blue Moon's high-quality products and recognise the charm of scientific washing. The Group has increased its selling and distribution expenses on online e-commerce platforms in 2024 which will help consolidate its market position on these online e-commerce platforms and fuel long-term sales growth. During the "618 Shopping Festival" and "Double 11 Shopping Festival" in 2024, the Group kept its leading position and ranked first in terms of cumulative sales on multiple major e-commerce platform.





MANAGEMENT DISCUSSION AND ANALYSIS

- **Knowledge-based Marketing:** the Group has actively carried out laundry science popularisation and disseminated scientific cleaning methods to drive the learning of cleaning-related knowledge and solve daily laundry problems. It launched the campaign of “Scientific Laundry Across China” (科學洗衣中國行) and provided difficult-to-clean washing services; launched the campaign of “Journey to Cleanliness” (至尊潔淨之旅), inviting consumers to visit the Laundry Science and Technology Museum to have a dialogue with laundry scientists and learn how to use scientific laundry products. The Group promoted knowledge-based marketing through multiple online and offline channels, so that more consumers can experience a relaxed, clean and healthy life.
- **Digitalisation:** the Group is committed to improving its digital operation capabilities, analyzing and understanding consumers’ needs and responding quickly. The Group has also been strengthening digital infrastructures and digitalising operational flow.
- **Talent Management:** the Group has also prioritised achievement of its strategic objectives by improving its talent management system and establishing standardised objectives.

Through the Group’s persistent efforts in providing its consumers top quality products for fabric care, personal hygiene and home care, the Group’s products have earned positive reception and recognition from customers. The Group’s liquid laundry detergent and liquid soap have ranked first in the China Brand Power Index for 14 consecutive years (2011-2024)¹. Its liquid laundry detergent and liquid soap have ranked first in comprehensive market share among similar products for 15 consecutive years (2009-2023) and 12 consecutive years (2012-2023) respectively².

Financial Review

For the year ended 31 December 2024, the Group recorded revenue of approximately HK\$8,555.6 million, which represents an increase of approximately 16.8% in HK\$ terms as compared to approximately HK\$7,323.5 million for the year ended 31 December 2023. The Group recorded a gross profit of HK\$5,183.4 million for the year ended 31 December 2024 as compared to a gross profit of approximately HK\$4,540.4 million for the year ended 31 December 2023, which represents an increase of approximately 14.2%. The Group’s selling and distribution expenses increased significantly for the year ended 31 December 2024 compared to the year ended 31 December 2023, as the Group increased significant investments in bringing the comprehensive series of products led by Blue Moon Zhizun (至尊) concentrated liquid laundry detergents and other new products to reach more consumers through various sales activities on multiple online and offline channels, and meanwhile it actively carried out laundry science popularisation activities to disseminate scientific cleaning methods, and these strategic investments will contribute to the Group’s long-term sales growth. As a result, the Group recorded a loss of approximately HK\$749.3 million for the year ended 31 December 2024, as compared to a profit of approximately HK\$325.3 million for the year ended 31 December 2023.

Sources:

¹ Chnbrand (Beijing) Brand Consulting Co., Ltd. (中企品研(北京)品牌顧問股份有限公司)

² China National Commercial Information Center (中華全國商業信息中心)



MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

For the year ended 31 December 2024, the Group recorded revenue of approximately HK\$8,555.6 million, which represents an increase of approximately 16.8% as compared to approximately HK\$7,323.5 million for the year ended 31 December 2023. The increase in revenue of the Group for the year ended 31 December 2024 was mainly due to an increase in sales across all product categories and all sales channels except for direct sales to key account channels. In particular, there was a significant increase in sales recorded from the new e-commerce channel.

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

	Year ended 31 December		2023		Change (%)
	2024		2023		
	Revenue HK\$'000	Total (%)	Revenue HK\$'000	Total (%)	
Fabric care products	7,627,243	89.1	6,500,671	88.8	17.3
Personal hygiene products	512,405	6.0	447,008	6.1	14.6
Home care products	415,953	4.9	375,853	5.1	10.7
Total	8,555,601	100.0	7,323,532	100.0	16.8

The Group recorded an increase in sales across all three product categories, which was mainly due to the success of strategic investments in developing new e-commerce channels and brand building during the year ended 31 December 2024.

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

	Year ended 31 December		2023		Change (%)
	2024		2023		
	Revenue HK\$'000	Total (%)	Revenue HK\$'000	Total (%)	
Online sales channels	5,103,690	59.7	3,805,208	52.0	34.1
Offline distributors	3,128,989	36.5	2,754,941	37.6	13.6
Direct sales to key account clients	322,922	3.8	763,383	10.4	(57.7)
Total	8,555,601	100.0	7,323,532	100.0	16.8



MANAGEMENT DISCUSSION AND ANALYSIS

The increase in sales via online channel was mainly benefited from the Group's successful marketing and product portfolio on e-commerce platforms. The increase in sales to offline distributors was mainly benefited from the increase in sales of all categories of products and the intensive development and refined management of the distributor channels during the year. The sales to key account clients decreased by around 57.7% during the year ended 31 December 2024 compared to the year ended 31 December 2023, primarily due to the change of consumer habits.

Cost of Sales

Cost of sales increased by approximately 21.2% to approximately HK\$3,372.2 million for the year ended 31 December 2024 as compared to approximately HK\$2,783.1 million for the year ended 31 December 2023, which is largely in line with the increase in revenue.

Gross Profit

The Group's gross profit increased by approximately 14.2% to approximately HK\$5,183.4 million for the year ended 31 December 2024 as compared to approximately HK\$4,540.4 million for the year ended 31 December 2023. The gross profit margin remained stable at around 60.6% for the year ended 31 December 2024 compared to 62.0% for the year ended 31 December 2023.

Other Income and Other Losses, Net

The Group recorded a net loss in other income and other losses of approximately HK\$29.5 million for the year ended 31 December 2024 compared to a net gain of approximately HK\$36.8 million for the year ended 31 December 2023, primarily due to a higher net foreign exchange losses recognised during the year compared with 2023. The net foreign exchange losses for the year ended 31 December 2024 mainly arose from the revaluation of the offshore assets held by the Group in United States dollar ("USD") and Renminbi ("RMB"), as the USD and RMB depreciated during the year ended 31 December 2024.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased significantly for the year ended 31 December 2024 compared to the year ended 31 December 2023. The increase by approximately 55.6% from approximately HK\$3,244.1 million for the year ended 31 December 2023 to approximately HK\$5,048.5 million for the year ended 31 December 2024 was primarily due to the increased selling and marketing activities, particularly for the promotion of new products, the development of new channels and brand building.

General and Administrative Expenses

The Group's general and administrative expenses remained stable at approximately HK\$1,103.2 million for the year ended 31 December 2024 as compared to approximately HK\$1,114.3 million for the year ended 31 December 2023.



MANAGEMENT DISCUSSION AND ANALYSIS

Provision for Impairment Losses of Financial Assets

Additional provision for impairment losses of financial assets amounted to approximately HK\$6.3 million was provided for the year ended 31 December 2024.

Operating (Loss)/profit

As a result of the foregoing, the Group recorded an operating loss of approximately HK\$1,004.2 million for the year ended 31 December 2024 as compared to an operating profit of approximately HK\$130.4 million for the year ended 31 December 2023.

Finance Income and Costs

Finance income decreased by approximately 17.8% from approximately HK\$272.2 million for the year ended 31 December 2023 to approximately HK\$223.8 million for the year ended 31 December 2024.

Finance costs decreased by approximately 30.7% from approximately HK\$6.7 million for the year ended 31 December 2023 to approximately HK\$4.7 million for the year ended 31 December 2024.

(Loss)/profit before Income Tax

As a result of the foregoing, the Group recorded a loss before income tax of approximately HK\$785.0 million for the year ended 31 December 2024, compared to a profit before income tax of approximately HK\$395.9 million for the year ended 31 December 2023.

Income Tax (Credit)/Expense

The Group recorded an income tax credit of approximately HK\$35.7 million for the year ended 31 December 2024, with an effective tax rate of approximately 4.5%, compared to an income tax expense of approximately HK\$70.6 million and an effective tax rate of approximately 17.8% for the year ended 31 December 2023, primarily due to changes in the recognition of deferred tax assets related to tax losses during the year.

(Loss)/profit for the Year and (Loss)/profit attributable to Equity Holders of the Company

As a result of the foregoing, the Group's loss as well as the loss attributable to equity holders of the Company was approximately HK\$749.3 million for the year ended 31 December 2024, compared to a profit as well as profit attributable to equity holders of the Company of approximately HK\$325.3 million for the year ended 31 December 2023.



MANAGEMENT DISCUSSION AND ANALYSIS

Basic and Diluted Loss Per Share

Loss per share (basic and diluted) for the year ended 31 December 2024 was approximately HK13.74 cents and HK13.74 cents respectively.

Liquidity and Financial Resources

The total bank deposits and cash of the Group, comprising the Group's cash and cash equivalents and fixed deposits, decreased by approximately 28.1% from approximately HK\$7,331.8 million as at 31 December 2023 to approximately HK\$5,270.5 million as at 31 December 2024, primarily due to net cash used in operating activities, the payment of 2023 final dividend and 2024 interim dividend during the year and purchase of shares held for the Group's share award plan.

As at 31 December 2024, the net current assets of the Group were approximately HK\$6,350.9 million (31 December 2023: approximately HK\$8,137.0 million). The Group's current ratio (current assets/current liabilities) was approximately 5.46 times as at 31 December 2024 (31 December 2023: approximately 6.70 times).

As at 31 December 2024, the Group had no borrowings (31 December 2023: Nil). Gearing ratio, which is calculated using total bank borrowings divided by total equity, is therefore not applicable as at 31 December 2024 and 31 December 2023.

Capital Expenditure and Capital Commitment

During the year ended 31 December 2024, the capital expenditure of the Group was approximately HK\$130.0 million, which was primarily used to finance the Group's production capacity expansion for its existing production base.

As at 31 December 2024, the capital commitment of the Group amounted to approximately HK\$46.0 million, which was primarily related to the acquisition of machinery and equipment for production facilities under construction and the expansion in capacity at certain existing production facilities, which was funded by cash flows from operating activities and net proceeds from the initial public offering.

Pledge of Assets of the Group

As at 31 December 2024 and 2023, the Group did not have any pledge on assets.



MANAGEMENT DISCUSSION AND ANALYSIS

Exposure to Foreign Exchange

The majority of the Group's subsidiaries are operating in the PRC with most of the transactions and assets (other than the unutilised proceeds raised from the Global Offering (as defined in the prospectus of the Company dated 4 December 2020 (the **"Prospectus"**)) denominated in RMB. The conversion of RMB into foreign currencies is subject to the rules and regulations of the foreign exchange control promulgated by the PRC government. Due to the simplicity of the Group's financial structure and current operations, save as aforementioned, no hedging activities are undertaken by management of the Group.

Contingent Liabilities

As at 31 December 2024, the Group had no material contingent liabilities.

Significant Investments, Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

The Company did not have significant investments, acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2024.

Future Plan for Material Investments or Capital Assets

Save as disclosed in this report under "Capital Expenditure and Capital Commitment", "Use of Net Proceeds from the Company's Global Offering" and "Events After Reporting Period", the Group did not have any future plan for acquiring other material investments or capital assets.

MANAGEMENT DISCUSSION AND ANALYSIS

Awards

The Group has received numerous awards and recognitions in recognition of its brand, business operations, products and corporate social responsibility achievements. The table below sets forth a summary of significant awards and recognitions that the Group has received:

Awards/Certifications	Awarding Year	Awarding Body
1 Blue Moon liquid laundry detergent and liquid soap brands ranked first in China Brand Power Index (C-BPI) (藍月亮洗衣液及洗手液獲中國品牌力指數(C-BPI)第一名)	2011-2024	Chnbrand (Beijing) Brand Consulting Co., Ltd. (中企品研(北京)品牌顧問股份有限公司)
2 Blue Moon liquid laundry detergent & liquid soap ranked first in the comprehensive market share of similar products (藍月亮洗衣液及洗手液榮列同類產品市場綜合佔有率第一位)	2009-2023 (liquid laundry detergent) 2012-2023 (liquid soap)	China National Commercial Information Center (中華全國商業信息中心)
3 Listed Company Awards of Excellence 2024 (上市公司卓越大獎2024)	2022-2024	Hong Kong Economic Journal (信報財經新聞)
4 Responsible Brand Award at the 14th China Philanthropy Festival (第十四屆中國公益節年度責任品牌獎)	2015-2024	The 14th China Philanthropy Festival Organizing Committee (第十四屆中國公益節組委會)
5 BDO ESG Awards 2024 – Best in Reporting Awards – Mid Market Capitalization (2024 年最佳 ESG 報告大獎 – 中型市值)	2024	BDO Limited (香港立信德豪會計師事務所)
6 Caring Company (商界展關懷)	2021-2024	The Hong Kong Council of Social Services (香港社會服務聯會)
7 Awards of Excellence in Corporate Governance (公司管治卓越獎)	2024	The Chamber of Hong Kong Listed Companies (香港上市公司商會)





MANAGEMENT DISCUSSION AND ANALYSIS

Research and Development

The Group's business has benefited from its strong track record in research and development. The Group has a two-pronged research and development focus, including (i) introducing new products to meet evolving consumer preferences and to elevate user experience; and (ii) developing and sharing scientific and practical cleaning methods with consumers.

The Group established its Research and Development Technology Centre since the inception of its operation and the Blue Moon Applied Sciences and Laundry Academy dedicated to the development and assessment of laundry products and methods in 2015. As of 31 December 2024, the Group has a total of 265 valid patents, 1,246 trademarks and 234 copyrights.

Human Resources and Remuneration Policy

The Group had approximately 7,406 employees as at 31 December 2024. Salaries of employees are maintained at competitive levels. In recognition of the contribution by our employees to the Group, the board of directors of the Company (the "**Board**" or the "**Director(s)**") has also adopted the 2021 Share Award Plan and the 2022 Share Award Plan (as defined below) on 3 June 2021 and 29 March 2022, respectively, and the Board has approved amendments to the 2021 Share Award Plan and the 2022 Share Award Plan on 26 March 2024. The details of which are set out in the announcement of the Company dated 26 March 2024. Further details of the 2021 Share Award Plan and the 2022 Share Award Plan are set out under the "Report of the Directors" section on pages 26 to 59 of this report.



MANAGEMENT DISCUSSION AND ANALYSIS

Outlook, Future Prospects and Strategies

In 2025, the Group will continue to leverage its brand advantages and consolidate its leadership in the industry to provide excellent products and services to its consumers and pioneer the innovation and achieve stable development under the ever-changing market conditions. In the future, the Group plans to:

- Provide comprehensive household cleaning solutions: the Group will continue to pay attention to the needs of consumers, develop and apply advanced technologies, and continue to innovate to continuously launch a variety of household cleaning and care products and services that meet the needs of different consumers.
- Enhance omni-channel sales and distribution network and product penetration: where the consumers are, there is Blue Moon. The Group will pay close attention to the consumption and shopping habits of consumers, establish and maintain various distribution networks and channels, and improve product penetration rate and response speed.
- Knowledge-based marketing and brand building: Blue Moon's mission is to provide consumers with a "clean, healthy, comfortable, respectable and delightful (潔淨、健康、舒適、體面、快樂)" life. The Group will continue to launch the campaign of "Journey to Cleanliness" (潔淨之旅), carry out laundry science popularisation to disseminate scientific cleaning methods and solve daily laundry problems, so that more consumers can experience a relaxed, clean, healthy and comfortable lifestyle.
- Accelerate digitalisation and upgrade manufacturing network to improve operational efficiency.
- Dividend: the Group will continue to review its dividend policy to provide more sustainable return to its shareholders.
- Adhere to social responsibilities and sustainable development principles: under the Group's environmental, social and governance principles of "better products (services), healthier environment, and greater society", the Group adheres to a green and low-carbon development strategy throughout its product development, manufacturing and packaging processes to promote sustainable development of the industry.



MANAGEMENT DISCUSSION AND ANALYSIS

Key Activities of the Group in 2024

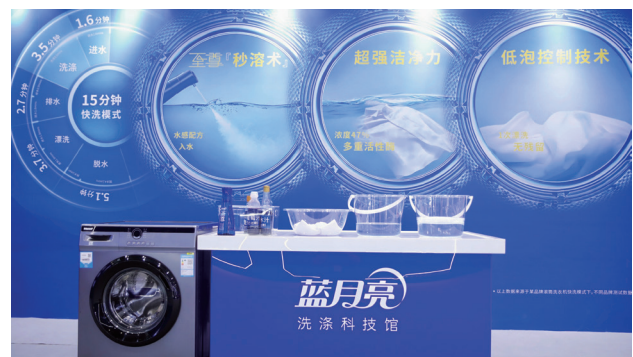
Ushering in a New Era of Laundry

In August 2024, Blue Moon launched its Super Brand Day campaign in collaboration with CCTV News. Centered around the theme “Ushering in a New Era of Laundry”, the initiative aims to educate consumers on scientific washing methods, including pre-treating and soaking techniques, while debunking common stain-removal myths. The campaign reinforced the brand philosophy: “mastering proper laundry methods simplifies everyday life.”



Laundry Science & Technology Center

Blue Moon firmly believes that premium products must be paired with scientific methods to truly resolve consumers' laundry challenges. Blue Moon invited consumers to explore the Laundry Science & Technology Center, exchange washing techniques, experience trouble-shooting in laundry, and master science-based laundry methods, so as to discover the joy of perfect cleanliness.



Diving Team Embarks on a Journey to Cleanliness

In September 2024, Blue Moon invited the Chinese diving team to experience its “Journey to Cleanliness.” The elite divers explored the technology exhibition hall, participated in interactive activities, and gained insights into the science of laundry, uncovered the marvels of high-tech washing, and experienced the charm of future laundry innovations – all amidst laughter and joy.



Remarkable Laundry Technologies for the Future

The IP is jointly customized and created by Ocean Engine, Xinhua News Agency Client and Blue Moon. Through scientific principle popularization and fun teaching, the program helps users gain insights into stain, learn scientific principles, choose correct products, and master scientific methods, thereby comprehensively enhancing cleanliness awareness and encountering future clean lifestyles.



MANAGEMENT DISCUSSION AND ANALYSIS

Night of Classics

By sponsoring the “Classics Night Annual Gala” broadcast simultaneously on CCTV-1 and CCTV-4, the campaign leveraged Chinese New Year marketing momentum to boost exposure for our classic cleaning products.



Chinese Poetry Competition Season 9

Leveraging the cultural influence of “Chinese Poetry Competition”, the campaign elevated brand imagery through poetic lyricism, translating the beauty of classical verse into the essence of premium cleanliness.



Mid-Autumn Festival Gala

Blue Moon has maintained an 11-year partnership with Hunan TV, cultivating profound brand emotional connections through heartwarming and tech-imbued Mid-Autumn Festival campaigns. This sustained collaboration has not only solidified the brand’s market position but also successfully driven its rejuvenation strategy, laying the foundation for a domestic brand to excel in a competitive marketplace.



“I Am a Little Health Angel” Charity Program

In 2024, the “I Am a Little Health Angel” program was implemented across 197 kindergartens and 35 community health centers in 25 cities including Beijing and Guangzhou. Through interactive “Healthy Habits Cultivation for Children” workshops and the “I Am a Little Health Angel” illustrated handbook, the initiative directly benefited 750,000 children.





REPORT OF THE DIRECTORS

The Board is pleased to submit their report together with the audited financial statements for the year ended 31 December 2024. All references in this section to other sections, parts of or notes in this report, form part of this “Report of the Directors” section.

Principal Activities

The Company and its subsidiaries are principally engaged in the design, research, development, manufacture and sale of (i) personal hygiene products, (ii) home care products, and (iii) fabric care products in China. The principal activities and other particulars of the principal subsidiaries of the Group are set out in note 14 to the consolidated financial statements.

Business Review

A fair review of the business of the Group, a discussion and analysis of the Group’s performance during the year, the material factors underlying its results and the Group’s financial position are provided in the “Management Discussion and Analysis” section on pages 12 to 25 of this report.

A description of the principal risks and uncertainties that the Company may be facing, and the future development of the Group’s business are discussed in the “Management Discussion and Analysis” section on pages 12 to 25 of this report and “Corporate Governance Report” on pages 65 to 86 of this report.

A discussion on the Group’s environmental policies and performance, the Group’s compliance with relevant laws and regulations that have a significant impact on the Group, and an account of the Group’s key relationships with its stakeholders are provided in the “Corporate Governance Report” section of this report.

Additionally, the financial risk management objectives and policies of the Company can be found in note 3 to the consolidated financial statements.

These discussions form part of this Report of the Directors.

Results and Dividends

The results of the Group for the year ended 31 December 2024 and the financial position of the Group as at that date are set out in the consolidated financial statements on pages 93 to 183.

The Board recommended the payment of a final dividend for the year ended 31 December 2024 of HK6.0 cents per ordinary share out of the share premium account of the Company, totalling HK\$329.5 million, subject to the passing of an ordinary resolution by the Shareholders in the upcoming annual general meeting of the Company (“AGM”).



REPORT OF THE DIRECTORS

There is no arrangement under which a shareholder of the Company has waived or agreed to waive any dividends.

Annual General Meeting and Closure of Register of Members

The AGM will be held on Friday, 6 June 2025. The notice of AGM will be sent to the shareholders of the Company (the “**Shareholders**”) on Friday, 25 April 2025.

The register of members of the Company will be closed as follows:

- (a) For the purpose of ascertaining the Shareholder’s eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 3 June 2025 to Friday, 6 June 2025, both days inclusive. In order to be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited, for registration no later than 4:30 p.m. on Monday, 2 June 2025.
- (b) For the purpose of ascertaining Shareholder’s eligibility for the final dividend, the register of members of the Company will be closed from Friday, 13 June 2025 to Tuesday, 17 June 2025, both days inclusive, during which period no transfer of ordinary share(s) in the share capital of the Company with a par value of HK\$0.01 each (the “**Shares**”) will be registered. In order to qualify for the above mentioned final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited, for registration by no later than 4:30 p.m. on Thursday, 12 June 2025.

The address of Computershare Hong Kong Investor Services Limited is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

Financial Summary

The financial summary of the Group is set out on page 184 of this report. The summary does not form part of the audited financial statements.



REPORT OF THE DIRECTORS

Share Capital

The Company had 5,863,103,406 Shares in issue as at 31 December 2024. Details of the movements in the Shares during the year are set out in note 23 to the consolidated financial statements.

Shares Issued

During the year, as a result of the exercise of share options under the Pre-IPO Share Option Scheme, a total of 110,000 fully paid Shares were issued for a total consideration of HK\$414,000. Details of the Shares issued during the year are set out in note 23 to the consolidated financial statements.

Debenture Issued

The Group did not issue any debenture for the year ended 31 December 2024.

Distributable Reserves

As at 31 December 2024, the reserves of the Company available for distribution to Shareholders (comprise the share premium account and retained profits) amounted to approximately HK\$11,475.3 million (2023: HK\$11,897.6 million). The movements in distributable reserves during the year are set out in note 35 to the consolidated financial statements.

Charitable Donations

The Group's external charitable donations for the year ended 31 December 2024 amounted to approximately HK\$25.9 million.

Property, Plant and Equipment

During the year, the Group acquired property, plant and equipment of HK\$139.9 million (2023: HK\$138.4 million). Details of the movements in property, plant and equipment are set out in note 16 to the consolidated financial statements.



REPORT OF THE DIRECTORS

Borrowings

As at 31 December 2024, the Group had no borrowings (31 December 2023: nil).

Major Customers and Suppliers

The percentage of the five largest customers combined is less than 30% of the Group's total revenue.

Purchases from the Group's five largest suppliers accounted for approximately 38.1% of the Group's total purchases for the year and purchases from the largest supplier included therein accounted for approximately 8.9% of the Group's total purchases for the year.

None of the Directors, their associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the Shares) had any interest in any of the five largest suppliers or customers.

Pre-Emptive Rights

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

Tax Relief and Exemption

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.



REPORT OF THE DIRECTORS

Directors

The Directors during the year and up to the date of this report were:

Executive Directors

Ms. PAN Dong (*Chairman*)

Mr. LUO Qiuping (*Chief Executive Officer*)

Ms. LUO Dong

Mr. POON Kwok Leung

Ms. XIAO Haishan

Independent Non-executive Directors

Mr. Bruno Robert MERCIER

Ms. NGAN Edith Manling

Mr. HU Yebi

Pursuant to Article 84(1) of the Articles of Association, Ms. LUO Dong, Mr. POON Kwok Leung and Ms. XIAO Haishan shall retire by rotation at the forthcoming AGM and being eligible, offer themselves for re-election at the forthcoming AGM.

Change in Directors' Information

Save for Mr. Bruno Robert MERCIER, Ms. NGAN Edith Manling, and Mr. HU Yebi, there is no other changes in the Directors' biographical details which are required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The biographical details of the Directors and senior management as at the date of this report are set out in this report on pages 60 to 64.

Confirmation of Independence

The Company has received from each of the independent non-executive directors of the Company (the "**INED(s)**") an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all the INEDs to be independent.



REPORT OF THE DIRECTORS

Directors' Service Contracts

Each of the Directors (including the INEDs) were appointed for a term of three years and are subject to rotation and re-election at the AGM as and when required under the Articles of Association and the Listing Rules.

Under the respective appointment letters entered into between each Director and the Company, the annual Director's fee payable by the Company to each of the Directors is HK\$500,000 per annum. An additional fee of HK\$50,000 per annum will be payable to a member on each of the Audit Committee, Remuneration Committee and Nomination Committee or the chairman of each of the Remuneration Committee and Nomination Committee, while an additional fee of HK\$100,000 per annum will be payable to the chairman of the Audit Committee.

Each of the Directors is entitled to reimbursement from the Company for all reasonable expenses necessarily incurred in connection with the performance and discharge of his or her duties under his or her letter of appointment.

None of the Directors has entered into any service contracts with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Information relating to the remuneration of the Directors are set out in note 9 to the consolidated financial statements.

Directors' Interests in Transactions, Arrangements or Contracts of Significance

No transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party, and in which a Director or an entity connected with a Director had a material interest, either directly or indirectly, were subsisting during or at the end of the year ended 31 December 2024, except as disclosed under the section headed "Connected Transactions and Continuing Connected Transactions" and note 9 to the consolidated financial statements.

Save as disclosed in "Connected Transactions and Continuing Connected Transactions" in this report, no contract of significance (including the provision of services) between the Company or any of its subsidiaries and a controlling shareholder of the Company or any of its subsidiaries subsisted at the end of the year ended 31 December 2024 or at any time during 2024.



REPORT OF THE DIRECTORS

Directors' Interests in Competing Business

Pursuant to Rule 8.10 of the Listing Rules, each of the Directors has confirmed that he/she does not have any interest in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly with the Group's business.

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

As at 31 December 2024, the interests and/or short positions (as applicable) of the Directors in the Shares, underlying Shares and debentures of the Company and any interests and/or short positions (as applicable) in shares, underlying shares or debentures of any of the Company's associated corporations ("**Associated Corporations**") (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "**SFO**") which (i) will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**"), to be notified to the Company and the Stock Exchange were as follows:

(i) The Company

Directors	Nature of Interest	Number of Shares	Approximate % of Shares held ⁽¹⁾
Ms. PAN Dong ⁽²⁾	Interest in controlled corporation	4,326,400,000	73.79
Mr. LUO Qiuping ⁽²⁾	Interest of spouse	4,326,400,000	73.79
Ms. LUO Dong ⁽³⁾	Beneficial owner	63,400,000	1.08
Mr. POON Kwok Leung ⁽⁴⁾⁽⁵⁾	Beneficial owner	8,000,000	0.14
	Interest in controlled corporation	3,500,000	0.06
Ms. XIAO Haishan ⁽⁶⁾	Beneficial owner	6,837,500	0.12
Mr. Bruno Robert MERCIER ⁽⁷⁾	Beneficial owner	54,000	0.00

Notes:

(1) As at 31 December 2024, the total number of issued Shares was 5,863,103,406.

(2) Ms. PAN Dong ("**Ms. PAN**") was the sole shareholder of ZED Group Limited ("**ZED**"), which in turn held (i) directly 73.60% Shares and (ii) indirectly (as the sole shareholder of Van Group Limited ("**VGL**") 0.19% Shares of the Company. Therefore, ZED was deemed or taken to be interested in all the Shares which were beneficially owned by VGL for the purpose of Part XV of the SFO. Each of Ms. PAN and Mr. LUO Qiuping ("**Mr. LUO**") (the spouse of Ms. PAN) was deemed or taken to be interested in all the Shares which are beneficially owned by ZED and VGL for the purpose of Part XV of the SFO.

(3) Ms. LUO Dong was granted share options under the Pre-IPO Share Option Scheme to subscribe for 4,800,000 Shares. She was granted 58,600,000 awarded Shares pursuant to the 2022 Share Award Plan, subject to vesting and other conditions of the grant, and the relevant awarded Shares remained unvested.



REPORT OF THE DIRECTORS

- (4) Mr. POON Kwok Leung (“**Mr. POON**”) was granted share options under the Pre-IPO Share Option Scheme to subscribe for 975,000 Shares. He was granted 7,000,000 awarded Shares pursuant to the 2022 Share Award Plan of which 4,600,000 awarded Shares have been vested with lock-up arrangements and 2,400,000 awarded Shares remained unvested. He also directly held 25,000 Shares.
- (5) Mr. POON was the sole shareholder of Allied Power Limited (“**APL**”), which in turn held directly 0.06% Shares. Therefore, Mr. POON was deemed or taken to be interested in all the Shares which were beneficially owned by APL for the purpose of Part XV of the SFO.
- (6) Ms. XIAO Haishan was granted share options under the Pre-IPO Share Option Scheme to subscribe for 837,500 Shares. She was granted 6,000,000 awarded Shares pursuant to the 2022 Share Award Plan of which 4,200,000 awarded Shares have been vested with lock-up arrangements and 1,800,000 awarded Shares remained unvested.
- (7) Mr. Bruno Robert MERCIER directly held 54,000 Shares.

(ii) Associated Corporations

Directors	Associated Corporations	Nature of Interest	Number of ordinary shares interested	Approximate % of Shares held ⁽¹⁾
Ms. PAN Dong ⁽²⁾	ZED Group Limited	Beneficial owner	1	100
	Van Group Limited	Interest in controlled corporation	1,000	100
Mr. LUO Qiuping ⁽²⁾	ZED Group Limited	Interest of spouse	1	100
	Van Group Limited	Interest of spouse	1,000	100

Note:

- (1) The percentage has been compiled based on the total number of ordinary shares of the respective Associated Corporations in issue as at 31 December 2024.
- (2) Ms. PAN was the sole shareholder of ZED, which held the entire issued shares of VGL. Therefore, each of Ms. PAN and Mr. LUO (the spouse of Ms. PAN) was deemed or taken to be interested in all the shares of VGL which were beneficially owned by ZED for the purpose of Part XV of the SFO.

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

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

Save as disclosed herein, none of the Directors had any other interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its Associated Corporations which (i) had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) pursuant to section 352 of the SFO, had to be entered in the register referred to therein or (iii) pursuant to the Model Code, had to be notified to the Company and the Stock Exchange.



REPORT OF THE DIRECTORS

Substantial Shareholders' Interests in Shares and Underlying Shares

As at 31 December 2024, the interests of persons (other than the Directors) whose interest in the Shares or underlying Shares (within the meaning of Part XV of the SFO) of the Company which were notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Name	Nature of Interest	Number of Shares	Approximate % of shareholding ⁽¹⁾
ZED Group Limited⁽²⁾	Beneficial owner/Interest in controlled corporation	4,326,400,000	73.79
HHLR Advisors, Ltd.	Investment manager	527,422,500	8.99
HHLR Fund, L.P.⁽³⁾	Beneficial owner/Interest in controlled corporation	526,542,800	8.98
HCM BM Holdings Ltd.⁽³⁾	Beneficial owner	500,000,000	8.53
Tricor Trust (Hong Kong) Limited⁽⁴⁾	Interest in controlled corporation/ Trustee of the 2021 Share Award Plan	351,721,155	6.00
BMGH T Limited⁽⁴⁾	Trustee of the 2021 Share Award Plan	351,721,155	6.00

Notes:

- (1) As at 31 December 2024, the total number of issued Shares was 5,863,103,406.
- (2) ZED held (i) 73.60% Shares directly and (ii) indirectly (as the sole shareholder of VGL) 0.19% Shares. Therefore, ZED was deemed or taken to be interested in all the Shares which were beneficially owned by VGL for the purpose of Part XV of the SFO. Each of Ms. PAN Dong and Mr. LUO (the spouse of Ms. PAN) was deemed or taken to be interested in all the Shares which were beneficially owned by ZED and VGL for the purpose of Part XV of the SFO.
- (3) HCM BM Holdings, Ltd. was a company incorporated under the laws of the British Virgin Islands with limited liability and was owned as to 95.32% by HHLR Fund, L.P. HHLR Fund, L.P. was a beneficial owner of 26,542,800 Shares.
- (4) BMGH T Limited is the trustee of the 2021 Share Award Plan. Tricor Trust (Hong Kong) Limited holds the entire issued shares of BMGH T Limited. For details of the 2021 Share Award Plan, please refer to the announcements of the Company dated 3 June 2021 and 26 March 2024.

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

Save as disclosed herein, as at 31 December 2024, the Company had not been notified of any interests or short positions in the Shares or underlying Shares which was required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.



REPORT OF THE DIRECTORS

Directors' Rights to Acquire Shares or Debentures

Apart from the subsection headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above and "Pre-IPO Share Option Scheme" below, at no time during the year were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Directors or their respective spouses or minor children, or were any such rights exercised by them, nor was the Company, any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other corporations.

Equity-Linked Agreements

The Board adopted the Pre-IPO Share Option Scheme on 23 September 2020. As at 31 December 2024, the Company has granted share options to subscribe for an aggregate of 61,651,000 Shares (representing approximately 1.05% of the total issued Shares as at the date of this report). All the share options have been granted before the first date on which the Shares are listed and traded on the Main Board of the Stock Exchange (being 16 December 2020) (the "**Listing Date**"). For further details, please refer to the subsection headed "Pre-IPO Share Option Scheme" below.

The Board adopted the 2021 Share Award Plan (as defined below) on 3 June 2021 and the 2022 Share Award Plan (as defined below) on 29 March 2022. The Board has approved amendments to the 2021 Share Award Plan and the 2022 Share Award Plan, the details of which are set out in the announcement of the Company dated 26 March 2024.

As at 31 December 2024, 81,900,999 share awards have been granted pursuant to the 2021 Share Award Plan to 429 employees and 119,600,000 share awards have been granted pursuant to the 2022 Share Award Plan to three executive Directors and three individuals who are directors of subsidiaries of the Company. For further details, please refer to the subsection headed "2021 Share Award Plan" and "2022 Share Award Plan" below.

Save as otherwise disclosed in this report, there was no other equity-linked agreement entered into by the Company during the year ended 31 December 2024.



REPORT OF THE DIRECTORS

Pre-IPO Share Option Scheme

The Board adopted the Pre-Initial Public Offering Share Option Scheme (“**Pre-IPO Share Option Scheme**”) on 23 September 2020. As at 31 December 2024, the Company has granted share options to subscribe for an aggregate of 61,651,000 Shares (representing approximately 1.05% of the total issued Shares as at the date of this report). All the share options have been granted before the Listing Date.

(i) Purpose

The purpose of the Pre-IPO Share Option Scheme is to encourage certain key employees to contribute to the Group for the long-term benefits of the Company and the Shareholders as a whole and provide the Group with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to its key employees.

(ii) Who may join

The Board (which expression shall, for the purpose of this paragraph, include a duly authorised committee thereof) may determine any directors, employees of any member of the Group or any adviser or consultant who provides services to any member of the Group pursuant to a contract of services with the relevant member of the Group (“**Business Associates**”), who the Board considers, in its sole and absolute discretion, have contributed or will contribute to the Group, to take up options to subscribe for Shares.

For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Group to any person who falls within any of these classes of participants shall not, by itself, unless the Directors otherwise so determine, be construed as a grant of option under the Pre-IPO Share Option Scheme.

The eligibility of any of these classes of participants to the grant of any option shall be determined by the Directors from time to time on the basis of the Directors’ opinion as to the participant’s contribution to the development and growth of the Group.



REPORT OF THE DIRECTORS

(iii) **Maximum number of Shares**

The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted under the Pre-IPO Share Option Scheme shall not exceed the lower of (i) 100,000,000 Shares, and (ii) 1.5% of the issued Shares as at the Listing Date. The maximum entitlement of each participants under the Pre-IPO Share Option Scheme is not applicable.

(iv) **Time of acceptance, vesting and exercise of option**

An option may be accepted by a participant within such time as determined by the Board, provided that no option shall remain open for acceptance on or after the Listing Date or after the relevant participant has ceased to be a participant (as determined by the Board) for any reason.

Subject to the other terms and conditions of the Pre-IPO Share Option Scheme or the letter to the grantee, a grantee is vested with, and entitled to exercise up to, either one-fourth of his or her option (rounded up to the nearest board lot) or 10%, 20%, 30% and 40% of his or her option (rounded up to the nearest whole board lot) during the Option Period (as defined in the Prospectus), in each case as specified in the letter to the relevant grantee, commencing from each of the first, second, third and fourth anniversaries of the Listing Date, respectively, provided that the grantee remains to be a participant entitled to exercise his or her option.

(v) **Exercise price for Shares**

The exercise price in relation to each option granted under the Pre-IPO Share Option Scheme shall be HK\$3.76, excluding brokerage, the Securities and Futures Commission (the “SFC”) transaction levy and the Stock Exchange trading fee. A nominal consideration of HK\$1.00 is payable upon acceptance of the grant of an option, save to the extent that other arrangements have been made for the payment of the exercise price which are satisfactory to the Board.



REPORT OF THE DIRECTORS

(vi) **Duration of the Pre-IPO Share Option Scheme**

Subject to the terms of the Pre-IPO Share Option Scheme (including, but not limited to, the conditions precedent for the Pre-IPO Share Option Scheme to become effective), the Pre-IPO Share Option Scheme shall be valid and effective for the period of time commencing on the adoption date (being 23 September 2020) and expiring on the day immediately after the date which is 10 years after the Listing Date, after which period the provisions of the Pre-IPO Share Option Scheme shall in all respects cease to be in any force or effect. The remaining life of the Pre-IPO Share Option Scheme is 5.96 years as at 31 December 2024, being the date on which the latest financial year of the Company ended. For the avoidance of doubt, no option shall be granted under the Pre-IPO Share Option Scheme on or after the Listing Date.

(vii) **Outstanding options granted**

On 23 September 2020 (being the date of grant), pursuant to the Pre-IPO Share Option Scheme, the Company has granted share options to subscribe for an aggregate of 61,651,000 Shares (representing approximately 1.05% of the total issued Shares) to 684 grantees. The grantees comprise three Directors, existing employees and Business Associates of the Group (who are not Directors or connected persons of the Group). All the share options have been granted before the Listing Date. The total number of Shares available for issue under the Pre-IPO Share Option Scheme was 45,040,684 in respect of outstanding share options as at 31 December 2024 representing approximately 0.77% of the total number of Shares as at the date of this report.



REPORT OF THE DIRECTORS

Set out below is the detailed movements during the year in the outstanding options granted under the Pre-IPO Share Option Scheme:

Name of Grantee	Date of grant ⁽¹⁾	Number of options				Exercise Price per Share	Option Period
		Outstanding options as at 1 January 2024	Granted during the year	Exercised during the year	Cancelled or lapsed during the year	Outstanding options as at 31 December 2024	
Directors							
Ms. LUO Dong	23/09/2020	4,800,000	—	—	—	4,800,000	10 years from the date of Grant
Mr. POON Kwok Leung	23/09/2020	975,000	—	—	—	975,000	10 years from the date of Grant
Ms. XIAO Haishan	23/09/2020	837,500	—	—	—	837,500	10 years from the date of Grant
Other Grantees including existing employees and Business Associates of the Group	23/09/2020	41,063,523	—	(110,000)	(2,525,339)	38,428,184	10 years from the date of Grant
Total		47,676,023	—	(110,000)	(2,525,339)	45,040,684	

Notes:

- (1) On every vesting date, either one-fourth of his or her option (rounded up to the nearest board lot) or 10%, 20%, 30% and 40% of his or her option (rounded up to the nearest whole board lot) during the Option Period (as defined in the Prospectus), in each case as specified in the letter to the relevant grantees, commencing from each of the first, second, third and fourth anniversaries of the Listing Date, respectively, may be vested in the grantee, subject to the satisfaction of certain performance targets and/or the attainment or performance of milestones by any member of our Group as determined by our Board at its sole and absolute discretion. Notwithstanding the above, our Board may in its sole discretion amend the vesting schedule and vest any percentage of the underlying Shares in respect of the options under the Pre-IPO Share Option Scheme in accordance with the terms thereunder.
- (2) The weighted average closing price of the Company's Share immediately before the date on which the options were exercised was HK\$4.00.

Save as disclosed above, during the year ended 31 December 2024, no share options were granted, exercised, lapsed or cancelled under the Pre-IPO Share Option Scheme. For further details regarding the Pre-IPO Share Option Scheme, please refer to the Prospectus and note 24 to the consolidated financial statements of this report.



REPORT OF THE DIRECTORS

2021 Share Award Plan

On 3 June 2021, the Board approved the adoption of the 2021 share award plan and subsequently, amendments thereto (together referred to as the “**2021 Share Award Plan**”) were approved by the Board, details of which were set out in the announcement of the Company dated 26 March 2024 (the “**Amendment Date**”).

As at 31 December 2024, 81,900,999 share awards have been granted to 429 employees all of which shall be satisfied by existing Shares. Pursuant to the 2021 Share Award Plan, the Shares to be awarded will be satisfied by:

- (a) existing Shares to be acquired by the trustee on or off the market;
- (b) Shares donated or transferred for nil consideration to the trustee;
- (c) such Shares as may be allotted or issued to the trustee as a holder of Shares whether by way of scrip dividend or otherwise;
- (d) such returned Shares which remain unvested and revert to the trustee in accordance with the terms of the 2021 Share Award Plan; and
- (e) such Shares which have been vested but subject to lock-up and which are returned to the Shares Pool in accordance with the grant notices.

(i) **Purpose**

The purpose of the 2021 Share Award Plan is to recognize and reward the contributions of certain eligible participants to the growth and development of the Group, to give incentives to them in order to retain them for the continual operation and development of the Group and to attract suitable personnel for the further development of the Group.



REPORT OF THE DIRECTORS

(ii) **Eligible persons**

The following classes of participants (other than any excluded participants) are eligible for participation in the 2021 Share Award Plan:

- (a) any employee (whether full time or part time, but excluding any director) of the Company, any subsidiary of the Group or any entity in which any member of the Group holds any equity interest;
- (b) any adviser (professional or otherwise), consultant to or expert in any area of business or business development of any member of the Group or any invested entity; and
- (c) any other groups or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group,

and, for the purposes of the 2021 Share Award Plan, the award may be made to any company wholly owned by one or more of the above participants.

Pursuant to the rules relating to the 2021 Share Award Plan, the Board may, acting through the awards committee, during the continuation of the 2021 Share Award Plan, at its absolute discretion select any eligible participant (other than an excluded participant) to participate in the 2021 Share Award Plan as a selected participant and determine the awards of Shares to be granted, subject to such terms and conditions as it may in its absolute discretion determine (including but not limited to, where applicable, the vesting conditions and schedule of the awarded Shares to the selected participant). The eligibility of any of the eligible participants to an award shall be determined by the Board from time to time on the basis of the Board's opinion, subject to performance targets based on results of comprehensive assessment conducted on the selected participants, their contribution and/or future contribution to the development and growth of the Group.

(iii) **Maximum number of Shares that may be awarded**

The maximum number of Shares to be purchased by and/or transferred to the trustee shall not exceed 9.9% of the total number of issued Shares as at the Amendment Date, being 580,436,347 Shares (including Shares purchased but not yet awarded, and shall not take into account Shares vested and transferred to the grantees) which represent approximately 9.9% of the issued Shares as at the date of this report. The Board shall not instruct the trustee of the 2021 Share Award Plan to purchase any Shares for the purpose of the 2021 Share Award Plan when such purchase will result in such threshold being exceeded.



REPORT OF THE DIRECTORS

(iv) **Maximum entitlement of each participant**

The total number of Shares which may be subject to an award or awards to a selected participant shall not in aggregate exceed 1% of the total number of issued Shares as at the Amendment Date, being 58,629,934 Shares.

(v) **Vesting period of awarded Shares and lapse**

Subject to and in accordance with the rules relating to the 2021 Share Award Plan, the trustee of the 2021 Share Award Plan shall transfer to and vest in any participant the legal and beneficial ownership of the awarded Shares to which such participant is entitled under the relevant award as soon as practicable after the latest of (a) the vesting date as specified in the relevant award notice; and (b) where applicable, the date on which the condition(s) and/or performance target(s) to be attained or paid by such selected participant as specified in the relevant award notice have been attained or paid and notified to the trustee of the 2021 Share Award Plan by the Board in writing. The vesting period under the 2021 Share Award Plan in relation to any selected participant is the period commencing on the date on which the awarded Shares have been provisionally set aside pursuant to an Award to such selected participant and ending on the vesting date.

At any time prior to a vesting date, unless the Board otherwise determines, in respect of a selected participant who:

- (a) died or became totally and permanently disabled and incapacitated, all the awarded Shares of that selected participant shall be deemed to be vested in that participant on the day immediately prior to his death or becoming totally and permanently disabled and incapacitated; or
- (b) (in the case of a selected participant who is an employee) retired on his normal retirement date, all the awarded Shares of that participant shall be deemed to be vested in that participant on the day immediately prior to his normal retirement date; or
- (c) (in the case of a selected participant who is an employee) retired on an earlier retirement date (with prior written agreement given by the Company or the relevant subsidiary of the Group or the relevant Invested Entity), all the awarded Shares of that participant shall be deemed to be vested in that participant on the day immediately prior to his or her earlier retirement date.



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In the event that any selected participant who is an employee ceases to be an employee by virtue of a corporate reorganisation of the Group or the invested entity, then any award made to such selected participant, to the extent not already vested, shall forthwith lapse and be cancelled. An award shall automatically lapse forthwith and all the awarded Shares, to the extent not already vested, shall not vest on the relevant vesting date and shall become returned Shares upon occurrence of certain events specified in the 2021 Share Award Plan.

(vi) Remaining life of the 2021 Share Award Scheme

The 2021 Share Award Scheme shall be valid and effective for a term of 15 years commencing from 3 June 2021 but may be terminated earlier as determined by the Board, provided that such termination shall not affect any subsisting rights of any selected participant. Assuming that there will not be an early termination, the remaining life of the 2021 Share Award Scheme is approximately 11.42 years as at 31 December 2024, being the date on which the latest financial year of the Company ended.

(vii) The amount, if any, payable on application or acceptance of the award

Other than satisfying the vesting conditions, the selected participants are not required to provide any consideration in order to acquire the Shares awarded to him or her under the 2021 Share Award Plan. Accordingly, the basis of determining the purchase price of the Shares awarded is not applicable.

Details in relation to the 2021 Share Award Plan, the share purchase in respect of the 2021 Share Award Plan by the trustee and its amendments are set out in the announcements of the Company dated 3 June 2021, 27 July 2021 and 26 March 2024, respectively.

No share awards have been granted to any connected persons (as defined under the Listing Rules) of the Company and all share awards granted under the 2021 Share Award Plan shall be satisfied by existing Shares. Details of the 2021 Share Award Plan are set out in note 24 to the consolidated financial statements.



REPORT OF THE DIRECTORS

Set out below is the detailed movements of the awarded Shares during the year involving the existing Shares under the 2021 Share Award Plan:

Date of Grant	Vesting Period ⁽³⁾⁽⁵⁾	Number of the awarded Shares						
		Closing price of the awarded Shares immediately before the date of grant (HK\$)	Fair value of the awarded Shares at the date of grant ⁽²⁾ (HK\$)	Unvested as at 1 January 2024	Granted during the year	Vested during the year	Cancelled or lapsed during the year	Unvested as at 31 December 2024
Directors ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
5 highest paid individuals during the financial year (in aggregate)								
04/09/2024	04/09/2024-18/10/2032 ⁽⁴⁾⁽⁵⁾	1.93	1.92	—	5,000,000 ⁽⁴⁾	5,000,000 ⁽¹⁰⁾	— ⁽⁶⁾	— ⁽¹²⁾
						— ⁽¹¹⁾	— ⁽⁷⁾	5,000,000 ⁽¹³⁾
Employee participants (in aggregate)								
17/09/2021 ⁽¹⁴⁾	17/09/2021-17/09/2024 ⁽⁴⁾	6.42	6.65	1,715,978	—	(1,309,731) ⁽¹⁰⁾	(406,247) ⁽⁶⁾	— ⁽¹²⁾
26/09/2021 ⁽¹⁴⁾	26/09/2021-17/09/2024 ⁽⁴⁾	6.60	6.60	40,000	—	(35,000) ⁽¹⁰⁾	(5,000) ⁽⁶⁾	— ⁽¹²⁾
12/05/2022 ⁽¹⁴⁾	12/05/2022-11/04/2025 ⁽⁴⁾	6.01	6.02	60,000	—	(30,000) ⁽¹⁰⁾	(20,000) ⁽⁶⁾	10,000 ⁽¹²⁾
21/01/2023	21/01/2023-01/03/2026 ⁽⁴⁾	5.25	5.25	1,060,000	—	(154,800) ⁽¹⁰⁾	(325,200) ⁽⁶⁾	580,000 ⁽¹²⁾
07/04/2023	07/04/2023-01/04/2027 ⁽⁴⁾	5.01	5.01	—	—	—	— ⁽⁶⁾	— ⁽¹²⁾
22/05/2023	22/05/2023-01/03/2026 ⁽⁴⁾	4.43	4.46	120,000	—	(20,000) ⁽¹⁰⁾	(20,000) ⁽⁶⁾	80,000 ⁽¹²⁾
12/06/2023	12/06/2023-01/07/2025 ⁽⁴⁾	4.47	4.41	20,000	—	— ⁽¹⁰⁾	(20,000) ⁽⁶⁾	— ⁽¹²⁾
20/09/2023	20/09/2023-18/10/2027 ⁽⁴⁾	2.67	2.38	237,000	—	(58,000) ⁽¹⁰⁾	(5,000) ⁽⁶⁾	174,000 ⁽¹²⁾
08/10/2023	08/10/2023-18/10/2029 ⁽⁴⁾⁽⁵⁾	2.72	2.47	4,970,000 ⁽⁸⁾	—	(104,800) ⁽¹⁰⁾	(245,200) ⁽⁶⁾	4,620,000 ⁽¹²⁾
				8,195,000 ⁽⁹⁾		(994,200) ⁽¹¹⁾	(290,200) ⁽⁷⁾	6,910,600 ⁽¹³⁾
13/10/2023	13/10/2023-18/04/2027 ⁽⁴⁾	2.94	2.67	70,000	—	— ⁽¹⁰⁾	— ⁽⁶⁾	70,000 ⁽¹²⁾
27/11/2023	27/11/2023-18/04/2027 ⁽⁴⁾⁽⁵⁾	2.12	2.08	750,000 ⁽⁸⁾	—	(680,000) ⁽¹⁰⁾	(70,000) ⁽⁶⁾	— ⁽¹²⁾
				750,000 ⁽⁹⁾		(340,000) ⁽¹¹⁾	(70,000) ⁽⁷⁾	340,000 ⁽¹³⁾

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Date of Grant	Vesting Period ⁽³⁾⁽⁵⁾	Closing price of the awarded Shares immediately before the date of grant (HK\$)	Fair value of the awarded Shares at the date of grant ⁽²⁾ (HK\$)	Number of the awarded Shares				
				Unvested as at 1 January 2024	Granted during the year	Vested during the year	Cancelled or lapsed during the year	Unvested as at 31 December 2024
17/04/2024	17/04/2024-18/04/2027 ⁽⁴⁾⁽⁵⁾	1.99	1.88	—	276,000 ⁽⁴⁾	(176,000) ⁽¹⁾⁽⁶⁾	— ⁽⁶⁾	100,000 ⁽¹²⁾
						(102,000) ⁽¹¹⁾	— ⁽⁷⁾	174,000 ⁽¹³⁾
02/09/2024	02/09/2024-18/10/2058 ⁽⁴⁾⁽⁵⁾	1.87	1.90	—	36,710,000 ⁽⁴⁾	(36,350,000) ⁽¹⁰⁾	— ⁽⁶⁾	360,000 ⁽¹²⁾
						— ⁽¹¹⁾	(1,000,000) ⁽⁷⁾	35,710,000 ⁽¹³⁾
04/09/2024	04/09/2024-18/10/2045 ⁽⁴⁾⁽⁵⁾	1.93	1.92	—	18,500,000 ⁽⁴⁾	(18,500,000) ⁽¹⁰⁾	— ⁽⁶⁾	— ⁽¹²⁾
						— ⁽¹¹⁾	— ⁽⁷⁾	18,500,000 ⁽¹³⁾
Total:				9,042,978 ⁽⁸⁾	60,486,000 ⁽⁴⁾	(62,418,331) ⁽¹⁰⁾	(1,116,647) ⁽⁶⁾	5,994,000 ⁽¹²⁾
				12,267,978 ⁽⁹⁾		(3,043,731) ⁽¹¹⁾	(2,161,647) ⁽⁷⁾	67,548,600 ⁽¹³⁾

Notes:

- (1) As at 1 January 2024, there was no outstanding or unvested Awarded Share in favour of any Director of the Company. During the year ended 31 December 2024, no Awarded Share was granted to any Director of the Company. As at 31 December 2024, there was no outstanding or unvested Awarded Share in favour of any director of the Company.
- (2) The fair value of awards granted is measured by the quoted closing market price of the awarded Shares at the respective dates of grant.

For the awarded Shares granted under the 2021 Share Award Plan, the total amount to be recognised as expense is determined by reference to the fair value of the awarded Shares granted (i) including any market performance conditions (for example, an entity's share price); (ii) excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and (iii) including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specified period of time). The total expense is recognised over the vesting period. At the end of each reporting period, the Group revises its estimates of the number of awarded shares that are expected to vest based on the non-market performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

A description of the basis for fair value measurement is set out in note 24 to the consolidated financial statements.



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- (3) The Shares awarded to the employee participants on 17 September 2021 are subject to a vesting scale in tranches of 33% of the awarded Shares respectively on the first and second anniversary dates of the grant date or join date and the balance of the remaining awarded Shares on the third anniversary date of the grant date.

The Shares awarded to the employee participants on 26 September 2021 are subject to a vesting scale in tranches of 33% or 25% of the awarded Shares respectively on each anniversary dates of the grant date or join date.

The Shares awarded to the employee participants on 12 May 2022 are subject to a vesting scale in tranches of 33% of the awarded Shares respectively on each anniversary dates of the join date.

The Shares awarded to the employee participants on 21 January 2023 are subject to a vesting scale in approximately 3 to 4 tranches within 4 years.

The Shares awarded to the employee participants on 7 April 2023 are subject to a vesting scale in approximately 1 to 4 tranches within 4 years.

The Shares awarded to the employee participants on 22 May 2023 are subject to a vesting scale in approximately 4 tranches within 3 years.

The Shares awarded to the employee participants on 12 June 2023 are subject to a vesting scale in approximately 3 tranches within 3 years.

The Shares awarded to the employee participants on 20 September 2023 are subject to a vesting scale in approximately 1 to 5 tranches within 5 years.

The Shares awarded to the employee participants on 8 October 2023 are subject to a vesting scale in approximately 1 to 17 tranches within 5 years.

The Shares awarded to the employee participants on 13 October 2023 are subject to a vesting scale in approximately 1 to 3 tranches within 4 years.

The Shares awarded to the employee participants on 27 November 2023 are subject to a vesting scale in approximately 1 to 3 tranches within 4 years.

The Shares awarded to the employee participants on 17 April 2024 are subject to a vesting scale in approximately 1 to 3 tranches within 4 years.

The Shares awarded to the employee participants on 2 September 2024 are subject to a vesting scale in approximately 1 to 3 tranches within 3 years.

The Shares awarded to the 5 highest paid individuals during the financial year on 4 September 2024 are subject to a vesting scale in 1 tranche within 1 year.

The Shares awarded to the employee participants on 4 September 2024 are subject to a vesting scale in 1 tranche within 1 year.

- (4) The grants were made subject to performance targets based on results of comprehensive assessments conducted on the respective selected participants. Other than satisfying the vesting conditions, the selected participants are not required to provide any consideration in order to acquire the Shares granted to him or her under the 2021 Share Award Plan.
- (5) Certain awarded Shares granted on 8 October 2023, 27 November 2023, 17 April 2024, 2 September 2024 and 4 September 2024 were subject to lock-up arrangement (the "**Locked-up Shares**"). Under the lock-up arrangement, participants were restricted from selling, transferring, pledging and/or otherwise creating security and/or other third-party rights or encumbrance over the Shares (the "**Lock-up Arrangement**") during the lock-up period, which ranges from 0.5 years to 34.1 years. The Locked-up Shares are subject to clawback, and shall return to the Shares pool in circumstances such as termination of employment of the selected participant during the lock-up period.
- (6) This represents awarded Shares lapsed or cancelled before they were vested.
- (7) This represents (i) awarded Shares lapsed or cancelled before they were vested; and/or (ii) Locked-up Shares lapsed or cancelled before they were unlocked.



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- (8) This represents all awarded Shares which have not been vested as at 1 January 2024.
- (9) This represents (i) awarded Shares which were subject to the Lock-up Arrangement and have not been vested; (ii) Locked-up Shares which have been vested but yet to be unlocked; and (iii) awarded Shares which were not subject to any Lock-up Arrangement and have not been vested as at 1 January 2024.
- (10) This represents all awarded Shares vested during the year regardless of whether they are subject to the Lock-up Arrangement. Weighted average closing price of such awarded Shares immediately before the date such awarded Shares was vested in 2024 was HK\$1.92 per share.
- (11) This represents (i) awarded Shares vested during the year which were not subject to the Lock-up Arrangement; and/or (ii) Locked-up Shares vested which have been unlocked during the year ended 31 December 2024. For details, please refer to note 24(b) to the consolidated financial statements. Weighted average closing price of such awarded Shares immediately before the date such awarded Shares were vested in 2024 was HK\$2.35 per share.
- (12) This represents all awarded Shares which have not been vested regardless of whether they are subject to the Lock-up Arrangement as at 31 December 2024.
- (13) This represents (i) awarded Shares which were subject to the Lock-up Arrangement and have not been vested; (ii) Locked-up Shares which have been vested but yet to be unlocked; and (iii) awarded Shares which were not subject to any Lock-up Arrangement and have not been vested as at 31 December 2024.
- (14) The grants were made prior to the amendment to Chapter 17 of the Listing Rules taking effect.

2022 Share Award Plan

On 29 March 2022, the Board approved the adoption of the 2022 share award plan and subsequently, amendments thereto (together referred to as the “**2022 Share Award Plan**”) were approved by the Board and details of which are set out in the announcement of the Company dated 26 March 2024.

As at 1 January 2024 and 31 December 2024, 119,600,000 share awards have been granted pursuant to the 2022 Share Award Plan to three executive Directors (the “**ED(s)**”) and three individuals who are directors of subsidiaries of the Company. Pursuant to the 2022 Share Award Plan, the Shares to be awarded will be satisfied by:

- (a) existing Shares to be acquired by the trustee on or off the market;
- (b) Shares donated or transferred for nil consideration to the trustee;
- (c) such Shares as may be allotted or issued to the trustee as a holder of Shares whether by way of scrip dividend or in other corporate actions of the Company and such returned Shares; and
- (d) such Shares which have been vested but subject to lock-up and which are returned to the Share Pool in accordance with the grant notices.



REPORT OF THE DIRECTORS

(i) Purpose

The purpose of the 2022 Share Award Plan is to recognise and reward the contribution of certain eligible participants who are the EDs or directors of the subsidiaries of the Group to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

(ii) Eligible persons

The following classes of participants are eligible for participation in the 2022 Share Award Plan:

- (a) EDs; and
- (b) directors of any subsidiaries of the Group,

and, for the purposes of the 2022 Share Award Plan, the award may be made to any company wholly-owned by eligible participant or any trust which an eligible participant is the settlor.

The eligibility of any of the eligible participants under the 2022 Share Award Plan to an award shall be determined by the Board from time to time on the basis of the Board's opinion, subject to performance targets based on results of comprehensive assessment conducted on the selected participants, their contribution and/or anticipated future contribution to the development and growth of the Group and the grant of an award to eligible participants who are the EDs shall be approved by members of the Remuneration Committee (other than by himself or herself).

(iii) Maximum number of Shares that may be awarded

The maximum number of Shares which may be awarded under the 2022 Share Award Plan shall not exceed 3.0% of the total number of issued Shares as at the Amendment Date, being 175,889,802 Shares (excluding Shares awarded but lapsed and not vested), which represent approximately 3.0% of the issued Shares at the date of this report. The Board shall not instruct the trustee to purchase any Shares for the purpose of the 2022 Share Award Plan when doing so will result in such threshold being exceeded.

(iv) Maximum entitlement of each participant

The total number of Shares which may be subject to the award to a selected participant shall not in aggregate exceed 1% of the total number of issued Shares as at the Amendment Date, being 58,629,934 Shares.



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(v) Vesting period of awarded Shares and lapse

Subject to and in accordance with the rules relating to the 2022 Share Award Plan, the trustee of the 2022 Share Award Plan shall transfer to and vest in any participant the legal and beneficial ownership of the awarded Shares to which such participant is entitled under the relevant award as soon as practicable after the latest of (a) the vesting date as specified in the relevant award notice; and (b) where applicable, the date on which the condition(s) and/or performance target(s) to be attained or paid by such selected participant as specified in the relevant award notice have been attained or paid and notified to the trustee of the 2022 Share Award Plan by the Board in writing. The vesting period under the 2022 Share Award Plan in relation to any selected participant is the period commencing on the date on which the awarded Shares have been provisionally set aside pursuant to an award to such selected participant and ending on the vesting date.

At any time prior to a vesting date, unless the Board otherwise determines, in respect of a selected participant who:

- (a) died or became totally and permanently disabled and incapacitated, all the awarded Shares of that participant shall be deemed to be vested in that participant on the day immediately prior to his death or becoming totally and permanently disabled and incapacitated; or
- (b) retired on his normal retirement date, all the awarded Shares of that participant shall be deemed to be vested in that participant on the day immediately prior to his normal retirement date; or
- (c) retired on an earlier retirement date (with prior written agreement given by the Company or the relevant subsidiary of the Group), all the awarded Shares of that participant shall be deemed to be vested in that participant on the day immediately prior to his earlier retirement date.

In the event that any selected participant ceases to be an executive Director or a director of a subsidiary by virtue of a corporate reorganization of the Group, then any award made to such selected participant, to the extent not already vested, shall forthwith lapse and be cancelled. Where such selected participant remains employed as an employee, any awards to the extent unvested shall be dealt with in accordance with the relevant grant notice to such selected participant. In the event that he or she ceases to be an employee, any awards to the extent unvested, shall forthwith lapse and be cancelled. An award shall automatically lapse forthwith and all the awarded Shares, to the extent not already vested, shall not vest on the relevant vesting date and shall become returned Shares upon occurrence of certain events specified in the 2022 Share Award Plan.



REPORT OF THE DIRECTORS

(vi) Remaining life of the 2022 Share Award Scheme

The 2022 Share Award Scheme shall be valid and effective for a term of 15 years commencing from 29 March 2022 but may be terminated earlier as determined by the Board, provided that such termination shall not affect any subsisting rights of any selected participant. Assuming that there will not be an early termination, the remaining life of the 2022 Share Award Scheme is approximately 12.25 years as at 31 December 2024, being the date on which the latest financial year of the Company ended.

(vii) The amount, if any, payable on application or acceptance of the award

Other than satisfying the vesting conditions, the selected participants are not required to provide any consideration in order to acquire the Shares awarded to him or her under the 2022 Share Award Plan. Accordingly, the basis of determining the purchase price of Shares awarded is not applicable.

Further details in relation to the 2022 Share Award Plan and its amendments are set out in the announcements of the Company dated 30 March 2022 and 26 March 2024, respectively and in note 24 to the consolidated financial statements.

REPORT OF THE DIRECTORS

Set out below is the detailed movements of the awarded Shares during the year under the 2022 Share Award Plan:

Name/Type of participants	Date of Grant	Vesting Period ⁽³⁾⁽⁴⁾	Closing price of the awarded Shares immediately before the date of grant (HK\$)	Fair value of the awarded Shares at the date of grant ⁽¹⁾ (HK\$)	Number of the awarded Shares				
					Unvested as at 1 January 2024	Granted during the year	Vested during the year	Cancelled or lapsed during the year ⁽⁵⁾	Unvested as at 31 December 2024
Directors									
Ms. LUO Dong	20/05/2024	20/05/2024-18/04/2033 ⁽²⁾⁽⁴⁾	2.24	1.94	—	58,600,000 ⁽²⁾	— ⁽⁶⁾	—	58,600,000 ⁽⁸⁾
							— ⁽⁷⁾		58,600,000 ⁽⁹⁾
Mr. POON Kwok Leung	20/05/2024	20/05/2024-18/04/2034 ⁽²⁾⁽⁴⁾	2.24	2.13	—	7,000,000 ⁽²⁾	(4,600,000) ⁽⁶⁾	—	2,400,000 ⁽⁸⁾
							— ⁽⁷⁾		7,000,000 ⁽⁹⁾
Ms. XIAO Haishan	20/05/2024	20/05/2024-18/04/2034 ⁽²⁾⁽⁴⁾	2.24	2.15	—	6,000,000 ⁽²⁾	(4,200,000) ⁽⁶⁾	—	1,800,000 ⁽⁸⁾
							— ⁽⁷⁾		6,000,000 ⁽⁹⁾
5 highest paid individuals during the financial year (in aggregate)	20/05/2024	20/05/2024-18/04/2034 ⁽²⁾⁽⁴⁾	2.24	2.15	—	30,000,000 ⁽²⁾	(21,000,000) ⁽⁶⁾	—	9,000,000 ⁽⁸⁾
							— ⁽⁷⁾		30,000,000 ⁽⁹⁾
Other grantees (in aggregate)	20/05/2024	20/05/2024-18/04/2034 ⁽²⁾⁽⁴⁾	2.24	2.14	—	18,000,000 ⁽²⁾	(12,000,000) ⁽⁶⁾	—	6,000,000 ⁽⁸⁾
							— ⁽⁷⁾		18,000,000 ⁽⁹⁾
Total:					—	119,600,000 ⁽²⁾	(41,800,000) ⁽⁶⁾	—	77,800,000 ⁽⁸⁾
							— ⁽⁷⁾		119,600,000 ⁽⁹⁾



REPORT OF THE DIRECTORS

Notes:

- (1) The fair value of awards granted is measured by the quoted closing market price of the awarded Shares at the respective dates of grant.

For the awarded Shares granted under the 2022 Share Award Plan, the total amount to be recognised as expense is determined by reference to the fair value of the awarded Shares granted (i) including any market performance conditions (for example, an entity's share price); (ii) excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and (iii) including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specified period of time). The total expense is recognised over the vesting period. At the end of each reporting period, the Group revises its estimates of the number of awarded shares that are expected to vest based on the non-market performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

A description of the basis for fair value measurement is set out in note 24 to the consolidated financial statements.

- (2) The grants were made subject to performance targets based on results of comprehensive assessments conducted on the respective selected participants. Other than satisfying the vesting conditions, the selected participants are not required to provide any consideration in order to acquire the Shares granted to him or her under the 2022 Share Award Plan.

- (3) The Shares awarded to Ms. LUO Dong on 20 May 2024 are subject to a vesting scale in 9 tranches within 9 years.

The Shares awarded to Mr. POON Kwok Leung on 20 May 2024 are subject to a vesting scale in 4 tranches within 3 years.

The Shares awarded to Mr. XIAO Haishan on 20 May 2024 are subject to a vesting scale in 4 tranches within 3 years.

The Shares awarded to the 5 highest paid individuals during the financial year on 20 May 2024 are subject to a vesting scale in 4 tranches within 3 years.

The Shares awarded to the other grantees on 20 May 2024 are subject to a vesting scale in 4 tranches within 3 years.

- (4) Certain awarded Shares granted on 20 May 2024 were subject to lock-up arrangement (the "**Locked-up Shares**"). Under the lock-up arrangement, participants were restricted from selling, transferring, pledging and/or otherwise creating security and/or other third-party rights or encumbrance over the Shares (the "**Lock-up Arrangement**") during the lock-up period, which ranges from 0.5 years to 10.37 years. The Locked-up Shares are subject to clawback, and shall return to the Shares pool in circumstances such as termination of employment of the selected participant during the lock-up period.

- (5) No awarded Shares were lapsed or cancelled during the year ended 31 December 2024.

- (6) This represents all awarded Shares vested during the year regardless of whether they are subject to the Lock-up Arrangement. Weighted average closing price of such awarded Shares immediately before the date such awarded Shares were vested in 2024 was HK\$2.01 per share.

- (7) This represents (i) awarded Shares vested during the year which were not subject to the Lock-up Arrangement; and/or (ii) Locked-up Shares vested which have been unlocked during the year ended 31 December 2024. Neither awarded Shares which were not subject to the Lock-up Arrangement were vested nor Locked-up Shares vested were unlocked during the year. For details, please refer to note 24(b) to the consolidated financial statements.

- (8) This represents all awarded Shares which have not been vested regardless of whether they are subject to the Lock-up Arrangement as at 31 December 2024.

- (9) This represents (i) awarded Shares which were subject to the Lock-up Arrangement and have not been vested; (ii) Locked-up Shares which have been vested but not yet been unlocked; and (iii) awarded Shares which were not subject to any Lock-up Arrangement and have not been vested as at 31 December 2024.

Save as disclosed above, there are no other information required to be disclosed under Rule 17.12 of the Listing Rules in relation to the 2021 Share Award Plan and the 2022 Share Award Plan.



REPORT OF THE DIRECTORS

Related Party Transactions

Details of related party transactions were set out in note 31 to the consolidated financial statements. Details of any related party transaction which constitutes a continuing connected transaction not exempted under Chapter 14A of the Listing Rules are disclosed in the section headed “Connected Transactions and Continuing Connected Transactions” below. Save as disclosed in the section headed “Connected Transactions and Continuing Connected Transactions” below, none of the related party transactions falls under the definition of “connected transaction” or “continuing connected transaction” in Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Connected Transactions and Continuing Connected Transactions

The Group has entered into a master purchase framework agreement which constituted a non-exempt continuing connected transaction (as defined in the Listing Rules) of the Company which is subject to announcement, reporting and annual review requirements under Chapter 14A of the Listing Rules but will be exempted from circular (including independent financial advice) and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. Details of the transaction are set out below:

Master Purchase Framework Agreement

The Company entered into a master purchase framework agreement (the “**Master Purchase Framework Agreement**”) with Guangzhou Daoming Chemical Co., Ltd (廣州市道明化學有限公司) (“**Daoming Company**”) on 31 May 2023 to renew the existing master purchase framework agreement entered into between the Company and Daoming Company on 23 November 2020, pursuant to which Daoming Company agreed to supply to the Group, and the Group agreed to purchase, chemical raw materials (including surfactant and additive) from Daoming Company with a term commencing from the date of signing to 31 December 2025, which can be renewed subject to the negotiation between the parties to the Master Purchase Framework Agreement and compliance with the requirements of the Listing Rules.

The main objective of the Group’s sourcing strategy is to avoid relying heavily on any single supplier to ensure stable supply and cost competitiveness. The Group generally selects its suppliers based on various criteria including the reliability of delivery time, pricing of the materials and location of the suppliers’ facilities. Daoming Company is not the sole and exclusive supplier for the chemical raw materials required by the Group for its business, and the Group also sources chemical raw materials from selected suppliers which are independent third parties.

The annual cap for the Master Purchase Framework Agreement payable by the Company for the year ended 31 December 2024 was RMB6,000,000 (equivalent to HK\$6,780,000).

The total amount incurred by the Company under the Master Purchase Framework Agreement for the year ended 31 December 2024 was HK\$3,140,916. The Company has followed its pricing policies and guidelines in respect of the transactions entered into under the Master Purchase Framework Agreement when determining the price and terms of the transactions conducted during the financial year.

The purchase price payable by the Group to Daoming Company under the Master Purchase Framework Agreement was/will be determined through a bidding process according to the internal rules and procedures of the Company.



REPORT OF THE DIRECTORS

As Daoming Company is a company established in the PRC with limited liability on 6 April 1990 and held by Mr. FU Xiangdong (the brother of Mr. LUO) and Mr. LUO Wenming (the uncle of Mr. LUO) as to 70% and 30%, it is a connected person of the Company. The Master Purchase Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For further details regarding the Master Purchase Framework Agreement, please refer to the section headed “Connected Transactions” of the Prospectus and the announcement of the Company published on 31 May 2023.

Confirmation by the INEDs

The INEDs have reviewed the above continuing connected transactions contemplated under the Master Purchase Framework Agreement and have confirmed that such transactions are:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better terms; and
- (iii) in accordance with the agreements related to such transactions, the terms of which are fair and reasonable and in the interests of the Shareholders as a whole.

Conclusions by the Auditor

The Company’s auditor was engaged to review the continuing connected transactions contemplated under the Master Purchase Framework Agreement. The auditors have, based on the work performed, provided a letter to the Directors confirming that nothing has come to their attention that causes them to believe that such continuing connected transactions:

- (i) have not been approved by the Board;
- (ii) were not, in all material respects, in accordance with the pricing policies of the Group;
- (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and
- (iv) have exceeded the relevant annual caps.

The Directors confirmed that the Company has complied with the requirements of Chapter 14A of the Listing Rules in respect of all of its continuing connected transactions.



REPORT OF THE DIRECTORS

Retirement and Pension Scheme

Particulars of retirement and pension schemes of the Group are set out in note 8 to the consolidated financial statements.

Purchase, Sale and Redemption of the Company's Listed Securities

During the year ended 31 December 2024 and up to the date of this report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities. As at 31 December 2024, the Group did not hold any treasury shares.

Permitted Indemnity Provision

Pursuant to the Articles of Association, every Director shall be entitled to be indemnified out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses incurred or sustained by him/her as a Director by or by reason of any act done, concurred in or omitted in or about the execution of his or her duty, or supposed duty, in his or her respective offices or trusts.

Management Contract

No contract concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Use of Net Proceeds from the Company's Global Offering

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



REPORT OF THE DIRECTORS

Change in Use of Unutilised Net Proceeds

As at 31 December 2024, the total unutilised Net Proceeds amounted to approximately HK\$3,360 million (the “Unutilised Net Proceeds”). Having considered the reasons set out in “Reasons for Change in Use of Unutilised Net Proceeds” below, the Board has resolved to change the use of the Unutilised Net Proceeds to optimise the deployment of financial resources to align with the Group’s overall and long-term business strategy. The actual utilisation of Net Proceeds up to 31 December 2024 and the proposed changes in the Unutilised Net Proceeds are stated below.

Intended use of Net Proceeds as stated in the Prospectus	Original % of use of the Net Proceeds	Original allocation of the Net Proceeds ^(Note) <i>approximately HK\$ million</i>	As at 31 December 2023 Unutilised amount <i>approximately HK\$ million</i>	For the year ended 31 December 2024 Utilised amount <i>approximately HK\$ million</i>	As at 31 December 2024 Unutilised amount <i>approximately HK\$ million</i>	Revised allocation of the Unutilised Net Proceeds as at 31 December 2024 <i>approximately HK\$ million</i>	% of the Unutilised Net Proceeds after revised allocation	Expected timeline for full utilisation of the Unutilised Net Proceeds
Financing business expansion including production capacity expansion plans and to purchase equipment and machinery to facilitate such expansion plan as well as the development of the Group’s laundry services	36%	3,918	3,380	65	3,315	672	20%	By 31 December 2028
Raising brand awareness, further strengthening the Group’s sales and distribution network and increasing product penetration	52%	5,766	1,661	1,661	–	2,643	79%	By 31 December 2028
Working capital and for other general corporate purposes	10%	1,100	–	–	–	–	–	N/A
Enhancing research and development capabilities	2%	220	89	44	45	45	1%	By 31 December 2025
Total	100%	11,004	5,130	1,770	3,360	3,360	100%	

Note:

The net proceeds amount of approximately HK\$11,004 million include approximately HK\$2,500 million net proceeds utilised in the financial year ended 31 December 2021, approximately HK\$1,300 million net proceeds utilised in the financial year ended 31 December 2022, approximately HK\$2,074 million net proceeds utilised in the financial year ended 31 December 2023 and approximately HK\$5,130 million net proceeds brought forward from the financial year ended 31 December 2023 which were utilised in the manner set out in the table above. The net proceeds have not been fully utilised in the financial year ended 31 December 2024 and were brought forward.



REPORT OF THE DIRECTORS

Reasons for Change in Use of Unutilised Net Proceeds

The Group intends to devote more resources on raising brand awareness, further strengthening the Group's sale and distribution network and increasing product penetration. In particular:

- (a) the Group recognises that the key to promoting the laundry industry into a new era is to change the traditional perception of laundry and raise public awareness of efficient and convenient cleaning methods. The Group has actively carried out laundry science popularisation and solve daily laundry problem and disseminated scientific cleaning methods to drive the learning of cleaning-related knowledge and solve daily laundry problems. These efforts have yielded positive feedback from consumers and has led to a transformation of consumption behaviour. The Group therefore sees the benefits of placing emphasis on and reallocating its resources to promoting its products and further investing in the marketing efforts for such promotion; and
- (b) in face of the evolving changes in consumption patterns and consumption needs, the Group has strategically adjusted its product placement and enhanced its omni-channel sales and distribution network to reach out to consumers more effectively and enhance its overall presence and market share. The Group has increased its selling and distribution expenses over the past years in a bid to consolidate its market position on different sales channels and fuel long-term sales growth. For offline channels, the Group will focus on the cultivation of the Group's distribution platforms and increase the points of sales coverage. On the other hand, for online channels, the Group strives to increase its presence in emerging online sales and distribution platforms. These efforts facilitated the Group's revenue in 2024 to increase by 16.8% year-on-year. As such, the Group considers it apt to prioritise its resources in capturing the change in consumption patterns and consumption needs by continue investing in market penetration of different sales platforms with the aim of maximising its market share.



REPORT OF THE DIRECTORS

Furthermore, the Group has been gradually expanding its production capacity and improving the manufacturing processes of its existing production bases. The increase in capacity over the years is sufficient for the current business needs of the Group and there is no imminent requirement to utilise a substantial portion of capital to significantly increase the production capacity further. A portion of the Unutilised Net Proceeds originally planned for expanding production capacity is reallocated to raising brand awareness, further strengthening the Group's sale and distribution network and increasing product penetration as stated above. When the Unutilised Net Proceeds allocated for financing business expansion is fully utilised, the Group will look to utilise its cash flow from operating activities which may be available for any future business expansion, including production capacity expansions when required.

The Board considers that the above changes in the use of the Unutilised Net Proceeds are in line with the Group's business strategy and will not have any material adverse effect on the current business and operations of the Group. The Board believes that these changes are beneficial to the continuing development of the Group's business and would allow the Company to deploy its financial resources more efficiently and therefore such changes in the use of the Unutilised Net Proceeds are in the best interests of the Company and the Shareholders as a whole.

Save as disclosed above, the Company does not currently anticipate any other material changes to the use of the Unutilised Net Proceeds. The Board will continuously assess the plans for the use of the Unutilised Net Proceeds and may further revise or amend such plans where necessary to cope with the changing market environment and conditions, as well as business needs.

Sufficiency of Public Float

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

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at 25 March 2025, the Company has maintained the prescribed minimum public float permitted by the Stock Exchange.



REPORT OF THE DIRECTORS

Environment, Social and Governance

The Group has established key environmental, social and governance (“**ESG**”) goals covering greenhouse gases, emissions, pollutant emissions, energy use and water use efficiency in accordance with the requirements of the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange. Further details of the Group’s commitment and principles of action to the management of environment, social and governance and the performance in environmental contributions, employee relations, supply chain management, occupational health and safety and social investments of the core business of the Group for the year ended 31 December 2024 are set out in the Group’s 2024 Environmental, Social and Governance Report (the “**2024 ESG Report**”), which will be published on the websites of the Company at <http://www.blumoon.com.cn> under the section headed “Investor Relations — Company Announcement” and the Stock Exchange on even date of this report.

Events after the year ended 31 December 2024

The Group has successfully bid for the land use right of a land parcel situated in Huangpu District, Guangzhou with a gross site area of 40,000 square metre (the “**Land**”) for 50-year term, for development into a multi-purpose complex. It is expected that a wholly-owned subsidiary of the Group will enter into (i) a land use right transfer agreement in respect of the Land with the Huangpu Planning and Natural Resources Bureau in Guangzhou Development Zone (廣州開發區黃埔區規劃和自然資源局); and (ii) an investment agreement with the Guangzhou Development Area Economic and Information Technology Bureau (廣州開發區經濟和信息化局). The Company will comply with the applicable requirements under the Listing Rules as appropriate.

Auditor

The consolidated financial statements for the year ended 31 December 2024 have been audited by PricewaterhouseCoopers, which will retire at the conclusion of the forthcoming AGM and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as the auditor of the Company is to be proposed at the forthcoming AGM.

On behalf of the Board

PAN Dong

Chairman

Hong Kong, 25 March 2025



BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Ms. PAN Dong (潘東), aged 59, was appointed as a Director and the Chairman of the Company on 27 December 2007. She was re-designated as an ED on 22 June 2020. She is primarily responsible for the technological development of the Group. Ms. PAN joined the Group on 1 August 1997 as the Chief Technology Officer and is currently the chairman of the Nomination Committee and a member of the Remuneration Committee of the Company.

Ms. PAN holds a master's degree in organic chemistry and a master of business administration degree.

Ms. PAN is the wife of Mr. LUO Qiuping, the ED and Chief Executive Officer of the Company.

Mr. LUO Qiuping (羅秋平), aged 61, was appointed as a Director and the chief executive officer of the Company on 12 February 2008. He was re-designated as an ED on 22 June 2020. He is primarily responsible for the strategic planning and overall management of the Group. Mr. LUO joined the Group in November 1994 and has been acting as the Chief Executive Officer of the Group since December 1994.

Mr. LUO holds a master's degree in organic chemistry. He was certified as a chemical engineer by Guangzhou Municipal Science & Technology Commission (廣州市科學技術委員會) of the PRC.

Mr. LUO is the husband of Ms. PAN Dong, the Chairman and ED of the Company.

Ms. LUO Dong (羅東), aged 51, was appointed as a Director of the Company on 12 February 2008. She was re-designated as an ED on 22 June 2020. She is responsible for the supply chain management of the Group. Ms. LUO joined the Group after graduation. She has been working as the chief supply officer of the Group since December 2005.

Ms. LUO has 29 years of experience in the operation, purchase and manufacture management of the "Blue Moon (藍月亮)" brand products. She also held various positions successively, including the head of the laboratory, the head of the department of quality inspection, assistant manager of the technical quality department and the manager of the finished product department, and was primarily responsible for the manufacture management of household care products.

Ms. LUO graduated from Beijing Institute of Fashion Technology with a bachelor's degree in applied chemistry.



BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Mr. POON Kwok Leung (潘國樑), aged 45, was appointed as a Director of the Company and re-designated as an ED on 22 June 2020. Mr. POON joined the Group in May 2008 as the financial controller. He was later appointed as the chief financial officer of the Group on 1 March 2016. He is responsible for the management of financial accounts and financing matters of the Group.

Mr. POON has extensive experience in auditing, accounting and financial management. Prior to joining the Group, he held various positions in PricewaterhouseCoopers, KPMG and the wholesale banking group (China corporates) division of CITIC Ka Wah Bank Limited.

Mr. POON graduated from the University of Hong Kong with a bachelor's degree of business administration in accounting and finance and received a bachelor of Chinese law degree from the School of Law of Tsinghua University subsequently. Mr. POON is a member of the Hong Kong Institute of Certified Public Accountants.

Ms. XIAO Haishan (肖海珊), aged 48, was appointed as a Director of the Company and re-designated as an ED on 22 June 2020 and as the Chief Operation Officer of the Group on 1 July 2017. She is responsible for the operation and human resource management of the Group. Ms. XIAO joined the Group in February 2011. She held various positions in the Group successively, including the assistant of the Group's chief executive officer, the operation director and the head of human resource centre of the Group. She is also a member of the Remuneration Committee of the Company.

Ms. XIAO held various positions successively in the marketing department of the Group, including planning associate, branding manager and manager of the marketing department.

Ms. XIAO graduated from Wuhan University with a bachelor's degree in economics and received a master of business administration degree from Zhejiang University subsequently.



BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Mr. Bruno Robert MERCIER, aged 65, was appointed as an INED on 22 June 2020 with effect upon the date of the Prospectus. He is a member of each of the Audit Committee, Remuneration Committee and Nomination Committee of the Company.

Mr. MERCIER is currently a board director of Gramona SA, a family-owned Spanish premium winery, and a member of the Supervisory Board of City Holdings Co., Ltd, a private company incorporated in Yangon, Myanmar, engaged in retail, food service and distribution in Myanmar since 7 February 2022. In April 2024, Mr. MERCIER resigned as a board director of Home Chain Foods International (the holder of the Burger King franchise in Taiwan).

Mr. MERCIER is also advisor to corporations (e.g. Driscoll's China) as well as to a number of private equity/venture capital funds, and an investor in tech start-ups focused on retail and consumer goods. Mr. MERCIER resigned as a member of the Bain Advisors Network in December 2024.

From 2011 to July 2017, Mr. MERCIER was chief executive officer and executive director of Sun Art Retail Group, one of China's largest and most profitable food retailers, listed on The Stock Exchange of Hong Kong Limited (6808. HK). Concurrently, he was the chairman of the board of RT Mart International in Taiwan. From 1999 to 2011, Mr. MERCIER worked in the Auchan Group in different roles as development director, store manager and chief executive officer of Auchan China, one of the subsidiaries of Sun Art Retail Group.

Mr. MERCIER holds a master of business administration degree and a certificate in corporate governance from INSEAD, and an engineering degree from the École Nationale Supérieure Agronomique de Toulouse in France.

Mr. MERCIER also has many years of experience working in the consumer goods and consulting industries from 1983 to 1998, notably with Groupe Pernod Ricard, a global wines and spirits producer, in their China and Thailand operations as well as with McKinsey & Company in France and Asia. Mr. MERCIER has spent more than 30 years in Asia, mainly in China. He speaks fluent Chinese, is an honorary citizen of the city of Suzhou and was awarded the Golden Magnolia medal by Shanghai City government in 2011.



BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Ms. NGAN Edith Manling (顏文玲), aged 60, was appointed as an INED on 22 June 2020 with effect upon the date of the Prospectus. She is the chairman of the Audit Committee and a member of the Remuneration Committee of the Company.

Ms. NGAN is currently an independent non-executive director and a member of the audit and compensation committees of Tencent Music Entertainment Group (“**TME**”), a company listed on the New York Stock Exchange and also the Main Board of the Stock Exchange. She is also an independent non-executive director, the chairman of the audit committee and a member of the nomination, remuneration, risk and compliance committees of Asia Financial Holdings Limited (“**AFHL**”), as well as an independent non-executive director and a member of the audit committee of Swire Pacific Limited (“**SPL**”). She resigned as an independent non-executive director, the chairman of the environmental, social and governance committee and a member of the audit, nomination and remuneration committees of HKBN Ltd. (“**HKBN**”) in September 2023. All of AFHL, SPL and HKBN are listed on the Main Board of the Stock Exchange.

Ms. NGAN has extensive experience in public and private financial and corporate management, governance and business development, with senior management positions in financial institutions including Invesco, Principal and ABN AMRO, and non-profit organizations. Ms. NGAN is also an active member of the community and serves on various investment committees of government funds. She was awarded the Medal of Honour by the Hong Kong SAR Government in July 2014.

Ms. NGAN received her Bachelor of Science degree in industrial engineering and engineering management from Stanford University and is a fellow of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Hong Kong Institute of Directors.



BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Mr. HU Yebi (胡野碧) (with former name as HU Guiping (胡貴平), aged 61, was appointed as an INED on 22 June 2020 with effect upon the date of the Prospectus. He is the chairman of the Remuneration Committee and a member of each of Audit Committee and the Nomination Committee of the Company.

Mr. HU has over 20 years of experience in the fields of securities, financial services as well as mergers and acquisitions.

From March 1994 to March 2002, Mr. HU worked at DBS Asia Capital Limited, where his last position was managing director of the equity capital markets division. Since April 2004, Mr. HU has been the director of, and since June 2006, has been the chairman of Vision Finance Group Limited (formerly known as Partners Capital Asset Management Limited), a Hong Kong-based comprehensive financial services company focusing on investment holding.

Mr. HU was an executive director of each of Hua Lien International (Holding) Company Limited (stock code: 00969) from December 2010 to July 2017, Tai United Holdings Ltd. (stock code: 00718) from July 2014 to October 2016, Beijing Properties Holdings Limited (stock code: 00925) from December 2015 to November 2018, China Healthwise Holdings Limited (stock code: 00348) ("**China Healthwise**") from October 2016 to March 2017 and Beijing Enterprise Medical and Health Industry Group Limited (stock code: 02389) from May 2017 to October 2018, respectively, each a company listed on the Main Board of the Stock Exchange. He has acted as the independent non-executive director of Gemdale Corporation (600383.SH), a company listed on the Shanghai Stock Exchange, from August 2019 to March 2024. He was also the vice chairman of the board of China Healthwise from October 2016 to March 2017.

Mr. HU was the executive director (April 2015 to November 2018) of Beijing Sports and Entertainment Industry Group Limited (stock code: 01803), a company listed on the Main Board of the Stock Exchange, and has been its non-executive director since November 2018. Since December 2018, he has acted as the independent non-executive director of China Grand Pharmaceutical and Healthcare Holdings Limited (stock code: 00512), a company listed on the Main Board of the Stock Exchange.

Mr. HU received his postgraduate certificate in management engineering from Beijing Institute of Technology (formerly known as Beijing Institute of Technology) in August 1986. He received his master of business administration degree from Netherlands International Institute of Management (Research — instituut voor Bedrijfswetenschappen) in September 1989.

The above mentioned EDs also serve as members of the senior management of the Group.

For details of the Directors' interests and short positions in Shares, underlying Shares and debentures under Part XV of the Securities and Futures Ordinance, see pages 32 to 33 of this report.



CORPORATE GOVERNANCE REPORT

Culture and its Alignment with the Company's Purpose, Value and Strategies

The Company is committed to promote a culture of trust, respect and excellence, with commitment to promoting and maintaining operational compliance and integrity in the operating environment. Such culture aligns with the Company's vision and strategy to keep abreast of consumer demands for the implementation of reforms and innovative ideas, in order to promote the long-term and healthy development for the Company and to allow every family to enjoy a clean, healthy, comfortable, respectable and delightful "Blue Moon (藍月亮)" lifestyle.

Compliance with the Code on Corporate Governance Practices

The Company's corporate governance practices are based on the principles and code provisions of the Corporate Governance Code (the "CG Code"), as set out in Appendix C1 to the Listing Rules during the year ended 31 December 2024, and the Company has adopted the CG Code as its own corporate governance code.

The Board is of the view that the Company has complied with all applicable code provisions as set out in the CG Code during the year ended 31 December 2024.

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

Model Code for Securities Transactions by Directors

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

After having made specific enquiries, each Director has confirmed that he or she has complied with the requirements of the Model Code during the year ended 31 December 2024.

The Company has established written guidelines no less exacting than the Model Code for relevant employees in respect of their dealings in the Company's securities.



CORPORATE GOVERNANCE REPORT

Board of Directors

The Board is committed to providing effective and responsible leadership for the Company. The Directors, individually and collectively, must act in good faith in the best interests of the Company and its Shareholders.

As at 31 December 2024, the Board comprised five EDs and three INEDs. The Board has met the requirements of Rule 3.10 and Rule 3.10A of the Listing Rules of having at least three INEDs (representing at least one-third of the Board). In addition, Ms. NGAN Edith Manling, an INED, has the appropriate professional qualifications, accounting or related financial management expertise as required under the Listing Rules.

The Company has received written confirmation from each of its INEDs in respect of their independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all INEDs are independent.

The INEDs serve the relevant function of bringing independent judgement on the development, performance and risk management of the Company. They have the same duties of care and skill and fiduciary duties as the EDs.

Biographical details of the Directors and senior management of the Company as at the date of this report are set out on pages 60 to 64 of this report. Given the composition of the Board and the skills, knowledge and expertise that each Director brings to bear in its deliberations, the Board believes that it is appropriately structured to provide sufficient checks and balances to protect the interests of the Group and the Shareholders. The Board will review its composition regularly to ensure that it has the appropriate balance of expertise, skills and experience to continue to effectively oversee the business of the Company.

The Board has established three Board committees, being the Audit Committee, the Remuneration Committee and the Nomination Committee, to oversee different areas of the Company's affairs. All Board committees of the Company are established with their respective written terms of reference. The terms of reference of the Board committees are posted on the websites of the Company and of the Stock Exchange and are available to the Shareholders upon request.



CORPORATE GOVERNANCE REPORT

The composition of the Board and the Board committees are set out below and their respective responsibilities and work performed during the year are discussed in this report.

Board	Audit Committee	Remuneration Committee	Nomination Committee
Executive Directors			
Ms. PAN Dong (<i>Chairman</i>)	—	✓	✓ (<i>Chairman</i>)
Mr. LUO Qiuping (<i>Chief Executive Officer</i>)	—	—	—
Ms. LUO Dong	—	—	—
Mr. POON Kwok Leung	—	—	—
Ms. XIAO Haishan	—	✓	—
Independent Non-executive Directors			
Mr. Bruno Robert MERCIER	✓	✓	✓
Ms. NGAN Edith Manling	✓ (<i>Chairman</i>)	✓	—
Mr. HU Yebi	✓	✓ (<i>Chairman</i>)	✓

The Board sets the Group's overall objectives and strategies, monitors and evaluates its operating and financial performance and reviews and monitors the corporate governance policies and practices on compliance with legal and regulatory requirements of the Group. Further, the Board reviews the Company's compliance with the CG Code and disclosure in the Corporate Governance Report. It also decides on matters such as annual and interim results, major transactions, director appointments or reappointments and training, dividend and accounting policies. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Group's businesses to the EDs and members of senior management. The Company maintains appropriate directors' and officers' liabilities insurance and will conduct an annual review on such insurance coverage.

For the year ended 31 December 2024, the Board convened a total of four Board meetings based on the needs of the operation and business development of the Company. Details of attendance of the Board, the Audit Committee, the Remuneration Committee and the Nomination Committee meetings and the AGM are as follows:



CORPORATE GOVERNANCE REPORT

	Number of Meetings Attended/Eligible to Attend				
	Board	Audit Board Committee	Remuneration Committee	Nomination Committee	AGM
Executive Directors					
Ms. PAN Dong (<i>Chairman</i>)	4/4	N/A	1/1	1/1	1/1
Mr. LUO Qiuping (<i>Chief Executive Officer</i>)	4/4	N/A	N/A	N/A	1/1
Ms. LUO Dong	4/4	N/A	N/A	N/A	1/1
Mr. POON Kwok Leung	4/4	N/A	N/A	N/A	1/1
Ms. XIAO Haishan	4/4	N/A	1/1	N/A	1/1
Independent Non-executive Directors					
Mr. Bruno Robert MERCIER	4/4	2/2	1/1	1/1	1/1
Ms. NGAN Edith Manling	4/4	2/2	1/1	N/A	1/1
Mr. HU Yebi	4/4	2/2	1/1	1/1	1/1

Under the CG Code, Board meetings should be held at least four times a year at approximately quarterly intervals. The Board held four meetings at approximately quarterly intervals during the year ended 31 December 2024 in accordance with the CG Code. Apart from regular Board meetings, the Chairman will also hold meeting(s) annually with the INEDs without the presence of other Directors. The Chairman held a meeting with the INEDs without the presence of other Directors during the year ended 31 December 2024 in accordance with the CG Code.



CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2024, duties performed by the Board under Rule A.2.1 of Appendix C1 of the Listing Rules include, but not limited to:

- (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the board;
- (b) to review and monitor the training and continuous professional development ("CPD") of the Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
- (e) to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report and the Model Code.

Relationship among the Directors

There are no financial, business, family or other material/relevant relationships between any members of the Board throughout the year ended 31 December 2024, save that Ms. PAN, the Chairman and ED of the Company, is the wife of Mr. LUO, an ED and Chief Executive Officer of the Company. In the Board's opinion, this relationship does not affect the Directors' independent judgement and integrity in executing their roles and responsibilities. The INEDs bring a variety of experience and expertise to the Company.

Responsibilities of the Board and the Management

The Board is responsible for the leadership and directing and supervising of the Group's businesses, strategic decisions and performance. The Board reserves for its discretion on all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Group. The Board is also responsible for developing and reviewing the appropriate corporate governance practices applicable to the Company's circumstances and ensuring processes and procedures are in place to achieve the Company's corporate governance objectives. Responsibilities relating to implementing decisions of the Board, directing and coordinating the day-to-day operation and management of the Group are delegated to the chief executive officer and the management of the Group.



CORPORATE GOVERNANCE REPORT

Directors' Training

The Company recognises the importance of keeping the Directors updated with the latest information regarding the duties and obligations of a director of a company which shares are listed on the Stock Exchange and the general regulatory requirements and environment for such listed company.

To meet this goal, each newly appointed Director would receive introductory training regarding the statutory and regulatory obligations of a director of a listed company in Hong Kong. As part of the CPD programme pursuant to the CG Code, the Company has also updated the Directors of any material changes in the Listing Rules and corporate governance practices from time to time.

During the year ended 31 December 2024, all Directors attended training to ensure they are apprised of the latest development regarding the Listing Rules and other applicable statutory requirements on listed companies, and to refresh their knowledge and skills in relation to their contribution to the Board, primarily by the following means:

1. reading guidelines, memoranda, reports, updates and other papers prepared or compiled from time to time by or for the Company; and
2. attending briefings, seminars, conferences, courses or workshops organised by the Company and/or the professional bodies.



CORPORATE GOVERNANCE REPORT

The CPD training received by the Directors in the year ended 31 December 2024 is summarised as follows:

Board	Training Received
<i>Executive Directors</i>	(1) & (2)
Ms. PAN Dong (<i>Chairman</i>)	(1) & (2)
Mr. LUO Qiuping (<i>Chief Executive Officer</i>)	(1) & (2)
Ms. LUO Dong	(1) & (2)
Mr. POON Kwok Leung	(1) & (2)
Ms. XIAO Haishan	(1) & (2)
<i>Independent Non-executive Directors</i>	
Mr. Bruno Robert MERCIER	(1) & (2)
Ms. NGAN Edith Manling	(1) & (2)
Mr. HU Yebi	(1) & (2)

In addition, the Directors are provided with reading materials summarising the duties and responsibilities in acting as directors from time to time to keep the Directors abreast of such duties and responsibilities.

Appointment and Re-election of Directors

The Nomination Committee took into consideration criteria such as difference in skills, experience and background, geographical and industry experience, ethnicity, gender, knowledge and length of service and other qualities of the members of the Board when considering the appointment of new Directors. Currently, all Directors are appointed for a specific term of three years.

Pursuant to Article 84(1) of the Articles of Association, Ms. LUO, Mr. POON and Ms. XIAO shall retire by rotation at the forthcoming AGM, and being eligible, will offer themselves for re-election at the forthcoming AGM.

Chairman and Chief Executive Officer

During the year and as at the date of this report, the Chairman and the Chief Executive Officer of the Company are Ms. PAN and Mr. LUO, respectively. The roles of the Chairman and Chief Executive Officer are clearly defined and segregated to ensure independence and accountability of their functions and balanced distribution of authority and power between them.



CORPORATE GOVERNANCE REPORT

The Chairman has executive responsibilities, provides leadership to, and oversees the functioning of, the Board to ensure that it acts in the best interests of the Group, while the Chief Executive Officer is delegated with the authority to manage the business of the Group in all aspects effectively and is accountable to the Board for the overall implementation of the Company's strategies and management of the operations of the Board. The division of work ensures a definite division of powers and obligations to enable efficient decisions and implementations by the Board and the management.

Audit Committee

The Board has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The primary duties of the Audit Committee are to (among other things) (i) review and supervise the financial reporting process, risk management and internal control system of the Group, (ii) review the financial information of the Group, and (iii) consider issues in relation to the external auditors and their appointment.

In accordance with the terms of reference of the Audit Committee, for the year ended 31 December 2024 it was responsible for:

- reviewing accounting policies adopted by the Group and issues related to accounting practice;
- reviewing the external auditor's qualifications, independence and performance;
- reviewing the external auditor's management letter and the management's response;
- reviewing the audited annual results, interim results and consolidated financial statements of the Group;
- assisting the Board to evaluate on the effectiveness of financial reporting procedures, risk management and internal control system; and
- advising on material events or drawing the attention of the management on related risks.

Having conducted the relevant review, the Audit Committee is of the view that the consolidated financial statements of the Group for the year ended 31 December 2024 comply with the applicable accounting standards and the Listing Rules, and that sufficient disclosures have been made.



CORPORATE GOVERNANCE REPORT

The Audit Committee comprises three INEDs, namely, Mr. Bruno Robert MERCIER, Ms. NGAN Edith Manling and Mr. HU Yebi. The chairman of the Audit Committee is Ms. NGAN Edith Manling, who has a professional qualification in accountancy.

According to the CG Code, the Audit Committee must meet with the Company's auditors at least twice a year. In accordance with the terms of reference of the Audit Committee, the Audit Committee held four meetings during the year ended 31 December 2024 and two meetings with the Company's external auditors regarding the review of the Company's financial report and accounts.

Remuneration Committee

The Board has established a remuneration committee ("**Remuneration Committee**") with written terms of reference in compliance with Rule 3.26 of the Listing Rules and the CG Code. The primary duties of the Remuneration Committee are to (among other things) (i) formulate, the Company's remuneration policy and structure for all Directors' and senior management's remuneration, (ii) recommend to the Board on remuneration packages of individual EDs and senior management, (iii) review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives, (iv) review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate, (v) assess performance of EDs, and (vi) ensure that no Director or any of his or her associates is involved in deciding his or her own remuneration.

The emoluments of Directors are determined by reference to the skills, experience, responsibilities, employment conditions and time commitment in the Group's affairs and performance of each Director as well as salaries paid by comparable companies and the prevailing market conditions.

Work conducted by the Remuneration Committee for the year ended 31 December 2024, include, but not limited to:

- determining the policy for remuneration of the EDs;
- assessing the performance of the EDs; and
- reviewing and approving matters related to share schemes under Chapter 17 of the Listing Rules.

The Remuneration Committee comprises two EDs and three INEDs, namely, Ms. PAN Dong, Ms. XIAO Haishan, Mr. Bruno Robert MERCIER, Ms. NGAN Edith Manling and Mr. HU Yebi. The chairman of the Remuneration Committee is Mr. HU Yebi.



CORPORATE GOVERNANCE REPORT

The Remuneration Committee held one meeting during the year ended 31 December 2024 to perform its duties.

None of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining, the Group, or as compensation for loss of office.

Further details of the remuneration of the Board for the year ended 31 December 2024 are set out in note 9 to the consolidated financial statements contained in this report.

Nomination Committee

The Board has established a nomination committee (the “**Nomination Committee**”) with written terms of reference in compliance with the CG Code. The primary duties of the Nomination Committee are to (among other things) (i) review the structure, size, composition and diversity (including the skills, knowledge, experience and gender) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy, (ii) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships, having regard to the diversity policy, (iii) assess the independence of INEDs, (iv) recommend to the Board on the appointment and re-appointment of directors, and (v) recommend to the Board on the succession planning for directors, in particular the chairman and the chief executive of the Company.

The Nomination Committee comprises one ED and two INEDs, namely, Ms. PAN and Messrs. Bruno Robert MERCIER and HU Yebi. The chairman of the Nomination Committee is Ms. PAN.

The Nomination Committee held one meeting during the year ended 31 December 2024 to perform its duties.

Nomination Policy

The Company has clear basis and procedures for the nomination and appointment of the Directors. The Board will take into account factors such as qualifications, skills, experience, character and integrity, independence and diversity of the candidates, and whether or not the candidate is willing and able to devote adequate time to discharge duties as a member of the Board and Board committee upon receipt of the proposal of appointment of new Directors or the nomination proposal made by the Shareholders at general meetings of the Company. Selection of candidates will also take into account the board diversity policy of the Company (the “**Board Diversity Policy**”). When the Directors are re-elected at general meetings, apart from the above standards, the Board will also review the overall contributions and services of the retiring Directors to the Company and their level of participation and performance in the Board.



CORPORATE GOVERNANCE REPORT

Mechanisms to ensure Independent Views and Input are Available to the Board

During the year, the Nomination Committee also conducted annual review of the implementation and effectiveness of mechanisms to ensure independent views and input are available to the Board. Taking into account the following key features and mechanisms, the Nomination Committee considered that the Company had in place mechanisms which remain effective to ensure a strong independent element on the Board:

Board and Committees' Structure

- The Company has been steered by the Board, comprising EDs and INEDs.
- Separation of the role of the Chairman and the Chief Executive Officer ensures that there is a balance of power and authority.
- The Board will maintain a balanced composition of Executive Directors and INEDs to ensure strong independence of the Board.

Remuneration Structure of INEDs

- The INEDs receive fixed fee(s) for their role(s) as the members of Board Committee(s) as appropriate, and are not entitled to participate in the share award plans of the Company. Information about the Directors' remuneration is set out in the Remuneration Committee Report and note 9 to the consolidated financial statements.

Annual Review of INEDs' Commitment and Independence

- None of the INEDs serves as the independent non-executive director on the board of directors of more than 7 listed companies and none of them served as an INEDs of the Company for more than 9 years.
- The INEDs have sufficient capacity and status to enable their opinions to have some influence.
- The Board will continually assess each Director's independence against all relevant factors.

Professional Advice

- To facilitate proper discharge of the Directors' duties, all Directors are entitled to seek advice from the Company Secretary as well as from independent professional advisers at the Group's expense.
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CORPORATE GOVERNANCE REPORT

Whistleblowing Policy

The Company has established the “Whistleblowing Policy” for employees and parties dealing with the Company including customers and suppliers to directly report to the internal audit function for any serious concerns about suspected fraud, corruption, malpractice, misconduct, or possible improprieties in financial reporting, internal control or other matters irregularity of the Group. The internal audit function will investigate the reported case in a confidential and timely manner and report the results of investigations to the Audit Committee and the ED(s) authorised by the Board.

Anti-corruption Policy

The Group has formulated an anti-corruption policy which sets out the responsibilities of employees of the Group to comply with applicable anti-corruption laws and provides guidance to employees to deal with business partners, acquisitions, charitable donations, gifts and hospitality. Further details of the anti-corruption policy are set out in the 2024 ESG Report of the Group.

Board Diversity

The Board has adopted the Board Diversity Policy which sets out the approach to achieving diversity for the Board.

The Company endorses the principle that the Board should have a balance of skills and experience appropriate to the business of the Group. In order to achieve a diversity of perspectives among members of the Board, it is the policy of the Company to consider a number of factors when making nominations to the Shareholders for appointments to the Board and the continuation of those appointments. The Board considers, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service and any other factors which the Board may consider relevant and applicable from time to time.

Selection of candidates will be based on the nomination policy of the Company and will take into account the Board Diversity Policy. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board, having due regard to the benefits of diversity on the Board and also the needs of the Board without focusing on a single diversity aspect.

The Nomination Committee will monitor the implementation of the Board Diversity Policy by conducting a review of the Board’s composition at least once annually taking into account the benefits of all relevant diversity aspects, and adhering to the Board Diversity Policy when making recommendations on any Board appointments. The Nomination Committee will also ensure that diversity of the Board is considered as part of the evaluation of the Board’s effectiveness.



CORPORATE GOVERNANCE REPORT

The Nomination Committee has been delegated the responsibility to review the Board Diversity Policy, as appropriate, to ensure the effectiveness thereof. The Nomination Committee will discuss any revisions to the Board Diversity Policy that may be required and make recommendations to the Board for approval.

The Board is responsible for reviewing the diversity of the Board. During the year ended 31 December 2024, the Board has four female Directors, representing approximately 50% of the Board and four male Directors of a variety of education and professional background, who possess a diverse range of experience, skills and expertise and bring different insights to the Board. The Board monitored the implementation of the Board Diversity Policy on an annual basis, reviewed the Board Diversity Policy and is satisfied with its effectiveness to achieve the diversity of the Board for the year ended 31 December 2024.

The Board targets to maintain at least the current level of female representation, with the ultimate goal of achieving gender parity. The Board will continue to seek opportunities to increase the proportion of female members over time as and when suitable candidates are identified. In order to further enhance the diversity of the Board, the Board will also engage independent professional agencies to assist with identifying suitable candidates for the Directors if needed.

The Board will maintain a balanced composition of the EDs and INEDs to ensure strong independence of the Board. The INEDs should have sufficient capacity and status to enable their opinions to have some influence. The Board will continually assess each Director's independence against all relevant factors.

In order to ensure that the Board's composition complies with the Listing Rules and reflects an appropriate mix of skills, experience and diversity that are relevant to the Company's strategy, governance and business and contribute to the Board's effectiveness and efficiency, the Nomination Committee has reviewed the structure, size and diversity of the Board as well as the Board Diversity Policy for the year ended 31 December 2024.

Diversity

The Company advocates for a diverse and inclusive workplace and proactively attracts talents through campus recruitment, social recruitment, school-enterprise cooperation and other channels to recruit excellent talents. The Company constantly optimises the workforce composition to achieve a reasonable distribution of employees by gender, age and region. In addition, the Company provides equal employment opportunities for people with disabilities, ensures equal opportunities for all, and encourages cooperation at a workplace defined by cultural diversity.



CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2024, the Company had a total of 7,406 employees, of which female employees accounted for 51% and 43.3% of managerial positions were held by female employees. The Group fosters a culture of diversity and inclusion where employees are treated fairly regardless of factors such as ethnicity, gender, religion, age, health status, or nationality. The Group has a zero-tolerance policy towards discrimination and harassment in the workplace, and any instances of such behavior are promptly addressed and corrected. More details on the Group's diversity and inclusion initiatives, including employees' gender ratios, are set out in the 2024 ESG Report.

Directors' and Auditors' Responsibilities for the Financial Statements

The Directors are responsible and acknowledge their responsibility for overseeing the preparation of financial statements for each financial period to ensure that they give a true and fair view of the financial position of the Company and the Group, and of the Group's financial performance and cash flows for that period. The Directors also ensure the timely publication of the financial statements of the Company. The Directors were not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue as a going concern. The Company's financial statements are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently, and that judgements and estimates made are prudent and reasonable.

The statement by the auditor of the Company regarding their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 87 to 92.

Company Secretary

Mr. POON Kwok Leung is the Company Secretary of the Company. He has day-to-day knowledge of the Company and is responsible for advising the Board on corporate governance matters. The biographical information of Mr. POON is set out in the section headed "Board of Directors and Senior Management" on page 61 of this report. Mr. POON has confirmed that he has taken not less than 15 hours of relevant professional training during the year ended 31 December 2024 in compliance with Rule 3.29 of the Listing Rules.



CORPORATE GOVERNANCE REPORT

Risk Management and Internal Control

A sound and effective system of risk management and internal control is designed to achieve the Group's objectives, including operating efficiency and effectiveness, reliability of financial reporting, compliance with applicable laws and regulations, and safeguard shareholder investments and the Group's assets.

The Group faces a number of principal risks and uncertainties that, if not properly managed, could create an exposure for the Group. Key risks faced by the Group include, without limitation to operational risk, (mainly due to challenges in setting targets, selecting channels, managing partners and executing pipeline strategies that the Company may encounter in the pipeline management, which may lead to the risk that such targets deviate from the realities) and financial risks (mainly due to changes in sales channels, with great financial risks that may be brought to the Company if the return fails to meet expectations given the fact that the development of new business by the Company will be accompanied by significant investments in selling expenses). The Group is also exposed to market risk that it is required to flexibly adjust sales strategies to maintain its market competitiveness due to the continuous changes in factors such as market environment, consumer behavior, technological advancement and competitors' activities. For further details, see note 3 to the consolidated financial statements contained in this report and the ESG report.

The Board acknowledges its responsibility to establish, maintain, and review the effectiveness of the Group's risk management and internal control system. Such systems are designed to identify and manage risks within acceptable limits rather than eliminate risk of failure to achieve business and strategic objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board monitors the Group's risk exposure, oversees the actions of management and monitors the overall effectiveness of the risk management and internal control systems on an ongoing basis. The Board will seek support from the Audit Committee on such monitoring from time to time. The management is also delegated with the responsibility to design, implement and monitor risk management and internal control systems on an ongoing basis. Policies and procedures form the basis and set forth the control standards required for functioning of the Group's business entities. These policies and procedures cover various aspects, including operations, finance and accounting, human resources, regulatory and compliance, delegation of authority, etc.



CORPORATE GOVERNANCE REPORT

The Group has developed its risk management and internal control system based on the five features of the COSO (The Committee of Sponsoring Organizations of the Treadway Commission) framework (i.e. internal control environment, risk assessment, control activities, information and communication, supervision). At the same time, the Group has also established three lines of defense for risk management. The business and planning departments act as the first line of defense to identify existing and potential risks in daily operations and to manage such risks. The finance, legal affairs, environment, health and safety and quality assurance departments form the second line of defense to conduct professional risk management, assist and supervise risk management in the business and strengthen internal control. The internal audit function acts as the third line of defense and provides independent and objective evaluation and verification of the effectiveness of the Group's risk management and internal control system. Each line of defense adheres to the Group's values of trust, respect and excellence, and is committed to promoting and maintaining operational compliance, integrity in the operating environment and corporate culture.

Since 2021, the Group has established comprehensive risk management to effectively manage and alleviate risks inherent in the business to protect the Group, its customers and partners, and to fulfil its regulatory obligations. An ongoing process has been established since 2021 for identifying, evaluating and managing the significant risks faced by the Group. The process involves:

- **Risk Identification:** identify risks that may potentially affect the Group's businesses and operations;
- **Risk Evaluation:** consider the impact on the business and the likelihood of their occurrence; and
- **Risk Management:** perform ongoing and periodic monitoring of the risks and ensure that appropriate internal control processes are in place.

The risk management team conducts annual risk assessments in a top-down manner beginning with the person-in-charge from each sector and business department. Relevant opinions are ranked in order of importance based on risk assessment standards and are sorted and evaluated. After the risk assessment is completed, an audit plan is prepared to determine the key risk areas which will be further refined based on the opinions of senior management. Through this top-down approach, the risk management team can often re-evaluate risks that were initially listed as low-priority items and identify such risks that may have been overlooked. The risk management team will then conduct a review during the year and issue a risk management report. Review work is a fundamental part of the audit plan and results from the review will be the basis for future remedial actions to be taken by the Group to reduce risks and improve business performance. The Audit Committee is responsible for reviewing the risk management report and supervising the implementation of relevant remedial action plans.



CORPORATE GOVERNANCE REPORT

The Board is responsible for maintaining an adequate risk management and internal control system on an ongoing basis to safeguard shareholder investments and Group assets. The Board has conducted an annual review on the Group's risk management and internal control systems and their effectiveness. The review covered the period from 1 January 2024 to 31 December 2024 and all material controls, such as financial control, operational control and compliance control including the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting, internal audit, financial reporting functions and the Company's ESG performance and reporting, and considered the changes in the nature and extent of significant risks including ESG risks as well as the Company's ability to respond to changes in its business and the external environment. The review also covers the scope and quality of the management's ongoing monitoring of risks (including ESG risks), internal control system and internal audit function, extent and frequency of communication of monitoring results to the Board: significant control failings or weakness and procedures related to financial reporting and compliance with the Listing Rules, and considered them effective and sufficient. Going forward, the Board will review the Group's risk management and internal control systems at least once a year.

The management of the Group has confirmed to the Board that the Group's risk management and internal control systems are effective and adequate. Based on the review and management's confirmation, the Board considered that the risk management and internal control systems of the Group during the reporting year are effective and adequate.

Internal Audit

The Group has an internal audit function (the "**Internal Audit**") which is being carried out collectively by the internal control, auditing and supervision teams. The Internal Audit function is independent from operation management and has full access to data required in performing internal audit reviews. Internal audits are conducted according to the annual internal audit plan to review the major operational, financial, compliance and risk management controls of the Group. During the process of the internal audit, the Internal Audit function will identify internal control deficiencies and weaknesses and propose recommendations for improvements. Internal audit findings and control deficiencies are communicated to the internal audit team and the management, who are responsible for ensuring the deficiencies are rectified within a reasonable period. The Audit Committee is responsible for reviewing the internal audit plan and supervising the implementation of remedial actions. A follow-up review would also be performed to ensure remedial actions are adequately implemented.

Inside Information

The Group is aware of its obligations under relevant sections of the SFO and the Listing Rules. For the year ended 31 December 2024, the Group has implemented procedures and internal controls for the handling and dissemination of inside information, including:



CORPORATE GOVERNANCE REPORT

- Putting in place procedures to preserve the confidentiality of price-sensitive and/or inside information relating to the Group;
- Communicating such procedures to all Directors, senior management and relevant employees who are likely to have access to price-sensitive and/or inside information, and reminding them from time to time that they are required to comply with such procedures; and
- Conducting its affairs with close regard to the disclosure requirement under the Listing Rules and the related guidance.

Dividend Policy

The objective of the Company's dividend policy (the "**Dividend Policy**") is to allow the Shareholders to participate in the Company's profits, while also ensuring that adequate reserves are retained for future prospects of the Group.

According to the Dividend Policy, in deciding whether to declare or recommend any dividend distribution, the Directors will consider, among other things, the Company's results of operations, cash flows and financial condition, operating and capital requirements, the amount of distributable profits based on the generally accepted accounting principles in Hong Kong, the applicable PRC laws and regulations in respect of repatriation of dividends and distributions, the Cayman Companies Law, Cap. 22 (Law 3 of 1961) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time, the other applicable laws and regulations and all other relevant factors.

Any declaration and payment of dividend shall remain to be determined at the discretion of the Board and subject to compliance with all applicable laws and regulations including the laws of the Cayman Islands and the Articles of Association. The Board will review the Dividend Policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.



CORPORATE GOVERNANCE REPORT

Remuneration Policy

The Group offers a competitive remuneration and benefits package to its employees. The Group also participates, in accordance with the requirements of PRC laws and regulations, in various employee social insurance plans (including pension, unemployment insurance, medical insurance, employment injury insurance and maternity insurance) and housing provident schemes for the employees, which are managed by local governments. In addition, discretionary bonus may be granted to eligible employees based on the Group's and individual's performance.

During the year, all senior management of the Company are Directors and details of benefits and interests of Directors and five highest paid individuals, and the remuneration by band of the three highest paid employees excluding the Directors for the year ended 31 December 2024 are set out in note 9 and note 8 to the consolidated financial statements. For details of remuneration policy of the Directors, please refer to section headed "Remuneration Committee".

Auditor's Remuneration

The remuneration paid/payable to the Company's independent auditor, PricewaterhouseCoopers, and its affiliated firms, for its audit/audit-related services and non-audit services for the year ended 31 December 2024 were HK\$3.5 million and HK\$2.1 million, respectively. Non-audit services include tax compliance and advisory services and other services. There has been no change of auditor of the Company in the three years preceding the date of this report.

Corporate Social Responsibility

The Group is committed to being a successful and responsible corporate citizen. As such, the Group is committed not only to delivering quality products and service to customers of the Group, and strong and sustained financial performance to the Shareholders, but also to giving back to the society. The Group aims to achieve this by, among other things, ensuring that employees of the Group are treated with fairness and respect, and by achieving the goals of the Group through environmentally-friendly means.

Environment and Compliance with Laws

The Group is committed to minimising the impact on the environment from its business activities and details of such efforts are set out in the ESG Report. As far as the Board is aware, the Group has complied with the relevant laws and regulations that have a significant impact on the Group in all material respects, including requirements under the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), the Listing Rules, the SFO and the CG Code for among other things, disclosure of information and corporate governance.

Material Change in the Articles of Association

No changes have been made to the Articles of Association by the Company for the year ended 31 December 2024.



CORPORATE GOVERNANCE REPORT

Relationship with Stakeholders

The Group recognises that the interests of stakeholders, including employees, the Shareholders and investors, customers, suppliers, government entities, industry partners and community partners have significant impact on the Group, and are vital to the sustainable development of its business operation and therefore, the Group is committed to maintaining effective communication with the stakeholders to enhance the relationship and co-operation for the long-term development of the Group.

Further information on how the Group communicates with different stakeholders are set out in the 2024 ESG Report which will be published on the websites of the Company and the Stock Exchange.

Investor and Shareholder Relations

The Board believes that effective and proper investor relations play an important role in creating the Shareholders' value and enhancing corporate transparency, as well as establishing market confidence. As such, the Board is dedicated to maintaining an ongoing dialogue with the investors and the Shareholders.

Information is communicated to the investors and the Shareholders mainly through the Company's financial reports (interim and annual reports), general meetings, as well as by making available all the disclosures submitted to the Stock Exchange and its corporate communications and other corporate publications on the Company's website. Investors' and analysts' briefings and roadshows, and press conferences are conducted on a regular basis in order to facilitate communication between the Company, the investors and the Shareholders.

To facilitate the exchange of views between the Shareholders and the Board, the Board members (or their delegates (if applicable)), appropriate executive management personnel and the external auditor will attend the AGM and answer questions raised by the Shareholders.

Shareholders' Rights

The Company aims, via its corporate governance structure, to enable all its Shareholders an equal opportunity to exercise their rights in an informed manner and allow them to engage actively with the Company.

Under the Articles of Association, the Shareholders' Communication Policy and other relevant internal procedures of the Company, the Shareholders enjoy, among other thing, the following rights:



CORPORATE GOVERNANCE REPORT

Right to Convene Extraordinary General Meetings

Pursuant to Article 58 of the Articles of Association in force as at 31 December 2024, extraordinary general meetings may be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company, on a one vote per share basis, having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business or resolutions specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may convene a physical meeting at only one location which will be the Principal Meeting Place (as defined in the Articles of Association), and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

The Shareholders may also contact the Investor Relations Department of the Company from time to time to understand the information published by the Company. The Company will inform the Shareholders of the designated email address and enquiry hotline of the Company so that they can make any inquiries of the Company.

Right to Participate at General Meeting

The Company encourages the Shareholders to participate in general meetings, either in person or via proxies, to exercise their rights. The general meetings provide important opportunities for the Shareholders to express their views to the Board and management. The Company provides details of the general meetings to the Shareholders in a notice prior to the meeting in compliance with the Articles of Association and the Listing Rules. The Shareholders are encouraged to ask questions about or comment on the results, operations, strategy and/or management of the Group at general meetings. The chairman of the Board committees, appropriate management executives and auditors of the Company will be available at general meetings to answer questions from the Shareholders. Time is set aside in each general meeting for such question and answer sessions.

Right to Put Forward Enquiries and Proposals to the Board and at General Meetings

The Shareholders may at any time send their enquiries to the Board for the attention of the Company Secretary by directing them to the Company's principal place of business in Hong Kong at Unit 4606, 46/F, COSCO Tower, Grand Millennium Plaza, No. 183 Queen's Road Central, Hong Kong.

The Company publishes on its website the latest company news relating to the Group on a regular basis. The public is welcome to provide opinions and make enquiries through the Company's website. The Company regularly organises various activities, including holding briefing sessions and individual meetings with investors/analysts, non-deal roadshows, media interviews as well as organizing/participating in industry conferences, etc. to facilitate communication between the Company and the Shareholders, stakeholders and investors and to understand their views.



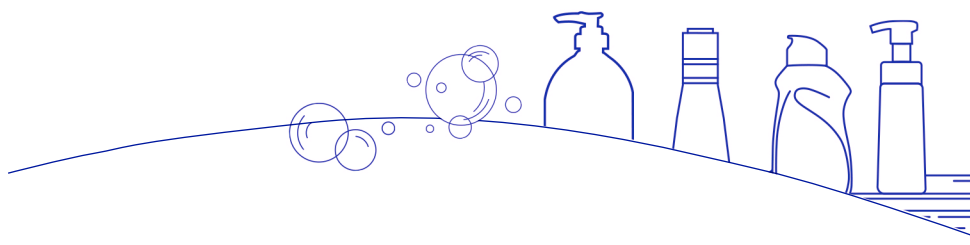
CORPORATE GOVERNANCE REPORT

The Shareholders' Communication Policy sets out detailed procedures under which the Shareholders may communicate to the Board any enquiries they may have. All shareholder correspondences received by the Company will be delivered to the Group's Investor Relations Department (the **"IR Department"**) for an initial review.

The Board recognises its responsibility to represent the interests of all Shareholders and to maximise shareholder value. Therefore, the Board strongly encourages the Shareholders to put forward proposals at general meetings including written notice of those proposals that could be addressed to the Company Secretary at the above address.

Implementation and Effectiveness of the Shareholders' Communication Policy Conducted during the year

The Shareholders' Communication Policy ensures that the Shareholders are provided with ready, equal and timely access to information about the Group (including its financial performance, strategic goals and plans, material developments and governance), and also allows them to engage actively with the Group. The executive committee of the Company, comprising three EDs, has reviewed the Shareholders' Communication Policy during the year ended 31 December 2024 and was satisfied with its implementation and effectiveness. Queries received from the IR Department during the year have been recorded and responded and relevant actions have been taken, if necessary.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Blue Moon Group Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Blue Moon Group Holdings Limited (the “Company”) and its subsidiaries (the “Group”), which are set out on pages 93 to 183, comprise:

- the consolidated balance sheet as at 31 December 2024;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

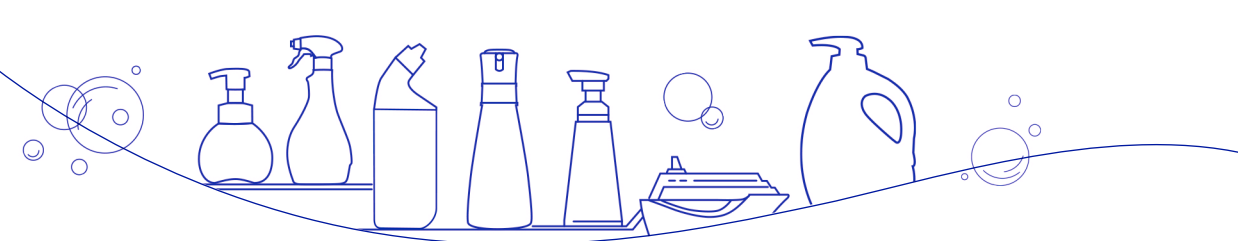
Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



INDEPENDENT AUDITOR'S REPORT

Independence

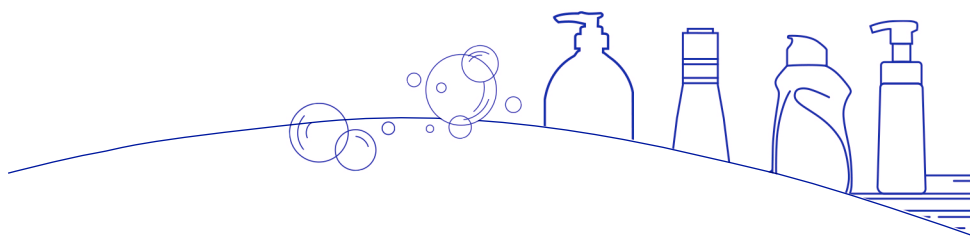
We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in our audit is related to Revenue recognition – sales of goods.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Revenue recognition – sales of goods</p> <p>Refer to Note 5 to the consolidated financial statements.</p> <p>Revenue from sales of goods amounted to HK\$8,556 million for the year ended 31 December 2024. Revenue from the sale of goods is recognised at the point in time when control of the goods is transferred to the customers.</p> <p>We focused on this area due to its large volume and large number of customers involved with goods distributed to different locations. Furthermore, the amount of sales of goods is significant to the consolidated financial statements. Therefore, we identified revenue recognition – sales of goods as a key audit matter.</p>	<p>In addressing this key audit matter, we performed the following procedures:</p> <ul style="list-style-type: none"> — Understood, evaluated and tested, on a sample basis, management's internal controls over revenue recognition from the sales of goods; — Evaluated the Group's accounting policy on revenue recognition against the requirements of accounting standards; — Checked, on a sampling basis, revenue transactions to customer contracts to identify the commercial terms and conditions, including the performance obligations and shipping terms, and examine relevant supporting evidence such as sales orders, invoices, delivery records and goods receipt notes; and



INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition – sales of goods (continued)	<p>— Checked, on a sampling basis, revenue transactions recorded before and after the financial year end date to relevant supporting evidence (including goods receipt notes or delivery records, where appropriate) to assess whether they are recorded in the proper periods.</p> <p>Based on the procedures performed, we found the revenue transactions tested were supported by the evidence we gathered.</p>

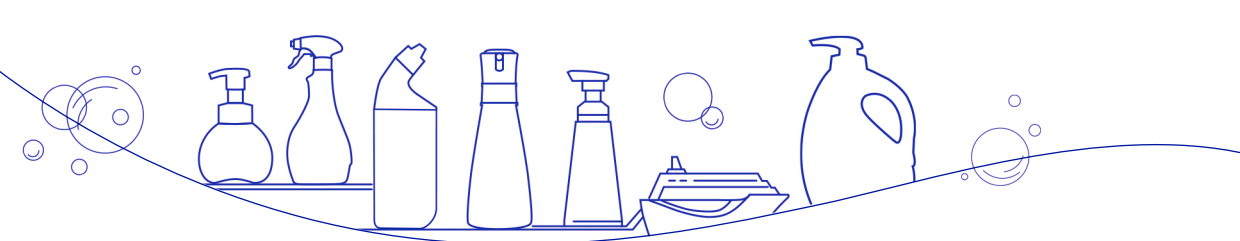
Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon, and the 2024 Environmental, Social and Governance Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

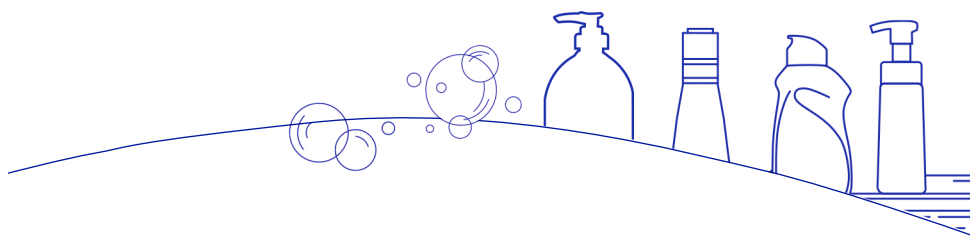
The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

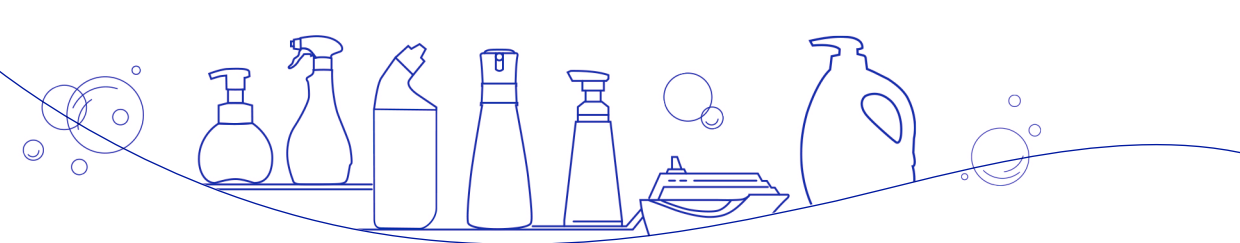


INDEPENDENT AUDITOR'S REPORT

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



INDEPENDENT AUDITOR'S REPORT

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Kam Chiu, Raymond.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 25 March 2025

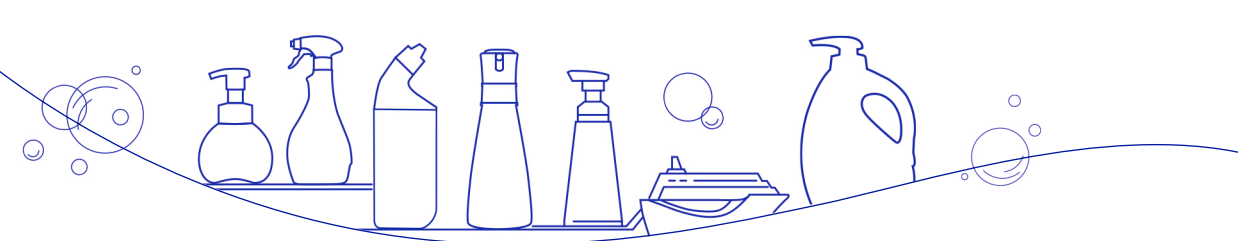


CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
Revenue	5	8,555,601	7,323,532
Cost of sales	7	(3,372,165)	(2,783,112)
Gross profit		5,183,436	4,540,420
Other income and other losses, net	6	(29,508)	36,780
Selling and distribution expenses	7	(5,048,522)	(3,244,135)
General and administrative expenses	7	(1,103,243)	(1,114,251)
Provision for impairment losses of financial assets	20	(6,327)	(88,379)
Operating (loss)/profit		(1,004,164)	130,435
Finance income	10	223,808	272,188
Finance costs	10	(4,652)	(6,714)
Finance income, net	10	219,156	265,474
(Loss)/profit before income tax		(785,008)	395,909
Income tax credit/(expense)	11	35,696	(70,600)
(Loss)/profit for the year		(749,312)	325,309
(Loss)/profit attributable to equity holders of the Company		(749,312)	325,309
Other comprehensive loss			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences from translation of financial statements of subsidiaries		(103,790)	(88,374)
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Change in the fair value of financial asset at fair value through other comprehensive income		(308)	(5,138)
Other comprehensive loss for the year, net of tax		(104,098)	(93,512)
Total comprehensive (loss)/income for the year		(853,410)	231,797
Total comprehensive (loss)/income attributable to equity holders of the Company		(853,410)	231,797
(Loss)/earnings per share attributable to equity holders of the Company			
Basic (HK cents)	13	(13.74)	5.84
Diluted (HK cents)	13	(13.74)	5.84

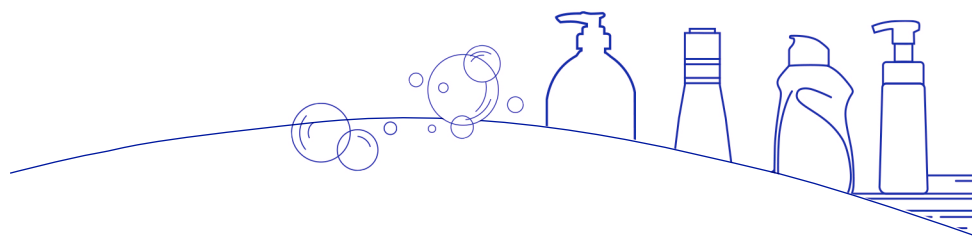
The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.



CONSOLIDATED BALANCE SHEET

As at 31 December 2024

		As at 31 December	
		2024	2023
	Note	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Intangible assets	15	109,630	114,842
Property, plant and equipment	16	1,402,965	1,455,289
Right-of-use assets	17	387,812	461,319
Prepayments for property, plant and equipment	21	35,673	46,561
Deferred income tax assets	27	584,761	399,323
Financial asset at fair value through other comprehensive income	18	9,281	9,796
		2,530,122	2,487,130
Current assets			
Inventories	19	487,579	258,160
Trade and bills receivables	20	1,208,123	1,404,647
Prepayments, deposits and other receivables	21	804,700	570,878
Tax recoverable		4,600	—
Fixed deposits	22	54,095	2,989,298
Cash and cash equivalents	22	5,216,379	4,342,528
		7,775,476	9,565,511
Total assets		10,305,598	12,052,641
EQUITY			
Equity attributable to owners of the Company			
Share capital	23	58,631	58,630
Other reserves	25	8,711,187	9,073,699
(Accumulated losses)/retained earnings		(105,219)	1,246,714
Total equity		8,664,599	10,379,043



CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 December 2024

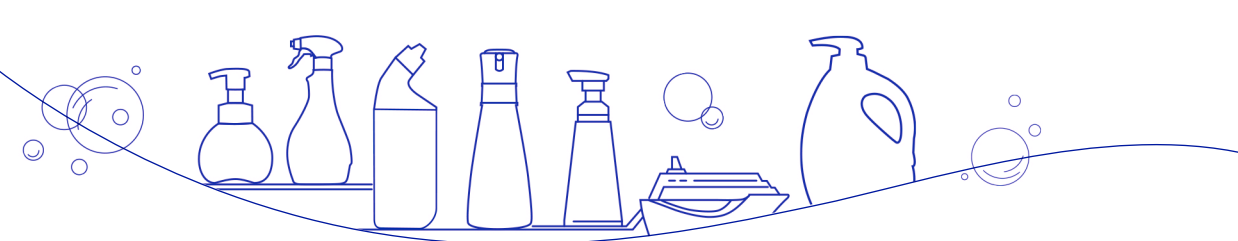
	Note	As at 31 December	
		2024 HK\$'000	2023 HK\$'000
LIABILITIES			
Non-current liabilities			
Deferred government grant	26	53,259	55,765
Deferred income tax liabilities	27	96,218	87,721
Lease liabilities	17	66,918	101,552
		216,395	245,038
Current liabilities			
Trade and bills payables	28	659,681	578,074
Contract liabilities, accruals and other payables	29	697,875	673,457
Amounts due to a related company	31	447	290
Current income tax liabilities		33,855	119,395
Lease liabilities	17	32,746	57,344
		1,424,604	1,428,560
Total liabilities		1,640,999	1,673,598
Total equity and liabilities		10,305,598	12,052,641
Net current assets		6,350,872	8,136,951
Total assets less current liabilities		8,880,994	10,624,081

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

These consolidated financial statements on pages 93 to 183 have been approved for issue by the Board of Directors on 25 March 2025 and were signed on its behalf.

Pan Dong
Director

Poon Kwok Leung
Director



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to equity holders of the Company			Total equity HK\$'000
	Share capital HK\$'000	Other reserves HK\$'000	(Accumulated losses)/ retained earnings HK\$'000	
As at 1 January 2024	58,630	9,073,699	1,246,714	10,379,043
Loss for the year	—	—	(749,312)	(749,312)
Other comprehensive loss:				
Exchange translation of foreign operations	—	(103,790)	—	(103,790)
Change in the fair value of financial assets at fair value through other comprehensive income	—	(308)	—	(308)
Total comprehensive loss for the year	—	(104,098)	(749,312)	(853,410)
Transactions with the owners of the Company				
Issuance of ordinary shares upon exercise of share options (Note 23)	1	413	—	414
Final dividend relating to 2023 (Note 12)	—	—	(329,127)	(329,127)
Interim dividend relating to 2024 (Note 12)	—	—	(219,972)	(219,972)
Share-based compensation expense (Note 24(c))	—	62,798	—	62,798
Purchase of shares held for Share Award Plan (Note 24(b))	—	(375,147)	—	(375,147)
Appropriation to statutory surplus reserves	—	53,522	(53,522)	—
As at 31 December 2024	58,631	8,711,187	(105,219)	8,664,599

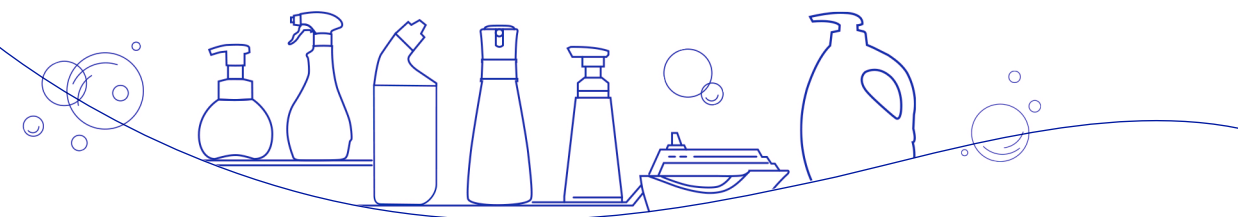


CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2024

	Attributable to equity holders of the Company			
	Share capital HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
As at 1 January 2023	58,621	9,065,932	1,948,227	11,072,780
Profit for the year	—	—	325,309	325,309
Other comprehensive loss:				
Exchange translation of foreign operations	—	(88,374)	—	(88,374)
Change in the fair value of financial assets at fair value through other comprehensive income	—	(5,138)	—	(5,138)
Total comprehensive income for the year	—	(93,512)	325,309	231,797
Transactions with the owners of the Company				
Issuance of ordinary shares upon exercise of share options (Note 23)	9	3,286	—	3,295
Final dividend relating to 2022 (Note 12)	—	—	(936,026)	(936,026)
Share-based compensation expense (Note 24(c))	—	22,113	—	22,113
Purchase of shares held for Share Award Plan (Note 24(b))	—	(14,916)	—	(14,916)
Appropriation to statutory surplus reserves	—	90,796	(90,796)	—
As at 31 December 2023	58,630	9,073,699	1,246,714	10,379,043

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

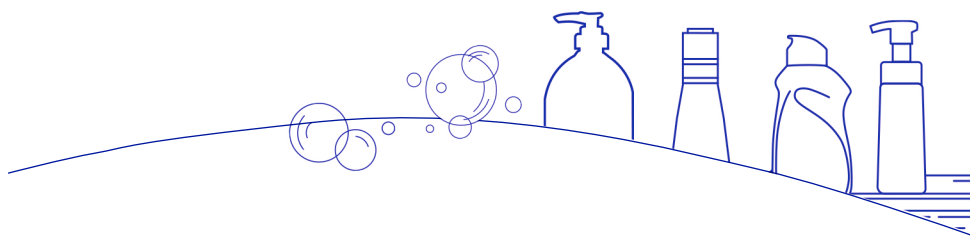


CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
Cash flows from operating activities			
Cash (used in)/generated from operations	30(a)	(882,231)	795,824
Interest received		223,909	220,987
Income taxes paid		(236,486)	(267,495)
Net cash (outflow)/inflow from operating activities		(894,808)	749,316
Cash flows from investing activities			
Acquisition of property, plant and equipment		(129,959)	(85,310)
Proceeds from disposal of property, plant and equipment	30(b)	3,558	3,142
Acquisition of intangible assets	15	(19,898)	(7,302)
Decrease/(increase) in fixed deposits		2,935,102	(2,938,097)
Net cash inflow/(outflow) from investing activities		2,788,803	(3,027,567)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares upon exercise of share options		414	3,295
Purchase of shares held for Share Award Scheme		(375,147)	(14,916)
Interest paid		(4,652)	(6,714)
Dividend paid		(549,099)	(936,026)
Principal elements of lease payments		(55,411)	(83,242)
Net cash outflow from financing activities		(983,895)	(1,037,603)
Net increase/(decrease) in cash and cash equivalents		910,100	(3,315,854)
Cash and cash equivalents at the beginning of year		4,342,528	7,702,373
Effect of exchange rate changes on cash and cash equivalents		(36,249)	(43,991)
Cash and cash equivalents at the end of year		5,216,379	4,342,528

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

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

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

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

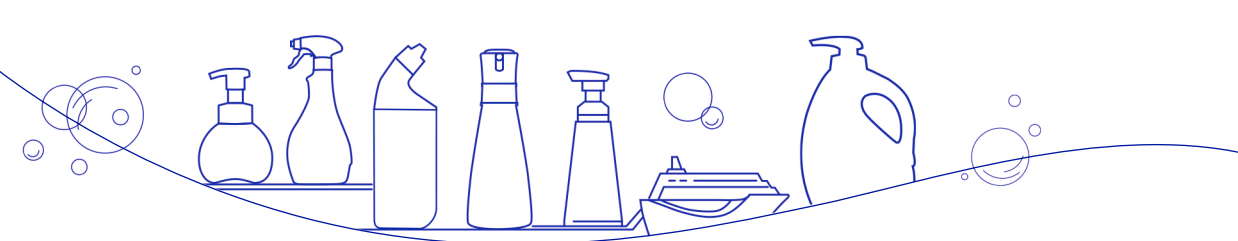
These consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated.

2 Basis of preparation

(a) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 (“**HKCO**”).

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Basis of preparation (continued)

(b) Historical cost convention

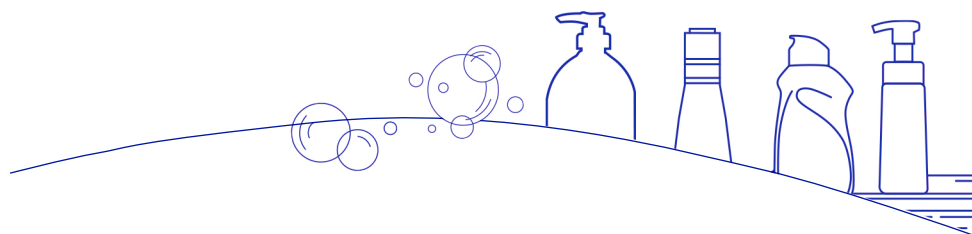
The consolidated financial statements have been prepared on a historical cost basis, except for the financial asset at fair value through other comprehensive income (“**FVOCI**”), which is measured at fair value.

(c) Amendments to the existing standards and interpretation adopted by the Group

The Group has applied the following amendments to the existing standards and interpretation for the first time for their annual reporting period commencing 1 January 2024:

HKAS 1 (Amendments)	Classification of liabilities as current or non-current
HKAS 1 (Amendments)	Non-current liabilities with covenants
HKAS 7 and HKFRS 7 (Amendments)	Supplier finance arrangements
HKAS 16 (Amendments)	Lease liabilities in a sales and leaseback
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements	Classification by the borrower of a term loan that contains a repayment on demand clause

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

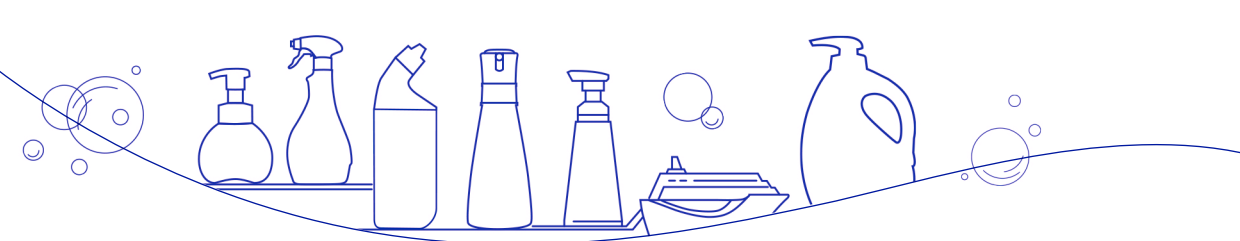
2 Basis of preparation (continued)

(d) New standards, amendments to existing standards and interpretation issued not yet adopted

The following new standards, amendments to existing standards and interpretation issued have been published that are not mandatory for 31 December 2024 reporting period and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
HKAS 21 and HKFRS 1 (Amendments)	Lack of exchangeability	1 January 2025
HKFRS 9 and HKFRS 7 (Amendments)	Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements	Classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2027
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The directors of the Group are of the opinion that the adoption of the above new standards, amendments to existing standards and interpretation issued would not have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions. The Group intends to adopt the above new standards and amendments to existing standards when they become effective.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. These risks are managed by the senior management under the Group's financial management policies and practices approved by the Board of Directors of the Company (the "**Board**") as described below.

(a) *Market risk*

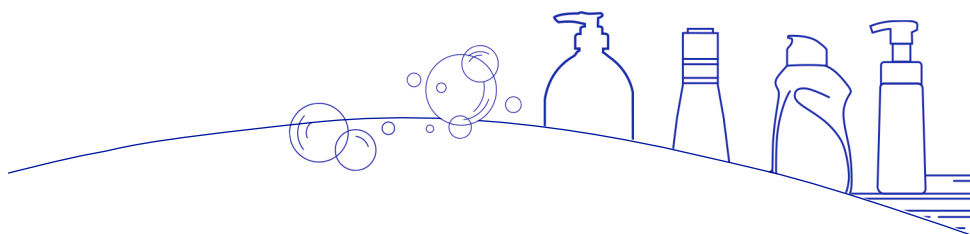
(i) *Foreign exchange risk*

The Group mainly operates in the PRC and Hong Kong.

The functional currency of the subsidiaries in Hong Kong is HK\$ and the transactions are mostly denominated in HK\$ and United States dollar ("**US\$**"). For transactions or balances denominated in US\$ which are reasonably stable with the HK\$ under the Linked Exchange Rate System, the directors are of the opinion that the Company and the subsidiaries in Hong Kong do not have significant foreign exchange risk, the exposure to fluctuation in exchange rates will only arise from the translation to the presentation currency of the Group. Accordingly, no sensitivity analysis is performed.

Majority of the subsidiaries of the Group are operating in the PRC with most of the transactions and assets denominated in Renminbi ("**RMB**"). The conversion of RMB into foreign currencies is subject to the rules and regulations of the foreign exchange control promulgated by the PRC government. Because of the simplicity of the financial structure and the current operations of the Group, no hedging activities are undertaken by management.

The Group is exposed to foreign exchange risk primarily through financial assets denominated in RMB held by the subsidiaries in Hong Kong, and financial assets denominated in HK\$ and US\$ held by the subsidiaries in the PRC.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) *Market risk (continued)*

(i) *Foreign exchange risk (continued)*

As at 31 December 2024, if RMB had strengthened/weakened by 5% (2023: 5%) against the HK\$ with all other variables held constant, post-tax loss for the year would have been approximately HK\$17,803,000 lower/higher (2023: post-tax profit would have been approximately HK\$234,000 higher/lower) mainly as a result of foreign exchange gains/losses on translation of RMB-denominated cash and bank balances.

As at 31 December 2024, if US\$ had strengthened/weakened by 5% against the RMB with all other variables held constant, post-tax loss for the year would have been approximately HK\$1,615,000 lower/higher (2023: nil), mainly as a result of foreign exchange gains/losses on translation of US\$-denominated cash and bank balances.

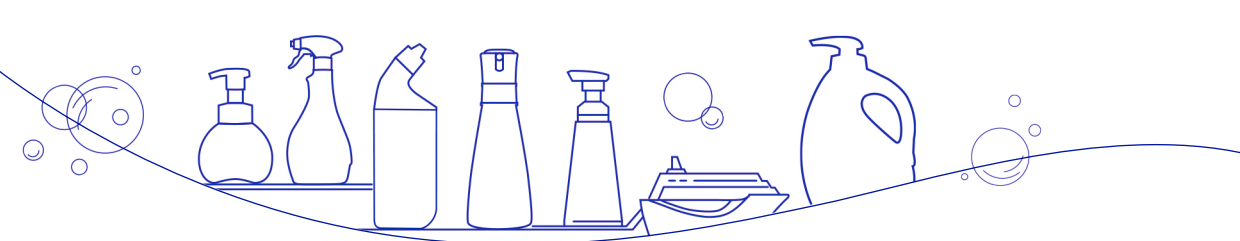
(ii) *Interest rate risk*

Except for cash and bank balances (Note 22), the Group has no other significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact on interest-bearing assets resulted from the changes in interest rates because the interest rates of bank deposits are not expected to change significantly.

The Group did not use any interest swaps to hedge its exposure to interest rate risk.

(iii) *Price risk*

The Group purchases palm oil as one of its major raw materials for its manufacturing process, and is exposed to fluctuation in its market price. The Group does not use any derivative instruments to manage its economic exposure to the change in price of raw materials.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

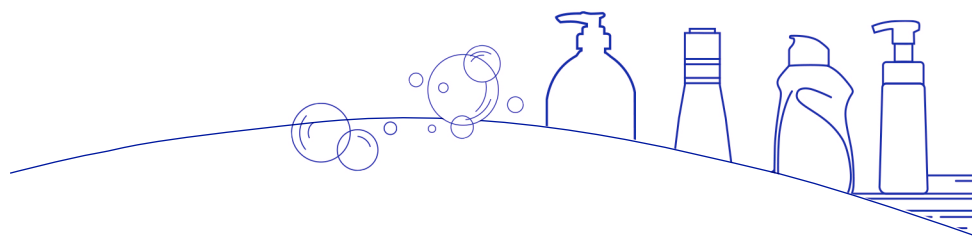
(b) *Credit risk*

(i) *Risk management*

Credit risk arises if a customer or other counterparty fails to meet its contractual obligations. The credit risk of the Group mainly arises from cash and bank balances deposited in financial institutions, trade and bills receivables, deposits and other receivables (except for prepayments). The Group's maximum exposure to credit risk is the carrying amounts of these financial assets.

Substantially all the deposits in banks are held in reputable financial institutions located in Hong Kong and the PRC, which management believes are of high credit quality and management does not expect any losses arising from non-performance by these counterparties, therefore, the expected credit loss for cash and bank balances is minimal. The Group regularly monitor the amount of credit exposure to any financial institutions.

Sales are generally on open account with credit terms of up to 60 days to key account clients, major online e-commerce customers and, on a discretionary basis, certain offline distributors with good credit history during the year ended 31 December 2024. The remaining balances are covered by either (i) letters of credit with bills payable at sight or (ii) advances receipt. Advances are widely received for sales to majority of offline distributors and individual customers who placed orders through various online e-commerce channels. These receipts from online individual customers are often maintained in payment intermediaries which the Group recognises as other receivables. The Group considers that the credit risk of these payment intermediaries is low and the expected credit losses are immaterial.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) *Credit risk (continued)*

(i) *Risk management (continued)*

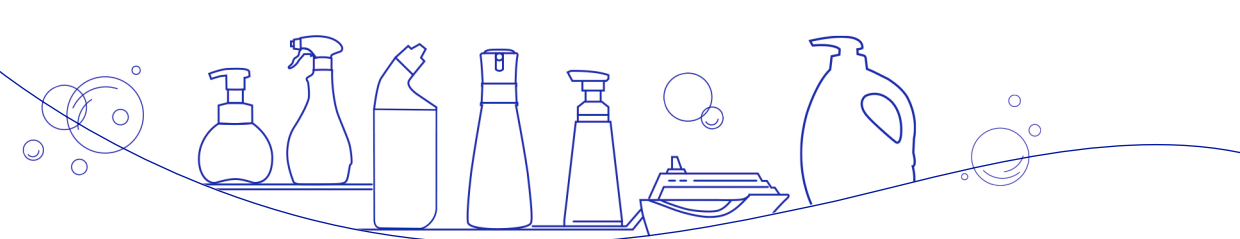
The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history. The Group also has policies on granting different settlement methods to different customers to monitor the credit exposure. Credit checking are normally required from new customers and existing customers with short trading history for settlement purposes. The Group's historical experience in collection of trade and other receivables falls within the recorded allowances. As at 31 December 2024, trade receivables of HK\$1,063,481,000 (2023: HK\$1,465,597,000) were due from companies operating under domestically well-known supermarkets, online platforms and certain distributors in the PRC. Loss allowances of HK\$118,541,000 (2023: HK\$175,484,000) have been provided for such trade receivables as at 31 December 2024.

The Group has concentration of credit risk on top two trade debtors, which are large online e-commerce customers with good credit history, accounted for approximately 46% (2023: 49%) of its total trade debts balance as at 31 December 2024.

(ii) *Impairment of financial assets*

The Group has the following types of financial assets that are subject to the expected credit loss model:

- Cash and cash equivalents;
- Fixed deposits;
- Trade receivables; and
- Other financial assets at amortised costs



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Cash and cash equivalents and fixed deposits

All bank balances and bank deposits are held at reputable financial institutions with sound credit ratings and there is no significant concentration risk to a single counterparty and there is no history of defaults from these counterparties. The expected credit losses are close to zero as at 31 December 2024 and 2023.

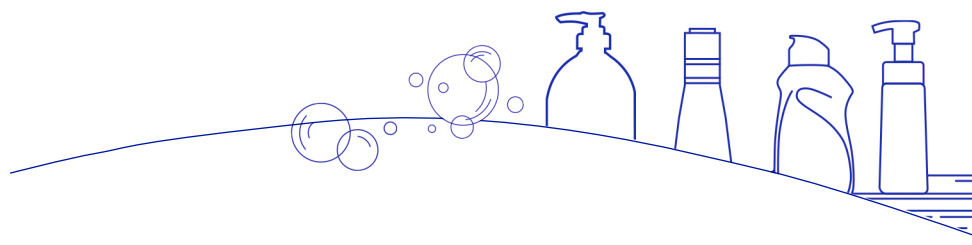
Trade receivables

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables relating to customers with known financial difficulties or customers with significant long-aged trade receivables balance in proportion to their respective total balance are considered to be subjected to higher risk of default and are tested individually.

Measurement of expected credit loss on individual basis

Trade receivables with higher risk of default are assessed individually for provision for impairment allowance. Their expected credit loss rates are determined based on their corresponding external default data, repayment and default histories and on-going business relationship with them. The loss rates are then adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. As at 31 December 2024 and 2023, the balance of such individually assessed trade receivables and the loss allowance in respect of these receivables are as follows:

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
Individually assessed trade receivables	195,338	410,862
Loss allowance	(103,323)	(166,486)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

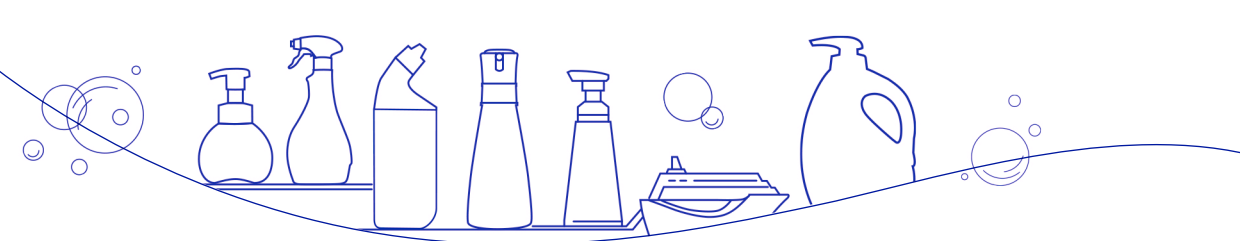
Trade receivables (continued)

Measurement of expected credit loss on collective basis

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a specific period before each year end date and the corresponding historical credit losses experienced within the periods. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the overall industry outlook and Gross Domestic Product (“GDP”) of the PRC in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The loss allowance as at 31 December 2024 and 2023 was determined for the remaining trade receivables as follows:

	Key account clients HK\$'000	Offline distributors HK\$'000	Online sales channels HK\$'000
As at 31 December 2024			
Gross carrying amount	86,261	31,061	750,821
Loss allowance	(4,484)	(5,004)	(5,730)
	81,777	26,057	745,091
Expected loss rate	5.20%	16.11%	0.76%
As at 31 December 2023			
Gross carrying amount	218,980	25,828	809,927
Loss allowance	(3,976)	(3,778)	(1,244)
	215,004	22,050	808,683
Expected loss rate	1.82%	14.63%	0.15%



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) *Credit risk (continued)*

(ii) *Impairment of financial assets (continued)*

Trade receivables (continued)

Measurement of expected credit loss on collective basis (continued)

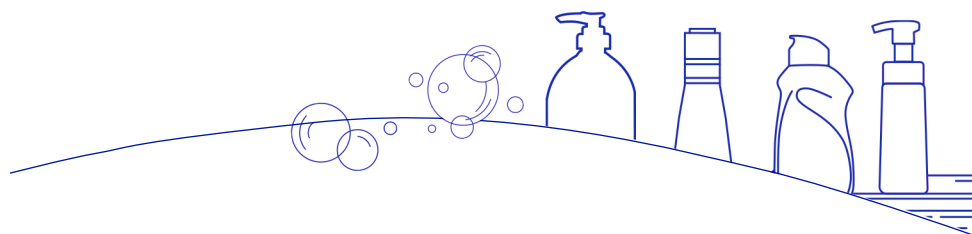
Impairment losses on trade receivables are separately presented as “Provision for impairment losses of financial assets” in the consolidated statement of comprehensive income. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery, include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and indicators of financial difficulties. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets at amortised cost

Other financial assets at amortised cost include bank’s acceptance bills, refundable deposits and other receivables (excluding prepayments), they are considered to be of low credit risk primarily because historically they had no history of default and the debtors had a strong capacity to meet its contractual cash flow obligations in the near term. The Group considers credit risk of these financial assets is low and expected credit losses are immaterial.

(c) *Liquidity risk*

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

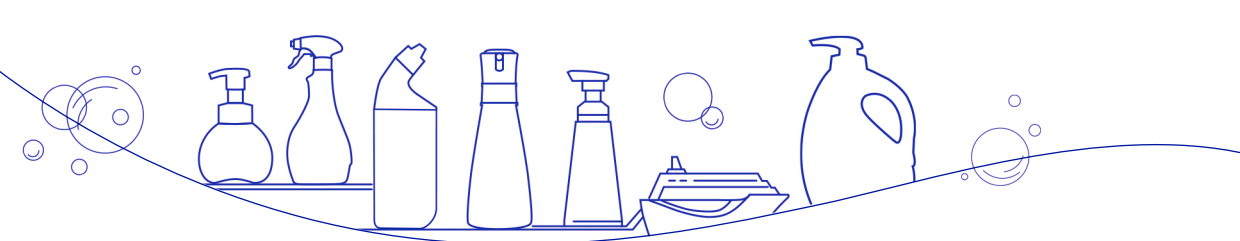
(c) Liquidity risk (continued)

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

At the reporting date, the Group held cash and cash equivalents of approximately HK\$5,216,379,000 (2023: HK\$4,342,528,000) (Note 22), short-term deposits with maturities more than 3 months of approximately HK\$54,095,000 (2023: HK\$2,989,298,000) (Note 22) and trade and bills receivables of approximately HK\$1,208,123,000 (2023: HK\$1,404,647,000) (Note 20) that are expected to generate cash inflows for managing liquidity risk.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	On demand or within 1 Year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
As at 31 December 2024					
Trade and bills payables	659,681	—	—	—	659,681
Accruals and other payables	404,968	—	—	—	404,968
Amounts due to a related company	447	—	—	—	447
Lease liabilities	36,029	33,703	35,943	—	105,675
	1,101,125	33,703	35,943	—	1,170,771
As at 31 December 2023					
Trade and bills payables	578,074	—	—	—	578,074
Accruals and other payables	414,201	—	—	—	414,201
Amounts due to a related company	290	—	—	—	290
Lease liabilities	62,502	34,615	73,243	—	170,360
	1,055,067	34,615	73,243	—	1,162,925



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, issue new shares or obtain funding through adequate amount of committed credit facilities.

3.3 Fair value estimation

Financial assets and liabilities

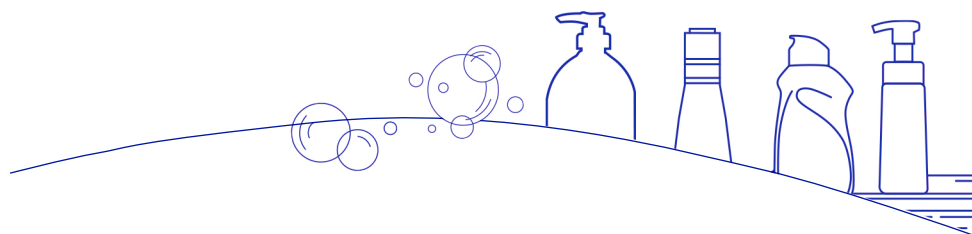
The table below analyses the Group's financial instruments carried at fair value as at 31 December 2024 and 2023 by level of inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets that are measured at fair values at 31 December 2024 and 2023:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 31 December 2024				
Financial asset at FVOCI				
— unlisted equity investment	—	—	9,281	9,281
At 31 December 2023				
Financial asset at FVOCI				
— unlisted equity investment	—	—	9,796	9,796

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

Financial assets and liabilities (continued)

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Financial instruments in level 3

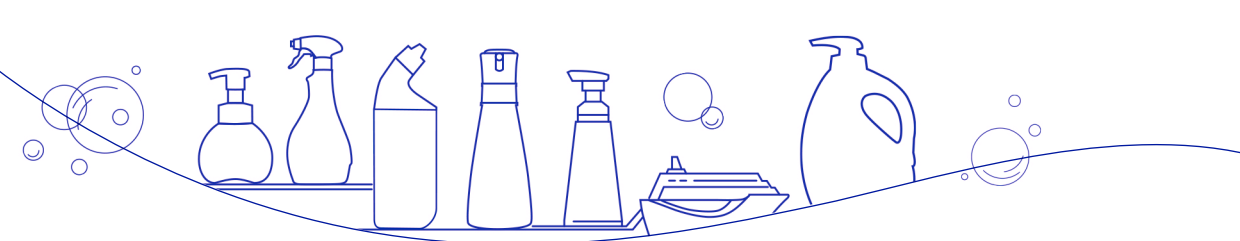
If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table presents the changes in level 3 instruments at 31 December 2024 and 2023:

	2024 HK\$'000	2023 HK\$'000
Financial asset at FVOCI — unlisted equity investment		
At 1 January	9,796	15,113
Fair value change	(308)	(5,138)
Exchange differences	(207)	(179)
At 31 December	9,281	9,796

The significant unobservable input to the valuation of financial asset at FVOCI as at 31 December 2024 is revenue of the investee. The specific valuation techniques used to value financial asset at FVOCI is market approach, which is based on enterprise value to sales and price-to-book multiples of comparable companies in the market.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of financial assets

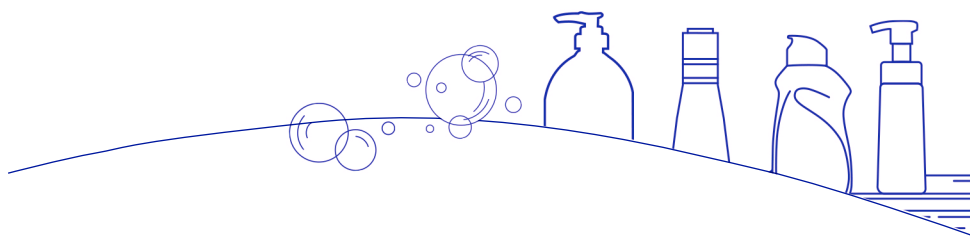
The impairment for financial assets is based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used and the impact of changes to these assumptions are disclosed in Note 3.1(b).

(b) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated cost to completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. Management reassesses the estimation at the end of each reporting period. They carry out an inventory review on a product-by-product basis at the end of each reporting period and makes allowance for obsolete and slow-moving items through their estimation of the net realisable value for such obsolete and slow-moving items based primarily on the latest invoice prices and current market conditions.

(c) Estimated useful lives of property, plant and equipment and intangible assets

The Group's management determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and intangible assets, respectively. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment and intangible assets of similar nature. The management will increase the depreciation and amortisation where useful lives are less than previously estimated lives. Periodic review could result in a change in useful lives and therefore depreciation and amortisation expense in the future periods.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Critical accounting estimates and judgements (continued)

(d) Current and deferred income tax

The Group is subject to income taxes in the PRC and Hong Kong. Judgement is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

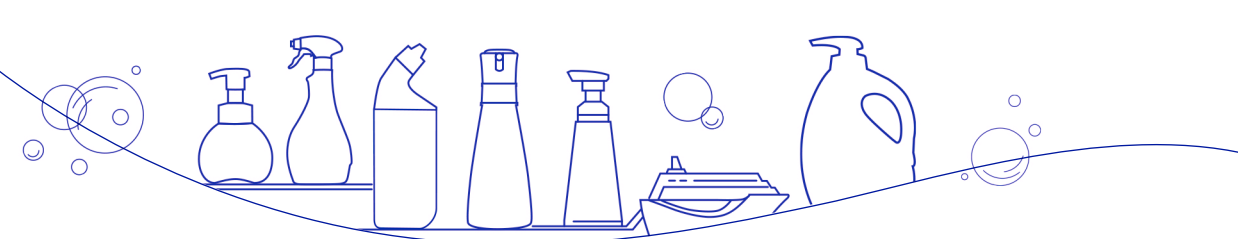
5 Revenue and segment information

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

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 Revenue and segment information (continued)

(a) Revenue from external customers

The Group's sales comprised mainly cash sales and credit sales to online sales channels (primarily e-commerce platforms), end-customers via online stores, offline distributors and key account clients (primarily hypermarkets and supermarkets).

Revenue from the sales of goods recognised is as follows:

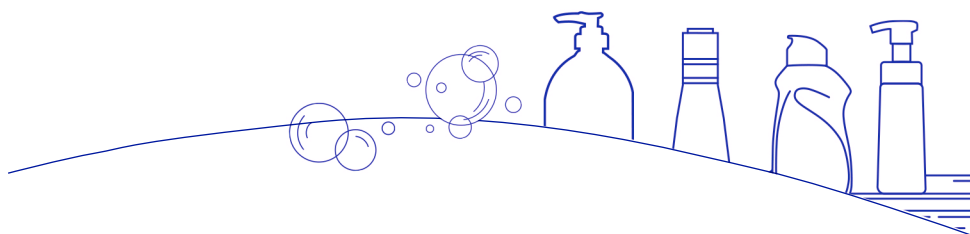
	2024 HK\$'000	2023 HK\$'000
Revenue recognised at a point in time:		
Fabric care products	7,627,243	6,500,671
Personal hygiene products	512,405	447,008
Home care products	415,953	375,853
	8,555,601	7,323,532

Revenue from external parties contributing 10% or more of the total revenue of the Group is as follows:

	2024 HK\$'000	2023 HK\$'000
Customer A	743,697*	837,844

* Revenue from this customer did not exceed 10% of the total revenue in the respective year. These amounts were shown for comparative purpose.

All of the Group's revenue was generated from customers in the PRC for the year ended 31 December 2024 and 2023, accordingly, no revenue by geographical location is presented.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 Revenue and segment information (continued)

(b) Non-current assets

An analysis of the Group's non-current assets excluding deferred income tax assets, by geographical locations, is as follows:

	2024 HK\$'000	2023 HK\$'000
Hong Kong	28,121	18,728
Mainland China	1,917,240	2,069,079
	1,945,361	2,087,807

(c) Liabilities related to contract with customers

The Group has recognised the following liabilities related to contract with customers:

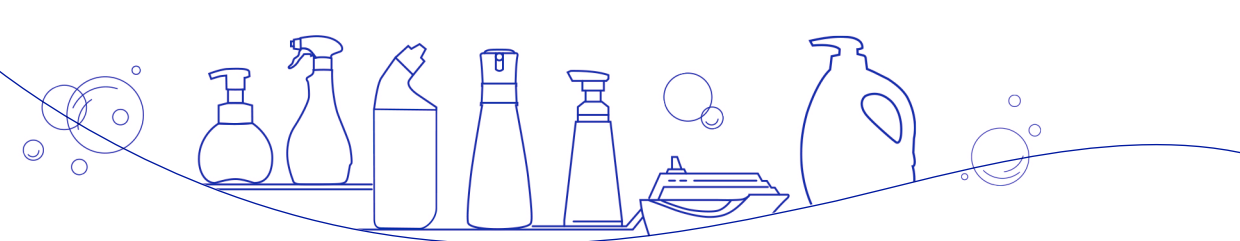
	2024 HK\$'000	2023 HK\$'000
Contract liabilities related to sales of goods	40,743	26,061

Contract liabilities of the Group mainly represent the advanced payments received from customers by the Group while the underlying goods are yet to be delivered.

(d) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised for the year relates to carried-forward contract liabilities:

	2024 HK\$'000	2023 HK\$'000
Revenue recognised that was included in the contract liabilities balance related to sales of goods at the beginning of the year	26,061	74,558



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 Revenue and segment information (continued)

(d) Revenue recognised in relation to contract liabilities (continued)

There was no revenue recognised during the year from performance obligations satisfied in the previous year (2023: Nil).

Amount of transaction price from unsatisfied performance obligation as at 31 December 2024 was equivalent to the contract liabilities as at 31 December 2024 (2023: Same). Management expects 100% of the contract liabilities balance as at 31 December 2024 will be recognised as revenue in the next year (approximately HK\$40,743,000). The balance mainly represents receipts in advance from offline distributors.

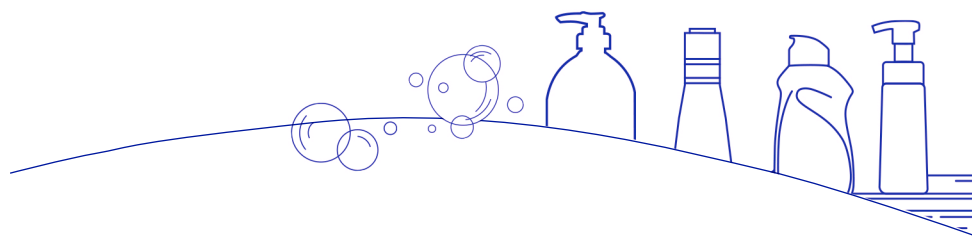
(e) Accounting policies for revenue recognition

Sales of goods

Revenue from the sales of goods is recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract, net of the estimated returns and volume rebates (if any). Accumulated experience is used to estimate and provide for the returns and rebates, using the expected value method, based on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected returns and volume rebates payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with credit terms that are consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 Revenue and segment information (continued)

(e) Accounting policies for revenue recognition (continued)

Sales of goods (continued)

If the payments exceed the products delivered, a contract liability is recognised. A contract liability is the obligation to transfer goods to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

6 Other income and other losses, net

	2024 HK\$'000	2023 HK\$'000
Government grants (Note)	11,351	35,149
Net foreign exchange losses	(57,234)	(1,873)
Scrap sales	(1,707)	(347)
Compensation income	6,581	6,753
Sundry income/(loss)	11,501	(2,902)
	(29,508)	36,780

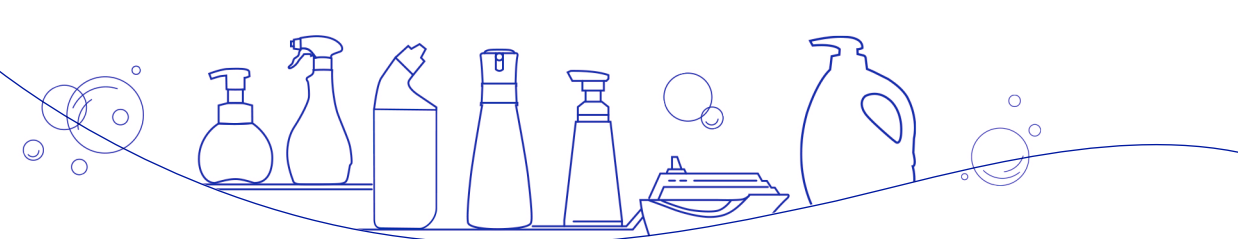
Note:

Various government grants have been received from the local government authorities for subsidising the operating activities, research and development activities, and acquisition of fixed assets. The government grants represent the amortisation of deferred government grant of HK\$1,327,000 (2023: HK\$1,351,000) (Note 26) and operating subsidies of approximately HK\$10,024,000 (2023: HK\$33,798,000) for the year ended 31 December 2024. Management does not consider that there were any significant unfulfilled conditions or other contingencies attached to these operating subsidies.

Deferral and presentation of government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

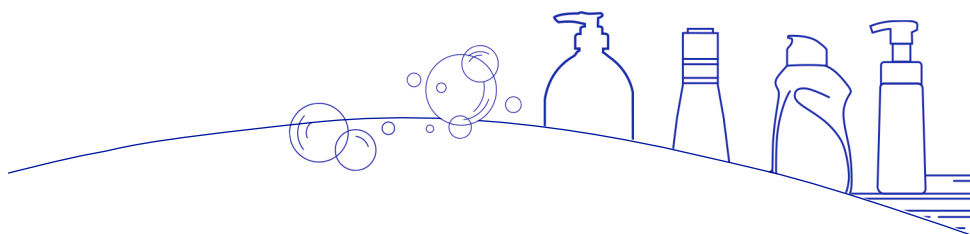
Government grants that compensate the Group for the cost of an asset are included in non-current liabilities as deferred income and are credited to the consolidated statement of comprehensive income on a straight-line basis over the expected useful lives of the related assets.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 Expenses by nature

	2024 HK\$'000	2023 HK\$'000
Cost of inventories sold	3,020,885	2,465,826
Promotion expenses	2,597,637	1,290,058
Employee benefits expense (Note 8)	1,896,625	1,817,757
Transportation expenses	771,215	575,628
Advertising expenses	569,439	353,662
Depreciation of property, plant and equipment (Note 16)	146,920	133,149
Other tax expenses	101,684	95,377
Depreciation of right-of-use assets (Note 17)	65,153	89,424
Travelling expenses	58,794	45,153
Utility expenses	37,733	35,894
Donation	25,901	5,897
Rental expenses related to short-term leases (Note 17)	23,652	16,960
Amortisation of intangible assets (Note 15)	22,683	31,179
Consulting fee	18,701	26,651
Maintenance expenses	17,594	18,767
Motor expenses	15,502	15,818
Manufacturing overheads (excluding depreciation)	14,695	11,029
Property management fee	11,967	11,315
Telecommunication expenses	9,617	8,821
Consumables	9,176	6,334
Office expenses	6,231	5,792
Provision for impairment on property, plant and equipment (Note 16)	3,923	9,383
Auditor's remuneration		
Audit services	3,480	4,000
Non-audit services	2,107	2,109
Recruitment fee	3,284	4,393
Training expenses	2,025	5,204
Others	67,307	55,918
	9,523,930	7,141,498



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 Employee benefits expense

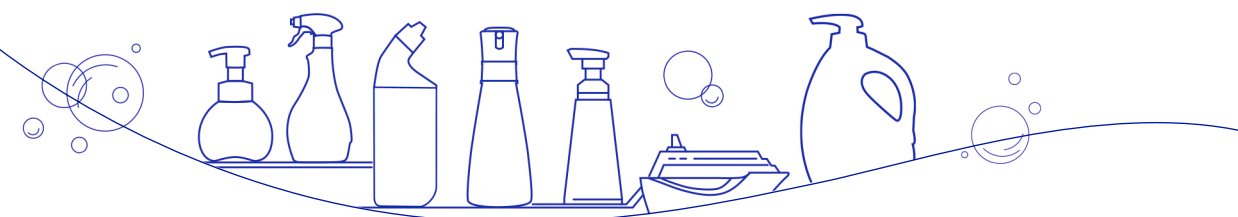
(a) Employee benefits expense (including directors' emoluments)

	2024 HK\$'000	2023 HK\$'000
Wages, salaries and allowances	1,112,857	1,103,649
Bonuses and commission	422,110	385,338
Contributions to social security plans	255,861	262,522
Other benefits	42,999	44,135
Share-based compensation expense	62,798	22,113
	1,896,625	1,817,757

All local employees of the subsidiaries in the PRC participate in mandatory employee social security plans pursuant to the regulations enacted in the PRC, which cover pension, medical and other welfare benefits. The plans are organised and administered by the government authorities. Apart from welfare benefits provided by these social security plans, the Group has no other material commitments owing to the employees. According to the relevant regulations, the portion of premium and welfare benefit contributions that should be borne by the companies within the Group as required by the above social security plans are principally determined based on a percentage of the monthly compensation of employees, subject to certain ceilings, and are paid to the respective tax authorities. Contributions to these plans are expensed as incurred.

The Group's Hong Kong subsidiaries' contributions to the Mandatory Provident Fund Scheme ("MPF scheme") in Hong Kong are expensed as incurred. Both the employers and employees in Hong Kong are required to contribute 5% of each individual's relevant income with a maximum amount of HK\$1,500 per month as a mandatory contribution. The assets of the scheme are held separately from those of the Group and managed by independent professional fund managers.

During the years ended 31 December 2024 and 2023, the Group has no forfeited contributions under the MPF Scheme and scheme in PRC utilised to reduce the existing levels of contributions. As at 31 December 2024 and 2023, there was no forfeited contribution which may be used by the Group to reduce the contribution payable in the future years.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 Employee benefits expense (continued)

(a) Employee benefits expense (including directors' emoluments) (continued)

Employee benefits expense has been charged to the consolidated statement of comprehensive income as follows:

	2024 HK\$'000	2023 HK\$'000
Cost of sales	226,219	192,354
Selling and distribution expenses	1,015,800	936,461
General and administrative expenses	654,606	688,942
	1,896,625	1,817,757

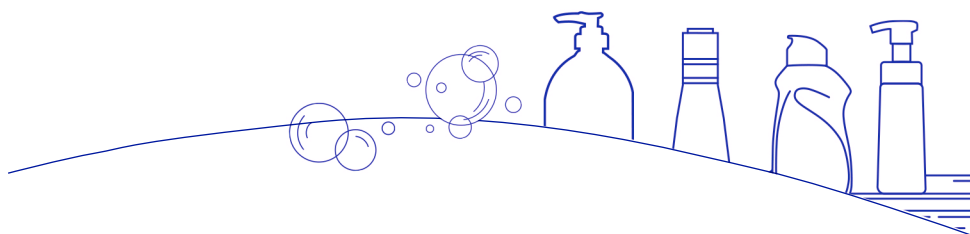
(b) Five highest paid individuals

For the year ended 31 December 2024, the five individuals whose emoluments were the highest in the Group consist of 3 (2023: 2) directors respectively, the employee benefits expenses in relation to the remaining 2 (2023: 3) highest paid individuals are as follows:

	2024 HK\$'000	2023 HK\$'000
Basic salaries, allowances and other employee welfares	8,777	9,116
Discretionary bonuses	1,310	9,098
Employer's contribution to defined contribution plan	393	368
Share-based compensation expense	11,446	6,381
	21,926	24,963

The emoluments of the above individuals fell within the following bands for the year ended 31 December 2024 and 2023:

	2024	2023
HK\$5,000,001 – HK\$5,500,000	1	–
HK\$6,000,001 – HK\$6,500,000	–	1
HK\$8,500,001 – HK\$9,000,000	–	1
HK\$10,000,001 – HK\$10,500,000	–	1
HK\$16,500,001 – HK\$17,000,000	1	–
	2	3



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 Employee benefits expense (continued)

(b) Five highest paid individuals (continued)

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the five highest paid individuals during year (2023: Nil).

9 Benefits and interests of directors (disclosures required by section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and HK Listing Rules)(b)

The emoluments of individual directors and chief executive of the Company for the year are set out as below:

For the year ended	Fee	Basic salaries and allowances	Discretionary bonuses	Share-based compensation expense	Employer's contribution to a retirement benefit scheme	Total
31 December 2024	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive directors and the chief executive						
Ms. PAN Dong	600	–	–	–	18	618
Mr. LUO Qiuping (Note (i))	500	7,467	–	–	18	7,985
Ms. LUO Dong	500	7,261	–	28,837 ^{(Note (iii))}	220	36,818
Mr. POON Kwok Leung	500	3,600	–	2,759 ^{(Note (iv))}	18	6,877
Ms. XIAO Haishan	550	2,283	–	2,240 ^{(Note (v))}	120	5,193
Independent non-executive directors						
Mr. Bruno Robert MERCIER	650	–	–	–	–	650
Ms. NGAN Edith Manling	650	–	–	–	–	650
Mr. HU Yebi	650	–	–	–	–	650
	4,600	20,611	–	33,836	394	59,441

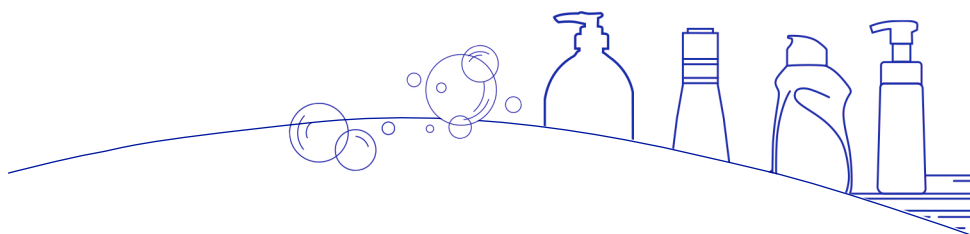
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 Benefits and interests of directors (disclosures required by section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and HK Listing Rules)(b) (continued)

For the year ended 31 December 2023	Fee HK\$'000	Basic salaries and allowances HK\$'000	Discretionary bonuses HK\$'000	Share-based compensation expense HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Total HK\$'000
Executive directors and the chief executive						
Ms. PAN Dong	600	—	—	—	18	618
Mr. LUO Qiuping (Note (i))	500	7,603	—	—	18	8,121
Ms. LUO Dong	500	7,469	3,334	633	180	12,116
Mr. POON Kwok Leung	500	3,600	—	132	18	4,250
Ms. XIAO Haishan	550	2,028	—	132	108	2,818
Non-executive director						
Mr. CAO Wei (Note (ii))	252	—	—	—	—	252
Independent non-executive directors						
Mr. Bruno Robert MERCIER	650	—	—	—	—	650
Ms. NGAN Edith Manling	650	—	—	—	—	650
Mr. HU Yebi	627	—	—	—	—	627
	4,829	20,700	3,334	897	342	30,102

Notes:

- (i) Mr. LUO Qiuping, a director of the Company, is also the Chief Executive Officer of the Company.
- (ii) Mr. CAO Wei retired by rotation at the annual general meeting of the Company held on 16 June 2023 pursuant to the second amended and restated articles of association of the Company and ceased to be a Non-executive Director and a member of the audit committee of the Company.
- (iii) The share-based compensation expense of approximately HK\$28,837,000 primarily represents the grant of 58,600,000 share awards to Ms. LUO Dong under the 2022 Share Award Plan for the year ended 31 December 2024. The expenses related to this grant will be recognised progressively over the vesting period up to 2033.
- (iv) The share-based compensation expense of approximately HK\$2,759,000 primarily represents the grant of 7,000,000 share awards to Mr. POON Kwok Leung under the 2022 Share Award Plan for the year ended 31 December 2024. The expenses related to this grant will be recognised progressively over the vesting period up to 2034.
- (v) The share-based compensation expense of approximately HK\$2,240,000 primarily represents the grant of 6,000,000 share awards to Ms. XIAO Haishan under the 2022 Share Award Plan for the year ended 31 December 2024. The expenses related to this grant will be recognised progressively over the vesting period up to 2034.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 Benefits and interests of directors (disclosures required by section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and HK Listing Rules)(b) (continued)

No emoluments were paid by the Group to any of the directors and the chief executive as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2023: Nil).

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2023: Nil).

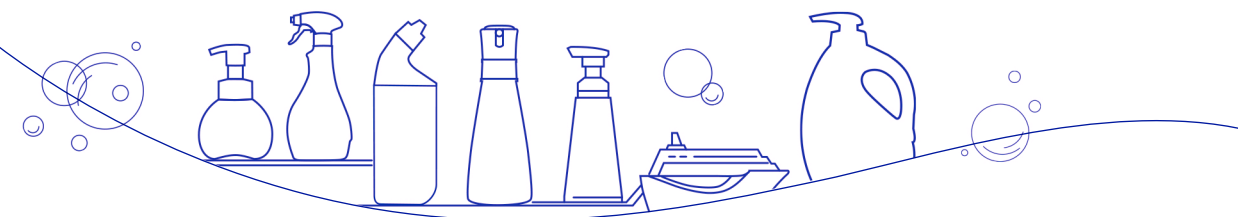
No emoluments, retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable as at 31 December 2024 (2023: Nil). No consideration was provided to or received by third parties for making available directors' services during the year (2023: Nil).

There are no loans, quasi-loans or other dealings in favour of directors, their controlled bodies corporate and connected entities during the year (2023: Nil).

No significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2023: Nil).

10 Finance income, net

	2024 HK\$'000	2023 HK\$'000
Finance income		
— Interest income on bank deposits	223,808	272,188
Finance costs		
— Interest expenses on lease liabilities	(4,652)	(6,714)
Finance income, net	219,156	265,474



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 Income tax (credit)/expense

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

	2024 HK\$'000	2023 HK\$'000
Current income tax		
— PRC corporate income tax	118,215	276,554
— Under-provision in prior years	8,597	1,982
Deferred income tax credit (Note 27)	(162,508)	(207,936)
Income tax (credit)/expense	(35,696)	70,600

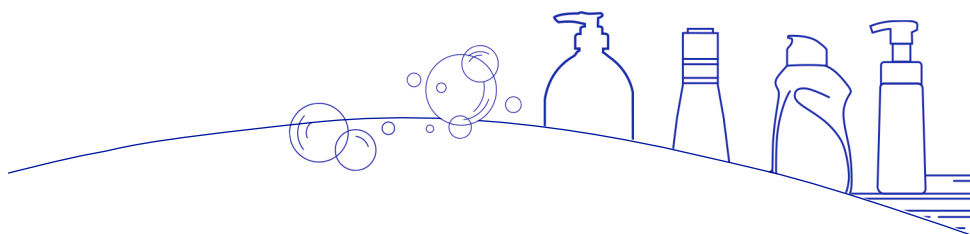
(a) Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Company and its subsidiaries have no assessable profit arising in or deriving from Hong Kong during the year ended 31 December 2024 (2023: Nil).

(b) PRC corporate income tax ("CIT")

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 Income tax (credit)/expense (continued)

(c) Numerical reconciliation of income tax expense to prima facie tax payable

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the Group for the year is as follows:

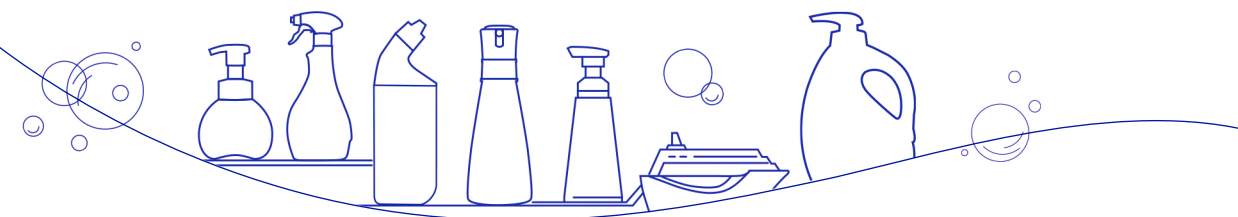
	2024 HK\$'000	2023 HK\$'000
(Loss)/profit before income tax	(785,008)	395,909
Expected tax calculated at the weighted average applicable tax rate	(227,779)	62,973
Expenses not deductible for tax purposes	7,184	6,788
Income not subject to tax	(28,734)	(34,112)
Effect of super-deduction for research and development expenses	(8,455)	(9,406)
Losses for which no deferred tax assets were recognised	176,987	28,208
Recognition of previously unrecognised tax losses	(143)	(20,970)
Withholding tax on unremitted earnings	36,647	35,137
Under-provision in prior years	8,597	1,982
Income tax (credit)/expense	(35,696)	70,600

Note:

The weighted average applicable tax rate was 5% (2023: 18%) for the year ended 31 December 2024. The decrease was primarily due to certain tax losses incurred during the year not recognised as deferred tax assets (2023: The decrease was primarily due to the recognition of deferred tax assets on tax losses during the year).

(d) Organisation for Economic Co-operation and Development ("OECD") Pillar Two model rules

Under the international tax reform, governments are expected to implement a new global minimum tax framework on multinational enterprises (Pillar Two Model Rules). At the date of this report, the Hong Kong government has announced to implement the rules for income years commencing on or after 1 January 2025 while PRC government has not announced the rules yet. The Group continues to monitor the local legislation for Hong Kong and development of Pillar Two Model Rules in other jurisdictions the Group operates and assess the potential impact.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 Dividends

	2024 HK\$'000	2023 HK\$'000
Interim dividend paid of HK4.0 cents per share (2023: Nil)	219,972	–
Proposed final dividend of HK6.0 cents per share (2023: final dividend of HK6.0 cents per share)	329,466	329,127
	549,438	329,127

An interim dividend of HK4.0 cents per share (2023: Nil) was paid to shareholders whose names appeared on the Register of Members of the Company on 13 September 2024.

A final dividend in respect of the year ended 31 December 2023 of HK6.0 cents per share was proposed by the Board on 26 March 2024 and was approved by the shareholders of the Company (the “Shareholders”) in the annual general meeting held on 7 June 2024.

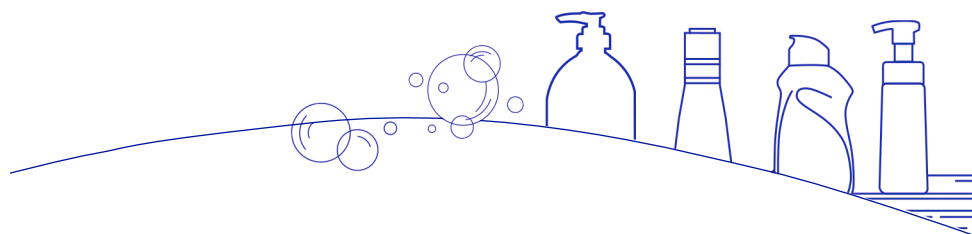
A final dividend in respect of the year ended 31 December 2024 of HK6.0 cents per share was proposed by the Board on 25 March 2025 and to be approved by the shareholders in the forthcoming annual general meeting. This proposed final dividend, amounting to HK\$329,466,000, has not been recognised as a liability in the consolidated financial statements.

13 (Loss)/earnings per share

Basic

Basic (loss)/earnings per share is calculated by dividing the loss attributable to equity holders of the Company of approximately HK\$749,312,000 (2023: Profit attributable to equity holders of the Company of approximately HK\$325,309,000) by the weighted average number of ordinary shares in issue, less shares held under the 2021 Share Award Plan and the 2022 Share Award Plan during the year of approximately 5,453,865,000 shares (2023: 5,570,307,000 shares).

	2024	2023
(Loss)/profit attributable to equity holders of the Company used in calculating basic and diluted (loss)/earnings per share (HK\$'000)	(749,312)	325,309
Weighted average number of ordinary shares in issue less shares held under the 2021 Share Award Plan and the 2022 Share Award Plan during the year ('000)	5,453,865	5,570,307
Basic (loss)/earnings per share (HK cent per share)	(13.74)	5.84



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 (Loss)/earnings per share (continued)

Diluted

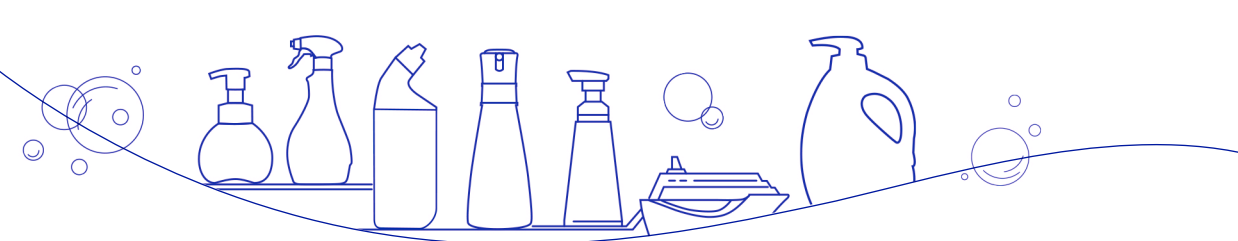
Diluted (loss)/earnings per share adjusts the figures used in the determination of basic (loss)/earnings per share to take into account the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares. The Company has two categories of potential ordinary shares: share options and shares held under the 2021 Share Award Plan and the 2022 Share Award Plan (as defined below) during the year.

All shares granted under the share award plan as of 31 December 2024 are not included in the calculation of diluted earnings per share, because they are anti-dilutive for the year ended 31 December 2024. These shares could potentially dilute basic earnings per share in the future.

A reconciliation of the weighted average number of ordinary shares used in calculating the basic and diluted (loss)/earnings per share is as follows:

	2024 '000	2023 '000
Weighted average number of ordinary shares used in calculating basic (loss)/earnings per share	5,453,865	5,570,307
Weighted average number of ordinary shares assumed to have been issued at no consideration on deemed exercise of all options outstanding during the year	—	438
Adjustment for 2021 Share Award Plan and 2022 Share Award Plan	—	3,405
Weighted average number of ordinary shares used in calculating diluted (loss)/earnings per share	5,453,865	5,574,150

	2024 HK cent	2023 HK cent
Diluted (loss)/earnings per share attributable to the ordinary equity holders of the Company	(13.74)	5.84

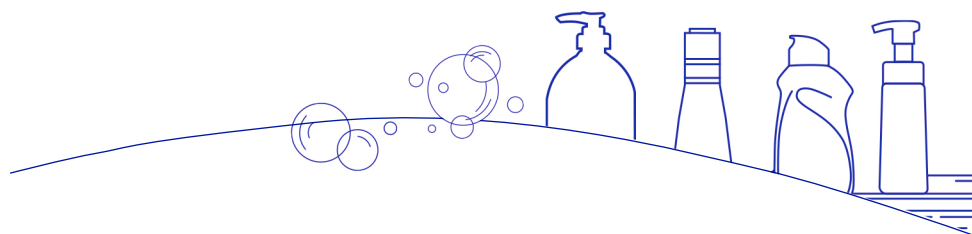


NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 Subsidiaries

The following is a full list of subsidiaries held by the Company as at 31 December 2024 and 2023:

Name	Place of incorporation/ establishment and kind of legal entity	Principal activities/ place of principal activities	Particulars of issued share capital	Ownership interest held by the Group	
				2024	2023
<i>Directly held:</i>					
Blue Moon (BVI) Limited	British Virgin Islands, limited liability company	Investment holding, Hong Kong	HK\$10,000	100%	100%
<i>Indirectly held:</i>					
Blue Moon Group Limited (藍月亮國際集團有限 公司)	Hong Kong, limited liability company	Investment holding, Hong Kong	HK\$427,488,000	100%	100%
Blue Moon (Hong Kong) Trading Limited (藍月亮(香港)貿易有限 公司)	Hong Kong, limited liability company	Trading of household care products, Hong Kong	HK\$1	100%	100%
Guangzhou Blue Moon Industrial Co., Ltd.# (廣州藍月亮實業有限 公司)	The PRC, limited liability company	Design, research, development and manufacturing of cleaning products, the PRC	US\$36,000,000	100%	100%
Blue Moon (Tianjin) Co., Ltd.# (藍月亮(天津)有限公司)	The PRC, limited liability company	Design, research, development and manufacturing of cleaning products, the PRC	US\$70,000,000	100%	100%
Blue Moon (China) Co., Ltd.# (藍月亮(中國)有限公司)	The PRC, limited liability company	Design, research, development and manufacturing of cleaning products, the PRC	US\$120,000,000	100%	100%

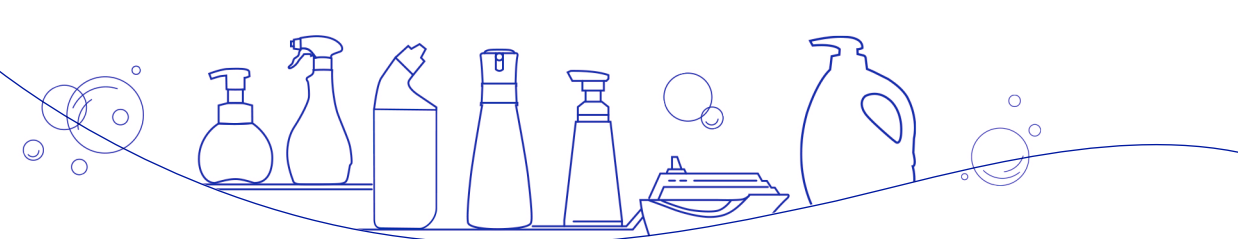


NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 Subsidiaries (continued)

The following is a full list of subsidiaries held by the Company as at 31 December 2024 and 2023 (continued):

Name	Place of incorporation/ establishment and kind of legal entity	Principal activities/ place of principal activities	Particulars of issued share capital	Ownership interest held by the Group	
				2024	2023
Indirectly held (continued):					
Blue Moon (Kunshan) Industrial Co., Ltd.# (藍月亮(昆山)實業有限 公司)	The PRC, limited liability company	Design, research, development and manufacturing of cleaning products, the PRC	US\$80,000,000	100%	100%
Villa La Luna Group Ltd. (月亮小屋國際集團有限 公司)	Hong Kong, limited liability company	Investment holding, Hong Kong	HK\$10,000	100%	100%
Xingshuo (Guangzhou) Industrial Co., Ltd.* (星朔(廣州)實業有限公司)	The PRC, limited liability company	Biotechnology development services and production, the PRC	US\$1,250,000	100%	100%
Blue Moon (Chongqing) Co., Ltd.# (藍月亮(重慶)有限公司)	The PRC, limited liability company	Design, research, development and manufacturing of cleaning products, the PRC	US\$100,000,000	100%	100%
Blue Moon (Guangzhou) Co., Ltd# (藍月亮(廣州)有限公司)	The PRC, limited liability company	Design, research, development and manufacturing of cleaning products, the PRC	US\$84,000,000	100%	100%
Villa La Luna (China) Co., Ltd.* (月亮小屋(中國)有限公司)	The PRC, limited liability company	Laundry services, the PRC	US\$100,000,000	100%	100%



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

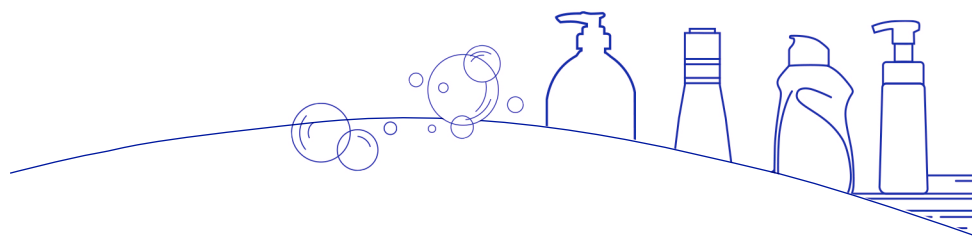
14 Subsidiaries (continued)

The following is a full list of subsidiaries held by the Company as at 31 December 2024 and 2023 (continued):

Name	Place of incorporation/ establishment and kind of legal entity	Principal activities/ place of principal activities	Particulars of issued share capital	Ownership interest held by the Group	
				2024	2023
Indirectly held (continued):					
Blue Moon (Guangzhou) Washing Technology Co., Ltd.* (藍月亮(廣州)洗滌科技有限 公司)	The PRC, limited liability company	Laundry technology and service, the PRC	RMB10,000,000	100%	100%
Moon House (Shenzhen) Data Technology Co., Ltd.# (月亮小屋(深圳)數據技術 有限公司)	The PRC, limited liability company	Data technology and service, the PRC	HK\$10,000,000	100%	100%
Moon House (Nantong) Washing Co. Ltd.* (月亮小屋(南通)洗滌有限 公司)	The PRC, limited liability company	Washing services, the PRC	RMB3,000,000	—	100%
Chengdu Moon House Washing Co. Ltd.* (成都月亮小屋洗滌有限 公司)	The PRC, limited liability company	Washing services, the PRC	RMB12,000,000	—	100%
Moon House (Guangzhou) Cleaning Service Co. Ltd.* (月亮小屋(廣州)清潔服務有 限公司)	The PRC, limited liability company	Washing services, the PRC	RMB33,500,000	100%	100%
Moon House Digital Technology Co. Ltd.# (月亮小屋科技有限公司)	The PRC, limited liability company	Data technology and service, the PRC	RMB10,000,000	100%	100%
Moon House (Chengdu) Digital Technology Co., Ltd.# (月亮小屋(成都)科技有限 公司)	The PRC, limited liability company	Data technology and service, the PRC	US\$4,000,000	100%	100%

Registered as wholly foreign owned enterprises under PRC law

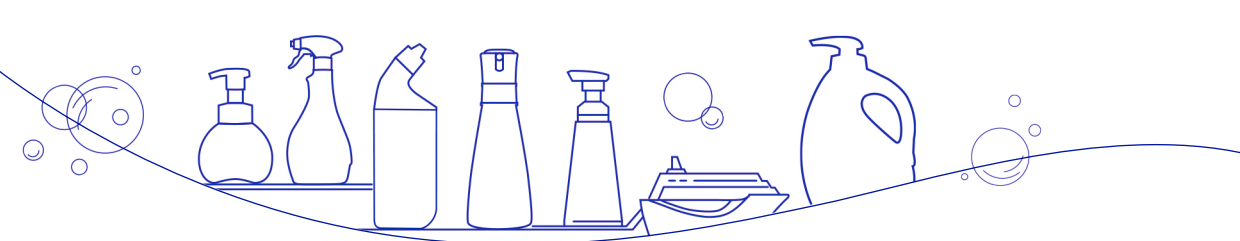
* English translation is for identification purpose only



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 Intangible assets

	Trademarks and patents HK\$'000	Computer software and development cost HK\$'000	Computer system under development HK\$'000	Total HK\$'000
As at 1 January 2023				
Cost	42,750	284,851	40,268	367,869
Accumulated amortisation	(41,904)	(185,409)	—	(227,313)
Net book amount	846	99,442	40,268	140,556
Year ended 31 December 2023				
Opening net book amount	846	99,442	40,268	140,556
Additions	692	4,203	2,407	7,302
Transfer	—	5,311	(5,311)	—
Amortisation	(140)	(31,039)	—	(31,179)
Exchange differences	(16)	(1,266)	(555)	(1,837)
Closing net book amount	1,382	76,651	36,809	114,842
As at 31 December 2023 and 1 January 2024				
Cost	42,827	290,225	36,809	369,861
Accumulated amortisation	(41,445)	(213,574)	—	(255,019)
Net book amount	1,382	76,651	36,809	114,842
Year ended 31 December 2024				
Opening net book amount	1,382	76,651	36,809	114,842
Additions	1,506	18,392	—	19,898
Transfer	—	2,952	(2,952)	—
Amortisation	(413)	(22,270)	—	(22,683)
Exchange differences	(41)	(1,630)	(756)	(2,427)
Closing net book amount	2,434	74,095	33,101	109,630
As at 31 December 2024				
Cost	43,400	305,129	33,101	381,630
Accumulated amortisation	(40,966)	(231,034)	—	(272,000)
Net book amount	2,434	74,095	33,101	109,630



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 Intangible assets (continued)

(i) Amortisation methods and useful lives

Trademarks and patents have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and patents over their estimated useful lives of 10 years i.e., the license period.

Computer systems under development are transferred to computer software upon the completion of the respective development, and amortisation will commence accordingly over their estimated useful lives of 5 to 10 years based on management's expectation on the technological lives of the systems, on a straight-line basis.

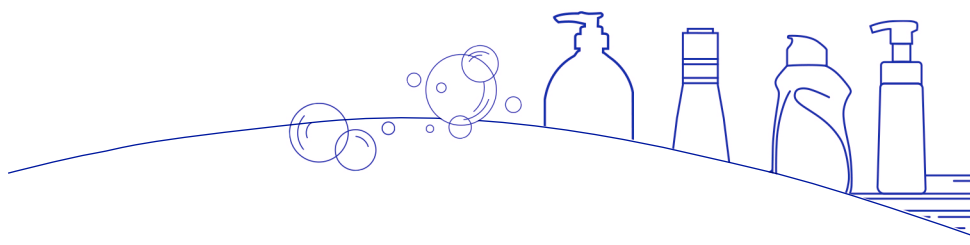
Amortisation charges of intangible assets were included in general and administrative expenses and selling and distribution expenses (2023: Same).

(ii) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

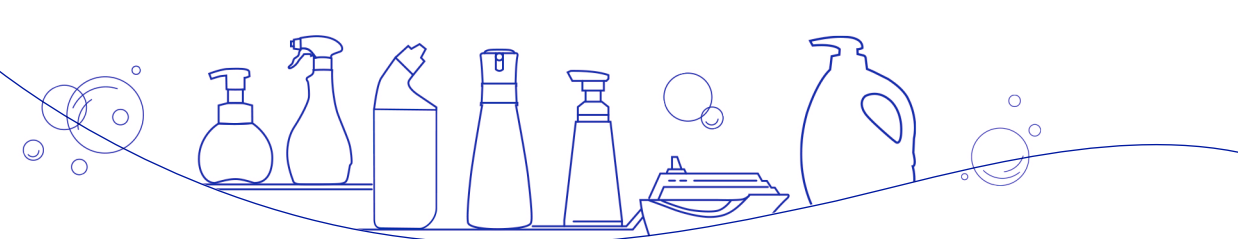
15 Intangible assets (continued)

(iii) Impairment tests for intangible assets

The Group's computer system under development as at 31 December 2024 represented operating systems and software developed for the Group's internal use to support the Group's daily operations. Such intangible assets, upon completion, cannot generate cash inflows independently, and are considered as "Corporate assets" in accordance with "HKAS36 – Impairment assets". Accordingly, in the impairment testing of such intangible assets not yet available for use, the related carrying amounts are allocated to the related cash generating unit (i.e., the Group's financial performance as a whole) and has been assessed annually on a consistent basis as at 31 December 2024.

No impairment loss for the computer system under development has been made for the year ended 31 December 2024 (2023: Nil).

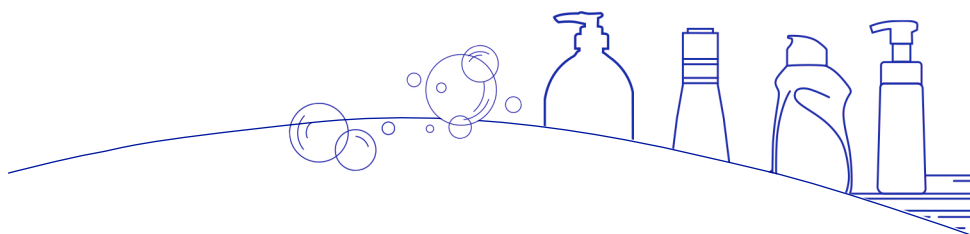
See Note 34.4 and Note 34.5 for the other accounting policies relevant to intangible assets.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 Property, plant and equipment

	Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction -in-progress	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2024							
Cost	1,180,563	45,572	793,960	207,534	30,963	63,753	2,322,345
Accumulated depreciation and impairment	(217,589)	(16,575)	(491,460)	(124,258)	(17,174)	—	(867,056)
Net book amount	962,974	28,997	302,500	83,276	13,789	63,753	1,455,289
Year ended							
31 December 2024							
Opening net book amount	962,974	28,997	302,500	83,276	13,789	63,753	1,455,289
Additions	533	34,623	8,409	18,310	516	77,460	139,851
Disposals	(469)	—	(2,844)	(3,628)	(3,491)	—	(10,432)
Transfer	30,978	—	37,849	9,447	—	(78,274)	—
Depreciation	(29,956)	(13,998)	(74,731)	(26,582)	(1,653)	—	(146,920)
Impairment (Note iii)	—	—	—	(3,923)	—	—	(3,923)
Exchange differences	(20,616)	(838)	(6,132)	(1,713)	(245)	(1,356)	(30,900)
Closing net book amount	943,444	48,784	265,051	75,187	8,916	61,583	1,402,965
As at 31 December 2024							
Cost	1,184,902	78,995	810,674	209,175	25,989	61,583	2,371,318
Accumulated depreciation and impairment	(241,458)	(30,211)	(545,623)	(133,988)	(17,073)	—	(968,353)
Net book amount	943,444	48,784	265,051	75,187	8,916	61,583	1,402,965



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 Property, plant and equipment (continued)

	Buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Construction -in-progress HK\$'000	Total HK\$'000
As at 1 January 2023							
Cost	1,193,311	24,918	761,177	210,194	35,655	45,465	2,270,720
Accumulated depreciation	(184,837)	(13,108)	(447,749)	(120,492)	(16,797)	—	(782,983)
Net book amount	1,008,474	11,810	313,428	89,702	18,858	45,465	1,487,737
Year ended							
31 December 2023							
Opening net book amount	1,008,474	11,810	313,428	89,702	18,858	45,465	1,487,737
Additions	19	21,154	3,483	27,875	850	85,047	138,428
Disposals	(2,573)	—	(972)	(639)	(3,145)	—	(7,329)
Transfer	6,686	—	58,638	655	—	(65,979)	—
Depreciation	(35,651)	(3,659)	(67,609)	(23,698)	(2,532)	—	(133,149)
Impairment (Note iii)	—	—	—	(9,383)	—	—	(9,383)
Exchange differences	(13,981)	(308)	(4,468)	(1,236)	(242)	(780)	(21,015)
Closing net book amount	962,974	28,997	302,500	83,276	13,789	63,753	1,455,289
As at 31 December 2023							
Cost	1,180,563	45,572	793,960	207,534	30,963	63,753	2,322,345
Accumulated depreciation and impairment	(217,589)	(16,575)	(491,460)	(124,258)	(17,174)	—	(867,056)
Net book amount	962,974	28,997	302,500	83,276	13,789	63,753	1,455,289

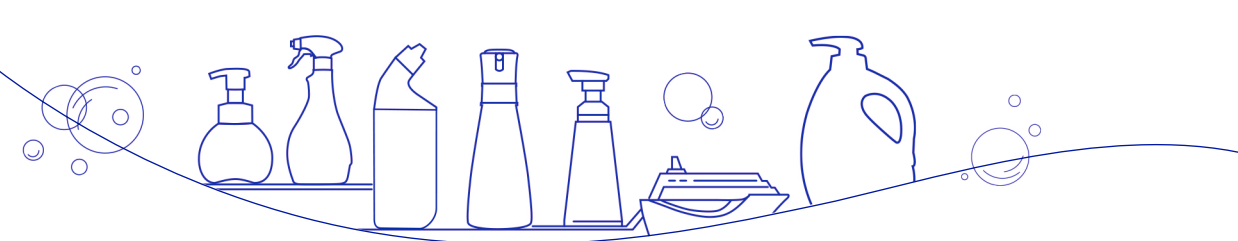
Notes:

(i) **Depreciation methods and useful lives**

Depreciation is calculated using the straight-line method to allocate their costs, net of their residual values, over their estimated useful lives as follows:

Buildings	20 to 50 years
Leasehold improvements	Shorter of the lease terms or 5 years
Plant and machinery	5 to 20 years
Furniture, fixtures and equipment	3 to 15 years
Motor vehicles	5 to 10 years

See Note 34.3 for the other accounting policies relevant to property, plant and equipment.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 Property, plant and equipment (continued)

Notes (continued):

(ii) **Amounts recognised in the consolidated statement of comprehensive income**

Depreciation expenses have been charged to the consolidated statement of comprehensive income as follows:

	2024 HK\$'000	2023 HK\$'000
Cost of sales	70,701	71,109
Selling and distribution expenses	4,848	2,672
General and administrative expenses	71,371	59,368
	146,920	133,149

(iii) **Impairment tests for property, plant and equipment**

After taking into account the expected operating environment and market conditions, management considered that the cash flows generated from the property, plant and equipment in certain entities over their remaining useful lives were lower than their respective carrying amounts. As a result, a provision for impairment on property, plants and equipment of HK\$3,923,000 (2023: HK\$9,383,000) was recognised during the year ended 31 December 2024.

The Group tests whether the property, plant and equipment are subject to any impairment, in accordance with the accounting policies set out in Note 34.5 of these consolidated financial statements.

17 Leases

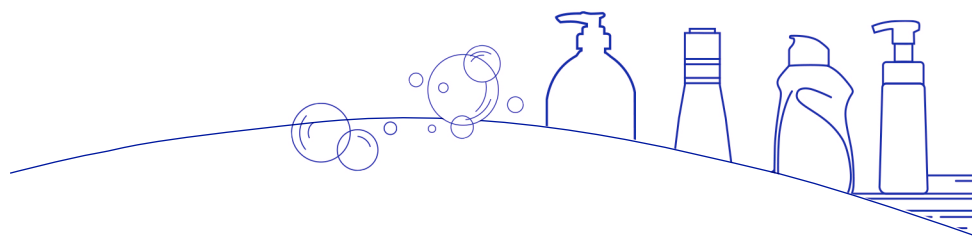
(i) **Amounts recognised in the consolidated statement of financial position**

The consolidated statement of financial position shows the following amounts relating to leases:

	2024 HK\$'000	2023 HK\$'000
Right-of-use assets		
Land use rights (Note (iii))	296,973	311,190
Lease properties (Note (iii))	90,839	150,129
	387,812	461,319

	2024 HK\$'000	2023 HK\$'000
Lease liabilities		
Current portion	32,746	57,344
Non-current portion	66,918	101,552
	99,664	158,896

The maturity analysis of lease liabilities is disclosed in Note 3.1(c).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 Leases (continued)

(ii) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	2024 HK\$'000	2023 HK\$'000
Depreciation		
Selling and distribution expenses	8,333	14,047
General and administrative expenses	56,820	75,377
	65,153	89,424
	2024 HK\$'000	2023 HK\$'000
Interest expenses (Note 10)	4,652	6,714
Rental expenses related to short-term leases (Note 7)	23,652	16,960

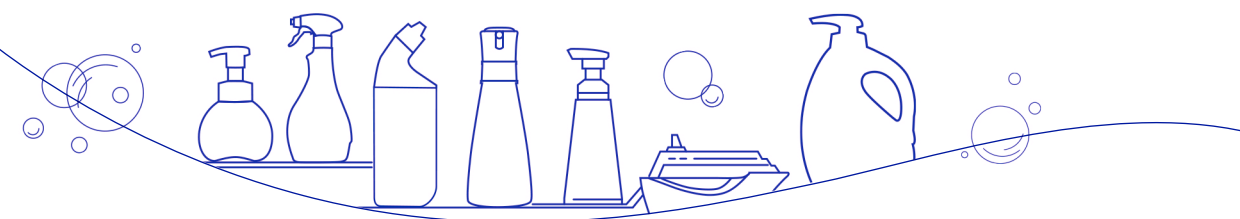
The total cash outflows for leases for the year were HK\$83,715,000 (2023: HK\$106,916,000).

(iii) The Group's leasing activities and how these are accounted for

Land use rights represent the prepaid operating lease payments of the Group's interests in land use rights located in the PRC, which are held on leases within 50 years. As at 31 December 2024, no land use rights was pledged to banks to secure certain bank facilities (31 December 2023: Nil).

Leased properties of the Group represent mainly offices, factory for cleaning service and training venues for sales personnel. The Group obtains right to control the use of these offices and training venues for a period of time through lease arrangements. Lease arrangements are negotiated on an individual basis and contain a wide range of different terms and conditions including lease payments and lease terms ranging from 2 to 6 years.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable (if any). The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 Leases (continued)

(iii) The Group's leasing activities and how these are accounted for (continued)

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in the consolidated profit or loss. Short-term leases are leases with a lease term of 12 months or less.

See Note 34.15 for the other accounting policies relevant to leases.

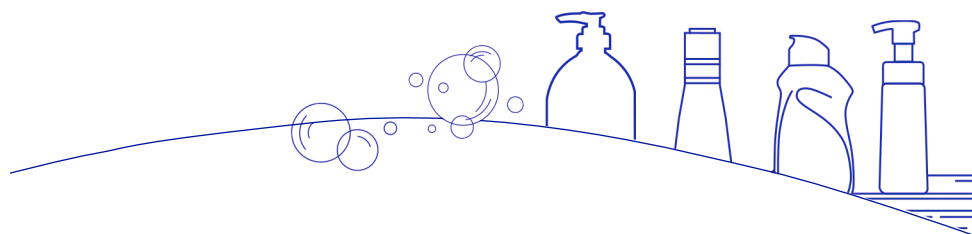
18 Financial asset at fair value through other comprehensive income

	HK\$'000
Unlisted equity investment	
At 1 January 2023	15,113
Fair value change	(5,138)
Exchange differences	(179)
At 31 December 2023 and 1 January 2024	9,796
Fair value change	(308)
Exchange differences	(207)
At 31 December 2024	9,281

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

As at 31 December 2024, financial asset at FVOCI comprises of equity interest not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. This is a strategic investment and the Group considers this classification to be more relevant. The fair value of the financial asset at FVOCI was measured at level 3 of fair value hierarchy (Note 3.3).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 Inventories

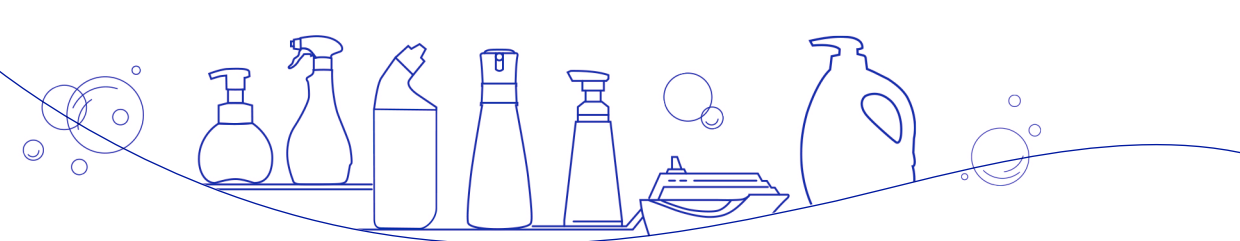
	2024 HK\$'000	2023 HK\$'000
Raw materials	161,089	102,951
Work in progress	2,574	1,270
Finished goods	323,916	153,939
	487,579	258,160

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the applicable selling expenses.

The cost of inventories recognised as cost of sales amounted to approximately HK\$3,020,885,000 (2023: HK\$2,465,826,000) (Note 7) for the year. During the year ended 31 December 2024, the Group recognised a reversal of inventory provision amounting to HK\$9,019,000 and included in cost of sales in the consolidated statement of comprehensive income (2023: Nil).

20 Trade and bills receivables

	2024 HK\$'000	2023 HK\$'000
Trade receivables	1,063,481	1,465,597
Bills receivables	263,183	114,534
Trade and bills receivables	1,326,664	1,580,131
Less: Loss allowance	(118,541)	(175,484)
Trade and bills receivables, net	1,208,123	1,404,647



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 Trade and bills receivables (continued)

(i) Classification

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 3.1(b) for further information about the Group's accounting for trade receivables and a description of the Group's impairment policies.

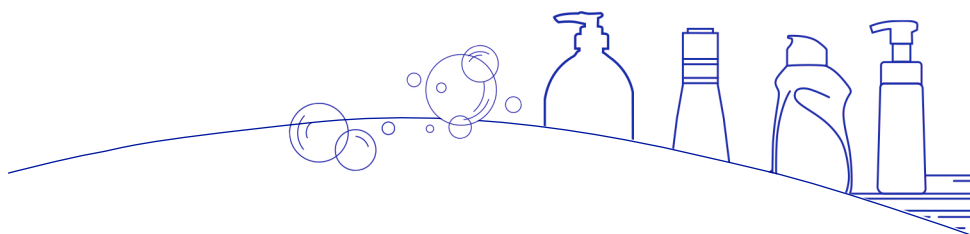
As at 31 December 2024, the carrying amounts of the Group's trade and bills receivables were denominated in RMB and approximated their fair values (2023: Same).

Bills receivables are with average maturity dates of less than six months (2023: Same).

(ii) Impairment and risk exposure

The Group seeks to maintain strict control over its outstanding receivables and has imposed tightened control to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade and bills receivables balances. Trade and bills receivables are non-interest-bearing.

The Group generally allows a credit period of up to 60 days to its key account clients and major online e-commerce customers, as well as certain offline distributors with good credit history on a discretionary basis.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 Trade and bills receivables (continued)

(ii) Impairment and risk exposure (continued)

During the year ended 31 December 2024, sales to offline distributors are generally covered by advances received from customers or letters of credit with bills payable at sight (2023: Same).

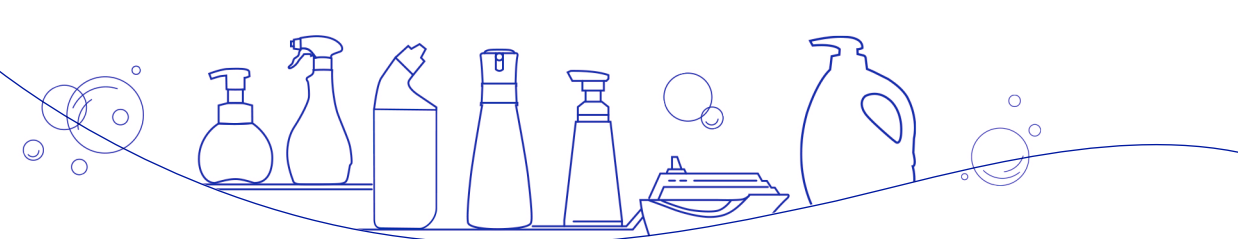
The Group has concentration of credit risk on two trade debtors, which are large online e-commerce customers with good credit history, accounted for approximately 46% (2023: 49%) of its total trade debts balance as at 31 December 2024.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and bills receivables. Information about the Group's exposure to credit risk and the impairment of trade receivables can be found in Note 3.1(b).

The movement of provision for impairment of trade and bills receivables is as follows:

	2024 HK\$'000	2023 HK\$'000
As at 1 January	175,484	87,396
Provision for impairment charged to consolidated statement of comprehensive income	6,327	88,379
Written-off	(60,097)	(299)
Exchange differences	(3,173)	8
As at 31 December	118,541	175,484

The creation of provision for impairment of trade and bills receivables has been included in the consolidated statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering the amount.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 Trade and bills receivables (continued)

(iii) Aging analysis

The aging analysis of trade and bills receivables as at the year-end date, based on invoice date, is as follows:

	2024 HK\$'000	2023 HK\$'000
0–30 days	853,491	712,252
31–60 days	190,297	266,192
61–180 days	159,609	408,351
Over 180 days	123,267	193,336
	1,326,664	1,580,131

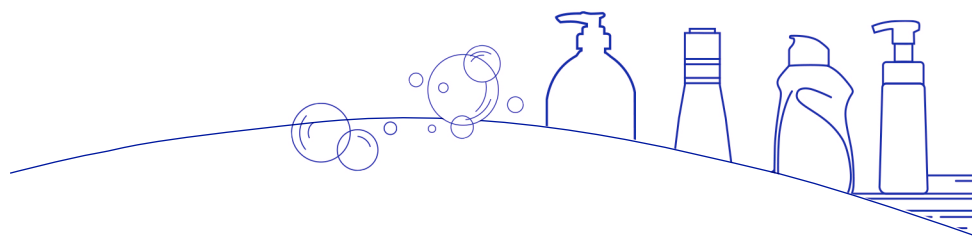
21 Prepayments, deposits and other receivables

	2024 HK\$'000	2023 HK\$'000
Non-current		
Prepayments for acquisition of property, plant and equipment	35,673	46,561
Current		
Prepayments for advertising and promotion expenses	188,825	253,787
Prepayments for raw materials and transportation	12,247	10,945
Other deposits and prepayments	60,581	117,649
VAT recoverable	431,317	131,614
Advances to staff	1,190	865
Receivables from payment intermediaries (Note)	81,039	26,766
Others	29,501	29,252
	804,700	570,878
Total	840,373	617,439

Note:

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

The Group applies the HKFRS 9 general approach to measuring expected credit losses which uses a twelve-month expected loss allowance for all deposits and other receivables. Information about the Group's exposure to credit risk and the impairment of deposits and other receivables can be found in Note 3.1(b).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 Prepayments, deposits and other receivables (continued)

Note (continued):

Denominated in:

	2024 HK\$'000	2023 HK\$'000
RMB	838,073	615,718
HK\$	2,300	1,721
	840,373	617,439

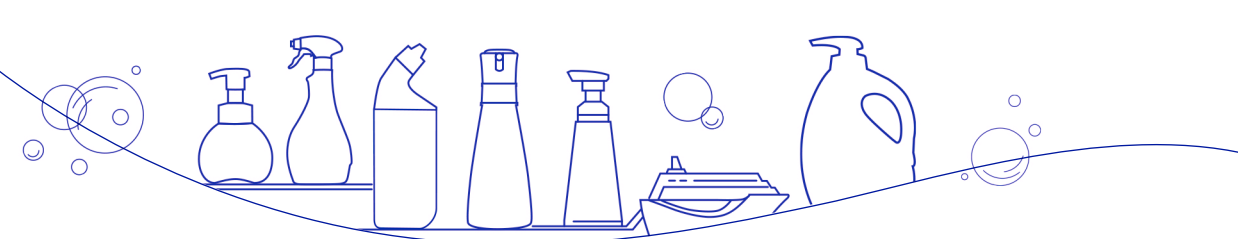
22 Cash and bank balances

	2024 HK\$'000	2023 HK\$'000
Cash at banks	1,716,996	3,636,902
Cash on hand	11	11
Short-term deposits with maturities less than three months	3,499,372	705,615
Cash and cash equivalents	5,216,379	4,342,528
Short-term deposits with maturities over three months	54,095	2,989,298
Total cash and bank balances	5,270,474	7,331,826
Maximum exposure to credit risk	5,270,463	7,331,815

The effective interest rates on short-term deposits with maturities less than three months were 4.33% per annum as at 31 December 2024 (2023: 4.33%).

The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	2024 HK\$'000	2023 HK\$'000
US\$	2,664,340	443,308
HK\$	138,600	129,185
RMB	2,411,068	3,767,458
Others	2,371	2,577
	5,216,379	4,342,528



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 Cash and bank balances (continued)

At 31 December 2024 and 2023, the Group's short-term deposits with maturities over three months are placed with authorised financial institutions in Hong Kong with maturities as follows:

	2024 HK\$'000	2023 HK\$'000
Less than one year	54,095	2,989,298

The fixed deposits are denominated in currencies as below:

	2024 HK\$'000	2023 HK\$'000
RMB	54,095	—
US\$	—	2,989,298

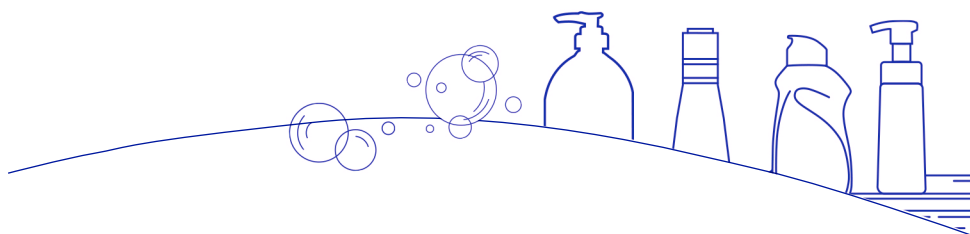
The effective interest rates on short-term deposits with maturities over three months were 1.25% per annum as at 31 December 2024 (2023: 5.71% per annum).

23 Share capital

	Number of shares	Share capital HK\$'000
Authorised ordinary shares of HK\$0.01 each:		
At 1 January and 31 December 2023, and 1 January and 31 December 2024	10,000,000,000	100,000
Ordinary shares of HK\$0.01 each, issued and fully paid:		
At 1 January 2023	5,862,116,906	58,621
Issuance of ordinary shares upon exercise of share options (Note)	876,500	9
At 31 December 2023 and 1 January 2024	5,862,993,406	58,630
Issuance of ordinary shares upon exercise of share options (Note)	110,000	1
At 31 December 2024	5,863,103,406	58,631

Note:

For the year ended 31 December 2024, 110,000 (2023: 876,500) share options were exercised at weighted average exercise price of HK\$3.76 (2023: HK\$3.76) per share, resulting in the issuance of 110,000 (2023: 876,500) additional ordinary shares of the Company and additional share capital and share premium of approximately HK\$1,000 (2023: HK\$9,000) and HK\$413,000 (2023: HK\$3,286,000) respectively.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 Share option scheme and share award plan

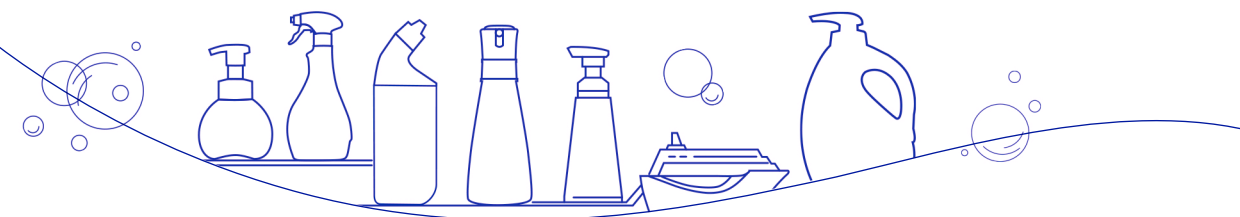
The Group operates three equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options or awarded shares) of the Company. These plans comprise a share option scheme and two share award plans. The fair value of the employee services received in exchange for the grant of the options or the awarded shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options or awarded shares granted:

- (i) including any market performance conditions (for example, an entity's share price);
- (ii) excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- (iii) including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specified period of time).

Non-market performance and service conditions are included in assumptions about the number of options or awarded shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options or awarded shares that are expected to vest based on the non-market performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

See Note 34.12 for the other accounting policies relevant to share-based compensation.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 Share option scheme and share award plan (continued)

(a) Share option scheme

The Company adopted the Pre-Initial Public Offering Share Option Scheme (“**Pre-IPO Share Option Scheme**”) on 23 September 2020 for the purpose of encouraging certain key employees to contribute to the Group for long-term benefits of the Company and the shareholders as a whole and provide the Group with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to its key employees.

The Board may determine any directors, employees of any member of the Group or business associates, who the Board considers, in its sole and absolute discretion, have contributed or will contribute to the Group, to take up options to subscribe for shares of the Company.

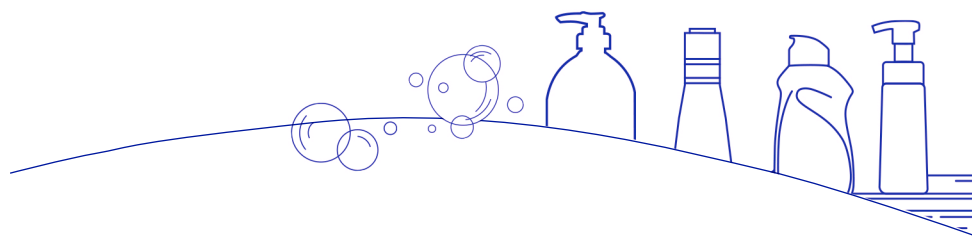
The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted under the Pre-IPO Share Option Scheme shall not exceed the lower of (i) 100,000,000 Shares, and (ii) 1.5% of the issued share capital of the Company immediately following completion of the initial public offering and the capitalisation issue.

Options may be granted on such terms and conditions in relation to their vesting, exercise or otherwise (including the satisfaction of certain performance targets and/or the attainment or performance of milestones by any member of the Group, the grantee or any group of participants) as determined by our Board at its sole and absolute discretion.

The exercise price in relation to each option granted under the Pre-IPO Share Option Scheme shall be HK\$3.76, excluding brokerage, the SFC transaction levy and the Stock Exchange trading fee. A nominal consideration of HK\$1.00 is payable upon acceptance of the grant of an option, save to the extent that other arrangements have been made for the payment of the exercise price which are satisfactory to the Board.

The Pre-IPO Share Option Scheme shall be valid and effective for the period of time commencing on the adoption date thereof and expiring on the day immediately after the date which is ten years after the listing date of the Company, after which period the provisions of the Pre-IPO Share Option Scheme shall in all respects cease to be in any force or effect.

Share options do not confer rights on the holders to dividends or to vote at shareholders’ meetings.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

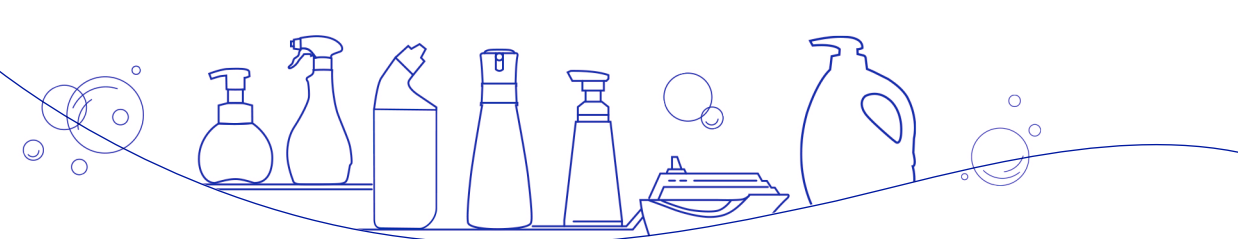
24 Share option scheme and share award plan (continued)

(a) Share option scheme (continued)

The following share options were outstanding under the Pre-IPO Share Option Scheme during the year:

2024

	Date of grant	Vesting period from to		Number of share options					Exercise price per share HK\$
				At	Granted	Exercised	Forfeited and lapsed	At	
				1 January 2024	during the year	during the year	during the year	31 December 2024	
Directors									
Ms. Luo Dong	23/09/2020	23/09/2020	15/12/2024	4,800,000	—	—	—	4,800,000	10 years from the date of grant 3.76
Mr. Poon Kwok Leung	23/09/2020	23/09/2020	15/12/2024	975,000	—	—	—	975,000	10 years from the date of grant 3.76
Ms. Xiao Haishan	23/09/2020	23/09/2020	15/12/2024	837,500	—	—	—	837,500	10 years from the date of grant 3.76
Other grantees including existing employees and Business Associates of our Group									
In aggregate	23/09/2020	23/09/2020	15/12/2024	41,063,523	—	(110,000)	(2,525,339)	38,428,184	10 years from the date of grant 3.76
				47,676,023	—	(110,000)	(2,525,339)	45,040,684	



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 Share option scheme and share award plan (continued)

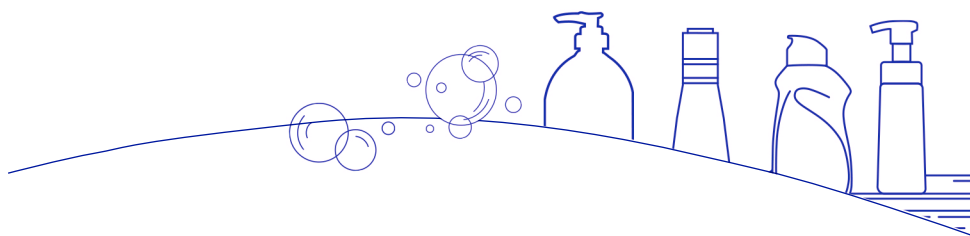
(a) Share option scheme (continued)

2023

	Date of grant	Vesting period			Number of share options				Exercise price per share HK\$	
		from	to	At 1 January 2023	Granted during the year	Exercised during the year	Forfeited and lapsed during the year	At 31 December 2023		Exercise period
Directors										
Ms. Luo Dong	23/09/2020	23/09/2020	15/12/2024	4,800,000	—	—	—	4,800,000	10 years from the date of grant	3.76
Mr. Poon Kwok Leung	23/09/2020	23/09/2020	15/12/2024	975,000	—	—	—	975,000	10 years from the date of grant	3.76
Ms. Xiao Haishan	23/09/2020	23/09/2020	15/12/2024	837,500	—	—	—	837,500	10 years from the date of grant	3.76
Other grantees including existing employees and Business Associates of our Group										
In aggregate	23/09/2020	23/09/2020	15/12/2024	45,190,409	—	(876,500)	(3,250,386)	41,063,523	10 years from the date of grant	3.76
				51,802,909	—	(876,500)	(3,250,386)	47,676,023		

Movements of outstanding share options under the Pre-IPO Share Option Scheme during the year are as follows:

	2024		
	Weighted average exercise price HK\$ per share	Remaining contractual life Year	Number of options
At the beginning of year	3.76	6.73	47,676,023
Exercised during the year	3.76	—	(110,000)
Forfeited and lapsed during the year	3.76	—	(2,525,339)
At the end of year	3.76	5.73	45,040,684



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 Share option scheme and share award plan (continued)

(a) Share option scheme (continued)

The related weighted average share price at the time of exercise of the options during the year was HK\$4.00 (2023: HK\$4.50) per share.

As at 31 December 2024, the Company had 45,040,684 (2023: 34,750,273) exercisable share options outstanding under the Pre-IPO Share Option Scheme. Should they be fully exercised, the Company will receive approximately HK\$169,353,000 (2023: HK\$130,662,000) (before issue expenses). The exercise in full of these exercisable share options would, under the present capital structure of the Company, result in the issue of 45,040,684 (2023: 34,750,273) additional ordinary shares of the Company and additional share capital of approximately HK\$450,000 (2023: HK\$348,000) and share premium of approximately HK\$168,903,000 (2023: HK\$130,314,000) (before issue expenses).

Subsequent to 31 December 2024 and at the date of approval of these consolidated financial statements, the Company had 44,666,313 (2023: 47,223,473) share options outstanding under the Pre-IPO Share Option Scheme, which represented approximately 0.8% (2023: 0.8%) of the Company's shares in issue as at that date.

(b) Share award plan

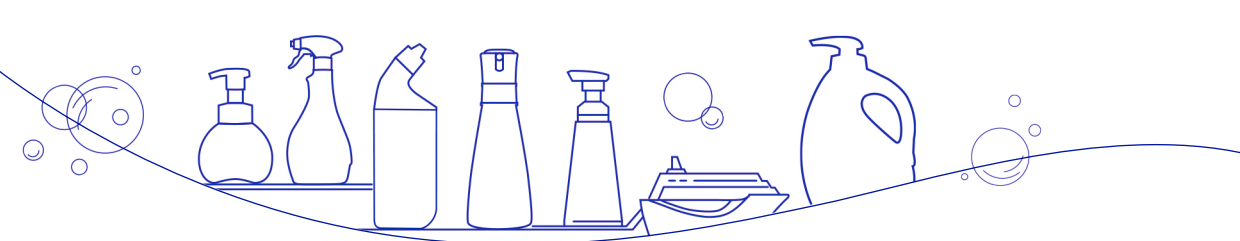
2021 Share Award Plan

On 3 June 2021, the Board approved the adoption of the 2021 share award plan and subsequently, amendments thereto (together referred to as the “**2021 Share Award Plan**”) approved by the Board on 26 March 2024 (the “**Amendment Date**”).

The purpose of the 2021 Share Award Plan is to recognise and reward the contribution of certain eligible participants (as defined below) to the growth and development of the Group and to give incentives to them in order to retain them for the continual operation and development of the Group and to attract suitable personnel for the further development of the Group.

The following classes of participants (other than any excluded participants) are eligible for participation in the 2021 Share Award Plan:

- (a) any employee (whether full time or part time, but excluding any director) of the Company, any subsidiary of the Group or any entity in which any member of Group holds any equity interest (an “**Employee**”);



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 Share option scheme and share award plan (continued)

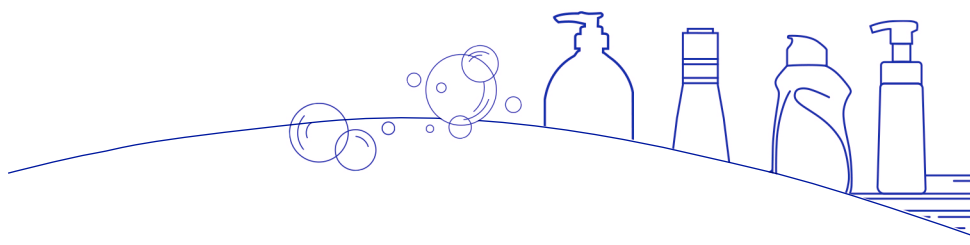
(b) Share award plan (continued)

2021 Share Award Plan (continued)

- (b) any adviser (professional or otherwise), consultant to or expert in any area of business or business development of any member of the Group or any invested entity;
- (c) any other group's or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group; and
- (d) any company wholly owned by one or more of the above participants.

As at 31 December 2024, 81,900,999 share awards have been granted to 429 employees all of which shall be satisfied by existing Shares. Pursuant to the 2021 Share Award Plan, the Shares to be awarded will be satisfied by:

- (a) existing Shares to be acquired by the trustee on or off the market;
- (b) Shares donated or transferred for nil consideration to the trustee;
- (c) such Shares as may be allotted or issued to the trustee as a holder of Shares whether by way of scrip dividend or otherwise;
- (d) such returned Shares which remain unvested and revert to the trustee in accordance with the terms of the 2021 Share Award Plan; and
- (e) such Shares which have been vested but subject to lock-up and which are returned to the Share Pool in accordance with the grant notices.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 Share option scheme and share award plan (continued)

(b) Share award plan (continued)

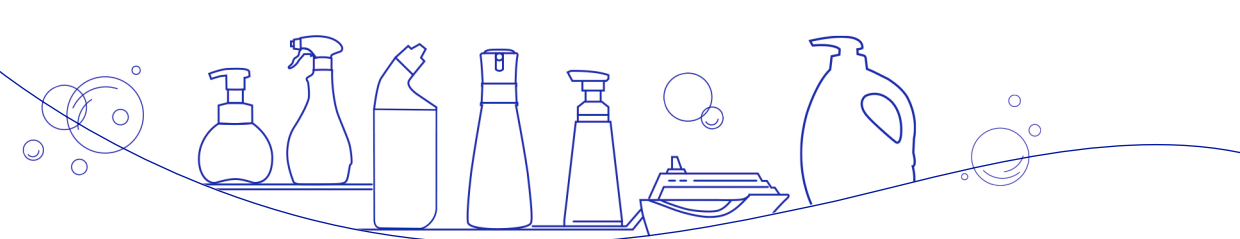
2021 Share Award Plan (continued)

The maximum number of Shares to be purchased by and/or transferred to the trustee under the 2021 Share Award Plan shall not exceed 9.9% of the total number of issued Shares as at the Amendment Date, being 580,436,347 shares (including Shares purchased but not yet awarded, and shall not take into account Shares vested and transferred to the grantees). The Board shall not instruct the trustee of the 2021 Share Award Plan to purchase any Shares for the purpose of the 2021 Share Award Plan when such purchase will result in such threshold being exceeded.

The total number of Shares which may be subject to an award or awards to a selected participant shall not in aggregate exceed 1% of the total number of issued Shares as at the Amendment Date, being 58,629,934 Shares.

Subject to and in accordance with the plan rules relating to the 2021 Share Award Plan, the trustee of the 2021 Share Award Plan shall transfer to and vest in any participant the legal and beneficial ownership of the awarded Shares to which such participant is entitled under the relevant award as soon as practicable after the latest of (a) the vesting date as specified in the relevant award notice; and (b) where applicable, the date on which the condition(s) and/or performance target(s) to be attained or paid by such selected participant as specified in the relevant award notice have been attained or paid and notified to the trustee of the 2021 Share Award Plan by the Board in writing.

The 2021 Share Award Plan shall be valid and effective for a term of 15 years commencing from the 3 June 2021 but may be terminated earlier as determined by the Board, provided that such termination shall not affect any subsisting rights of any selected participant.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 Share option scheme and share award plan (continued)

(b) Share award plan (continued)

2021 Share Award Plan (continued)

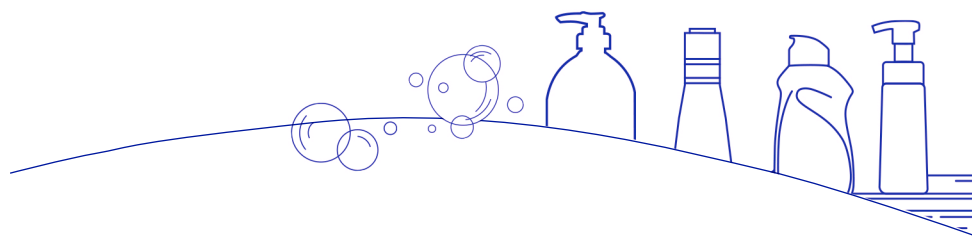
During the year, the Group had acquired certain of its own Shares through the trustee of the 2021 Share Award Plan from open market. The cost of acquiring the Shares amounted to approximately HK\$375,147,000 (2023: HK\$14,916,000) and had been deducted from other reserves as at 31 December 2024. The Shares purchased by the Group that are not yet vested for the 2021 Share Award Plan were recorded as treasury shares of the Group.

Details of the performance shares awarded under the 2021 Share Award Plan are as follows:

Date of grant	Number of awarded shares	Weighted average fair value per share	Vesting period
17/09/2021	7,048,000	6.65	17/09/2021–17/09/2024
26/09/2021	1,010,000	6.60	26/09/2021–17/09/2024
12/05/2022	555,000	6.02	12/05/2022–11/04/2025
21/01/2023	1,420,000	5.25	21/01/2023–01/03/2026
07/04/2023	1,199,999	5.01	07/04/2023–01/04/2027
22/05/2023	760,000	4.46	22/05/2023–01/03/2026
12/06/2023	30,000	4.41	12/06/2023–01/07/2025
20/09/2023	319,000	2.38	20/09/2023–18/10/2027
08/10/2023	8,223,000	2.47	08/10/2023–18/10/2029
13/10/2023	100,000	2.67	13/10/2023–18/04/2027
27/11/2023	750,000	2.08	27/11/2023–18/04/2027
17/04/2024	276,000	1.88	17/04/2024–18/04/2027
02/09/2024	36,710,000	1.90	02/09/2024–18/10/2058
04/09/2024	23,500,000	1.92	04/09/2024–18/10/2045

Notes:

- (a) The weighted average of the awarded shares was based on the closing price per share at the date of grant.
- (b) Vesting of the awarded performance shares is conditional upon the result of comprehensive performance appraisal of the selected participants for the year when the corresponding vesting period is matured.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 Share option scheme and share award plan (continued)

(b) Share award plan (continued)

2021 Share Award Plan (continued)

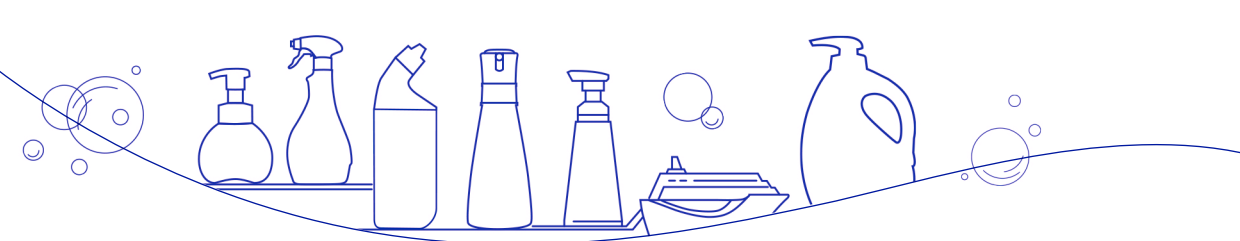
Movements in number of performance shares awarded under the 2021 Share Award Plan during the year ended 31 December 2024 and the year ended 31 December 2023 are as follows:

	2024	2023
Number of awarded shares:		
As at 1 January	12,267,978	4,501,986
Granted	60,486,000	12,801,999
Vested	(3,043,731)	(3,296,747)
Forfeited and lapsed	(2,161,647)	(1,739,260)
As at 31 December	67,548,600	12,267,978

The weighted average closing price of the Company's shares immediately before the dates on which the shares were vested was HK\$2.35 per share.

Remaining vesting periods of performance shares awarded under the 2021 Share Award Plan as at 31 December are as follows:

	2024		2023	
	Remaining vesting period (Year)	Number of awarded shares outstanding	Remaining vesting period (Year)	Number of awarded shares outstanding
Shares awarded in				
2021	—	—	0.57 to 0.72	1,755,978
2022	0.11	10,000	0.11 to 1.12	60,000
2023	0.05 to 4.80	8,154,600	0.05 to 5.80	10,452,000
2024	0.30 to 33.82	59,384,000	N/A	N/A
		67,548,600		12,267,978



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 Share option scheme and share award plan (continued)

(b) Share award plan (continued)

2022 Share Award Plan

On 29 March 2022, the Board approved the adoption of the 2022 share award plan and subsequently, amendments thereto (together referred to as the “**2022 Share Award Plan**”) were approved by the Board on 26 March 2024 (the “**Amendment Date**”).

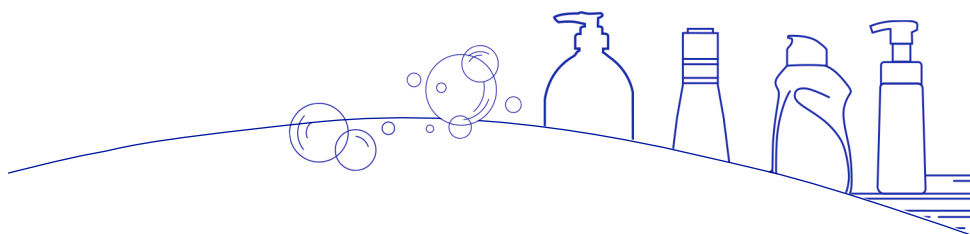
The purpose of the 2022 Share Award Plan is to recognise and reward the contribution of certain eligible participants (as defined below) who are Executive Directors of the Company or directors of the subsidiaries of the Group to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group.

The following classes of participants are eligible for participation in the 2022 Share Award Plan:

- (a) executive Directors; and
- (b) directors of any subsidiaries of the Group; and
- (c) any company wholly-owned by an eligible participant or any trust which an eligible participant is the settlor.

The eligibility of any of the eligible participants under the 2022 Share Award Plan to an award shall be determined by the Board from time to time on the basis of the Board’s opinion, subject to performance targets based on the result of comprehensive assessment conducted on the selected participants, their contribution and/or anticipated future contribution to the development and growth of the Group and the grant of an award to eligible participants who are executive directors of the Company shall be approved by members of the Remuneration Committee (other than by himself or herself).

As at 1 January 2024 and 31 December 2024, 119,600,000 share awards have been granted pursuant to the 2022 Share Award Plan. Pursuant to the 2022 Share Award Plan, the shares to be awarded will be satisfied by:



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 Share option scheme and share award plan (continued)

(b) Share award plan (continued)

2022 Share Award Plan (continued)

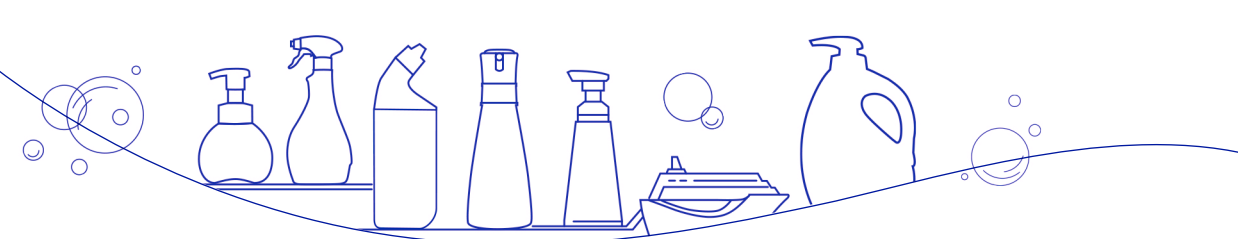
- (a) existing Shares to be acquired by the trustee on or off the market;
- (b) Shares donated or transferred for nil consideration to the trustee;
- (c) Such Shares as may be allotted or issued to the trustee as a holder of Shares whether by way of scrip dividend or in other corporate actions of the Company and such returned Shares; and
- (d) such Shares which have been vested but subject to lock-up and which are returned to the Share Pool in accordance with the grant notices.

The maximum number of Shares which may be awarded under the 2022 Share Award Plan shall not exceed 3% of the total number of issued Shares as at the Amendment Date, being 175,889,802 Shares (excluding Shares awarded but lapsed and not vested), which represent approximately 3% of the issued Shares at the date of this report. The Board shall not instruct the trustee to purchase any Shares for the purpose of the 2022 Share Award Plan when doing so will result in such threshold being exceeded.

The total number of Shares which may be subject to the award to a selected participant shall not in aggregate exceed 1% of the total number of issued Shares as at the Amendment Date, being 58,629,934 Shares.

Subject to and in accordance with the rules relating to the 2022 Share Award Plan, the trustee of the 2022 Share Award Plan shall transfer to and vest in any participant the legal and beneficial ownership of the awarded Shares to which such participant is entitled under the relevant award as soon as practicable after the latest of (a) the vesting date as specified in the relevant award notice; and (b) where applicable, the date on which the condition(s) and/or performance target(s) to be attained or paid by such selected participant as specified in the relevant award notice have been attained or paid and notified to the trustee of the 2022 Share Award Plan by the Board in writing.

The 2022 Share Award Plan shall be valid and effective for a term of 15 years commencing from the 29 March 2022 but may be terminated earlier as determined by the Board, provided that such termination shall not affect any subsisting rights of any selected participant.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 Share option scheme and share award plan (continued)

(b) Share award plan (continued)

2022 Share Award Plan (continued)

During the year, certain shares were donated to the trustee of the 2022 Share Award Plan. The cost of donated Shares amounted to approximately HK\$264,316,000 (2023: nil) and had been deducted from other reserves as at 31 December 2024. The Shares donated to the trustee that are not yet vested for the 2022 Share Award Plan were recorded as treasury shares of the Group.

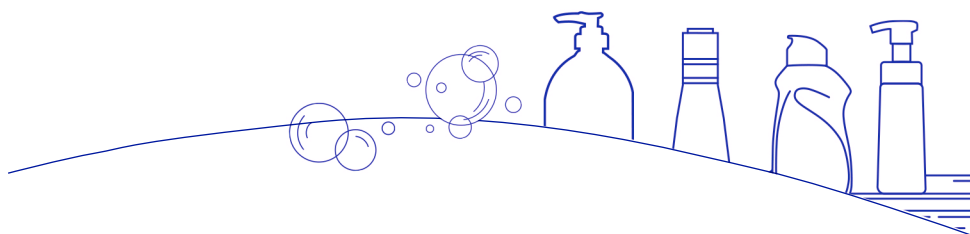
Movements in number of performance shares awarded under the 2022 Share Award Plan during the year ended 31 December 2024 (2023: no awarded shares have been granted):

2024

					Number of awarded shares				
		Weighted average	Vesting period		At	Granted	Vested	Forfeited and lapsed	At
	Date of grant	fair value per share	from	to	1 January 2024	during the year	during the year	during the year	31 December 2024
Directors									
Ms. Luo Dong	20/05/2024	1.94	20/05/2024	18/04/2033	—	58,600,000	—	—	58,600,000
Mr. Poon Kwok Leung	20/05/2024	2.13	20/05/2024	18/10/2034	—	7,000,000	—	—	7,000,000
Ms. Xiao Haishan	20/05/2024	2.15	20/05/2024	18/10/2034	—	6,000,000	—	—	6,000,000
Other grantees including existing employees of our Group									
In aggregate	20/05/2024	2.15	20/05/2024	18/10/2034	—	48,000,000	—	—	48,000,000
					—	119,600,000	—	—	119,600,000

Notes:

- The weighted average of the awarded shares was based on the closing price per share at the date of grant.
- Vesting of the awarded performance shares is conditional upon the result of comprehensive performance appraisal of the selected participants for the year when the corresponding vesting period is matured.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 Share option scheme and share award plan (continued)

(b) Share award plan (continued)

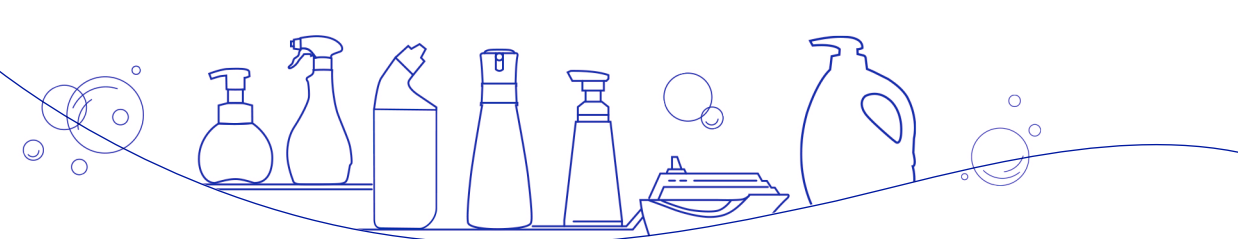
2022 Share Award Plan (continued)

Remaining vesting periods of performance shares awarded under the 2022 Share Award Plan as at 31 December are as follows:

	2024		2023	
	Remaining vesting period (Year)	Number of awarded shares outstanding	Remaining vesting period (Year)	Number of awarded shares outstanding
Shares awarded in 2024	0.30 to 9.80	119,600,000	N/A	N/A

(c) Share-based compensation

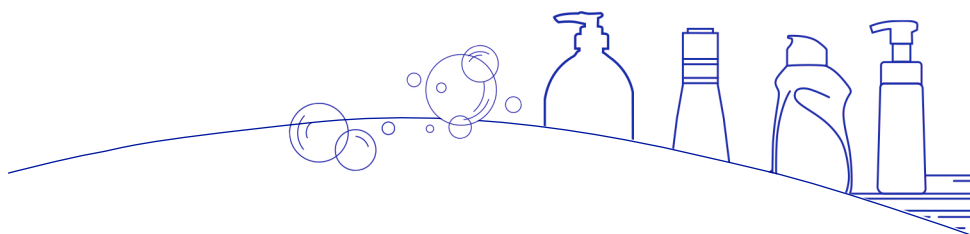
During the year ended 31 December 2024, share-based compensation expense in relation to the Pre-IPO Share Option Scheme, the 2021 Share Award Plan and the 2022 Share Award Plan amounted to HK\$1,740,000 (2023: HK\$4,761,000), HK\$9,824,000 (2023: HK\$17,352,000) and HK\$51,234,000 (2023: nil), respectively. The total amount of HK\$62,798,000 (2023: HK\$22,113,000) were recognised as cost of sales, selling and distribution expenses and general and administrative expenses in the consolidated statement of comprehensive income (Note 8(a)).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 Other reserves

	Share premium	Statutory surplus reserves	Shares held for share award plan	Capital reserve	Share-based payment reserve	Financial asset at fair value through other comprehensive income revaluation reserve	Exchange translation reserve	Total
	HK\$'000	(Note (a)) HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2024	11,017,309	576,066	(2,051,929)	—	56,424	(5,138)	(519,033)	9,073,699
Issuance of ordinary shares upon exercise of share options (Note 23)	413	—	—	—	—	—	—	413
Share-based compensation expense (Note 24(c))	—	—	—	—	62,798	—	—	62,798
Release of share-based payment reserve to share premium upon exercise of share options	100	—	—	—	(100)	—	—	—
Transfer to share premium upon lapse of share options	1,292	—	—	—	(1,292)	—	—	—
Purchase of shares held for Share Award Plan (Note 24(b))	—	—	(375,147)	—	—	—	—	(375,147)
Vesting of awarded shares	(5,252)	—	19,048	—	(13,796)	—	—	—
Transfer to statutory reserve	—	53,522	—	—	—	—	—	53,522
Change in the fair value of financial assets at fair value through other comprehensive income	—	—	—	—	—	(308)	—	(308)
Capital contribution from the shareholder (Note (b))	—	—	(264,316)	264,316	—	—	—	—
Exchange difference	—	—	—	—	—	—	(103,790)	(103,790)
As at 31 December 2024	11,013,862	629,588	(2,672,344)	264,316	104,034	(5,446)	(622,823)	8,711,187



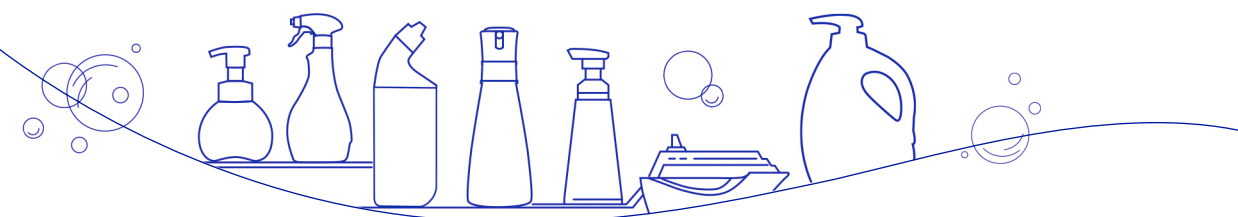
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 Other reserves (continued)

	Share premium HK\$'000	Statutory surplus reserves (Note (a)) HK\$'000	Shares held for share award plan HK\$'000	Share-based payment reserve HK\$'000	Financial asset at fair value through other comprehensive income revaluation reserve HK\$'000	Exchange translation reserve HK\$'000	Total HK\$'000
As at 1 January 2023	11,016,982	485,270	(2,060,191)	54,530	—	(430,659)	9,065,932
Issuance of ordinary shares upon exercise of share options (Note 23)	3,286	—	—	—	—	—	3,286
Share-based compensation expense (Note 24(c))	—	—	—	22,113	—	—	22,113
Release of share-based payment reserve to share premium upon exercise of share options	826	—	—	(826)	—	—	—
Transfer to share premium upon lapse of share options	637	—	—	(637)	—	—	—
Purchase of shares held for Share Award Plan (Note 24(b))	—	—	(14,916)	—	—	—	(14,916)
Vesting of awarded shares	(4,422)	—	23,178	(18,756)	—	—	—
Transfer to statutory reserve	—	90,796	—	—	—	—	90,796
Change in the fair value of financial assets at fair value through other comprehensive income	—	—	—	—	(5,138)	—	(5,138)
Exchange difference	—	—	—	—	—	(88,374)	(88,374)
As at 31 December 2023	11,017,309	576,066	(2,051,929)	56,424	(5,138)	(519,033)	9,073,699

Notes:

- (a) Statutory surplus reserves represent the statutory surplus reserves and statutory public welfare fund. The subsidiaries in the PRC appropriate 10% of the net profits as reported in their statutory financial statements (after offsetting any prior year's losses) to the statutory surplus reserves until the reserves have reached 50% of their registered capital. Statutory surplus reserves are non-distributable to shareholders. The use of these reserves is to offset accumulated losses or to increase capital as determined by the Board of Directors of the relevant PRC subsidiaries in accordance with the relevant laws and regulations in the PRC.
- (b) During the year ended 31 December 2024, ZED Group Limited, the ultimate holding company of the Group, had contributed certain shares amounted to HK\$264,316,000 to the trustee of the 2022 Share Award Plan, it is treated as a capital contribution and is recorded under "Capital Reserve". The shares contributed by ZED Group Limited that are not yet vested for the 2022 Share Award Plan were recorded as shares held for share award plan of the Group.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 Deferred government grant

	2024 HK\$'000	2023 HK\$'000
As at 1 January	55,765	57,934
Amortisation (Note 6)	(1,327)	(1,351)
Exchange differences	(1,179)	(818)
As at 31 December	53,259	55,765

Deferred government grant represents grants obtained from the PRC government in relation to the acquisition of land use rights by the Group. These grants are held as deferred income and recognised as other income and other losses, net in the consolidated statement of comprehensive income on a systematic basis to match with the land use rights' respective useful lives.

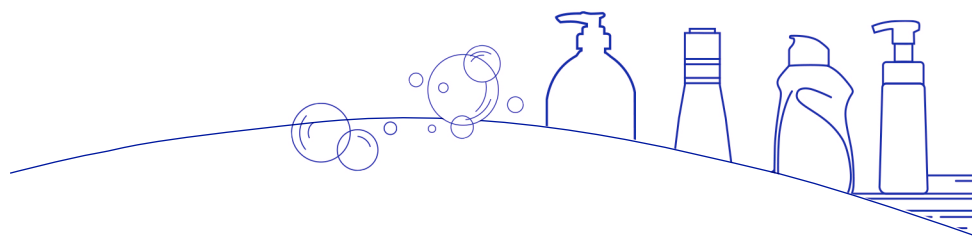
27 Deferred income tax

The balances shown in the consolidated balance sheet, after appropriate offsetting, are as follows:

	2024 HK\$'000	2023 HK\$'000
Deferred income tax assets	584,761	399,323
Deferred income tax liabilities	(96,218)	(87,721)
Net deferred income tax assets	488,543	311,602

The movements in the net deferred income tax assets are as follows:

	2024 HK\$'000	2023 HK\$'000
As at 1 January	311,602	50,810
Credited to the consolidated statement of comprehensive income (Note 11)	162,508	207,936
Withholding tax paid	21,131	54,323
Exchange differences	(6,698)	(1,467)
As at 31 December	488,543	311,602



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 Deferred income tax (continued)

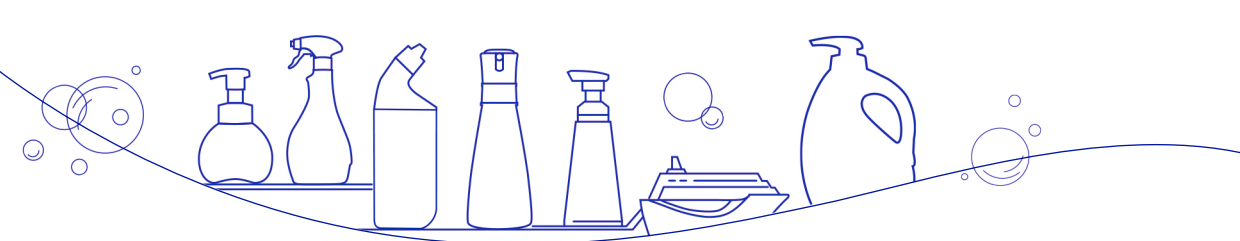
The gross movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income tax liabilities

	Unremitted earnings of PRC entities HK\$'000	Accelerated depreciation on property, plant and equipment HK\$'000	Lease assets HK\$'000	Total HK\$'000
As at 1 January 2023	(54,648)	(67,741)	(41,148)	(163,537)
(Charged)/credited to the consolidated statement of comprehensive income	(35,137)	(7,076)	3,208	(39,005)
Withholding tax paid	54,323	—	—	54,323
Exchange differences	645	1,019	556	2,220
As at 31 December 2023 and 1 January 2024	(34,817)	(73,798)	(37,384)	(145,999)
(Charged)/credited to the consolidated statement of comprehensive income	(36,647)	3,156	(1,741)	(35,232)
Withholding tax paid	21,131	—	—	21,131
Exchange differences	913	1,544	795	3,252
As at 31 December 2024	(49,420)	(69,098)	(38,330)	(156,848)

Deferred income tax assets

	Accrued expenses and others HK\$'000	Decelerated depreciation HK\$'000	Unrealised profits HK\$'000	Lease liabilities HK\$'000	Tax losses HK\$'000	Total HK\$'000
As at 1 January 2023	60,831	1,725	23,820	44,154	83,817	214,347
Credited/(charged) to the consolidated statement of comprehensive income	33,333	—	12,649	(3,992)	204,951	246,941
Exchange differences	(832)	(25)	—	(593)	(2,237)	(3,687)
As at 31 December 2023 and 1 January 2024	93,332	1,700	36,469	39,569	286,531	457,601
Credited to the consolidated statement of comprehensive income	11,627	849	13,701	1,769	169,794	197,740
Exchange differences	(1,097)	(45)	—	(841)	(7,967)	(9,950)
As at 31 December 2024	103,862	2,504	50,170	40,497	448,358	645,391



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 Deferred income tax (continued)

(i) Recognition and measurement

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable.

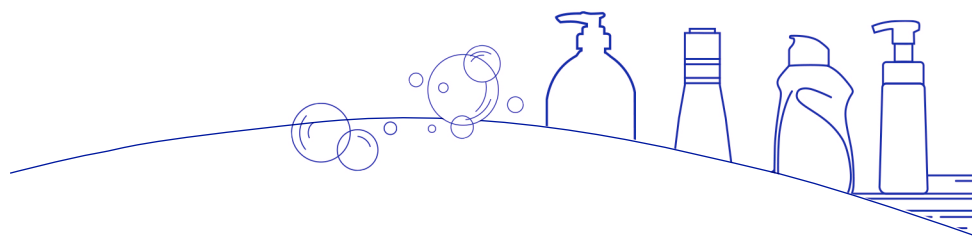
As at 31 December 2024, the Group did not recognise deferred income tax assets of approximately HK\$196,754,000 (2023: HK\$34,074,000) in respect of losses incurred by the Group's PRC subsidiaries amounting to approximately HK\$787,016,000 (2023: HK\$136,296,000), that can be carried forward for one to five years for offsetting against future taxable income.

As at 31 December 2024, the Group did not recognise deferred income tax assets of approximately HK\$36,527,000 (2023: HK\$28,294,000) in respect of losses incurred by the Group's Hong Kong subsidiaries amounting to approximately HK\$221,377,000 (2023: HK\$171,478,000), that can be used to offset future income with no expiry date.

(ii) Offsetting

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Refer to Note 34.11 for the Group's other accounting policies relevant to deferred income tax.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 Trade and bills payables

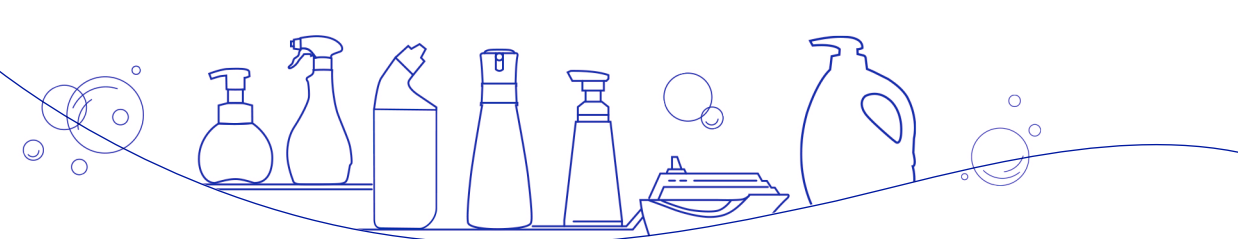
	2024 HK\$'000	2023 HK\$'000
Trade and bills payables	659,681	578,074

The trade and bills payables are non-interest-bearing and are normally settled within credit terms of from 30 to 60 days.

At 31 December 2024 and 2023, the aging analysis of the trade and bills payables based on invoice date is as follows:

	2024 HK\$'000	2023 HK\$'000
Up to 3 months	656,552	575,935
3 to 6 months	1,031	1,056
6 months to 1 year	804	125
Over 1 year	1,294	958
	659,681	578,074

	2024 HK\$'000	2023 HK\$'000
Denominated in:		
RMB	647,181	557,475
US\$	12,500	20,599
	659,681	578,074



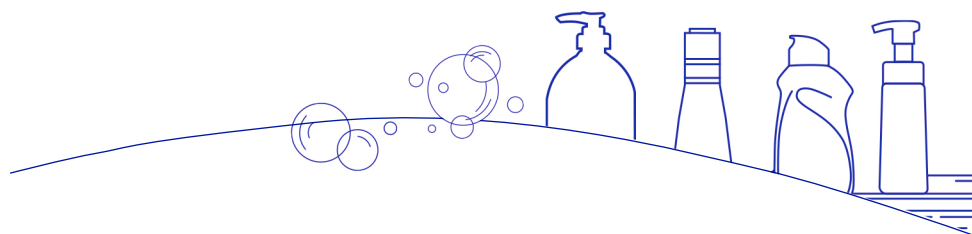
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 Contract liabilities, accruals and other payables

	2024 HK\$'000	2023 HK\$'000
Deposits from logistic companies	8,850	8,916
Accrued salaries and wages	252,164	233,195
Accrued advertising and promotion expenses	42,195	76,976
Payables for capital expenditures	127,004	99,054
Transportation cost payables	200,906	201,881
Contract liabilities	40,743	26,061
Others	26,013	27,374
	697,875	673,457

The contract liabilities, accruals and other payables are non-interest-bearing and are normally settled within credit terms of 30 to 60 days and approximate their fair value.

	2024 HK\$'000	2023 HK\$'000
Denominated in:		
RMB	692,659	666,698
HK\$	5,216	6,759
	697,875	673,457



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

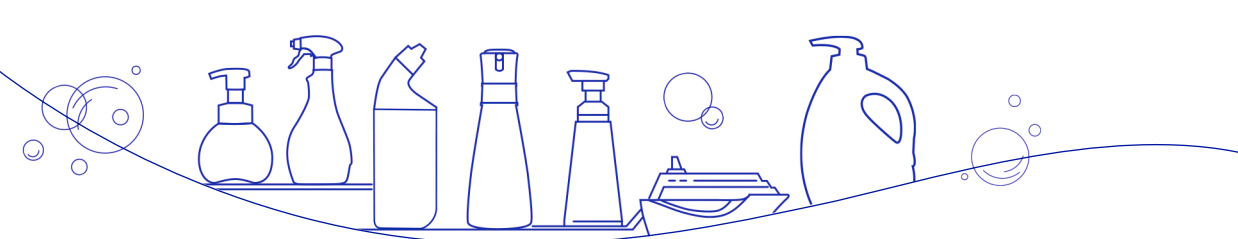
30 Consolidated statement of cash flows

(a) Reconciliation of (loss)/profit before income tax to net cash (used in)/generated from operations is as follows:

	2024 HK\$'000	2023 HK\$'000
(Loss)/profit before income tax	(785,008)	395,909
Adjustments for:		
— Interest income	(223,808)	(272,188)
— Interest expense	4,652	6,714
— Depreciation of property, plant and equipment	146,920	133,149
— Depreciation of right-of-use assets	65,153	89,424
— Share-based compensation expense	62,798	22,113
— Loss on disposals of plant and equipment	6,874	4,187
— (Gain)/loss on early termination of leases	(1,563)	1,930
— Amortisation of intangible assets	22,683	31,179
— Amortisation of deferred government grant	(1,327)	(1,351)
— Provision for impairment on property, plant and equipment	3,923	9,383
— Provision for impairment losses of financial assets	6,327	88,379
— Reversal of provision for inventories	(9,019)	—
Operating (loss)/profit before working capital changes	(701,395)	508,828
Changes in working capital:		
— Inventories	(228,493)	10,918
— Trade and bills receivables	161,964	532,682
— Prepayments, deposits and other receivables	(248,727)	(228,505)
— Trade and bills payables	95,003	104,542
— Contract liabilities, accruals and other payables	39,252	(132,708)
— Amounts due to a related company	165	67
Net cash (used in)/generated from operations	(882,231)	795,824

(b) In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	2024 HK\$'000	2023 HK\$'000
Net book amount	10,432	7,329
Net loss on disposals of plant and equipment	(6,874)	(4,187)
Proceeds from disposals of plant and equipment	3,558	3,142

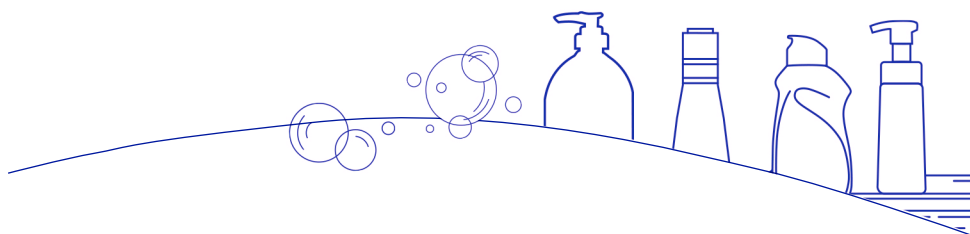


NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 Consolidated statement of cash flows (continued)

(c) The reconciliation of liabilities arising from financing activities is as follows:

	Dividend payable HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
As at 1 January 2023	—	(199,560)	(199,560)
Net cash flows	936,026	89,956	1,025,982
Non-cash items:			
Addition of leases	—	(50,973)	(50,973)
Interest accruals	—	(6,714)	(6,714)
Early termination of leases	—	5,861	5,861
Dividend declared	(936,026)	—	(936,026)
Exchange difference	—	2,534	2,534
As at 31 December 2023	—	(158,896)	(158,896)
As at 1 January 2024	—	(158,896)	(158,896)
Net cash flows	549,099	60,063	609,162
Non-cash items:			
Addition of leases	—	(19,798)	(19,798)
Interest accruals	—	(4,652)	(4,652)
Early termination of leases	—	20,988	20,988
Dividend declared	(549,099)	—	(549,099)
Exchange difference	—	2,631	2,631
As at 31 December 2024	—	(99,664)	(99,664)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or under control of the close family members of the Group's controlling shareholder.

ZED Group Limited is the ultimate holding company of the Group as at 31 December 2024 and it is incorporated in Samoa (2023: Same).

Ms. PAN Dong is the ultimate controlling shareholder of the Company and Mr. Luo Qiuping, the Chief Executive Officer of the Company, is the husband of Ms. PAN Dong.

The Group

The directors of the Company are of the view that the following company is a related party of the Group:

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

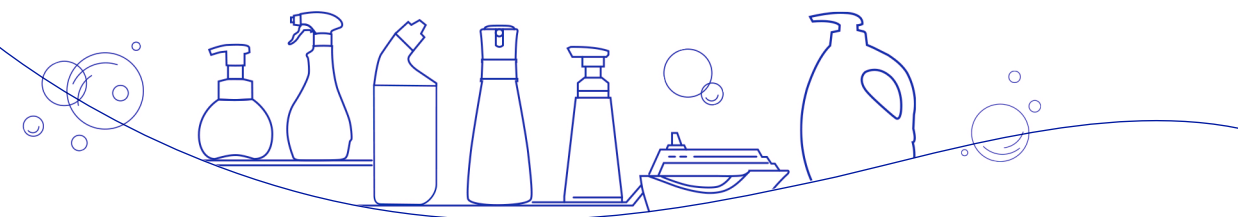
Save as disclosed elsewhere in the consolidated financial statements, the following transactions were carried out with related parties:

(a) Transactions with a related party

	2024 HK\$'000	2023 HK\$'000
Purchase of goods and raw materials from:		
Guangzhou Daoming Chemical Co., Ltd. (Note)	3,141	2,302

Note:

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 Related party transactions (continued)

(b) Balance with a related party

	2024 HK\$'000	2023 HK\$'000
Amounts due to a related company – Trade nature		
Guangzhou Daoming Chemical Co., Ltd.	447	290

The carrying amount approximated its fair value and was denominated in RMB, which was unsecured, interest-free and repayable on demand. The trade balance due to the related company represents the trade payable arising from the purchase of goods and raw materials from the related company.

(c) Key management compensation

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

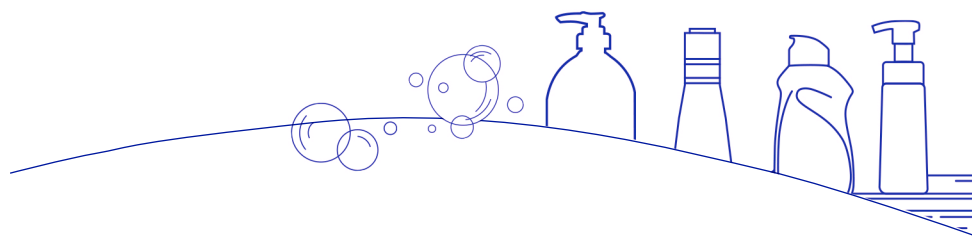
	2024 HK\$'000	2023 HK\$'000
Salaries, bonuses, allowances and other benefits	23,261	26,684
Contributions to social security plans	394	342
Share-based compensation expense	33,836	897
	57,491	27,923

The short-term benefits disclosed above do not include any bonuses payable under a short-term incentive scheme for the year ended 31 December 2024 (2023: HK\$3,334,000). The share-based payments provided to key management personnel consist of options and share awards which are both equity-settled. Details of the share options and share awards are disclosed in Note 24.

Further details of the directors' and the chief executive's emoluments are included in Note 9 to the consolidated financial statements.

The Company

Amounts due from subsidiaries represent expenses paid by Company on behalf of certain subsidiaries and injection of working capital to certain subsidiaries as at 31 December 2024 (2023: Same).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the year-end date are as follows:

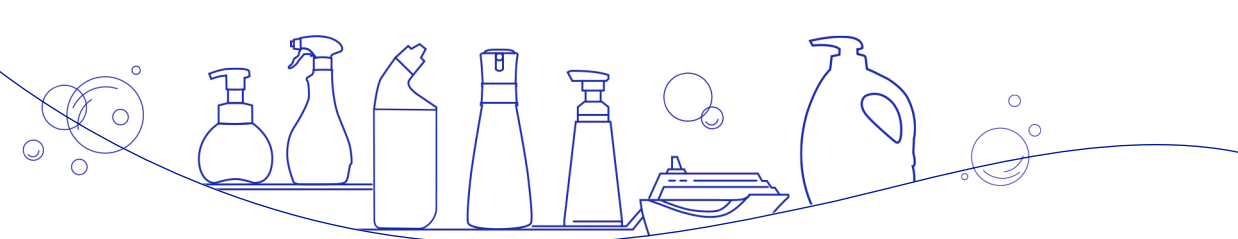
	2024 HK\$'000	2023 HK\$'000
Financial asset at fair value through other comprehensive income	9,281	9,796
Financial assets at amortised cost		
Trade and bills receivable	1,208,123	1,404,647
Deposits and other receivables	146,111	149,788
Fixed deposits	54,095	2,989,298
Cash and cash equivalents	5,216,379	4,342,528
	6,624,708	8,886,261
Financial liabilities at amortised cost		
Trade and bills payables	659,681	578,074
Financial liabilities included in accruals and other payables	404,968	414,201
Amounts due to a related company	447	290
Lease liabilities	99,664	158,896
	1,164,760	1,151,461

The fair values of the financial assets at amortised cost approximate their carrying amounts.

33 Commitments

(a) Capital commitments

	2024 HK\$'000	2023 HK\$'000
Acquisition of property, plant and equipment and intangible assets:		
— Contracted but not provided for	45,975	63,315



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 Commitments (continued)

(b) Operating lease as lessee

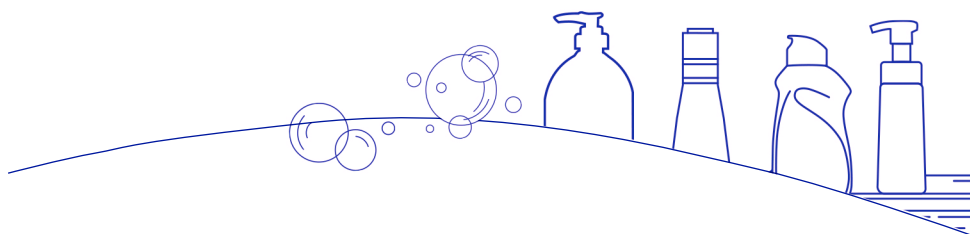
As at 31 December 2024 and 2023, the Group has recognised right-of-use assets for non-cancellable leases where the Group is a lessee, except for short-term leases. The future aggregate minimum lease payments under non-cancellable short-term leases not recognised in the consolidated financial statements are as follows:

	2024 HK\$'000	2023 HK\$'000
Properties:		
— No later than 1 year	10,310	16,312

(c) Committed leases not yet commenced

As at 31 December 2024 and 2023, the total future lease payments for leases committed but not yet commenced were payable as follows:

	2024 HK\$'000	2023 HK\$'000
Properties:		
— Within one year	1,034	913
— After one year but within five years	494	—
	1,528	913



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 Summary of other accounting policies

34.1 Principle of consolidation

Subsidiaries

Subsidiaries are all entities (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

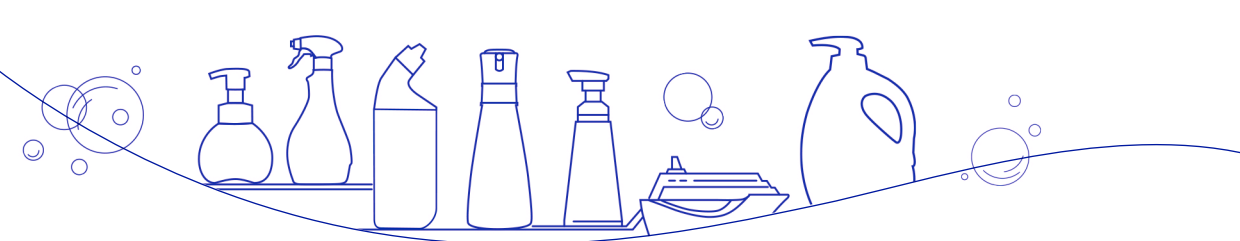
34.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("**the functional currency**"). The functional currency of the majority of the Group's subsidiaries is RMB. The consolidated financial statements are presented in HK\$, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the consolidated statement of comprehensive income.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 Summary of other accounting policies (continued)

34.2 Foreign currency translation (continued)

(b) Transactions and balances (continued)

Foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within “Other income and other losses, net”.

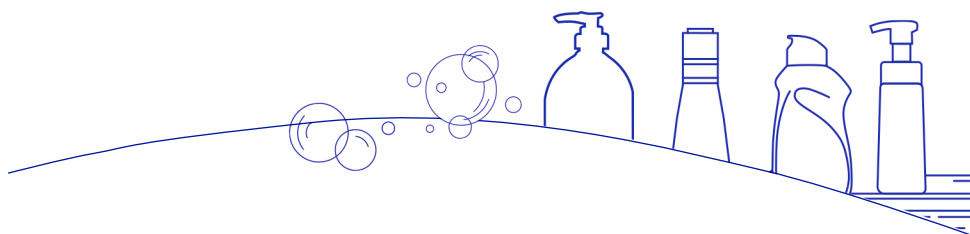
Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyper inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 Summary of other accounting policies (continued)

34.3 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items and costs incurred in bringing the asset to its working condition and location for intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciation methods and periods used by the Group are disclosed in Note 16.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 34.5).

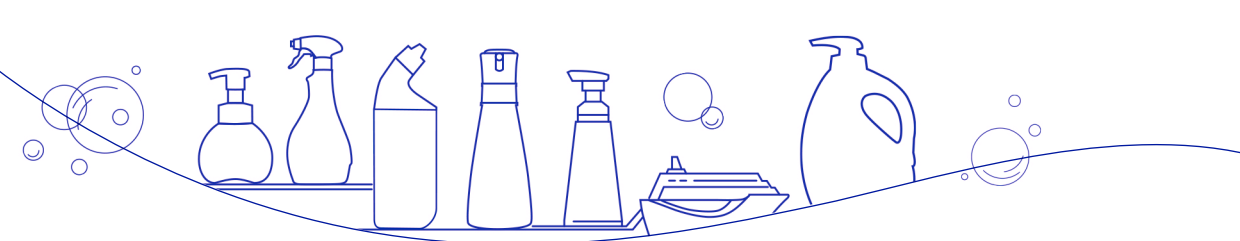
Gains and losses on disposals are determined by comparing net proceeds with the carrying amount and are recognised in consolidated statement of comprehensive income.

Construction-in-progress represents buildings under construction and machineries and equipment under installation, which is stated at historical cost less accumulated impairment losses, if any. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. When the assets concerned are ready for use, the costs are transferred to property, plant and equipment, depreciated and impaired, if any, in accordance with the policy as stated above.

34.4 Intangible assets

(a) *Trademarks and patents*

Separately acquired trademarks and patents are stated at historical cost. Trademarks and patents acquired in a business combination are recognised at fair value at the acquisition date.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 Summary of other accounting policies (continued)

34.4 Intangible assets (continued)

(b) *Computer software and system*

Refer to Note 15 for details about amortisation methods and periods used by the Group for intangible assets.

34.5 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

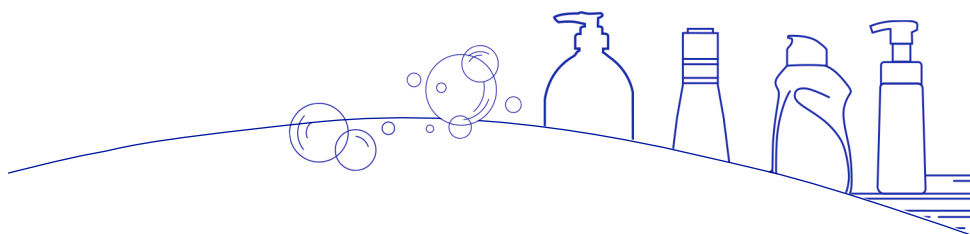
34.6 Financial assets

(a) *Classification*

The Group classifies its financial assets in the following measurement categories:

- debt instruments to be measured at amortised cost; and
- equity instruments to be measured subsequently at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 Summary of other accounting policies (continued)

34.6 Financial assets (continued)

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

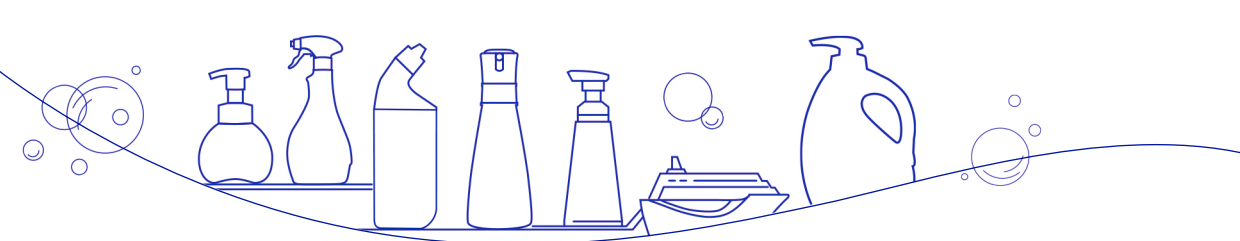
Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest method.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Details on how the fair value is determined are disclosed in Note 3.3.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 Summary of other accounting policies (continued)

34.6 Financial assets (continued)

(d) *Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its debt instrument carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3.1(b) and Note 20 for further details.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

34.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. There are also arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

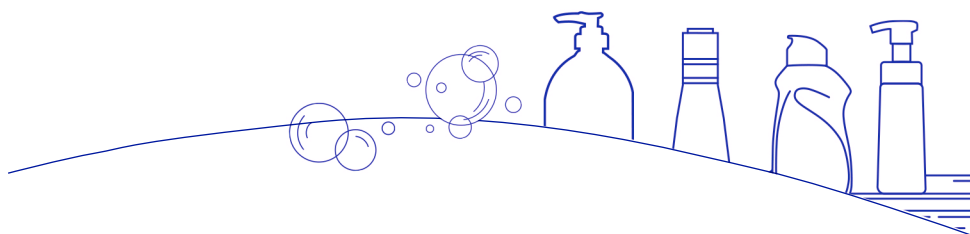
34.8 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with financial institutions.

34.9 Share capital

Ordinary shares are classified as equity (Note 23).

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 Summary of other accounting policies (continued)

34.10 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 to 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

34.11 Current and deferred income tax

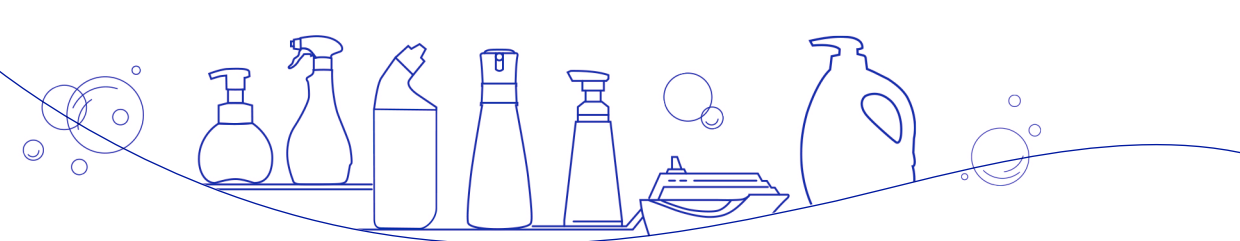
The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) *Deferred income tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 Summary of other accounting policies (continued)

34.11 Current and deferred income tax (continued)

(b) *Deferred income tax (continued)*

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

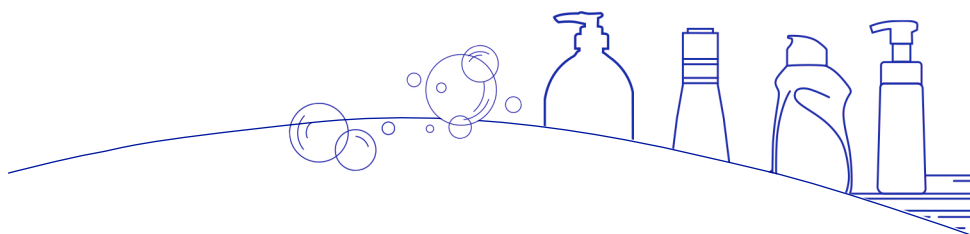
34.12 Employee benefits

(a) *Pension obligation*

The Group participates in various defined contribution retirement benefit plans which are available to all relevant employees. These plans are generally funded through payments to schemes established by government or trustee-administered funds. A defined contribution plan is a pension plan under which the Group pays contributions on a mandatory, contractual or voluntary basis into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefit relating to employee service in the current and prior periods.

All contributions to pension plans are fully and immediately vested and the Group had no unvested benefits available to reduce its future contributions.

The Group also contributes on a monthly basis to various defined contribution plans and other employee social security plans, including pension, medical, other welfare benefits, organised and administered by the relevant governmental authorities in respect of its employees in the PRC. The Group contributes to these plans based on certain percentages of the total salary of employees, subject to certain ceiling, as stipulated by the relevant regulations.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 Summary of other accounting policies (continued)

34.12 Employee benefits (continued)

(b) *Share-based compensation*

Share options scheme

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Share award plan

For the share award plan, the Group may purchase its own shares through the independent trustee of the share award plan from the open market for the shares to be vested under the share award plan. The consideration paid by the independent trustee, at the costs of the Company, for purchasing the Company's shares from the market, including any directly attributable incremental cost, is presented as "Shares held for share award plan" as a deduction under equity. When the independent trustee transfers the Company's shares to the awardees upon vesting, the related costs of the awarded shares vested are credited to "Shares held for share award plan", with a corresponding adjustment made to reserves. The related share-based compensation expense is recognised in the consolidated statement of comprehensive income over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

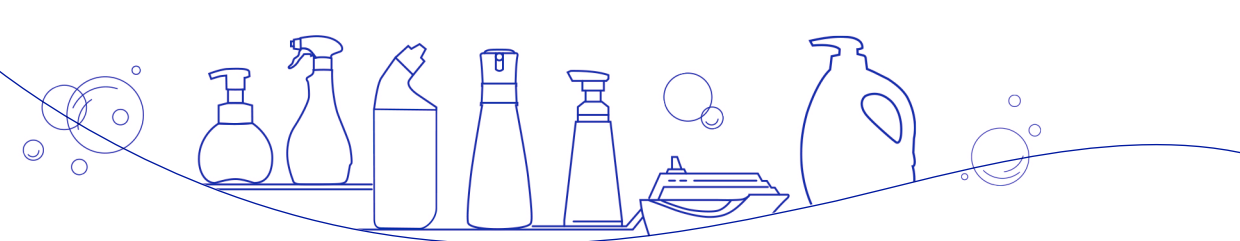
The grant by the Company of options over its equity instruments or awarded shares to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries undertakings, with a corresponding credit to equity.

(c) *Bonus plans*

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

34.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 Summary of other accounting policies (continued)

34.13 Provisions (continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

34.14 Government grants

Government grants relating to the purchase of property, plant and equipment and right-of-use assets are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Government grants relating to costs are deferred and recognised within “Other income and other losses, net” in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

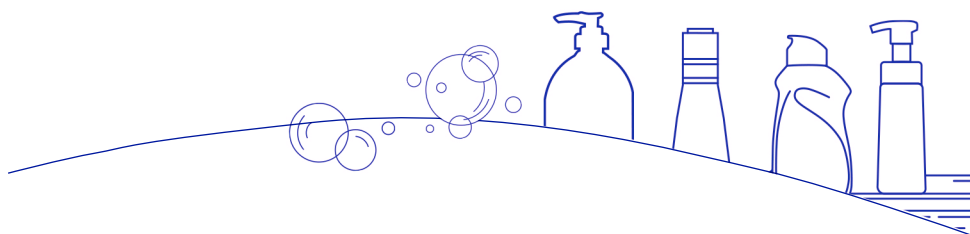
Note 6 provides further information on how the Group accounts for government grants.

34.15 Leases

The Group leases various properties. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets (excluding land use rights) may not be used as security for borrowing purposes.

Lease payments are allocated between the principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 Summary of other accounting policies (continued)

34.15 Leases (continued)

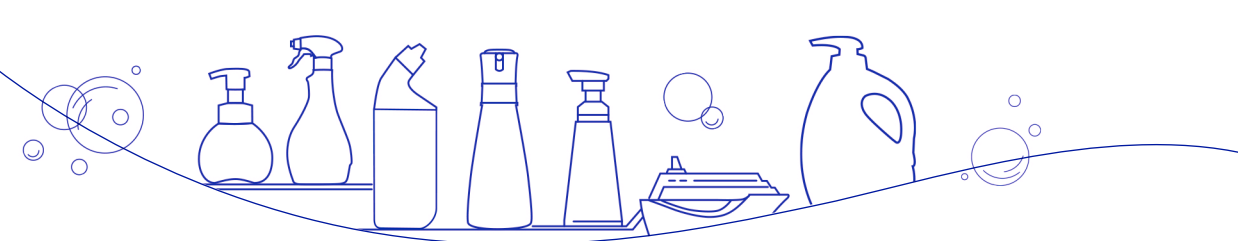
Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Entity-specific details about the group's leasing policy are provided in Note 17(iii).

34.16 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.



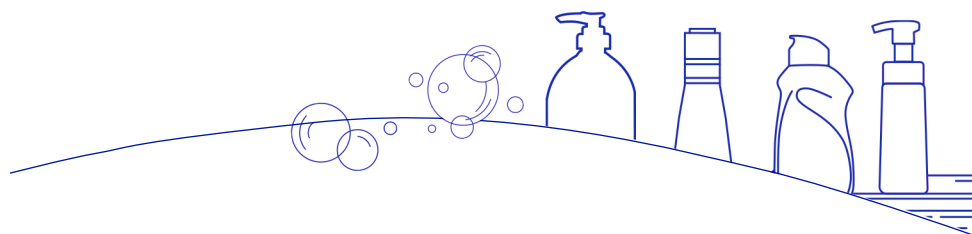
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 Balance sheet and reserves movement of the Company

(a) Balance sheet of the Company

	Note	2024 HK\$'000	2023 HK\$'000
ASSETS			
Non-current asset			
Investments in subsidiaries		155,959	93,161
Current assets			
Dividend receivables		5,197,500	5,197,500
Amounts due from subsidiaries	31	803,170	1,216,037
Other receivables		587	2
Fixed deposits		—	2,989,298
Cash and cash equivalents		3,077,480	471,164
		9,078,737	9,874,001
Total assets		9,234,696	9,967,162
EQUITY			
Equity attributable to owners of the Company			
Share capital	23	58,631	58,630
Reserves	35(b)	9,171,335	9,902,072
Total equity		9,229,966	9,960,702
LIABILITIES			
Current liability			
Accruals and other payables		4,730	6,460
Total liabilities		4,730	6,460
Total equity and liabilities		9,234,696	9,967,162

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

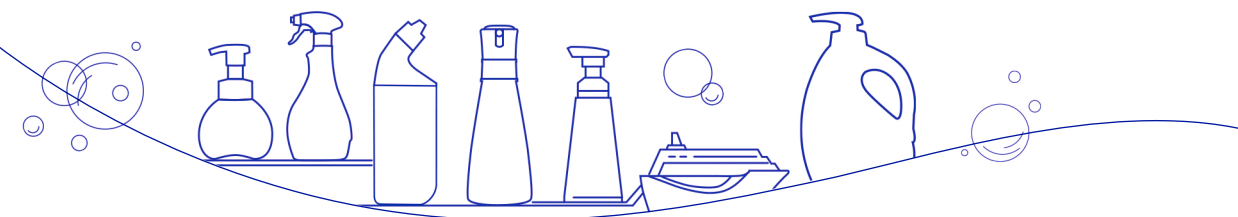
35 Balance sheet and reserves movement of the Company (continued)

(b) Reserves movements of the Company

	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000
As at 1 January 2023	9,011,321	985,534	9,996,855
Profit for the year	—	830,760	830,760
Issuance of ordinary shares upon exercise of share options (Note 23)	3,286	—	3,286
Final dividend relating to 2022	—	(936,026)	(936,026)
Share options scheme and share award plan (Note 24(c))	22,113	—	22,113
Purchase of shares held for Share Award Plan (Note 24(b))	(14,916)	—	(14,916)
As at 31 December 2023	9,021,804	880,268	9,902,072
As at 1 January 2024	9,021,804	880,268	9,902,072
Profit for the year	—	130,298	130,298
Issuance of ordinary shares upon exercise of share options (Note 23)	413	—	413
Dividend relating to 2023 (Note 12)	—	(329,127)	(329,127)
Interim dividend relating to 2024 (Note 12)	—	(219,972)	(219,972)
Share options scheme and share award plan (Note 24(c))	62,798	—	62,798
Purchase of shares held for Share Award Plan (Note 24(b))	(375,147)	—	(375,147)
As at 31 December 2024	8,709,868	461,467	9,171,335

36 Events after the reporting period

The Group has successfully bid for the land use right of a land parcel situated in Huangpu District, Guangzhou with a gross site area of 40,000 square metre (the “Land”) for 50-year term, for development into a multi-purpose complex. It is expected that a wholly-owned subsidiary of the Group will enter into (i) a land use right transfer agreement in respect of the Land with the Huangpu Planning and Natural Resources Bureau in Guangzhou Development Zone (廣州開發區黃埔區規劃和自然資源局); and (ii) an investment agreement with the Guangzhou Development Area Economic and Information Technology Bureau (廣州開發區經濟和信息化局).



FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below:

	Year ended December 31				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	8,555,601	7,323,532	7,946,733	7,597,481	6,996,348
Gross profit	5,183,436	4,540,420	4,595,441	4,438,798	4,513,756
(Loss)/profit before income tax	(785,008)	395,909	838,057	1,271,011	1,749,647
(Loss)/profit for the year and (Loss)/profit attributable to equity holders of the Company	(749,312)	325,309	611,366	1,014,415	1,309,411
(Loss)/earnings per share					
Basic	HK(13.74) cents	HK5.84 cents	HK10.92 cents	HK17.49 cents	HK26.03 cents
Diluted	HK(13.74) cents	HK5.84 cents	HK10.87 cents	HK17.39 cents	HK25.97 cents
Dividend per share					
Interim	HK4.00 cents	—	—	—	—
Final	HK6.00 cents	HK6.00 cents	HK16.80 cents	HK13.80 cents	HK6.90 cents
Non-current assets	2,530,122	2,487,130	2,354,900	2,325,827	2,053,539
Current assets	7,775,476	9,565,511	10,374,825	12,185,909	13,749,598
Total assets	10,305,598	12,052,641	12,729,725	14,511,736	15,803,137
Non-current liabilities	216,395	245,038	230,599	261,426	168,442
Current liabilities	1,424,604	1,428,560	1,426,346	1,903,888	3,955,274
Total liabilities	1,640,999	1,673,598	1,656,945	2,165,314	4,123,716
Net current assets	6,350,872	8,136,951	8,948,479	10,282,021	9,794,324
Total assets less current liabilities	8,880,994	10,624,081	11,303,379	12,607,848	11,847,863
Cash and cash equivalents	5,216,379	4,342,528	7,702,373	9,233,656	10,921,095
Key Financial Ratio					
Gross profit margin	60.6%	62.0%	57.8%	58.4%	64.5%
Net (loss)/profit margin	(8.8%)	4.4%	7.7%	13.4%	18.7%
Current ratio	5.5	6.7	7.3	6.4	3.5