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Blue Moon Group Holdings Limited

藍月亮集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6993)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024 AND CHANGE IN USE OF UNUTILISED NET PROCEEDS

FINANCIAL SUMMARY

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	8,555,601	7,323,532
Gross profit	5,183,436	4,540,420
Gross profit margin	60.6%	62.0%
(Loss)/profit for the year and (Loss)/profit attributable to equity holders of the Company	(749,312)	325,309

The Board recommended the payment of final dividend of HK6.0 cents per share.

ANNUAL RESULTS

The board of directors (the “**Board**” or the “**Directors**”) of Blue Moon Group Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024, together with comparative information, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

		2024	2023
	Note	HK\$'000	HK\$'000
Revenue	3	8,555,601	7,323,532
Cost of sales	4	<u>(3,372,165)</u>	<u>(2,783,112)</u>
Gross profit		5,183,436	4,540,420
Other income and other losses, net		(29,508)	36,780
Selling and distribution expenses	4	(5,048,522)	(3,244,135)
General and administrative expenses	4	(1,103,243)	(1,114,251)
Provision for impairment losses of financial assets		<u>(6,327)</u>	<u>(88,379)</u>
Operating (loss)/profit		(1,004,164)	130,435
Finance income		223,808	272,188
Finance costs		<u>(4,652)</u>	<u>(6,714)</u>
Finance income, net		219,156	265,474
(Loss)/profit before income tax		(785,008)	395,909
Income tax credit/(expense)	5	<u>35,696</u>	<u>(70,600)</u>
(Loss)/profit for the year		<u>(749,312)</u>	<u>325,309</u>
(Loss)/profit attributable to equity holders of the Company		<u>(749,312)</u>	<u>325,309</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 HK\$'000	2023 HK\$'000
(Loss)/profit for the year		<u>(749,312)</u>	<u>325,309</u>
Other comprehensive loss			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences from translation of financial statement of subsidiaries		(103,790)	(88,374)
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Changes in the fair value of financial assets at fair value through other comprehensive income		<u>(308)</u>	<u>(5,138)</u>
Other comprehensive loss for the year, net of tax		<u>(104,098)</u>	<u>(93,512)</u>
Total comprehensive (loss)/income for the year		<u><u>(853,410)</u></u>	<u><u>231,797</u></u>
Total comprehensive (loss)/income attributable to equity holders of the Company		<u><u>(853,410)</u></u>	<u><u>231,797</u></u>
(Loss)/earnings per share attributable to equity holders of the Company			
Basic	6	<u><u>HK(13.74) cents</u></u>	<u><u>HK5.84 cents</u></u>
Diluted	6	<u><u>HK(13.74) cents</u></u>	<u><u>HK5.84 cents</u></u>

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2024

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

CONSOLIDATED BALANCE SHEET (continued)

AS AT 31 DECEMBER 2024

	Note	2024 HK\$'000	2023 HK\$'000
LIABILITIES			
Non-current liabilities			
Deferred government grant		53,259	55,765
Deferred income tax liabilities		96,218	87,721
Lease liabilities		66,918	101,552
		<u>216,395</u>	<u>245,038</u>
Current liabilities			
Trade and bills payables	11	659,681	578,074
Contract liabilities, accruals and other payables		697,875	673,457
Amounts due to a related company		447	290
Current income tax liabilities		33,855	119,395
Lease liabilities		32,746	57,344
		<u>1,424,604</u>	<u>1,428,560</u>
Total liabilities		<u>1,640,999</u>	<u>1,673,598</u>
Total equity and liabilities		<u>10,305,598</u>	<u>12,052,641</u>
Net current assets		<u>6,350,872</u>	<u>8,136,951</u>
Total assets less current liabilities		<u>8,880,994</u>	<u>10,624,081</u>

NOTES

1 Basis of preparation

(a) Compliance with HKFRS and the 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.

(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)	Classification by the borrower of a term loan that contains
Presentation of Financial Statements	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.

(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 a 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.

2 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.

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

	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
Hong Kong	28,121	18,728
Mainland China	<u>1,917,240</u>	<u>2,069,079</u>
	<u><u>1,945,361</u></u>	<u><u>2,087,807</u></u>

3 Revenue

(a) Revenue by products

	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
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	<u>415,953</u>	<u>375,853</u>
	<u><u>8,555,601</u></u>	<u><u>7,323,532</u></u>

(b) Revenue from external parties contributing 10% or more of the total revenue of the Group

	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
Customer A	<u><u>743,697*</u></u>	<u><u>837,844</u></u>

* Revenue from this customer did not exceed 10% of the total revenue for the year. This amount was shown for comparative purpose.

All of the Group’s revenue was generated from customers in the People’s Republic of China (the “PRC”) for the years ended 31 December 2024 and 2023, accordingly, no revenue by geographical location is presented.

4 Expenses by nature

	2024 <i>HKS'000</i>	2023 <i>HKS'000</i>
Cost of inventories sold	3,020,885	2,465,826
Promotion expenses	2,597,637	1,290,058
Employee benefits expense	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 8)	146,920	133,149
Other tax expenses	101,684	95,377
Depreciation of right-of-use assets	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	23,652	16,960
Amortisation of intangible assets	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 8)	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
	<u>9,523,930</u>	<u>7,141,498</u>

5 Income tax (credit)/expense

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

	2024 <i>HKS'000</i>	2023 <i>HKS'000</i>
Current income tax		
– PRC corporate income tax	118,215	276,554
– Under-provision in prior years	8,597	1,982
Deferred income tax credit	<u>(162,508)</u>	<u>(207,936)</u>
Income tax (credit)/expense	<u>(35,696)</u>	<u>70,600</u>

(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.

6 (Loss)/earnings per share

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 earnings per share (<i>HK\$'000</i>)	(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 (<i>'000</i>)	5,453,865	5,570,307
Basic (loss)/earnings per share (<i>HK cent per share</i>)	<u>(13.74)</u>	<u>5.84</u>

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 2022 Share Award Plan during the year.

The 41,476,000 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 <i>'000</i>	2023 <i>'000</i>
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 earnings per share	<u>5,453,865</u>	<u>5,574,150</u>
	2024 <i>HK cent</i>	2023 <i>HK cent</i>
Diluted (loss)/earnings per share attributable to the ordinary equity holders of the Company	<u>(13.74)</u>	<u>5.84</u>

7 **Dividends**

	2024 HK\$'000	2023 HK\$'000
Interim dividend paid of HK\$4.0 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)	<u>329,466</u>	<u>329,127</u>
	<u><u>549,438</u></u>	<u><u>329,127</u></u>

An interim dividend of HK\$4.0 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.

8 **Property, plant and equipment**

	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 2024							
Cost	1,180,563	45,572	793,960	207,534	30,963	63,753	2,322,345
Accumulated depreciation and impairment	<u>(217,589)</u>	<u>(16,575)</u>	<u>(491,460)</u>	<u>(124,258)</u>	<u>(17,174)</u>	<u>–</u>	<u>(867,056)</u>
Net book amount	<u><u>962,974</u></u>	<u><u>28,997</u></u>	<u><u>302,500</u></u>	<u><u>83,276</u></u>	<u><u>13,789</u></u>	<u><u>63,753</u></u>	<u><u>1,455,289</u></u>
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	–	–	–	(3,923)	–	–	(3,923)
Exchange differences	<u>(20,616)</u>	<u>(838)</u>	<u>(6,132)</u>	<u>(1,713)</u>	<u>(245)</u>	<u>(1,356)</u>	<u>(30,900)</u>
Closing net book amount	<u><u>943,444</u></u>	<u><u>48,784</u></u>	<u><u>265,051</u></u>	<u><u>75,187</u></u>	<u><u>8,916</u></u>	<u><u>61,583</u></u>	<u><u>1,402,965</u></u>
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	<u>(241,458)</u>	<u>(30,211)</u>	<u>(545,623)</u>	<u>(133,988)</u>	<u>(17,073)</u>	<u>–</u>	<u>(968,353)</u>
Net book amount	<u><u>943,444</u></u>	<u><u>48,784</u></u>	<u><u>265,051</u></u>	<u><u>75,187</u></u>	<u><u>8,916</u></u>	<u><u>61,583</u></u>	<u><u>1,402,965</u></u>

9 Trade and bills receivables

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

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.

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

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

The Group applies the HKFRS 9 simplified approach for measuring expected credit losses which uses a lifetime expected loss allowance for all trade and bills receivables.

10 Share capital

	Number of shares	Share capital HK\$'000
<u>Authorised ordinary shares of HK\$0.01 each:</u>		
At 1 January and 31 December 2023, and 1 January and 31 December 2024	10,000,000,000	100,000
<u>Ordinary shares of HK\$0.01 each, issued and fully paid:</u>		
At 1 January 2023	5,862,116,906	58,621
Issuance of ordinary shares upon – exercise of share options (<i>Note</i>)	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 (<i>Note</i>)	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.

11 Trade and bills payables

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

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

12 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).

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 all-purpose care-oriented Zhizun biotech liquid laundry detergent (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 liquid laundry detergent for sportswear (運動型洗衣液) to diversify its product portfolio and meet different cleaning needs of consumers.
- **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.

- **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.

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 General Chamber of Commerce and China National Commercial Information Center (中國商業聯合會及中華全國商業信息中心)

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.

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				Change (%)
	2024		2023		
	Revenue <i>HK\$'000</i>	Total (%)	Revenue <i>HK\$'000</i>	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	<u>8,555,601</u>	<u>100.0</u>	<u>7,323,532</u>	<u>100.0</u>	<u>16.8</u>

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				Change (%)
	2024		2023		
	Revenue <i>HK\$'000</i>	Total (%)	Revenue <i>HK\$'000</i>	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	<u>8,555,601</u>	<u>100.0</u>	<u>7,323,532</u>	<u>100.0</u>	<u>16.8</u>

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.

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.

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.

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 announcement 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.

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
Blue Moon liquid laundry detergent and liquid soap brands ranked first in China Brand Power Index (C-BPI) (藍月亮洗衣液、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)
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 General Chamber of Commerce and China National Commercial Information Center (中國商業聯合會、中華全國商業信息中心)
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)
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)
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)
Caring Company (商界展關懷)	2021-2024	The Hong Kong Council of Social Services (香港社會服務聯會)
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)

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

The Group had approximately 7,406 employees as at 31 December 2024. Salaries of employees are maintained at competitive levels.

2021 Share Award Plan

On 3 June 2021, the Board approved the adoption of the 2021 Share Award Plan to recognise and reward the contribution of certain eligible participants to the growth and development of the Group.

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 to be granted, subject to such terms and conditions as it may in its absolute discretion determine (including but not limited to, where applicable, the vesting schedule of the awarded shares to the selected participant).

As at 31 December 2024, 81,900,999 share awards have been granted pursuant to the 2021 Share Award Plan to 429 employees and no share awards have been granted to any connected persons (as defined under the Listing Rules) of the Company. As at the date of this announcement, 71,039,845 share awards granted have been vested in accordance with the 2021 Share Award Plan and the relevant grant notices where certain share awards were subject to lock-up arrangements.

2022 Share Award Plan

On 29 March 2022, the Board approved the adoption of the 2022 Share Award Plan to recognise and reward the contribution of certain eligible participants 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 in order to retain them for the continual operation and development of the Group.

Pursuant to the rules relating to the 2022 Share Award Plan, the Board may, make an award out of the share pool to any of the eligible participants such number of issued Shares of the Company as it shall determine. 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 as to his or her contribution and/or the 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 of the Company (other than by himself or herself).

As at 31 December 2024, 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. As at 31 December 2024, 41,800,000 share awards granted have been vested in accordance with the 2022 Share Award Plan and the relevant grant notices which are subject to lock-up arrangement.

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.

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 everchanging 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK6.0 cents per Share out of the share premium account of the Company for the year ended 31 December 2024. Subject to approval of the shareholders of the Company (the “**Shareholders**”) at the forthcoming annual general meeting of the Company (the “**AGM**”) and compliance with the Companies Law of the Cayman Islands, the final dividend will be paid in cash on Monday, 23 June 2025 to those Shareholders whose name appear on the register of members of the Company on Tuesday, 17 June 2025.

CORPORATE GOVERNANCE

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 Rules Governing the Listing (the “**Listing Rules**”) of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) 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 for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its code of conduct for Directors’ securities transactions. Each Director had been given a copy of the code of conduct regarding security transactions upon his/her appointment, and the Company issues two reminders each year thereafter, being 30 days prior to the Board meeting approving the interim results of the Company and 60 days prior to the Board meeting approving the annual results of the Company, reminding the Directors that they (including their respective spouse, minor child and others whose dealings are treated as dealings by them under the Model Code) are not allowed to deal in the securities of the Company prior to and on the day of publication of the announcement of the results (the periods during which the Directors are prohibited from dealing in shares), and that all transactions must be conducted according to the Model Code.

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

REVIEW OF ANNUAL RESULTS

The audit committee of the Company (the “**Audit Committee**”) has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2024. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and its internal controls and financial reporting matters.

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this results announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on this results announcement.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2024 and up to the date of this announcement, 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.

EVENTS AFTER 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). The Company will comply with the applicable requirements under the Listing Rules as appropriate.

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 share capital of the Company.

Based on the information that is publicly available to the Company and within the knowledge of the Directors, during the year ended 31 December 2024 and up to the date of this announcement, the Company has maintained the prescribed minimum public float permitted by the Stock Exchange.

ANNUAL GENERAL MEETING

The AGM will be held on Friday, 6 June 2025. The notice of AGM will be published and issued to the Shareholders on Friday, 25 April 2025.

CLOSURE OF REGISTER OF MEMBERS

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 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.

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 Over-allotment Option (as defined in the Prospectus) in January 2021), after deducting the underwriting commission and other estimated expenses, of HK\$11,004 million have been partially utilised.

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 Utilised 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	% of the Net Proceeds after revised allocation	Expected timeline for full utilisation of the Unutilised Net Proceeds
						allocation of the Net Proceeds as at 31 December 2024 <i>approximately HK\$ million</i>		
Financing business expansion including production capacity expansion plans and to purchase equipment and machinery to facilitate such expansion plan as well as the development of the Group’s laundry services	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.

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.

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.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.bluemoon.com.cn), respectively. The annual report of the Company will be published on the websites of the Stock Exchange and the Company, respectively.

By Order of the Board
Blue Moon Group Holdings Limited
PAN Dong
Chairman & Executive Director

Hong Kong, 25 March 2025

As at the date of this announcement, the Board comprises Ms. PAN Dong, Mr. LUO Qiuping, Ms. LUO Dong, Mr. POON Kwok Leung and Ms. XIAO Haishan as Executive Directors; and Mr. Bruno Robert MERCIER, Ms. NGAN Edith Manling and Mr. HU Yebi as Independent Non-executive Directors.