恒安國際集團有限公司
HENGAN INTERNATIONAL GROUP CO., LTD

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1044)

Websites: http://www.hengan.com
http://www.irasia.com/listco/hk/hengan

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

"Growing with You for a Better Life"

2024 ANNUAL RESULTS FINANCIAL SUMMARY

	2024 *RMB'000*	2023 *RMB'000*	Change *%*
Revenue	**22,669,215**	23,767,936	(4.6)%
Gross profit margin (%)	**32.3%**	33.7%	
Operating Profit	**3,354,591**	3,977,931	(15.7)%
Profit attributable to shareholders	**2,298,535**	2,800,533	(17.9)%
Earnings per share			
— Basic	**RMB2.015**	RMB2.415	(16.6)%
— Diluted	**RMB2.015**	RMB2.415	(16.6)%
Dividends			
— Interim (paid)	**RMB0.70**	RMB0.70	
— Final (proposed/paid)	**RMB0.70**	RMB0.70	
Accounts receivable turnover (days)	**39**	42	
Finished goods turnover (days)	**46**	42	
Current ratio (times)	**1.4**	1.4	
Rate of return (%)	**11.0%**	13.7%	

RESULTS

The Board of Directors of Hengan International Group Company Limited (the "Company" or "Hengan International" or "恒安國際") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2024, together with the comparative figures for the previous year, as follows:

Consolidated statement of profit or loss

	Notes	**Year ended 31 December 2024** *RMB'000*	2023 *RMB'000*
Revenue	*2*	**22,669,215**	23,767,936
Cost of goods sold	*4*	**(15,344,275)**	(15,757,248)
Gross profit		**7,324,940**	8,010,688
Selling and distribution costs	*4*	**(3,687,693)**	(3,552,898)
Administrative expenses	*4*	**(1,422,536)**	(1,515,989)
Net impairment losses on financial assets	*4*	**(68,006)**	(123,317)
Other income and other gains — net	*3*	**1,207,886**	1,159,447
Operating profit		**3,354,591**	3,977,931
Finance income	*5*	**180,399**	273,351
Finance costs	*5*	**(563,575)**	(646,577)
Finance costs — net		**(383,176)**	(373,226)
Share of results of investments accounted for using the equity method		**376**	699
Profit before tax		**2,971,791**	3,605,404
Income tax expense	*6*	**(675,187)**	(798,000)
Profit for the year		**2,296,604**	2,807,404
Profit attributable to:			
Shareholders of the Company		**2,298,535**	2,800,533
Non-controlling interests		**(1,931)**	6,871
		2,296,604	2,807,404
Earnings per share for profit attributable to shareholders of the Company			
— Basic	*7*	**RMB2.015**	RMB2.415
— Diluted	*7*	**RMB2.015**	RMB2.415

Consolidated statement of comprehensive income

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Profit for the year	**2,296,604**	2,807,404
Other comprehensive (expense) income		
Items that may be reclassified subsequently to profit or loss		
— Currency translation differences	**(19,069)**	(64,659)
Items that will not be subsequently reclassified to profit or loss		
— Currency translation differences	**107,149**	82,041
Total comprehensive income for the year	**2,384,684**	2,824,786
Attributable to:		
Shareholders of the Company	**2,381,489**	2,823,176
Non-controlling interests	**3,195**	1,610
Total comprehensive income for the year	**2,384,684**	2,824,786

Consolidated statement of financial position

	Note	As at 31 December 2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment		**8,319,686**	7,255,824
Right-of-use assets		**1,171,034**	1,190,224
Construction-in-progress		**1,287,158**	1,710,626
Investment properties		**181,100**	163,360
Intangible assets		**612,589**	640,498
Prepayments for non-current assets		**136,187**	239,560
Deferred tax assets		**491,777**	498,460
Investments accounted for using the equity method		**34,678**	56,854
Financial assets at fair value through profit or loss ("FVTPL")		**–**	212,370
Long-term time deposits		**4,630,685**	1,438,163
		16,864,894	13,405,939
Current assets			
Inventories		**4,797,574**	4,352,041
Trade and bills receivables	*9*	**2,254,158**	2,553,357
Other receivables, prepayments and deposits		**1,556,768**	1,703,406
Tax recoverable		**7,473**	10,915
Derivative financial instruments		**372**	–
Restricted bank deposits		**300**	300
Financial assets at FVTPL		**61,149**	–
Cash and bank balances		**14,261,723**	18,189,943
		22,939,517	26,809,962
Total assets		**39,804,411**	40,215,901
Capital and reserve			
Share capital		**123,345**	123,345
Other reserves		**2,902,639**	2,880,980
Retained earnings		**17,894,966**	17,391,515
Equity attributable to shareholders of the Company		**20,920,950**	20,395,840
Non-controlling interests		**224,631**	234,011
Total equity		**21,145,581**	20,629,851

	Notes	As at 31 December 2024 RMB'000	2023 RMB'000
Non-current liabilities			
Borrowings	*11*	**2,420,061**	330,430
Lease liabilities		**9,000**	12,948
Deferred tax liabilities		**153,227**	182,386
		2,582,288	525,764
Current liabilities			
Trade and bills payables	*10*	**3,044,835**	2,750,069
Other payables and accrued charges		**1,641,831**	1,630,085
Contract liabilities		**543,233**	540,276
Derivative financial instruments		–	15,548
Lease liabilities		**14,078**	17,675
Tax payables		**162,778**	199,438
Borrowings	*11*	**10,669,787**	13,907,195
		16,076,542	19,060,286
Total liabilities		**18,658,830**	19,586,050
Total equity and liabilities		**39,804,411**	40,215,901

1. Basis of preparation and principal accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the Hong Kong Companies Ordinance.

(i) Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The Group has applied the amendments for the first time in the current year. The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

(ii) New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements,* which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and HKFRS 7 *Financial Instruments: Disclosures*. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

2. Revenue and segment information

The segment information provided to the Executive Directors for the reportable segments is as follows:

	2024				
	Sanitary napkins products *RMB'000*	**Disposable diapers products** *RMB'000*	**Tissue paper products** *RMB'000*	**Others** *RMB'000*	**Group** *RMB'000*
Segment revenue	**5,858,757**	**1,442,567**	**14,054,200**	**3,461,441**	**24,816,965**
Inter-segment sales	**(180,792)**	**(181,936)**	**(631,755)**	**(1,153,267)**	**(2,147,750)**
Revenue of the Group	**5,677,965**	**1,260,631**	**13,422,445**	**2,308,174**	**22,669,215**
Segment profit (loss)	**2,016,696**	**267,380**	**(244,681)**	**132,480**	**2,171,875**
Unallocated costs					**(25,170)**
Other income and other gains — net					**1,207,886**
Operating profit					**3,354,591**
Finance income					**180,399**
Finance costs					**(563,575)**
Share of results of investments accounted for using the equity method					**376**
Profit before tax					**2,971,791**
Income tax expense					**(675,187)**
Profit for the year					**2,296,604**
Non-controlling interests					**1,931**
Profit attributable to shareholders of the Company					**2,298,535**

	2024				
	Sanitary napkins products *RMB'000*	**Disposable diapers products** *RMB'000*	**Tissue paper products** *RMB'000*	**Others** *RMB'000*	**Group** *RMB'000*
Other items for the year ended 31 December 2024					
Additions to non-current assets	**311,904**	**359,434**	**887,937**	**129,711**	**1,688,986**
Depreciation of property, plant and equipment and investment properties	**151,023**	**50,082**	**617,438**	**86,448**	**904,991**
Depreciation of right-of-use assets	**10,871**	**5,025**	**24,221**	**10,713**	**50,830**
Amortisation charge of intangible assets	**24,431**	**–**	**5**	**6,652**	**31,088**
As at 31 December 2024					
Segment assets	**4,114,100**	**1,370,479**	**12,449,072**	**2,195,528**	**20,129,179**
Deferred tax assets					**491,777**
Tax recoverable					**7,473**
Investments accounted for using the equity method					**34,678**
Financial assets at FVTPL					**61,149**
Long-term time deposits					**4,630,685**
Cash and bank balances					**14,261,723**
Unallocated assets					**187,747**
Total assets					**39,804,411**
Segment liabilities	**943,999**	**270,829**	**3,033,196**	**951,067**	**5,199,091**
Deferred tax liabilities					**153,227**
Tax liabilities					**162,778**
Borrowings					**13,089,848**
Unallocated liabilities					**53,886**
Total liabilities					**18,658,830**

	2023				
	Sanitary napkins products	Disposable diapers products	Tissue paper products	Others	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue	6,386,582	1,316,905	14,074,820	3,426,785	25,205,092
Inter-segment sales	(208,144)	(62,835)	(326,648)	(839,529)	(1,437,156)
Revenue of the Group	6,178,438	1,254,070	13,748,172	2,587,256	23,767,936
Segment profit	2,317,022	194,302	243,739	129,601	2,884,664
Unallocated costs					(66,180)
Other income and other gains — net					1,159,447
Operating profit					3,977,931
Finance income					273,351
Finance costs					(646,577)
Share of results of investments accounted for using the equity method					699
Profit before tax					3,605,404
Income tax expense					(798,000)
Profit for the year					2,807,404
Non-controlling interests					(6,871)
Profit attributable to shareholders of the Company					2,800,533

	2023				
	Sanitary napkins products *RMB'000*	Disposable diapers products *RMB'000*	Tissue paper products *RMB'000*	Others *RMB'000*	Group *RMB'000*
Other items for the year ended 31 December 2023					
Additions to non-current assets	287,027	89,111	1,333,481	134,269	1,843,888
Depreciation of property, plant and equipment and investment properties	159,359	49,050	545,520	60,868	814,797
Depreciation of right-of-use assets	12,051	5,820	25,721	10,609	54,201
Amortisation charge of intangible assets	24,143	2	26	6,651	30,822
As at 31 December 2023					
Segment assets	4,297,173	1,086,481	12,384,739	1,862,643	19,631,036
Deferred tax assets					498,460
Tax recoverable					10,915
Investments accounted for using the equity method					56,854
Financial assets at FVTPL					212,370
Long-term time deposits					1,438,163
Cash and bank balances					18,189,943
Unallocated assets					178,160
Total assets					40,215,901
Segment liabilities	929,902	269,567	3,287,919	372,125	4,859,513
Deferred tax liabilities					182,386
Tax liabilities					199,438
Borrowings					14,237,625
Unallocated liabilities					107,088
Total liabilities					19,586,050

3. Other income and other gains — net

	2024 *RMB'000*	2023 *RMB'000*
Income from long-term and short-term time deposits	**658,472**	696,546
Government grants income *(Note)*	**464,560**	549,621
Realised fair value gains on derivative financial instruments	**167,884**	140,711
Gains from liquidation of subsidiaries	**77,398**	1,564
Gains (losses) on disposal of property, plant and equipment, intangible assets and right-of-use assets	**47,302**	(28,399)
Gain from disposal of investment in an associate	**13,283**	–
Unrealised fair value gains (losses) on derivative financial instruments	**366**	(15,461)
Fair value losses on financial assets at FVTPL	**(161,633)**	(3,301)
Exchange losses from operating activities — net	**(98,149)**	(184,325)
Others	**38,403**	2,491
	1,207,886	1,159,447

Note: These represented government grants received from certain municipal governments of Mainland China as an encouragement of the Group's contributions to the development of the local economy.

4. Expenses by nature

Expenses included in cost of goods sold, selling and distribution costs, administrative expenses and net impairment losses on financial assets were analysed as follows:

	2024 *RMB'000*	2023 *RMB'000*
Raw materials and consumables used	**12,530,477**	13,437,648
Employee benefit expense, including Directors' emoluments	**2,418,881**	2,253,995
Transportation and loading expenses	**1,183,640**	1,156,571
Marketing and advertising expenses	**1,157,578**	1,100,647
Utilities and various office expenses	**1,031,653**	990,824
Depreciation of property, plant and equipment	**896,381**	808,830
Repairs and maintenance expenses	**212,726**	180,377
Research and development expenses	**209,638**	339,836
Travelling expenses	**159,940**	154,584
Net impairment losses on financial assets	**68,006**	123,317
Tax surcharges	**106,846**	101,080
Depreciation of right-of-use assets	**50,830**	54,201
Expenses of short-term leases and low value assets	**42,594**	49,412
Amortisation of intangible assets	**31,088**	30,822
Impairment charge on property, plant and equipment	**–**	5,883
Reversal of allowance of inventories	**(20,251)**	(23,387)
Changes in inventories of finished goods	**7,811**	(241,504)
Auditor's remuneration		
— Audit services	**4,400**	5,900
— Non-audit services	**3,115**	2,218
Others	**427,157**	418,198
Total cost of sales, selling and distribution costs, administrative expenses and net impairment losses on financial assets	**20,522,510**	20,949,452

5. Finance income and finance costs

	2024	2023
	RMB'000	*RMB'000*
Finance costs:		
Interest expense		
— Borrowings	**477,942**	648,597
— Lease liabilities	**1,169**	1,496
Other finance charges	**17,126**	11,469
Exchange loss	**71,622**	–
Total finance costs incurred	**567,859**	661,562
Less: Finance costs capitalised in buildings and machinery under construction-in-progress	**(4,284)**	(14,985)
	563,575	646,577
Finance income:		
Interest income from cash and cash equivalents	**(180,399)**	(272,469)
Exchange gain	**–**	(882)
	(180,399)	(273,351)
Finance costs, net	**383,176**	373,226

For the year ended 31 December 2024, the capitalisation rate applied to funds borrowed generally and used for the development of construction-in-progress was 2.87% (2023: 2.83%) per annum.

6. Income tax expense

The amount of income tax expense charged to the consolidated statement of profit or loss represents:

	2024	2023
	RMB'000	*RMB'000*
Current income tax		
— Current tax on profits for the year	**570,414**	644,021
— PRC withholding income tax	**127,244**	87,314
Deferred income		
— Tax (credit) charge to profit or loss	**(22,471)**	66,665
Income tax expense	**675,187**	798,000

(a) Taxation on Mainland China income has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in Mainland China in which the Group's subsidiaries operate. The Company's subsidiaries incorporated in Mainland China are subject to Corporate Income Tax ("CIT") at the rate of 25%.

Certain subsidiaries were approved to be new and high-technology enterprises and are entitled to the tax rate of 15%.

(b) Hong Kong and overseas profits tax has been calculated at the rates of taxation prevailing in the regions in which the Group operates respectively.

(c) The profits of Mainland China subsidiaries of the Group derived since 1 January 2008 are subject to withholding tax at a rate of 5% upon distribution of such profits to investors in Hong Kong, or at a rate of 10% for other foreign investors. Deferred tax liabilities have been provided for in this regard based on the expected dividends to be distributed from the Group's Mainland China subsidiaries in the foreseeable future in respect of the profits generated since 1 January 2008.

(d) The Group is operating in certain jurisdictions where the Pillar Two Rules are enacted but not effective. However, as the Group's estimated effective tax rates of all the jurisdictions in which the Group operates are higher than 15%, after taking into account the adjustments under the Pillar Two Rules based on management's best estimate, the management of the Group has not made relevant disclosures of qualitative and quantitative information about the Group's exposure to the Pillar Two income taxes.

7. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the Group's profit attributable to the Company's shareholders by the weighted average number of ordinary shares outstanding during the year.

	2024	2023
Profit attributable to shareholders of the Company (RMB'000)	**2,298,535**	2,800,533
Weighted average number of ordinary shares outstanding (thousands)	**1,140,558**	1,159,752
Basic earnings per share (RMB)	**2.015**	2.415

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the year ended 31 December 2024 and 2023, share option schemes is the only category of dilutive potential ordinary shares of the Company. The diluted earnings per share is the same as the basic earnings per share as the potential ordinary shares in respect of outstanding share options is anti-dilutive.

8. Dividends

	2024 ***RMB'000***	2023 *RMB'000*
Dividends recognised as distribution to ordinary shareholders:		
Interim dividend of RMB0.70 in respect of the year ended 31 December 2024 (2023: interim dividend of RMB0.70 in respect of the year ended 31 December 2023) per ordinary share *(Note)*	**813,485**	813,485
Final dividend of RMB0.70 in respect of the year ended 31 December 2023 (2023: final dividend of RMB0.70 in respect of the year ended 31 December 2022) per ordinary share *(Note)*	**813,485**	813,485
	1,626,970	1,626,970

Notes:

The dividends paid in 2024 include final dividend amounted to RMB813,485,000 paid in respect of the year ended 31 December 2023 of RMB0.70 per share (including RMB16,240,000 which is the dividend of shares withheld for share award schemes) and interim dividend amounted to RMB813,485,000 paid in respect of the year ended 31 December 2024 of RMB0.70 per share (including RMB16,240,000 which is the dividend of shares withheld for share award schemes), with total amount of RMB1,626,970,000.

The dividends paid in 2023 include final dividend paid in respect of the year ended 31 December 2022 of RMB0.70 per share and interim dividend paid in respect of the year ended 31 December 2023 of RMB0.70 per share, amounting to a total dividend of RMB1,626,970,000.

A final dividend in respect of the year ended 31 December 2024 of RMB0.7 per share, amounting to a total dividend of RMB813,485,000, was proposed by the Board of Directors at a meeting held on 25 March 2025, subject to the final approval by the shareholders of the Company at the Annual General Meeting to be held on 20 May 2025. These financial statements do not reflect this dividend payable.

Dividends payable to shareholders will be paid in HK$. The exchange rate adopted by the Company for its payable is the middle rate of HK$ to RMB announced by the People's Bank of China for the business day preceding the date of dividend declaration. The final dividend of RMB0.70 per share equivalent to HK$0.758010 per share using the exchange rate of HK$ to RMB on 24 March 2025, which is 0.92347.

9. Trade and bills receivables

Part of the Group's sales are on open account with credit terms ranging from 30 days to 90 days. The following is an aged analysis of the trade and bills receivables represented based on invoice date:

	2024	2023
	RMB'000	*RMB'000*
Within 30 days	**952,521**	937,106
31–180 days	**1,248,469**	1,517,859
181–365 days	**47,041**	88,922
Over 365 days	**191,641**	175,111
	2,439,672	2,718,998
Less: allowance for credit losses	**(185,514)**	(165,641)
Trade and bills receivables, net	**2,254,158**	2,553,357

As credit terms are short and most of the trade and bills receivables are due for settlement within one year, the carrying amounts of these balances approximated their fair values as at the balance sheet date.

10. Trade and bills payables

At 31 December 2024 and 2023, the following is an aged analysis of trade and bills payables based on invoice date:

	2024	2023
	RMB'000	*RMB'000*
Within 30 days	**1,716,415**	1,686,381
31–180 days	**1,299,079**	1,051,641
181–365 days	**24,014**	7,775
Over 365 days	**5,327**	4,272
	3,044,835	2,750,069

The carrying amounts of trade and bills payables are approximate their fair value as at the balance sheet date due to short-term maturity.

11. Borrowings

	2024	2023
	RMB'000	*RMB'000*
Non-current		
Long-term bank loans — unsecured	**2,420,061**	330,250
Long-term bank loans — secured	**–**	180
	2,420,061	330,430
Current		
Short-term bank loans — unsecured	**10,540,562**	10,621,301
Trust receipt bank loans	**107,147**	421,293
Current portion of long-term bank loans — unsecured	**21,889**	2,862,500
Current portion of long-term bank loans — secured	**189**	2,101
	10,669,787	13,907,195
Total borrowings	**13,089,848**	14,237,625

(a) Super short-term commercial papers

The following super short-term commercial papers were issued and matured during the years:

	Interest rate	Expiration term	Mature date	Amount *RMB'000*
2024				
24恒安國際 SCP001	2.10%	180 days	4 September 2024	2,500,000
24恒安國際 SCP002	2.10%	182 days	11 September 2024	2,500,000
2023				
23恒安國際 SCP001	2.40%	180 days	27 August 2023	1,500,000
23恒安國際 SCP002	2.40%	178 days	28 September 2023	2,000,000
23恒安國際 SCP003	2.39%	180 days	8 November 2023	1,000,000
23恒安國際 SCP004	2.39%	179 days	17 November 2023	500,000

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2024, as incremental and existing policies took effect, the national economy showed steady progress, achieving a gross domestic product ("GDP") growth of 5.0% year-on-year. Driven by polices to expand domestic demand and boost consumption, the consumer market experienced stable growth. In 2024, China's total retail sales of consumer goods increased by 3.5% year-on-year, of which total retail sales of daily necessities increased by 3.0%. However, the escalating geopolitical tensions and the rise of trade protectionism hindered global economic recovery. In response to this complex business landscape, the Group actively enhanced its competitive advantages, focusing on enhancing profitability, advancing product premiumisation, deepening e-commerce and new retail strategies, and continuously expanding its market presence for steady development.

Despite the overall stable growth of the domestic consumer market in 2024, there is still room for improvement in residents' consumption capacity and willingness. The competition in the domestic daily necessities market has intensified, with many domestic and foreign brands adopting low-price promotions strategy to capture market share, leading to a decline in average selling price in the industry and a negative growth in overall market sales. However, Hengan seized the opportunity presented by the increasing demand for high-quality personal care products and the fragmentation of consumption channels. Through price stabilisation strategies and product line continuous upgrades and premiumisation, Hengan greatly expanded into e-commerce platforms and new retail channels, and also promoted sales and created new growing points in traditional channels. The Group's omni-channel sales strategy continued to progress, with its market share consistently leading the industry. As of 31 December 2024, the Group's revenue decreased by 4.6% to approximately RMB22,669,215,000 (2023: RMB23,767,936,000) as compared to last year. In 2025, the Group will continue to adopt omni-channel strategy, comprehensive brand optimisation and stable pricing strategies, the Group's revenue is expected to remain stable.

Leveraging opportunities presented by the integration of online and offline consumption models, the Group continued to step up its efforts in developing its e-commerce business and new retail market. In addition to promoting brands on traditional large-scale e-commerce platforms, it also strengthened penetration into other emerging e-commerce channels. During the year, the proportion of the Group's e-commerce and new retail sales (including Retail Integrated ("零售通") and New Channel ("新通路")) further increased to approximately 34.1% (2023: 30.1%), with revenue increasing by approximately 8.0% year-on-year. In addition, the Group continued to promote sales and create new growing points in traditional channels during the year, steadily advancing its omni-channel sales strategy. Meanwhile, by actively identifying of consumer demand for high-quality hygiene products and personalised experiences, the Group developed new technologies for product upgrades, accelerating the development of premium products and optimisation of product mix. This strategy enhanced the brand image and injected new impetus into its long-term development. These products, which include the premium disposable diapers series "Q • MO", and the sanitary napkins series "Sweet Dream Pants" (萌睡褲) and premium brand "Tianshan Cotton" (天山絨棉), continued to be well-received by consumers and maintained strong sales momentum throughout the year. The sales of various key products also achieved a year-on-year growth of more than 10.0% and continued to increase its proportion over the sales, while also improving their brand image and reputation.

Despite the steady increase in the sales proportion of premium, high-margin products and savings on petrochemical raw material costs for sanitary napkins during the year, the lagging effect of rising wood pulp prices for tissue paper in the second quarter led to an increase in inventory costs in the third quarter. In addition, promotional expenses increased substantially by over 10.0% during the year, exerting pressure on the Group's gross profit. In 2024, the Group's overall gross profit decreased by approximately 8.6% to approximately RMB7,324,940,000 (2023: RMB8,010,688,000). The gross profit margin decreased to approximately 32.3% (2023: 33.7%). It is expected that in 2025, the Group will prudently allocate promotional resources, while premium, high-margin products are expected to sustain significant growth. With raw material prices expected to stay consistent, the Group's gross profit is anticipated to remain stable.

During the year, the Group's operating profit decreased by 15.7% to approximately RMB3,354,591,000 (2023: RMB3,977,931,000), mainly due to the decline in overall gross profit. Profit attributable to shareholders of the Company dropped by 17.9% to approximately RMB2,298,535,000 (2023: RMB2,800,533,000). In 2024, the Group's basic earnings per share was approximately RMB2.015 (2023: RMB2.415).

The Board of Directors declared a final dividend of RMB0.70 per share (2023: RMB0.70 per share) for the year ended 31 December 2024, together with the interim dividend of RMB0.70 per share (2023 first half: RMB0.70 per share) already paid, total dividend for the year amounted to RMB1.40 per share (2023: RMB1.40 per share) or RMB1,626,970,000 (2023: RMB1,626,970,000), maintaining a stable dividend amount.

Sanitary Napkin

China has the world's leading feminine care products market. With the growing awareness of feminine care and increasing of purchasing power, there is a growing emphasis on product quality, safety and added value, driving premiumisation, upgrades and continuous expansion of the market. However, as the market competition has intensified, many domestic and foreign brands adopted aggressive sales strategies to tap into the mid-to-high-end market and young consumers. Hengan has full confidence in its product quality and longstanding reputation among customers and adheres to a rational and stable pricing strategy. In order to enhance the brand image and consolidate its leading position in the mid-to-high-end market and traditional sales channels, Hengan continued to promote product upgrades and premiumisation to meet consumers' demand for high-quality feminine care products, so as to reinforce its leading position amid fierce market competition. The Group's premium "Tianshan Cotton" series launched in the second half of 2023 remained a hot seller throughout the year due to its excellent quality and brand image.

The continuous rapid increase in the penetration of new consumption patterns has exacerbated the fragmentation of channels. E-commerce platforms and other emerging retail channels (including community group-buying) are thriving. The Group actively seized the opportunities of emerging consumption trends, vigorously expanded emerging sales channels, and reinforced its advantages in traditional channels. However, the competition in the domestic sanitary napkin market became increasingly fierce during the year, both domestic and foreign brands adopted aggressive price reduction and promotion strategies to expand their market share, resulting in an impact on sales. In 2024, the revenue of the Group's sanitary napkin business decreased by approximately 8.1% to approximately RMB5,677,965,000 (2023: RMB6,178,438,000), accounting for approximately 25.0% (2023: 26.0%) of the Group's overall revenue. The sanitary napkin market is expected to remain challenging in 2025. However, driven by the growing proportion of upgraded and premium products, along with the stable development and expansion of traditional and new retail sales channels, the Group's sanitary napkin business is anticipated to recover and achieve stable revenue growth.

The Group adheres to a stable pricing strategy and prudent allocation of promotional expenses. Benefitting from the increase in the proportion of upgraded and premium products, as well as cost savings from petrochemical raw materials, the main raw material for sanitary napkins during the year, the gross profit margin of the sanitary napkin business remained stable at around 63.7% in 2024 (2023: 63.8%). While seizing the opportunities in the domestic market, and driven by product upgrades and premiumisation, the Group expects the gross profit margin would continue to improve in 2025.

The Group's sanitary napkin brand 七度空間 continues to launch upgraded and premium products and strives to enhance its brand image. In recent years, the Group launched upgraded products such as "Ultra-thin" (特薄) and "Pants-style" (褲型) series, which received an overwhelming response from the market. The "Tianshan Cotton" series that the Group promoted during the year, uses rare and pure long staple cotton from snowy mountains to meet the demand of today's customers for high-quality products. Although the series was only launched in the second half of 2023, its sales already exceeded RMB400 million during the year, and are expected to gradually increase. The Group signed Zhao Jinmai, a female artist with a bright and positive image, as the brand ambassador of 七度空間, injecting youthful vitality into the brand. With the theme of "Freedom Without Limits", the Group launched a variety of promotional activities, such as brand ambassador live streaming, meetings and limited-edition gift sets, based on the preferences of young female customers and white-collar women to further enhance the brand image and attract young and white-collar customers.

In addition, the "Pants-style" series still has great growth potential with sales reaching RMB587 million during the year, a year-on-year increase of approximately 21.5%. The Group will continue to vigorously promote the "Pants-style" series of products to consumers and launch an upgraded version of "Sweet Dream Pants" to attract more consumers and further increase market penetration. The Group believes that the upgraded and premium products of the 七度空間 series will continue to be the main growth driver for the sanitary napkin business in the future, which will help the Group expand its market share and increase the revenue contribution of premium products. Moreover, the Group's sanitary napkin brand "Anerle" (安爾樂) launched instant-absorbing liquid sanitary napkins during the year. This product utilises patented core and 3D liquid compartment technology, allowing for quick absorption and leakage prevention. It has been popular among domestic consumers.

Meanwhile, the Group will continue to increase the sales proportion of new retail channels, develop high quality products, maintain stable pricing, and consolidate growth in traditional channels, thereby promoting the Group's long-term development and reinforcing its leading position. The Group will also develop and launch other feminine care products beyond sanitary napkins, steadily develop the feminine care industry, and seize market opportunities.

Tissue Paper

Tissue paper has become a staple for both home use and travel. Consumers are increasingly prioritising quality, functionality, and environmental sustainability, driving the premiumisation and eco-friendly upgrades in the tissue market. During the year, intense price wars among domestic brands led to a decline in industry sales. In response to the accelerated consolidation in the industry, the Group focused on enhancing profitability and product premiumisation. Through stable pricing, omni-channel sales, brand optimisation, product diversification, and cost control, the Group successfully bucked the trend, achieved growth in tissue paper sales volume and further expanded its market share. During the year, benefitting from the Group's effective "value competition" strategy, the sales proportion of premium tissue paper continued to rise, resulting in a low single-digit growth in overall tissue paper sales volume. However, due to promotional expenses increasing by over 10.0% and a significant decline of more than 26.0% in raw paper sales, the Group's tissue paper business saw a year-on-year revenue decrease of approximately 2.4%, amounting to approximately RMB13,422,445,000 (2023: RMB13,748,172,000). This decline was narrower than the 3.1% drop recorded in the first half of 2024, mainly due to a recovery in tissue paper sales in the fourth quarter of 2024. Its revenue accounted for approximately 59.2% of the Group's total revenue (2023: 57.8%). Looking ahead to 2025, despite ongoing price reductions and promotions in the industry, the demand for premium, high-quality tissue paper is expected to grow continuously. The Group will continue to upgrade its products and increase the penetration rate of premium products to mitigate the impact of industry price competition on tissue paper sales, ensuring stable performance in the tissue paper business.

In 2024, although the Group made significant strides in product premiumisation, the gross profit margin of the tissue paper business was under pressure due to fluctuations in raw material prices and increased promotional expenses. Wood pulp prices rose in the second quarter and then dropped in the third quarter. However, the three-month lag in wood pulp prices, coupled with rising promotional costs, led to an increase in the Group's wood pulp inventory costs in the third quarter, with a slight improvement seen in the fourth quarter. The gross profit margin for the Group's tissue paper business declined in the second half of the year compared to the first half, resulting in a decrease to approximately 18.9% for 2024 (2023: 21.7%). Looking ahead to 2025, the Group plans to control promotional expenses and continue increasing the sales proportion of premium products. In addition, with wood pulp prices expected to remain stable, this should help sustain stable gross profit margin for the tissue paper business.

Driven by the improvement of national health awareness and the growing demand for consumption upgrades, the Group's upgraded and premium tissue paper products achieved remarkable sales. In March 2024, the Group's brand "Hearttex" (心相印) joined hands with the industry to release the "100% Virgin Wood Pulp" logo, aiming to establish quality standards for tissue paper and drive the quality upgrade of the household paper industry. At the same time, the Group introduced the "Fluffy Cube" series of tissue paper products (including facial tissue and kitchen roll). "Fluffy Cube" is a new tissue paper series of the Group, produced by the first TAD tissue machine in China. It is also the first tissue paper series in China to adopt the TAD technology. TAD is an internationally recognised high-quality household paper production technology, providing a disruptive upgrade in comfort and practicality. The "Fluffy Cube" series facial tissue is soft and gentle on the skin, while the kitchen roll can absorb oil and trap water effectively.

In terms of wet wipes business, domestic consumers are increasingly prioritising the functionality and convenience of hygiene products, making wet wipes a daily necessity. Consumer demand and penetration rate of domestic wet wipe products have increased continuously. The diversification of wet wipe products is expanding its applications to meet consumers' personalised needs, driving the rapid development of the wet wipes market. Leveraging its excellent product quality and thoughtful packaging design, the Group's wet wipes business maintained strong growth momentum. By launching a diversified wet wipes product mix, the Group accelerated penetration into toilet wet wipes, cooling towels, baby wipes, adult wipes, and household cleaning wipes and other market segments, meeting various preferences and demands of consumers, and establishing itself as a market leader. Moreover, the gross profit margin of wet wipes is the highest among tissue paper products, with distinguished profitability. During the year, the gross profit margin of wet wipes was 50.7%. The Group's Hearttex wet wipes are made of high-quality spunlace nonwoven fabric with moisturising liquid, soft to touch yet strong, and are renowned as the "No. 1 brand in the domestic wet wipes industry". With the Group's continuous deep cultivation of the wet wipes market, its wet wipes business experienced breakthrough growth this year, with revenue exceeding RMB1.0 billion for the first time. Its revenue surged 30.7% to approximately RMB1,216,677,000 (2023: RMB931,060,000), accounting for approximately 9.1% of the overall sales of the tissue paper business (2023: 6.8%). Driven by the increasing demand for premium and personalised hygiene products, the wet wipes business is expected to maintain robust growth. The Group will continue to seize the opportunities brought by the strong growth momentum of the wet wipes market, expand its market share in the domestic wet wipes market and consolidate its market leadership.

In addition, the Group is also committed to enhancing the brand image of "Hearttex" and demonstrating its care for society. During the year, the Group launched the "Rosy Life" (玫瑰人生) co-branded facial tissue of "Hearttex" and Majid. Majid is a former senior Arabic teacher who tramped the streets of Syria due to the unfortunate of war and illness. He could only stay afloat by selling tissue paper. "Hearttex" sent roses and handwritten letters to Majid and his wife to express the brand's respect. "Hearttex" also added an illustration of Majid and the quote, "We must live life to the fullest" on the tissue packaging. In addition, the Group invited Majid to participate in a live broadcast, which won high praise from all walks of life. "Hearttex" leveraged its brand influence to raise social awareness of Majid and other socially vulnerable and displaced individuals, thoroughly implementing the brand slogan of "Love in Hearttex" and deepening the warm and caring brand image of "Hearttex".

The Group actively responded to the fragmentation of channels and the efforts and resources invested in strategic deployment in the early years have entered the harvest period. The tissue paper business performed remarkably in e-commerce and new retail channels (including Retail Integrated, community group-buying, etc.), with a sales growth of approximately 13.0%, accounting for nearly 40.0% of the overall sales of tissue paper. In the future, the Group will continue its endeavours in expanding different sales channels, striving for the largest market share.

In the face of fierce market competition, the Group will develop more high-quality products to meet the diverse and personalised needs of consumers, improve the cost-effectiveness of tissue paper production, and increase the production capacity of each production base, to fully grasp opportunities in the domestic tissue paper market and maintain its leadership in the tissue paper market. During the year, the Group's annual production capacity increased to approximately 1,630,000 tonnes. The Hubei Xiaogan phase I project and the Guangdong Yunfu phase I project were also put into production. It is expected that in 2025, the remaining production capacity of the Guangdong Yunfu project will be gradually completed to meet market conditions and support sales growth.

Disposable Diapers

With the continuous ageing population and rising consumption level of residents, China's disposable diaper market is experiencing significant growth. Consumption upgrade and evolving parenting concepts have also prompted the continuous increase in the penetration rate of baby disposable diapers. Furthermore, the growing trust and recognition of local brands among domestic consumers are creating a wealth of opportunities in China's disposable diaper market.

The Group continues to develop high-quality baby and adult care products to meet customers' growing demand for product quality. During the year, sales of the flagship premium product "Q • MO" maintained substantial growth, with sales reaching RMB548 million, a year-on-year growth of approximately 20.1%, and its proportion further increased to about 43.5%. In 2024, the Group strived to strengthen the development of new retail channels and maternity sales channels, with new retail channels and maternity sales channels accounting for approximately 53.9% and 21.8% of sales, respectively. Despite fierce market competition, bolstered by enhanced brand competitiveness, the continuous sales growth of the Group's premium product "Q • MO" effectively offset the decline in sales from traditional channels and mid-to-low-end products. On the other hand, benefitting from the growing domestic adult incontinence products market and the continuous increase in the penetration rate of the Group's adult disposable diapers, the sales of the Group's adult disposable diaper business remained stable during the year, accounting for approximately 24.0% of the overall diaper sales. As a result, the sales of the Group's disposable diaper business increased by approximately 0.5% to approximately RMB1,260,631,000 (2023: RMB1,254,070,000), accounting for approximately 5.6% (2023: 5.3%) of the Group's overall revenue. With the steady increase in the proportion of premium baby and adult diaper products, the sales of the Group's disposable diaper business are expected to maintain growth in 2025. In terms of gross profit margin, the stable price of petrochemical raw materials for disposable diapers during the year, coupled with the increase in the proportion of sales of the higher-margin premium "Q • MO" products (with a margin of over 50.0%) led to a substantial improvement in the gross profit margin of the diaper business to approximately 45.4% in 2024 (2023: 38.1%). The Group expects the gross profit margin of the disposable diaper business to further improve in 2025.

During the year, the Group continued to seize market opportunities, further developed the premium product market and enhanced product quality. Regarding the baby diaper business, the Group continued to rebrand the "Anerle" (安兒樂) brand in recent years, established a new brand positioning, and developed sports pants-style diapers to meet the needs of today's consumers, effectively driving an increase in sales. On the other hand, "Q • MO" magic breathing diapers, which have 3.6 times more vents than traditional diapers, are very popular in the market. The Group will continue to optimise diaper products to capture domestic growth opportunities and gain a larger market share. With the dual-brand strategy, the Group anticipates that sales of the baby diaper business will continue to grow steadily in 2025.

In the future, the Group will continue to develop the baby care market and the adult care market in parallel with a premium products strategy. In addition to e-commerce sales channels, the Group will vigorously develop new retail channels and also increase cooperation with maternity stores, nursing homes and hospitals. On the one hand, it will seize new business opportunities brought by new retail. On the other hand, through cooperation with maternity stores, nursing homes and hospitals, it will expand the Group's potential customer base, and provide a one-stop product sales chain, bringing sustainable growth momentum to the disposable diaper business, supporting the long-term development of the adult care business and continuing to tap the growth potential of the adult care market.

Other Income and Household Products

Regarding other income and household products, the Group's revenue for the year, which mainly includes revenues from raw material trading business, household products business, and Wang-Zheng Group in Malaysia, decreased by approximately 10.8% year-on-year to approximately RMB2,308,174,000 (2023: RMB2,587,256,000). The decline was mainly due to the Group's preference to reserve raw materials for the manufacturing of products and ensure reasonable profits from its raw material trading business. As a result, revenue from raw material trading business dropped significantly by approximately 17.1% to approximately RMB1.16 billion (2023: RMB1.4 billion). Benefitting from the effective implementation of a profit-focused strategy, the gross profit margin of the Group's other income business rose to 26.1% in 2024 (2023: 23.4%).

During the year, revenue from the household products business was approximately RMB252,535,000 (2023: RMB249,589,000), representing a year-on-year increase of approximately 1.2%, accounting for approximately 1.1% (2023: 1.1%) of the Group's revenue.

In recent years, the Group greatly expanded the product range of its brand, "Hearttex" with the successive launch of plastic bags (including garbage bags and disposable gloves), food wrap film, dish detergent and paper cups etc. Sunway Kordis and its subsidiaries have sales channels to export products to overseas sales network (including the markets in Australia and Asia). The Group will continue to take advantage of these overseas sales network to bring Hengan's high-quality products to overseas markets.

International Business Development

The Group has been actively expanding to overseas markets. In 2024, turnover of overseas channel (excluding Wang-Zheng Group business) for the year was approximately RMB1,166,774,000 (2023: RMB1,586,085,000), accounting for approximately 5.1% of the Group's overall sales (2023: 6.7%).

During the year, the Group's Wang-Zheng Group business in Malaysia saw a steady development and its turnover increased by 10.9% to approximately RMB485,610,000 (2023: RMB437,699,000) accounting for approximately 2.1% of the Group's overall sales (2023: 1.8%). Wang-Zheng Group is principally engaged in investment holding and the manufacturing and processing of fiber-based products, which include adult and baby disposable diapers, and tissue products, cotton products and processed papers. Its brands include "P Love" adult disposable diapers, "Carina" personal hygiene and tissue products. The Group leveraged on the Malaysian Wang-Zheng Group as its base to bring Hengan's tissue and adult disposable diapers products into the Southeast Asian market.

In the future, the Group will continue to upgrade its existing Wang-Zheng products, develop and launch more good quality products under the Wang-Zheng brand and further increase its market share in Malaysia and Southeast Asia.

E-commerce and New Retail Channel Strategies

The rapid growth of e-commerce and new retail channels, fueled by the rise of online-offline integrated consumption and the digital economy, is expanding the online shopping market and injecting new vitality into the retail sector. According to statistics, the national online retail sales of physical goods reached RMB13.1 trillion in 2024, representing an increase of 6.5%, of which the online retail sales of daily necessities increased by 6.3%. In order to meet the ever-upgrading needs of consumers, the Group continues to innovate, develop and optimise e-commerce and other new retail channels, and adapt to the market trends to grasp business opportunities. During the year, the Group carried out higher quality product promotions for various brands in new channels, and its stable pricing strategy received positive responses from the market, thus further enhancing the Group's brand awareness and market share in online and other new retail channels.

In 2024, the Group's e-commerce and new retail channels (including Retail Integrated and New Channel) maintained a robust development momentum. The sales for the year increased by approximately 8.0% to more than RMB7.73 billion (2023: RMB7.16 billion), bringing the proportion of e-commerce sales up to approximately 34.1% (2023: 30.1%) of the Group's overall sales. During the year, new retail channels contributed approximately 39.7%, 27.9% and 53.9% to the sales of tissue paper business, sanitary napkin business, and disposable diaper business respectively. It is expected that the proportion of sales in new retail channels will be further increased in the future.

In the future, the Group will embrace emerging consumer trends and models in e-commerce and new retail, continue to step up its efforts in developing its e-commerce brand flagship stores and emerging channels (such as Douyin) and strengthen its data analytics capabilities for end customers to broaden consumer reach.

To cater for the new consumer trends, the Group has interacted with consumers through livestream sales and other community activities to strengthen the connection with young consumers. The Group also appointed Xiao Zhan, a popular artist, as the global brand ambassador of "Hearttex" to further enhance the brand influence. The Group will continue to increase its market share in e-commerce and new retail channels to inject strong impetus for rapid growth in the future.

Selling and Administrative Expenses

As the Group moderately increased its online marketing investment in 2024 to capture market opportunities and promote the Group's key selling products, the Group's selling and administrative expenses for the year amounted to approximately RMB5,110,229,000 (2023: RMB5,068,887,000), representing a slight year-on-year increase of approximately 0.8%. However, due to the drop in revenue, the proportion of the Group's selling and administrative expenses to the total revenue for the year slightly increased to approximately 22.5% (2023: 21.3%). The Group believes that through the implementation of targeted sales and promotion strategies, the ratio of these expenses to revenue is expected to improve in 2025.

Foreign Currency Risks

Most of the Group's income is denominated in Renminbi. During the year, Renminbi depreciated against the U.S. dollar and the H.K. dollar. The Group recorded an operating exchange loss of approximately RMB170 million (2023: RMB180 million), remaining stable year on year.

As at 31 December 2024, apart from certain foreign currency swap contracts entered into with certain large commercial banks, the Group had not issued any significant financial instruments or entered into any significant contracts for foreign currency hedging purposes.

Liquidity, Financial Resources and Bank Loans

The Group has always maintained a solid financial position. As at 31 December 2024, the Group's cash and bank balances, long-term time deposits and restricted bank deposits amounted to approximately RMB18,892,708,000 (2023: RMB19,628,406,000); and bank borrowings and other borrowings amounted to approximately RMB13,089,848,000 (2023: RMB14,237,625,000).

In December 2022, the Group successfully registered super short-term commercial papers in an aggregate amount of not more than RMB5.0 billion. In March 2024, the Group issued two batches of super short-term commercial papers in an aggregate amount of RMB5.0 billion with a coupon rate of 2.1% per annum and tenors ranging from 180 days to 182 days. The proceeds from the issuance of the two batches of super short-term commercial papers are intended to be used to supplement the working capital of the Group and its subsidiaries and to repay their debts. The two batches of commercial papers have been fully repaid by 31 December 2024.

The bank borrowings and other borrowings were subject to floating annual interest rates ranging from approximately 0.001% to 5.39% (2023: from approximately 0.05% to 6.45%).

As at 31 December 2024, the Group's gearing ratio, which was calculated on the basis of the total amount of borrowings as a percentage of the total shareholders' equity (not including non-controlling interests) was approximately 62.6% (2023: 69.8%). While the net gearing ratio, which was calculated on the basis of the amount of borrowings less cash and bank balances and long-term time deposits as a percentage of the shareholders' equity (not including non-controlling interests), was approximately negative 27.7% (31 December 2023: negative 26.4%). The Group was in a net cash position of approximately RMB5.80 billion (2023: RMB5.39 billion) The Group will stay committed to optimising the gearing ratio and maintaining a solid net cash position to ensure a sound financial position.

During the year, the Group's capital expenditure was approximately RMB1,688,986,000 (2023: RMB1,843,888,000), primarily allocated to increase the production capacity of various manufacturing facilities. As at 31 December 2024, the Group had no material contingent liabilities.

Human Resources and Management

During the year, the Group actively improved the efficiency of human resources, raised the salaries of employees to the industry level, and implemented a more scientific and reasonable "target remuneration" system by linking the salary system with the staff duties and responsibilities and task goals, thus stimulating the staff enthusiasm for work, and improving work efficiency. As at 31 December 2024, the Group employed approximately 24,000 staff members. The Group's remuneration package is determined with reference to the experience and qualifications of the individual employees and general market conditions. Bonus is linked to the Group's financial results as well as individual performance. The Group also ensures that all employees are provided with adequate training and career opportunities according to their needs. The Group will also continue to improve efficiency and adjust production capacity and supply levels.

Latest Awards

In 2024, awards and honours won by the Group were as follows:

Awards/Honours	Organisation
Quanzhou Charity Enterprise	Quanzhou Municipal People's Government
Key Industry Energy Efficiency "Leading" Enterprise — Hengan (China) Paper Co., Ltd.	General Office of the Ministry of Industry and Information Technology, National Development and Reform Commission, and State Administration for Market Regulation
Ranked 89th on the 2024 Top 100 Annual Brand List — Hearttex	Sina Finance, China Brand Innovation Lab, and Mido
China's Baby Diaper Industry, China's Feminine Hygiene Products Industry, China's Adult Incontinence Products Industry, Top 10 Enterprises in China's Wipes Industry 2024	China Technical Association of Paper Industry
2024 China Hygiene Products Industry Ingenuity Product — Anerle (安爾樂), Anerle (安兒樂), ElderJoy (安而康), and 七度空間; China Tissue Paper Industry Ingenuity Product — Hearttex	China Technical Association of Paper Industry
Top 10 Technological Innovation Enterprises in China's Tissue Paper Industry	China Technical Association of Paper Industry
Deputy Director Unit	Hygiene Products Committee of China Technical Association of Paper Industry
All-Asia Executive Team 2024: Most Honoured Company and Best ESG (Consumer Staples Sector)	Institutional Investor
Top 100 Manufacturing and Innovative Private Enterprises in Fujian	Fujian Federation of Industry and Commerce

Awards/Honours	Organisation
Outstanding Entrepreneur Group Practicing the "Jinjiang Experience"	Publicity Department of the CPC Fujian Provincial Committee
Top 100 Manufacturing Enterprises in Fujian 2024 (21st Place)	Fujian Enterprises and Entrepreneurs Confederation, Fujian Academy of Social Sciences, and Fujian Media Group
The 31st China International Advertising Festival Great Wall Awards Annual Brand Competition — Nominated Brand of the Year, and Good Merchandise of China 2024 Brand Enterprise	China Advertising Association
Outstanding ESG Enterprises Recognition Scheme 2024 — Prestigious ESG Accomplishment of the Year	Sing Tao News Corporation and The Hong Kong Polytechnic University
The 7th "Dingge Awards" Digital Transformation Pioneer List 2024 — All-Data Smart Enterprise of the Year (Hengan Supply Chain Optimisation Project and Hengan ERP Private Cloud Upgrade Project)	Caijing Magazine and SAP
JD Supermarket 10th Anniversary "Sales Excellence Brand Award" — Hearttex; JD Supermarket Personal Care Industry — Leading Industry Brands (七度空間 and ElderJoy)	JD Supermarket
Annual Outstanding Marketing Award and Tmall Beauty Award — Hearttex and 七度空間	Tmall Supermarket
China Best Managed Companies 2024 — China Best Managed Company Gold Award	Deloitte China, Bank of Singapore, HKUST Business School, and Harvard Business Review (Chinese Edition)

Corporate Social Responsibility

With the vision of "growing together with all stakeholders and constantly moving towards becoming a top-tier daily products company", Hengan has constructed the "GROWTH" ESG strategic framework to promote in-depth collaboration with all stakeholders and achieve efficient collaborative development. Focusing on areas such as excellent governance, green development, customer care, employee empowerment, trusted partners, and healthy communities, Hengan uses sustainable practices as the engine to drive the enterprise forward with high quality and steadily move towards the goal of "gain RMB100 billion within 100 years".

With the concerted efforts of all stakeholders, Hengan has continuously improved the transparency of ESG information disclosure and rating performance. In 2024, our Hang Seng ESG rating was upgraded to "A", and we were included in the "Hang Seng Corporate Sustainability Benchmark Index" for the first time. Additionally, as of the end of the reporting period, Hengan's MSCI ESG rating reached the "BBB" rating, its FTSE Russell rating has been raised for three consecutive years, and it has been successfully selected as a constituent stock of the FTSE4Good Index Series. And Hengan has been successfully included in S&P Global's Sustainability Yearbook (China Edition) or two consecutive years since 2023.

In 2024, we were also awarded the "Prestigious ESG Accomplishment of the Year" at the "Outstanding ESG Enterprises Recognition Scheme 2024" in Hong Kong, becoming the only consumer goods company to be shortlisted for the award.

Excellent Governance

Hengan is committed to ensuring shareholder interests while creating value for stakeholders and the whole society through the establishment of a sound governance system. The Group has established a four-level ESG governance structure from top to bottom, including the Board of Directors, ESG Committee, ESG Working Group, and relevant functional departments. Each level is respectively responsible for decision-making, supervision, coordination, and implementation of ESG matters, and is committed to integrating ESG concepts into all aspects of corporate operation and management, and steadily advancing Hengan's sustainable development.

We actively respond to concerns from all parties, formulate policies on sustainable development, and publicly disclose them on our official website, accepting public supervision. Hengan extensively listens to the voices of all stakeholders, responds to expectations for Hengan's sustainable development, and discusses and responds to ESG-related issues of concern to stakeholders, adjusting the Group's ESG strategy in a timely manner.

Green Development

Hengan firmly advances on the path of green development, actively responds to climate change, integrates the concept of green and low-carbon into all links of operations, promotes value chain carbon reduction, and strives to reduce resource and energy consumption as well as waste emissions in operations, achieving energy efficiency improvement and resource recycling and contributing to the construction of a beautiful China. In 2024, Hengan's greenhouse gas emission intensity was 0.63 tons of CO_2 equivalent per ten thousand yuan of sales revenue; the energy consumption intensity of the papermaking sector was 0.34 tce per tonne of paper, significantly lower than the level 1 standard (0.38 tce per tonne) of the Energy Consumption Per Unit Product of Pulp and Papermaking (GB31825–2024) (《製漿造紙單位產品能源消耗限額》).

Hengan firmly conveys the concept of protecting the ecological environment in the value chain, continuously promotes responsible wood pulp procurement, and protects the forest resources on which human survival depends. The Group issued the Zero Deforestation Commitment, conveying the expectation of "No Net Deforestation" to suppliers and partners, and striving together to move towards this commitment. By the end of 2024, 8 papermaking companies of Hengan had passed the FSC-CoC certification, and 100% of the pulp suppliers owned Forest Management Committee(FSC) or Program for the Endorsement of Forest Certification (PEFC) system certificates.

During the reporting period, Hengan (Xiaoguan) Household Products Co., Ltd., a subsidiary of the Group, was awarded the "National Green Factory" by the Ministry of Industry and Information Technology of the People's Republic of China. Hengan (China) Paper Co., Ltd. became the only enterprise in the toilet paper and tissue paper industry to be selected for the "Public Announcement of the List of Energy Efficiency 'Leaders' Enterprises in Key Industries in 2023".

Customer Care

Hengan always adheres to the market philosophy of "consumer-oriented", actively exploring and innovating in the ever-changing market. We started to upgrade the research and development management system to strengthen the close connection between product innovation and market demand. With strict technical standards, we have continued to promote technological iteration, strengthened the construction of innovative talent teams, and strived to continuously improve the success rate of research and development, aiming to launch more consumer-oriented, high-quality personal and household sanitary products in the most efficient way.

We promoted the optimization and upgrading of the production quality system with our relentless pursuit of excellence in quality, through improving quality management processes, strictly implementing quality risk audits, and building quality talent teams. At the same time, we strengthened the digital construction of quality management, independently developed and launched the "HA Heng Testing" data collection mini-program; added a new quality inspection center, and completed the national CNAS recognition laboratory certification, further enhancing the quality control efficiency and capabilities, and ensuring product quality with high standards and strict requirements, providing consumers with higher-quality and more reliable products.

In 2024, Hengan Group released the first domestic TAD product, Hearttex Velvet Cube Tissue, which has achieved a revolutionary upgrade in comfort and practicality. As the leading brand in the paper industry, Hearttex initiated the "100% Native Wood Pulp as Quality Certification Mark for Life Paper" initiative and issued the 100% Native Wood Pulp mark, aiming to standardize the identification standards for good tissues and promote the quality upgrading of the life paper industry.

The Group integrates sustainable development into the innovation strategy, taking ecological friendliness and environmental sustainability as one of the innovative concepts, guiding the innovation work, and committed to creating safe, healthy, and environmentally friendly products. We deeply explore the application of green raw materials, actively adopt lean production practices, and identify and evaluate the key environmental factors and potential hazards throughout the product life cycle, formulating corresponding control procedures and management plans to minimize the negative impact on the environment.

We also attach great importance to chemical safety, strictly comply with relevant laws and regulations and internal normative documents, and implement fine management for the entire process of chemicals, including product development, chemical procurement, storage, use, and disclosure. We strictly follow international, national, and industry-related standards as well as internal standards, build high-standard upstream raw material control, introduce high-quality raw materials, regularly identify and evaluate all chemicals used in all products, and promptly phase out all chemicals with potential risks to provide products that consumers can trust.

Empowerment of Employees

The Group firmly believes that the well-being and growth of employees are the foundation for the stable development of the company and the fundamental driving force for sustainable development. Hengan upholds the principle of equal employment, formulates the Human Rights Policy and the Anti-Discrimination and Anti-Harassment Policy, and creates a diverse, equal, and inclusive work environment. We adopt a zero-tolerance attitude towards discriminatory behavior against employees due to race, religious beliefs, gender, age, sexual orientation, disability, nationality, and other factors. We have released the Living Wage Commitment, providing comprehensive and reasonable remuneration and welfare to ensure the rights and interests of employees. In addition, we have launched an equity incentive plan covering all employees.

Hengan is committed to building and cultivating a talent pyramid, achieving digital closed-loop management while establishing a talent pool grading and sharing management through the establishment of online recruitment business process management platform covering the whole Group. We actively promote the joint construction of university intern training bases, and Hengan has been awarded titles such as "Xiamen University Case Enterprise Base", "Quanzhou Normal College Student Practice Base", and "Minnan Polytechnic Industry-Education Integration Training Base".

The Group continuously taps into the potential of our employees, providing comprehensive skill and quality training to employees at different levels and stages, and continuously improving the dual-track career development system in management and technology. We select outstanding employees for promotion channels, promoting the common growth of employees and the company.

As of the end of 2024, Hengan has approximately 24,000 employees, with 54% female employees, the total training hours of employees exceeding 480,000, 125 people promoted to management positions, and the ratio of employees joining labor unions reaching 100%.

In addition, Hengan always regards safety as an eternal theme in corporate development. By establishing comprehensive safety management policies and objectives, implementing robust management and established control procedures, fully implementing the principal responsibility for safety production, and continuously improving safety management levels and performance, the Group has established an ISO 45001 occupational health and safety management system and passed the certification. We have set up a Safety Management Committee as a comprehensive safety management leadership and decision-making body, executing the full lifecycle safety management process and safety risk emergency measures, and creating a safe and healthy working environment. Hengan has completed the second phase of the comprehensive safety development strategy and is poised to move forward to the third phase, striving to become a benchmark enterprise for safety management worldwide.

We continuously and steadily promote safety management work, constantly improving the reporting process for potential safety hazards, actively advancing the benchmark production line project for safety production, while also conducting base safety assistance, further strengthening safety risk management, and taking a series of measures to ensure employee health. In 2024, the Group did not have any work-related death incidents, the incidence of occupational diseases was 0, and the number of working days lost due to work-related injuries was 2,782 days.

The Group attaches great importance to the construction of a safety culture, formulating the Comprehensive Safety Training Management Regulations, and through multi-level and multi-form training and exercises and conducting the Safety Production Month activities in 2024 to comprehensively popularize safety knowledge and improve employees' safety awareness and emergency response capabilities.

Trustworthy Partner

Hengan always adheres to an open and inclusive attitude, committed to establishing stable partnerships. We continuously improve the supplier management system to achieve fine management of the entire process of supplier development and access, performance evaluation, daily management, and elimination and withdrawal. By implementing supplier grading and classification and regular performance evaluation, we not only provide important references for quota allocation but also become the driving force for the continuous improvement of supplier performance.

Hengan is dedicated to creating a sustainable supply chain, through issuing the Supplier Code of Conduct, conveying the concept of sustainable development along the value chain. We actively encourage and support suppliers to make continuous improvements in environmental protection and social responsibility, and comprehensively consider their disclosed ESG reports, carbon footprint certificates, and third-party social responsibility audit reports, etc., to incorporate supplier ESG performance into the supplier evaluation system as positive incentives.

We ensure a smooth channel for supplier communication, discuss effective strategies for quality improvement together and deeply communicate the optimization paths for product environmental performance through on-site inspections or hosting various training and meetings, and thus enhancing suppliers' consensus on ensuring raw material quality, and promoting the common growth of the value chain. During the reporting period, the Group organized an expert team to visit Finnish suppliers in person to gain an in-depth understanding of the knowledge of tree regeneration and planting, and to discuss sustainable forest pulp management with suppliers.

Healthy Community

As a leading enterprise in the industry, Hengan actively constructs the foundation of charitable causes, strongly supporting charitable funds, committed to caring for different groups in families and society, viewing social return as our duty, and fully implementing social responsibility and serving the public welfare.

Since its establishment in 1985, Hengan has been committed to promoting and improving women's health conditions. Through the "Pink Wings" girls' adolescence health education series of activities, it continuously focuses on the healthy growth of adolescent girls and carries out public welfare activities to care for women's health in more than ten towns in the northwestern Sichuan. The Group deeply cares about the special children group, donating 20 million yuan to the Quanzhou Autism Care Foundation through the World Autism Day theme activity. At the same time, in the lead-up to the Double Ninth Festival, the Group donated 452 boxes of loving materials to 27 elderly welfare institutions in Jinjiang City, passing on the virtue of respecting and loving the elderly through practical actions. In addition, the Group expresses its profound respect and practical support to the women soldiers in the western border areas and the "White Angel" of the First Affiliated Hospital of Xiamen University through special funds and material donations.

In 2024, the Group was awarded the "Quanzhou Charity Enterprise" at the Quanzhou Charity Conference and was honored with the title of "Weibo Role Model Welfare Partner" as a pioneer in social welfare practice.

Outlook

Looking ahead to 2025, while geopolitical conflicts, escalating trade tensions, and heightened global policy uncertainties pose downside risks to global economic growth, the fundamental drivers and underlying trends supporting China's long-term positive economic expansion remain intact. China is expected to implement more proactive and effective macroeconomic policies to expand domestic demand, fully stimulate market vitality and endogenous growth drivers, and further propel China's economy towards sustained recovery and improvement. As essential goods, consumer staples are expected to continue their consumption upgrade trend. The Group will continue to closely monitor the domestic and international political and economic developments, as well as shifts in market trends, responding flexibly and making prudent decisions.

With wood pulp supply and demand remaining stable, wood pulp prices are expected to remain relatively steady in 2025. The Group will strive to further improve gross profit margin by controlling promotional expenses, continuously increasing the proportion of premium products, and enhancing sales performance, thereby boosting the Group's profitability. The Group will closely monitor the impact of external factors on the prices of prices of raw materials, including imported wood pulp and petrochemicals.

In 2025, the domestic hygiene products market is expected to remain highly competitive, with continued price-cutting and promotional activity within the industry. The Group will adhere to its core strategy of "price stability", maintaining healthy liquidity and seeking opportunities arising from industry consolidation and the resulting survival of the fittest. Leveraging its leading R&D and production capabilities, strong brand image, extensive nationwide presence, and diversified product portfolio, Hengan will demonstrate robust resilience in this challenging operating environment and further expand its market share.

As a leading player in the industry, Hengan prioritises long-term development in its business strategies and resource allocation. The Group will continue to implement its three core strategies, including "Focus on Core Businesses", "Brand Leadership" and "Long-Termism", laying a solid foundation for the sustainable development of the Group. The Group will maintain its focus on the development of the three core businesses of tissue paper, sanitary napkin and disposable diapers, actively develop and upgrade high-quality new products and expand into new markets, accelerate omni-channel penetration into rural markets and online and offline markets in mainland China to seize the vast development opportunities in the domestic consumer staples market.

The Group maintains an unwavering commitment to quality and remains uncompromising for quality and safety issues. Driven by customer feedback, Hengan continuously strives to elevate product quality and industry standards, committed to delivering quality and reliable products. Going forward, Hengan will further optimise the brand image of its products through strategies such as product premiumisation, new packaging, and precise allocation of marketing resources. Additionally, the marketing department will comprehensively enhance the brand image to drive consumers to purchase Hengan products. The Group will continue to enhance its product mix and accelerate product premiumisation, such as the hot-selling series "Q • MO" and "Tianshan Cotton", so as to improve the Group's profitability, further develop online and offline sales channels and promote the joint development of multi-channels to expand its customer base.

The Group will also continue to optimise the organisational structure, strengthen the development of young professional team, improve team efficiency, and allocate resources to technological applications in order to improve infrastructure and enhance supply chain efficiency. These efforts aim to improve the quality of the system, enable effective monitoring of operational data and improve operational visibility to facilitate the formulation of appropriate business strategies.

In order to continue to consolidate the Group's market leadership in tissue paper and hygiene products and meet domestic consumers' demand for high-quality products, the Group plans to carry out production capacity expansion and technological upgrades in the future, including the establishment of a new production complex for upgraded hygiene products in Neikeng, Fujian, and the expansion of tissue paper production capacity in Hunan and Yunfu, Guangdong. It is expected that the new production capacity will be put into operation successively in 2025.

As a leading enterprise in the personal and household hygiene products industry in China, Hengan will continue to adhere to the mission of "Growing with You for a Better Life", and strive to become a supplier of high-quality, reliable and sustainable personal and household hygiene products, while also actively promote ESG development and contribute to building a green and sustainable world. The Group will focus on the three core businesses (tissue paper, sanitary napkin and disposable diapers), enhance its brand image, seize the opportunities in the "new retail" era, take long-termism as the general direction for future development to further scale its business. At the same time, the Group will continue to take industry extension as the long-term development goal, actively expand and extend to feminine care, infant and childcare, and elderly care business to continue to maintain its overall competitiveness, and gradually promote international development of Hengan's brand, striving to become a "global top-tier supplier of daily products".

PROPOSED FINAL DIVIDEND

The board of directors (the "Board") have resolved to recommend the payment of a dividend of RMB0.70 (2023: RMB0.70) per share to shareholders, whose names appear in the register of members of the Company on Monday, 26 May 2025 (the "Proposed Final Dividend"). Subject to the passing of the necessary resolution at the forthcoming annual general meeting to be held on Monday, 20 May 2025 (the "AGM"), the Proposed Final Dividend will be payable on Friday, 6 June 2025.

CLOSURE OF THE REGISTER OF MEMBERS

(a) For determining the entitlement to attend and vote at the AGM

The AGM is scheduled to be held on Tuesday, 20 May 2025. For determining the entitlement to attend and vote at AGM, the register of members of the Company will be closed from Thursday, 15 May 2025 to Tuesday, 20 May 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at AGM, unregistered holders of shares of the Company should ensure that all the share transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 14 May 2025.

(b) For determining the entitlement to the Proposed Final Dividend

The Proposed Final Dividend is subject to the approval of shareholders at the AGM. For determining the entitlement to the Proposed Final Dividend for the year ended 31 December 2024, the register of members of the Company will also be closed from Monday, 26 May 2025 to Tuesday, 27 May 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the Proposed Final Dividend, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, 23 May 2025.

REVIEW OF ACCOUNTS

The Audit Committee, which is chaired by an independent non-executive director and currently has a membership comprising another four independent non-executive directors, has discussed with the management and reviewed the consolidated financial statements for the year ended 31 December 2024. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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

Neither the Company nor any of its subsidiaries had purchased or sold or redeemed any of the Company's shares for the year ended 31 December 2024.

CORPORATE GOVERNANCE PRACTICES

The Group recognises the importance of achieving the highest standard of corporate governance consistent with the needs and requirements of its businesses and the best interest of all of its stakeholders, and the Board is fully committed to doing so. The Board believes that high standards of corporate governance provide a framework and solid foundation for the Group to manage business risks, enhance transparency, achieve high standard of accountability and protect stakeholders' interests.

For the year ended 31 December 2024, the Company has applied the principles and complied with the code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix C1 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") except for the Code Provision F.2.2 that Ms. Ada Ying Kay Wong, the chairman of audit committee, were unable to attend the annual general meeting of the Company held on 17 May 2024 because they had other urgent business engagement.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange. The Company has made specific enquiry of all directors regarding any noncompliance with the Model Code during the year ended 31 December 2024, and they all confirmed that they had fully complied with the required standard set out in the Model Code.

ACKNOWLEDGEMENT

The directors would like to take this opportunity to express our sincere thanks to our shareholders for their support and to our staff for their commitment and diligence during the year.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. Sze Man Bok, Mr. Hui Lin Chit, Mr. Hui Ching Lau, Mr. Xu Da Zuo, Mr. Sze Wong Kim, Mr. Hui Ching Chi, Mr. Xu Wenmo and Mr. Li Wai Leung as executive directors, and Mr. Theil Paul Marin, Ms. Ada Ying Kay Wong, Mr. Ho Kwai Ching Mark and Mr. Chen Chuang as independent non-executive directors.

By order of the Board
Sze Man Bok
Chairman

Hong Kong, 25 March 2025