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Health and Happiness (H&H) International Holdings Limited
健合(H&H)國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1112)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2024	2023	*Change*
	RMB million	*RMB million*	
Revenue	**13,051.7**	13,926.5	*-6.3%*
Gross profit	**7,915.5**	8,294.3	*-4.6%*
EBITDA*	**1,405.8**	1,984.9	*-29.2%*
Adjusted EBITDA*	**1,952.3**	2,215.5	*-11.9%*
Adjusted EBITDA margin	**15.0%**	15.9%	*-0.9pts*
Net (loss)/profit	**(53.7)**	581.8	*-109.2%*
Adjusted Net profit**	**541.2**	778.3	*-30.5%*
Adjusted net profit margin	**4.1%**	5.6%	*-1.5pts*

* EBITDA refers to earnings before interest, income tax expense, depreciation and amortization. Adjusted EBITDA = EBITDA + Non-cash losses of RMB286.0 million for the year ended 31 December 2024 (2023: losses of RMB45.4 million) + Non-recurring losses of RMB260.5 million for the year ended 31 December 2024 (2023: losses of RMB185.2 million)

** Adjusted net profit = Net (loss)/profit + EBITDA adjustment items of losses of RMB546.5 million for the year ended 31 December 2024 (2023: losses of RMB230.6 million) + Other non-cash loss of RMB48.4 million for the year ended 31 December 2024 (2023: gain of RMB34.1 million)

The board (the "**Board**") of directors (the "**Directors**") of Health and Happiness (H&H) International Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (together, the "**Group**") for the year ended 31 December 2024, together with the comparative figures for the corresponding period in 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	**2024**	2023
		RMB'000	*RMB'000*
REVENUE	*5*	**13,051,708**	13,926,470
Cost of sales		**(5,136,196)**	(5,632,214)
Gross profit		**7,915,512**	8,294,256
Other income and gains	*5*	**162,559**	214,557
Selling and distribution expenses		**(5,569,618)**	(5,599,680)
Administrative expenses		**(779,384)**	(848,453)
Other expenses		**(588,626)**	(336,404)
Finance costs		**(920,611)**	(773,489)
Share of losses of associates		**(23,039)**	(17,185)
PROFIT BEFORE TAX		**196,793**	933,602
Income tax expense	*6*	**(250,514)**	(351,757)
(LOSS)/PROFIT FOR THE YEAR		**(53,721)**	581,845
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Cash flow hedges:			
Effective portion of changes in fair value of hedging instruments arising during the year		**54,676**	(80,489)
Reclassification adjustments for (loss)/gains included in profit or loss		**(55,426)**	425
Income tax effect		**(1,250)**	27,393
		(2,000)	(52,671)
Hedges of net investments:			
Effective portion of changes in fair value of hedging instruments arising during the year		**75,446**	41,345
Exchange differences on translation of foreign operations		**(138,117)**	15,146
Exchange differences on net investments in foreign operations		**(65,039)**	71,996
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods		**(129,710)**	75,816

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

Year ended 31 December 2024

	Note	**2024**	2023
		RMB'000	*RMB'000*
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Changes in fair value of equity investments designated at fair value through other comprehensive income		**(12,089)**	(25,897)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX		**(141,799)**	49,919
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(195,520)**	631,764
(Loss)/profit attributable to owners of the parent		**(53,721)**	581,845
Total comprehensive (loss)/income attributable to owners of the parent		**(195,520)**	631,764
		RMB	*RMB*
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic		**(0.08)**	0.91
Diluted		**(0.08)**	0.90

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**318,506**	369,545
Right-of-use assets		**118,734**	141,202
Goodwill		**7,603,641**	7,820,522
Intangible assets		**5,295,021**	5,582,409
Deposits		**46,556**	28,903
Investment in associates		**111,911**	134,950
Deferred tax assets		**530,681**	580,624
Derivative financial instruments		**20,567**	48,057
Other non-current financial assets		**174,164**	202,358
Total non-current assets		**14,219,781**	14,908,570
CURRENT ASSETS			
Inventories		**1,906,675**	2,374,801
Trade and bills receivables	9	**927,179**	1,060,254
Prepayments, other receivables and other assets		**177,215**	247,113
Bonds receivable		**–**	78,592
Derivative financial instruments		**–**	927
Pledged deposits		**7,652**	7,430
Cash and cash equivalents		**1,603,920**	1,364,283
Total current assets		**4,622,641**	5,133,400
CURRENT LIABILITIES			
Trade payables	10	**907,383**	1,040,677
Other payables and accruals		**1,937,772**	2,216,061
Contract liabilities		**48,949**	200,461
Derivative financial instruments		**–**	103,924
Interest-bearing bank loans		**860,905**	4,289,907
Lease liabilities		**26,532**	37,415
Senior notes		**2,247**	432,237
Tax payable		**88,581**	120,507
Total current liabilities		**3,872,369**	8,441,189
NET CURRENT ASSETS/(LIABILITIES)		**750,272**	(3,307,789)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2024

	2024	2023
	RMB'000	*RMB'000*
NET CURRENT ASSETS/(LIABILITIES)	**750,272**	(3,307,789)
TOTAL ASSETS LESS CURRENT LIABILITIES	**14,970,053**	11,600,781
NON-CURRENT LIABILITIES		
Senior notes	**2,117,248**	1,228,363
Interest-bearing bank loans	**6,304,559**	3,164,988
Lease liabilities	**48,351**	69,643
Other payables and accruals	**1,803**	6,119
Derivative financial instruments	**266**	50,646
Deferred tax liabilities	**684,455**	785,798
Total non-current liabilities	**9,156,682**	5,305,557
Net assets	**5,813,371**	6,295,224
EQUITY		
Issued capital	**5,519**	5,519
Other reserves	**5,777,852**	6,188,111
Proposed dividend	**30,000**	101,594
Total equity	**5,813,371**	6,295,224

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	**2024**	2023
		RMB'000	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**196,793**	933,602
Adjustments for:			
Bank interest income	*5*	**(12,639)**	(22,676)
Interest income from loans and bonds receivables	*5*	**–**	(1,736)
Finance costs		**920,611**	773,489
Net gains on partial repurchase of the senior notes		**–**	(20,803)
Share of losses of associates		**23,039**	17,185
Depreciation of property, plant and equipment		**69,352**	69,713
Depreciation of right-of-use assets		**37,848**	36,500
Amortisation of intangible assets		**193,792**	196,040
Loss on disposal of items of property, plant and equipment and intangible assets		**4,510**	2,677
Gains on revision of lease term or early termination of leases	*5*	**(32)**	(29)
Reversal of impairment property, plant and equipment		**–**	(1,273)
Impairment of goodwill		**108,343**	55,671
Impairment of intangible assets		**15,657**	41,660
Impairment of trade receivables		**3,906**	3,076
(Reversal of) impairment of other receivables		**2,758**	(7,083)
Write-down of inventories to net realisable value		**247,284**	313,243
Reversal of equity-settled share option expense		**–**	(17,359)
(Reversal of) equity-settled share award expense		**(4,292)**	13,571
Fair value gains on derivative financial instruments, net	*5*	**(50,890)**	(24,930)
Fair value losses/(gains) on other non-current financial assets	*5*	**13,040**	(28,174)
Foreign exchange losses, net		**176,791**	4,771
		1,945,871	2,337,135
Decrease/(increase) in inventories		**195,924**	(72,194)
Decrease/(increase) in trade and bills receivables		**100,324**	(270,672)
Decrease in prepayments, other receivables and other assets		**55,519**	17,179
Increase in rental deposits		**(8,867)**	(503)
(Increase)/decrease in restricted deposits		**(160)**	3,337
Decrease in trade payables		**(146,478)**	(299,828)
Decrease in other payables and accruals		**(305,973)**	(2,331)
Decrease in contract liabilities		**(160,258)**	(59,133)
Cash generated from operations		**1,675,902**	1,652,990
Corporate income tax paid		**(329,479)**	(556,171)
Net cash flows from operating activities		**1,346,423**	1,096,819

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
Year ended 31 December 2024

	2024	2023
	RMB'000	*RMB'000*
Net cash flows from operating activities	**1,346,423**	1,096,819
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(56,658)**	(58,067)
Proceeds from disposal of items of property, plant and equipment and intangible assets	**11,190**	7,641
Additions to intangible assets	**(40,650)**	(32,908)
Addition to other non-current financial assets	**(2,101)**	–
Receipt of bonds receivable	**78,592**	–
Partial disposal of other non-current financial assets	**–**	1,376
Decrease in time deposits with original maturity of three months or more when acquired	**–**	6,000
Interest received	**10,522**	23,887
Net cash flows from/(used in) investing activities	**895**	(52,071)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of senior notes	**906,794**	407,985
New bank loans	**3,330,048**	610,000
Payment of transaction costs for issue of senior notes	**(43,228)**	(37,290)
Payment of transaction costs for exchange of senior notes	**–**	(60,340)
Repayment of bank loans	**(3,636,709)**	(1,092,607)
Payment of transaction costs for issue of guaranteed bonds and term loans	**(233,412)**	–
Payment for partial repurchase of the senior notes	**(454,865)**	(599,642)
Payment of lease liabilities	**(53,499)**	(36,315)
Interest paid	**(706,138)**	(750,046)
Proceeds from certain cross currency swaps ("**CCSs**")	**69,611**	38,177
Proceeds from the termination of certain CCSs	**32,307**	–
Dividends paid	**(281,908)**	(474,529)
Net cash flows used in financing activities	**(1,070,999)**	(1,994,607)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
Year ended 31 December 2024

	2024	2023
	RMB'000	*RMB'000*
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**276,319**	(949,859)
Cash and cash equivalents at beginning of year	**1,364,283**	2,297,660
Effect of foreign exchange rate changes, net	**(36,682)**	16,482
CASH AND CASH EQUIVALENTS AT END OF YEAR	**1,603,920**	1,364,283
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**1,603,920**	1,364,283

NOTES TO FINANCIAL STATEMENTS

31 December 2024

1. CORPORATE AND GROUP INFORMATION

Health and Happiness (H&H) International Holdings Limited (the "**Company**") is incorporated as an exempted company with limited liability in the Cayman Islands. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company and its subsidiaries (the "**Group**") are principally engaged in the manufacture and sale of premium paediatric nutrition, baby care products, adult nutrition and care products and pet nutrition and care products.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Coliving Holdings Limited (formerly named as Biostime Pharmaceuticals (China) Limited), a limited liability company incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards, which include International Accounting Standards ("**IASs**") and Interpretations promulgated by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, except for derivative financial instruments and other non-current financial assets which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include these financial statements of the Group for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to IAS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")*
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and has five reportable operating segments as follows:

(a) the infant formulas segment comprises the production and sale of milk formulas for infants, children and expectant and nursing mothers;

(b) the probiotic and nutritional supplements segment comprises the production and sale of probiotic supplements and nutrition supplements in the form of sachets, capsules, gummies and tablets for infants, children and expectant mothers;

(c) the adult nutrition and care products segment comprises the production and sale of vitamins, herbal and mineral supplements, skin care and sports nutrition products for adults;

(d) the other paediatric products segment comprises the production and sale of dried baby food and baby care products; and

(e) the pet nutrition and care products segment comprises the production and sale of holistic pet food and multi-condition pet supplements.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit which is measured consistently with the Group's profit before tax except that interest income, other income and unallocated gains, share of results of associates, finance costs as well as head office and corporate expenses are excluded from this measurement.

Operating segment information for the year ended 31 December 2024:

	Infant formulas *RMB'000*	Probiotic and nutritional supplements *RMB'000*	Adult nutrition and care products *RMB'000*	Other paediatric products *RMB'000*	Pet nutrition and care products *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Segment revenue *(note 5)*:							
Sales to external customers	3,332,404	821,291	6,696,222	228,582	1,973,209	–	13,051,708
Segment results	1,849,156	596,585	4,351,909	99,724	1,018,138	–	7,915,512
Reconciliations:							
Interest income							12,639
Other income and unallocated gains							149,920
Share of losses of associates							(23,039)
Corporate and other unallocated expenses							(6,937,628)
Finance costs							(920,611)
Profit before tax							196,793
Other segment information:							
Depreciation and amortisation	24,323	3,470	79,995	9,958	79,613	103,633	300,992
Impairment of trade receivables	–	–	680	3,185	41	–	3,906
Write-down of inventories to net realisable value	82,465	28,842	80,261	3,886	51,830	–	247,284
Impairment of goodwill and intangible assets	–	–	–	124,000	–	–	124,000
Capital expenditure*	32,879	878	15,076	16,176	12,889	10,487	88,385

Operating segment information for the year ended 31 December 2023:

	Infant formulas *RMB'000*	Probiotic and nutritional supplements *RMB'000*	Adult nutrition and care products *RMB'000*	Other paediatric products *RMB'000*	Pet nutrition and care products *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Segment revenue *(note 5)*:							
Sales to external customers	4,397,454	1,213,325	6,144,946	296,691	1,874,054	–	13,926,470
Segment results	2,301,461	927,470	4,030,219	123,698	911,408	–	8,294,256
Reconciliations:							
Interest income							24,412
Other income and unallocated gains							190,145
Share of losses of associates							(17,185)
Corporate and other unallocated expenses							(6,784,537)
Finance costs							(773,489)
Profit before tax							933,602
Other segment information:							
Depreciation and amortisation	24,104	6,841	87,660	9,444	77,713	96,491	302,253
Impairment of trade receivables	–	–	1,591	968	517	–	3,076
Write-down of inventories to net realisable value	157,915	2,701	117,676	7,490	27,461	–	313,243
Impairment of goodwill and intangible assets	–	–	41,660	55,671	–	–	97,331
Reversal of impairment of property, plant and equipment	–	–	–	–	(1,273)	–	(1,273)
Capital expenditure*	61,510	4,648	15,211	12,259	15,750	13,055	122,433

* Capital expenditure consists of additions to property, plant and equipment and intangible assets including assets from the acquisition of subsidiaries.

Geographical information

(a) *Revenue from external customers*

	2024	2023
	RMB'000	*RMB'000*
Mainland China	**8,685,410**	9,972,668
Australia and New Zealand	**2,012,705**	1,794,566
North America	**1,621,676**	1,498,193
Other locations*	**731,917**	661,043
Total revenue	**13,051,708**	13,926,470

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

(b) *Non-current assets*

	2024	2023
	RMB'000	*RMB'000*
Mainland China	**104,247**	441,364
Australia and New Zealand	**2,119,545**	2,358,609
North America	**2,460,366**	2,489,134
Other locations*	**1,206,570**	967,902
Total non-current assets	**5,890,728**	6,257,009

The non-current asset information above is based on the locations of the assets and excludes financial instruments, deferred tax assets and goodwill.

* Including the special administrative regions of the PRC.

Information about major customers

During the years ended 31 December 2024 and 2023, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

5. REVENUE, OTHER INCOME AND GAINS

Revenue

An analysis of the revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of goods	**13,051,708**	13,926,470

(i) Disaggregated revenue information

For the year ended 31 December 2024

Segments	**Infant formulas** *RMB'000*	**Probiotic and nutritional supplements** *RMB'000*	**Adult nutrition and care products** *RMB'000*	**Other paediatric products** *RMB'000*	**Pet nutrition and care products** *RMB'000*	**Total** *RMB'000*
Geographical markets						
Mainland China	**3,189,443**	**805,782**	**4,335,672**	**8,701**	**345,812**	**8,685,410**
Australia and New Zealand	**13,754**	**2,065**	**1,996,886**	**–**	**–**	**2,012,705**
North America	**–**	**753**	**28,493**	**–**	**1,592,430**	**1,621,676**
Other locations*	**129,207**	**12,691**	**335,171**	**219,881**	**34,967**	**731,917**
Total	**3,332,404**	**821,291**	**6,696,222**	**228,582**	**1,973,209**	**13,051,708**
Timing of revenue recognition						
Goods transferred at a point in time	**3,332,404**	**821,291**	**6,696,222**	**228,582**	**1,973,209**	**13,051,708**

For the year ended 31 December 2023

Segments	Infant formulas *RMB'000*	Probiotic and nutritional supplements *RMB'000*	Adult nutrition and care products *RMB'000*	Other paediatric products *RMB'000*	Pet nutrition and care products *RMB'000*	Total *RMB'000*
Geographical markets						
Mainland China	4,244,230	1,200,633	4,056,237	65,865	405,703	9,972,668
Australia and New Zealand	17,047	1,511	1,776,008	–	–	1,794,566
North America	–	560	33,165	–	1,464,468	1,498,193
Other locations*	136,177	10,621	279,536	230,826	3,883	661,043
Total	4,397,454	1,213,325	6,144,946	296,691	1,874,054	13,926,470
Timing of revenue recognition						
Goods transferred at a point in time	4,397,454	1,213,325	6,144,946	296,691	1,874,054	13,926,470

* Including the special administrative regions of the PRC.

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2024	2023
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	**200,461**	266,613

(ii) *Performance obligations*

The performance obligation is satisfied upon delivery of the Group's products. Advance payment is normally required for sales to customers in mainland China except in limited circumstances for credit sales. Credit sales are usually allowed for customers outside mainland China with credit terms of 30 to 90 days from end of month. Some contracts provide customers with a right of return and sales rebates which give rise to variable consideration subject to constraint.

Other income and gains

	2024	2023
	RMB'000	*RMB'000*
Bank interest income	**12,639**	22,676
Interest income from loans and bonds receivables	**–**	1,736
Fair value gains on derivative financial instruments	**50,890**	24,930
Fair value changes on other non-current financial assets	**–**	28,174
Government subsidies*	**3,429**	19,113
Gains from sales of raw materials	**70,933**	64,960
Gains from sale of scraps	**2,136**	7,389
Gains on revision of lease term or early termination of leases	**32**	29
Interest income from investment in Isigny Sainte Mère ("**ISM**")	**7,932**	5,815
Net gains on partial repurchase of the senior notes	**–**	20,803
Reversal of impairment of other receivables	**–**	7,083
Reversal of impairment of property, plant and equipment	**–**	1,273
Others	**14,568**	10,576
Total other income and gains	**162,559**	214,557

* There are no unfulfilled conditions or contingencies related to these government subsidies.

6. INCOME TAX

	2024	2023
	RMB'000	*RMB'000*
Current		
– Charge for the year		
Mainland China	**64,555**	112,829
Hong Kong	**86,677**	126,103
Australia	**108,993**	97,799
Elsewhere	**3,052**	420
– Over provision in the prior year	**(2,578)**	(2,823)
Deferred	**(10,185)**	17,429
Total	**250,514**	351,757

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

PRC enterprise income tax ("EIT")

The income tax provision of the Group in respect of its operations in mainland China has been calculated at the rate of 25% (2023: 25%) on the taxable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

Guangzhou Hapai and Biostime Health, the Company's wholly-owned subsidiaries operating in mainland China, were recognised as high-technology enterprise in December 2022 and 2023, respectively, and are subject to EIT at a rate of 15% for three years from 2022 to 2024 and from 2023 to 2025, respectively. Therefore, Guangzhou Hapai and Biostime Health were subject to EIT at a rate of 15% for the years ended 31 December 2024 and 2023.

Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HKD2,000,000 (2023: HKD2,000,000) of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Australia corporate income tax

Australia corporate income tax has been provided at the rate of 30% (2023: 30%) on the estimated assessable profits arising in Australia.

Tax consolidation legislation

Biostime Healthy Australia Pty Ltd. ("**Biostime Healthy Australia**"), its wholly-owned Australian subsidiaries and eligible Tier 1 fellow subsidiaries have elected to form an income tax multiple entry consolidated ("**MEC**") group, for Australian income tax purposes.

In an income tax MEC group, Biostime Healthy Australia, its wholly-owned subsidiaries and eligible Tier 1 fellow subsidiaries within the income tax MEC group account for their own current and deferred tax amounts. These income tax amounts are measured as if each entity in the income tax MEC group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Biostime Healthy Australia also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from subsidiaries within the income tax MEC group.

The entities have also entered into a tax funding arrangement under which the wholly-owned entities fully compensate Biostime Healthy Australia for any current tax payable assumed and are compensated by Biostime Healthy Australia for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Biostime Healthy Australia under the income tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding arrangement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entitles.

Income tax for other jurisdictions

The Group's tax provision in respect of other jurisdictions has been calculated at the applicable tax rates in accordance with the prevailing practices of the jurisdictions in which the Group operates.

7. DIVIDENDS

	2024	2023
	RMB'000	*RMB'000*
Dividends on ordinary shares declared and paid during the year:		
Interim – HKD0.30 (2023: HKD0.44) per ordinary share	**175,861**	258,860
Proposal final – HKD0.05 (2023: HKD0.18) per ordinary share	**30,000**	101,594

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amount is based on the (loss)/profit for the year attributable to ordinary equity holders of the parent, and the adjusted weighted average number of ordinary shares of 641,275,361 (2023: 640,141,115) outstanding during the year.

The calculation of the diluted earnings per share amount for the year ended 31 December 2023 is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation of diluted earnings per share is the adjusted weighted average number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares under the share option schemes and the share award schemes. No adjustment has been made to the basic loss per share amount presented for the year ended 31 December 2024 in respect of a dilution as impact of the potential ordinary shares had an anti-dilutive effect on the basic loss per share amount presented.

The calculations of basic and diluted (loss)/earnings per share are based on:

	2024	2023
	RMB'000	*RMB'000*
(Loss)/earnings		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic (loss)/earnings per share calculation	**(53,721)**	581,845
	Number of shares	
Shares		
Weighted average number of ordinary shares outstanding	**645,561,354**	645,561,354
Weighted average number of shares held for the share award schemes	**(4,285,993)**	(5,420,239)
Adjusted weighted average number of ordinary shares outstanding used in the basic (loss)/earnings per share calculation	**641,275,361**	640,141,115
Effect of dilution – weighted average number of ordinary shares: Share options and awarded shares	**–**	4,725,807
Adjusted weighted average number of ordinary shares outstanding used in the diluted (loss)/earnings per share calculation	**641,275,361**	644,866,922

9. TRADE AND BILLS RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**952,310**	1,066,700
Less: Impairment provision	**(25,395)**	(25,730)
	926,915	1,040,970
Bills receivable	**264**	19,284
Net carrying amount	**927,179**	1,060,254

Advance payment is normally required for sales to customers in mainland China except in limited circumstances for credit sales. Credit sales are usually allowed for customers outside mainland China with credit terms of 30 to 90 days from end of month. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Trade receivables are unsecured and non-interest-bearing. Bills receivable represent bank acceptance notes issued by banks in mainland China which are non-interest-bearing.

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

	2024	2023
	RMB'000	*RMB'000*
Within 1 month	**623,546**	548,993
1 to 3 months	**245,038**	457,958
Over 3 months	**58,595**	53,303
Total	**927,179**	1,060,254

10. TRADE PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**907,383**	1,040,677

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

	2024	2023
	RMB'000	*RMB'000*
Within 1 month	**775,760**	863,196
1 to 3 months	**85,340**	133,620
Over 3 months	**46,283**	43,861
Total	**907,383**	1,040,677

The trade payables are non-interest-bearing and are normally settled on 30-90 day terms.

CHAIRMAN'S STATEMENT

In 2024, we made significant strides toward achieving our goal of becoming the global leader in nutritional supplements[1], driven by strong performances in key categories and regions. Nutritional supplements remained our core growth driver, contributing 67.7% of total revenue, with VHMS and pet supplements delivering double-digit growth within this category. Our Pet Nutrition and Care ("**PNC**") business also emerged as a key contributor, accounting for over 15% of total revenue, while North America solidified its performance with a 12.4% share of revenue. Despite facing challenges in the super premium infant milk formulas ("**IMF**") segment in mainland China, we continued to gain market share in this category.

Through strategic focus, operational resilience and disciplined execution, we achieved the following key milestones:

- Achieving healthy growth levels in the sections of our business where we see our highest margins, particularly our fast-growing nutritional VHMS and pet supplements ranges, which now represent 67.7% of our total revenue. This marks a significant transformation compared to ten years ago, when nutritional supplements accounted for only 9.0% of total revenue in 2014. This reflects our successful pivot toward higher-margin, structurally growing markets

- Continuing to win in our core markets. Our Adult Nutrition and Care ("**ANC**") business achieved high-single-digit growth, driven by ongoing product innovation and premiumisation in mainland China, and sustained demand in Australia and New Zealand (ANZ). In North America, we recorded mid-to-high single-digit growth, fuelled by the successful expansion of our PNC business's distribution and repositioning efforts

- Expanding our market share in the super-premium IMF segment in mainland China, as the contraction of the overall super-premium IMF segment began to slow down in late 2024. Throughout this period, our Stage 1 and Stage 2 IMF products consistently gained market share, establishing a solid foundation for the successful completion of our GB transition in 2025

- Delivering a healthy level of profitability across all our business segments, while maintaining a strong level of cash conversion, primarily driven by our enhanced inventory management practices

- Successfully completing all refinancing initiatives planned for 2024, further diversifying our sources of funding, and optimising our capital structure despite market volatility

- Achieving full B Corp certification Group-wide one year ahead of schedule, reinforcing our commitment to using business as a force for good, benefiting people, pets, and the planet

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1 Nutritional supplements refer to Swisse vitamin, herbal and mineral supplement ("**VHMS**") products, and Solid Gold and Zesty Paws pet supplements, Biostime probiotic supplements and Biostime paediatric products.

While our adjusted net profit for 2024 declined year-on-year, primarily due to reduced sales in our Baby Nutrition and Care ("**BNC**") segment and increased finance costs, we remain committed to strengthening our balance sheet. At the same time, we upheld our steady track record of dividend payouts. As such, I am pleased to announce a final dividend of HKD0.05 per ordinary share. Combined with our interim dividend of HKD0.30 per ordinary share, this brings our total full-year dividend to HKD0.35 per ordinary share-a more prudent level compared to previous years, reflecting our focus on deleveraging.

ADULT NUTRITION AND CARE

In 2024, our ANC segment grew by high-single-digits, comparing against a high base following a one-off surge in demand post-COVID in 2023. This growth rate understates the robust level of demand for health supplements that we continue to see across all regions. This is especially true in mainland China, where we are strategically aligning with evolving consumer preferences with successful product launches in innovative categories, in line with our PPAE (Premium, Proven, Aspirational and Engaging) model.

All around the world, health supplements have proven to be a highly resilient sector, performing well in both high and low inflationary conditions, as well as in volatile currency environments. Aging populations, rising health consciousness, combined with improved consumer education about the health benefits of specific products, have led to supplements being considered a daily necessity.

In mainland China, Swisse tapped into these attributes through our focused mega-brand strategy, extending the product portfolios of Swisse Plus+, Swisse Me, and Little Swisse to cater to a more diverse customer base, while capitalising on increasing consumer segmentation and penetration. Notably, Swisse Plus+, with its higher profitability, made a double-digit contribution to our ANC revenue in mainland China in 2024, growing by 19.6%. In addition, Swisse Plus+ maintained its leading position in the overall anti-aging category and continues to hold significant market share.

We also advanced our channel development efforts, driven by our fast-growing online channels. Sales in the cross-border e-commerce ("**CBEC**") channel grew by 9.6%, contributing 78.1% of our mainland China ANC revenue, fuelled by continued consumer education and effective marketing. In the normal trade channel, sales decreased slightly by 1.7%, mainly due to sector-wide challenges across the supplements category within the offline pharmacy channel, which was partially offset by moderate growth in the online normal trade market.

Overall, and most importantly, Swisse maintained its No. 1 position in the mainland China online VHMS[2] market and its No. 2 brand position in the overall VHMS market[3] in 2024.

In ANZ, our second largest market by revenue, we sustained a healthy double-digit growth rate as industry growth normalised, while retaining our No. 1 position in the overall Australian VHMS market[4]. Our continued growth was driven by our extensive distribution in the domestic channel, as well as ongoing product innovation, especially around our Swisse gummies range which currently holds the No. 2 market share of 17.2%[5].

Swisse also garnered significant industry recognition in 2024, solidifying its reputation for quality, innovation, and consumer trust. Swisse was named *Reader's Digest Australia's* Most Trusted Vitamin Brand and received Complementary Medicines Australia's Marketing Campaign of the Year Award (for Multivitamins). Additionally, Swisse won The Australian Marketing Institute's Marketing Excellence Award for Social Media Marketing (Sleep) and was named runner-up in the Tik Tok Awards' "Greatest Creative Campaign" (Sleep).

In other territories, our expansion markets in Asia, including Hong Kong SAR, Thailand, Malaysia, India, and the Middle East delivered strong growth. In Singapore, H&H Group was recognised by the government as a Company of Good (1 Star), while *Reader's Digest Singapore* recognised Swisse as a Trusted Brand (Gold). We also garnered other prestigious accolades, including gold at the 2024 FMCG Asia Awards for 'Digital Marketing Strategy of the Year' (Singapore Swisse's men's health campaign and 'Consumer Good of the Year' (vitamins and supplements category) for our Swisse Collagen MOV innovation in Thailand. Additionally, Swisse Malaysia earned a silver medal at the 2024 Asia Ecommerce Awards for its e-commerce strategy.

We maintained our high market share rankings in several of these markets, including the No. 1 position in the beauty VHMS, liver health, and men's health markets in Singapore[6], and the No. 2 position in Italy's beauty VHMS market[7].

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[2] According to research statistics by Early Data, an independent data provider, market share data for the past twelve months ended 31 December 2024.

[3] According to research statistics by Kantar Worldpanel, an independent research company, market share data for the past twelve months ended 31 December 2024.

[4] Based on total market unit sales, according to research statistics by IQVIA, an independent research company, market share data for the past twelve months ended 31 December 2024.

[5] According to research statistics by IQVIA, an independent research company, market share data for the past twelve months ended 31 December 2024.

[6] According to research statistics by Nielsen, an independent research company, market share data for the past twelve months ended 31 December 2024.

[7] According to research statistics by IMS IQVIA, an independent research company, market share data for the past twelve months ended 31 December 2024.

BABY NUTRITION AND CARE

Our BNC segment faced stronger-than-expected challenges in 2024, particularly in mainland China. The transition to our new 'GB' series, which included depleting our old 'GB' IMF products, replacing our Pi-Star Flagship series, and introducing our new Pi-Star sub-series, required more time than anticipated. In addition, the super-premium IMF market as a whole encountered several industry-wide challenges, contracting by 17.7%[8] in 2024. However, we may be witnessing the first signs of stability in the market, with the pace of contraction in the super-premium IMF market slowing in the final months of the year. Despite this, Biostime continued to grow its market share in the super-premium IMF segment, increasing from 12.4% to 13.3%[9] over the twelve-month period, and reaching a peak of 14.5% in December 2024[10].

Meanwhile, we made significant progress in strengthening our new consumer acquisition strategies. The encouraging performance of our Stage 1 IMFs was evident across all channels, and steadily gained market share throughout the second half of the year. Notably, in the fourth quarter, the market share of our Stage 1 IMFs reached 4.7%, reflecting a 24.7% year-on-year increase in retail scanned sales[11], compared to a full-year market share of 4.4%[12]. This momentum was further underscored by an outstanding performance during the Double Eleven shopping festival, with the GMV of our Stage 1 IMFs growing by 117% year-on-year.

Our performance in e-commerce channels was particularly noteworthy. In the fourth quarter, brand searches on RedNote and Douyin had increased more than fourfold compared to the first quarter. In terms of newborn IMF recommendations, Biostime ranked in the top 5 on RedNote and Douyin by year-end, laying a solid foundation for the growth of our older stages IMF formulas in 2025.

Within the paediatric probiotic and nutritional supplements segment, sales declined by 32.3% in 2024 due to a high base effect following a one-off surge in demand for probiotics in the first half of last year and lower consumer traffic in the pharmacy channel. Specifically, within this category, sales of paediatric probiotics declined by 37.6%, while sales of paediatric nutritional supplements grew by 77.7% and contributed 12.1% of total paediatric probiotic and nutritional supplements sales. This growth was driven by increasing demand for paediatric nutritional supplements, including for our innovative products such as calcium, DHA, and gummies that support the physical and mental well-being of children. Throughout the year, we continued to launch innovative paediatric probiotic products, maintaining Biostime's No. 1 position in the paediatric probiotics market in mainland China[13].

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8 According to research statistics by Nielsen, an independent research company, market share data for the past twelve months ended 31 December 2024.

9 According to research statistics by Nielsen, an independent research company, market share data for the past twelve months ended 31 December 2024.

10 According to research statistics by Nielsen, an independent research company, market share data for one month ended 31 December 2024.

11 According to research statistics by Nielsen, an independent research company, market share data for the past three months ended 31 December 2024.

12 According to research statistics by Nielsen, an independent research company, market share data for the past twelve months ended 31 December 2024.

13 According to research statistics by Kantar Worldpanel, an independent research company, market share data for the past twelve months ended 31 December 2024.

Outside of mainland China, we continued to expand the international presence of our BNC business by building recognition and trust around our innovative and more specialised IMF products. Biostime in Hong Kong SAR was honoured with the "Most Trusted Brand Award" by the parenting platform Ophbama, reflecting our strong brand reputation. Additionally, we continued to retain our No. 1 positions in the organic IMF and the goat milk IMF categories in the French pharmacy channel, with market shares of 40.1% and 43.4%, respectively[14].

PET NUTRITION AND CARE

In 2024, we focused on optimisation and investment within our PNC business to better position ourselves to fully leverage changing demographics, growing pet populations, and well-established pet nutrition premiumisation and pet humanisation trends in North America, mainland China and other expansion markets.

In North America, we continued to grow Zesty Paws – one of the most recognised pet supplements brands in the US – on Amazon, while building on our 2023 expansions into Sam's Club, Costco, Petco, Meijer, Walmart, Target, PetSmart, CVS and Tractor Supply. Zesty Paws' broader consumer base continued to drive its profitable growth. Meanwhile, sales of Solid Gold in North America declined amid ongoing channel optimisation and portfolio premiumisation efforts aimed at long-term growth, with related one-time restructuring costs being incurred in 2024. As of 31 December 2024, Zesty Paws and Solid Gold were present in more than 18,000 stores and 4,800 stores, respectively, across the US.

In mainland China, we implemented similar premiumisation efforts for Solid Gold, reallocating our resources towards launching new higher-margin pet food and supplement products, such as our newly launched Solid Gold fish oil supplements. These new products contributed 14.7% of our total PNC revenue in mainland China.

We also prioritised more profitable channels, with e-commerce playing an increasingly important role in the distribution of pet care products in both developed and emerging markets, including the UK, Europe, Asia, and ANZ. Zesty Paws, launched in Singapore one year ago, was recognised as the Fastest Growing Brand on Shopee 2024 (Lifestyle), one of largest e-commerce platforms in Singapore and Southeast Asia. It reflects Zesty Paws' rapid market penetration and strong consumer acceptance.

[14] According to research statistics by GERS, an independent research company, market share data for the past twelve months ended 31 December 2024.

OPTIMISING OUR CAPITAL STRUCTURE

Throughout 2024, we took significant steps to diversify our funding sources and optimise our capital structure. These efforts included successfully completing certain RMB bilateral loans, a RMB bond of RMB500 million, a USD bond tap of USD120 million, a CNH term loan facility equivalent to USD150 million, and a USD sustainability-linked term loan facility of USD540 million, which allowed us to fully prepay the USD term loan due in June 2025. These actions resulted in a more sustainable capital structure, with lower-cost RMB-denominated debts now representing 36.1% of the total debts at the end of 2024. This shift not only reduced our interest expense, but also mitigated currency risk while enhancing our future financial resilience.

In January 2025, we further strengthened our debt profile by issuing new 3.5-year USD senior notes at a much more favorable coupon rate to refinance the USD senior notes due in June 2026. This proactive refinancing extends our maturity profile and reduces our overall finance costs. It also marks the successful completion of all major refinancing exercises planned for 2024 and 2025, establishing a solid foundation for our future strategic growth.

As of 31 December 2024, our cash balance stood at RMB1.6 billion, reflecting the healthy inherent level of cash conversion across our business. We remain firmly on track to deleverage our balance sheet in the coming years and are well-positioned to navigate greater exchange rate volatility and a higher interest rate environment.

OUTLOOK: RETURNING TO TOP-LINE GROWTH ACROSS THE GROUP

In 2025, we will continue to drive the growth of our high-margin, fast-growing nutritional VHMS and pet supplements, helping our ANC, BNC and PNC segments to sustain, expand or regain their growth trajectories, and deliver a consistent level of profitability.

We expect our ANC segment to maintain its current growth momentum, supported by the solid demand for supplements as a necessity and an essential part of daily health routines, particularly among aging populations. In mainland China, we are committed to maintaining our market share and leadership by capitalising on ongoing consumer segmentation and leveraging Swisse’s No. 1 position in the online market. In ANZ, we expect to maintain a steady growth rate in the domestic market, fuelled by two recently-launched innovations: a first-to-market Nootropics range for cognitive health, and a Smart Melts range, which offers convenient, dissolvable formats targeting stress relief, sleep support, energy enhancement and detoxification. Additionally, we remain focused on developing our expansion markets, including Southeast Asia, India, the Middle East and Italy, by leveraging our success and proven strategies in the Singapore and Hong Kong SAR markets.

We are on track to complete the ‘GB’ transition by the end of the first half of 2025, paving the way for a return to growth in overall IMF sales for the full year of 2025. Our focus on new customer acquisition – particularly through the e-commerce channel for IMFs – remains a key strategic priority.

For our PNC business, we will continue to expand Zesty Paws' market position in North America through an omni-channel strategy and ongoing category innovation, while actively pursuing expansion opportunities in the UK, Europe, Asia, and ANZ. Solid Gold in North America will focus on the premium pet food category and further expand its presence through e-commerce channels. In China, we aim to return to a growth trajectory in 2025 by leveraging new high-margin pet food and supplements products. Given the low penetration of pet supplements in global markets, coupled with ongoing trends in pet nutrition premiumisation and pet humanisation, we see a clear pathway for continued growth.

Finally, we remain committed to further reducing our leverage and strengthening our balance sheet. With the support of our high cash-generating business model, we are confident in our ability to further improve our balance sheet and gradually lower our net leverage ratio in the years ahead.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATION

Revenue

For the year ended 31 December 2024, the Group experienced a revenue decline of 6.3% on reported basis or 6.5% on a like-for-like[1] ("**LFL**") basis to RMB13,051.7 million as compared with 2023. Revenue from high-margin nutrition supplements remained the core revenue growth driver, with VHMS and pet supplements delivering double-digit growth within this category. However, the growth was offset by the decline in IMF segment. Despite the longer than expected time to complete the new GB transition, the Group continued to gain its market shares in the super premium IMF segment in mainland China.

	Year ended 31 December				% to revenue	
	2024 *RMB million*	2023 *RMB million*	*Reported Change*	*LFL Change*	**2024**	2023
Revenue by product segment						
Nutritional Supplements	**8,830.5**	8,415.3	*4.9%*	*4.6%*	**67.7%**	60.4%
– VHMS products	**6,660.0**	6,030.7	*10.4%*	*10.2%*	**51.0%**	43.3%
– Pet supplements	**1,349.2**	1,171.3	*15.2%*	*14.0%*	**10.4%**	8.4%
– Paediatric probiotic and nutritional supplements	**821.3**	1,213.3	*-32.3%*	*-32.3%*	**6.3%**	8.7%
Infant formulas	**3,332.4**	4,397.5	*-24.2%*	*-24.2%*	**25.5%**	31.6%
Others[2]	**888.8**	1,113.7	*-20.2%*	*-20.5%*	**6.8%**	8.0%
Revenue by business segment						
Adult nutrition and care products	**6,696.2**	6,145.0	*9.0%*	*8.8%*	**51.3%**	44.1%
Baby nutrition and care products	**4,382.3**	5,907.5	*-25.8%*	*-25.8%*	**33.6%**	42.4%
Pet nutrition and care products	**1,973.2**	1,874.1	*5.3%*	*4.4%*	**15.1%**	13.5%
Revenue by geography						
Mainland China	**8,685.4**	9,972.7	*-12.9%*	*-12.9%*	**66.6%**	71.6%
ANZ	**2,012.7**	1,794.6	*12.2%*	*11.6%*	**15.4%**	12.9%
North America	**1,621.7**	1,498.2	*8.2%*	*7.1%*	**12.4%**	10.8%
Other Territories	**731.9**	661.0	*10.7%*	*10.4%*	**5.6%**	4.7%
Total	**13,051.7**	13,926.5	*-6.3%*	*-6.5%*	**100.0%**	100.0%

1 Like-for-like ("**LFL**") basis is used to indicate change of this period compared with same period of previous year, excluding the impact from foreign exchange changes.

2 Others include pet food from Solid Gold, baby food and snacks from Good Goût, baby accessories from Dodie and other skincare products.

Mainland China: Continued growth momentum in ANC and growing market share in the super-premium IMF segment

Revenue from mainland China amounted to RMB8,685.4 million for the year ended 31 December 2024, representing a year-on-year decrease of 12.9%. The decrease was mainly led by the revenue decline in BNC and PNC segment, though partially offset by sustained growth in ANC segment. Revenue from mainland China accounted for 66.6% of the Group's total revenue for the year ended 31 December 2024, compared with 71.6% in the prior year.

Revenue of ANC segment in mainland China sustained its growth momentum, achieving a year-on-year growth of 6.9% despite the high base effect from a one-off surge in demand post-COVID in 2023. This segment accounted for 64.7% of the Group's total ANC revenue for the year ended 31 December 2024. This growth was mainly driven by the robust consumer demand for health supplements, the Group's successful launch of innovative product categories, and advancements in channel development. Notably, Swisse Plus+, with its higher profitability, made a double-digit contribution to ANC revenue in mainland China in 2024, growing by 19.6% year-on-year.

For the year ended 31 December 2024, CBEC sales grew by 9.6% year-on-year, contributing 78.1% of mainland China ANC revenue. This growth was fueled by ongoing consumer education initiatives and effective marketing strategies. In the normal trade channel, sales experienced a slight decrease of 1.7%, mainly due to sector-wide challenges across the supplements category within the offline pharmacy channel, which was partially offset by moderate growth in the online normal trade market. According to research statistics by Earlydata, an independent data provider, Swisse continued to maintain its No.1 position in the mainland China online VHMS market with a market share of 7.7% for the twelve months ended 31 December 2024. Additionally, Swisse maintained its No. 2 brand position in the overall VHMS market[3] in 2024.

Revenue of BNC segment decreased by 27.3% to RMB4,003.9 million for the year ended 31 December 2024 as compared with the prior year. Within BNC segment, revenue from IMF in mainland China recorded a year-on-year decline of 24.9% to RMB3,189.4 million as compared with last year. The decrease was primarily attributed to the longer than expected time to complete the new GB transition. Despite this, the Group continued to grow its market share in the super-premium IMF segment, increasing from 12.4% to 13.3%[4] over the twelve-month period, and reaching a peak of 14.5%[5] in December 2024. In addition, the early sign of market stabilisation has been witnessed with the decline of the overall super-premium IMF segment having significantly narrowed in the final months of the year.

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3 According to research statistics by Kantar Worldpanel, an independent research company, market share data for the past twelve months ended 31 December 2024.

4 According to research statistics by Nielsen, an independent research company, market share data for the past twelve months ended 31 December 2024.

5 According to research statistics by Nielsen, an independent research company, market share data for one month ended 31 December 2024.

For the year ended 31 December 2024, the Group recorded revenue from paediatric probiotic and nutritional supplements in mainland China of RMB805.8 million, decreasing by 32.9% compared with the year ended 31 December 2023. The decline was mostly attributed to the high base effect following a one-off surge in demand for probiotics in the first half of last year and continued lower consumer traffic and sector-wide challenges across the supplements business within the pharmacy channel. However, the decline was partially offset by the strong sales growth of paediatric nutritional supplements, thanks to the increasing consumer demand and the launch of new innovative products including calcium, DHA, and gummies that support the physical and mental well-being of children.

Revenue from PNC segment in mainland China declined by 14.8% to RMB345.8 million in the year ended 31 December 2024 as compared with last year. The decline was mainly due to the product portfolio premiumisation and channel optimisation exercises to drive long-term profitability.

ANZ: Continued double-digit growth year-on-year

On a LFL basis, revenue from ANZ market increased by 11.6% to AUD426.7 million for the year ended 31 December 2024, accounting for 15.4% of the Group's total revenue. This strong growth was fueled by continuous product innovation and extensive distribution within the domestic channel. Notably, Swisse gummies delivered high double-digit revenue growth, securing the No. 2 market share position with 17.2%[6]. Additionally, Swisse maintained its No. 1 position in the overall Australian VHMS market[7].

North America: Growth on track with expanded business both online and offline

For the year ended 31 December 2024, revenue generated by North America achieved a 7.1% year-on-year growth on a LFL basis, and accounted for 12.4% of the Group's total revenue. The continued healthy growth was mainly driven by changing demographics, growing pet populations, alongside the pet nutrition premiumisation and pet humanising trends that are becoming well established in North America market.

Revenue of Zesty Paws achieved year-on-year growth of 11.8% for the year ended 31 December 2024, driven by its rapid offline distribution expansion and continued online growth. In 2024, Zesty Paws successfully expanded into Sam's Club, Costco, Petco and Meijer, building on its earlier expansions into Walmart, Target, PetSmart, CVS and Tractor Supply.

Revenue of Solid Gold recorded a year-on-year decline of 7.0% in 2024, which was planned to allow the implementation of channel optimisation and portfolio premiumisation efforts during the year so as to drive the long-term profitable growth of the brand.

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6 According to research statistics by IQVIA, an independent research company, market share data for the past twelve months ended 31 December 2024.

7 Based on total market unit sales, according to research statistics by IQVIA, an independent research company, market share data for the past twelve months ended 31 December 2024.

Other territories: Strong growth momentum continued in Asian expansion markets

Revenue generated by other territories grew by 10.4% on a LFL basis in the year ended 31 December 2024 as compared with last year. The growth was mainly driven by the robust growth in Asian expansion markets including Hong Kong SAR, Southeast Asia, India and the Middle East.

Zesty Paws continued to capitalise on expansion opportunities in the UK, Europe and Asia. By the end of 2024, the Group successfully introduced Zesty Paws into the UK and key European markets, including France and Italy, with a launch of products covering a range of needs and conditions such as mobility, allergy relief, calming, probiotics, and others. Zesty Paws' primary growth channel in Europe remains its digital presence on Amazon, which leveraged best practices from the US market and Zooplus.com across European markets. Additionally, the Group has established a strong retail footprint, launching Zesty Paws in pet specialty stores such as Pets at Home in the UK and Arcaplanet in Italy.

Gross profit and gross profit margin

In the year ended 31 December 2024, the Group recorded gross profit of RMB7,915.5 million, representing an decrease of 4.6% as compared with last year. The Group's gross profit margin increased slightly from 59.6% in the year ended 31 December 2023 to 60.6% in the year ended 31 December 2024, mainly due to the reduction in stock provision and favourable shift in product mix.

The gross profit margin of the ANC segment decreased slightly from 65.6% in 2023 to 65.0% in 2024, mainly resulting from product mix changes in certain markets and the higher revenue contribution from the new emerging markets. However, the impact of mix changes and sourcing cost increase was largely mitigated through the implementation of various effective and timely supply chain optimisation measures.

The gross profit margin of the BNC segment increased from 56.8% in 2023 to 58.1% in 2024. This improvement was primarily driven by the reduction in one-off stock write-off and provision for raw material and packaging material of IMF products following the transition of new GB standards.

The gross profit margin of PNC segment increased from 48.6% in 2023 to 51.6% in 2024. Excluding the one-time stock write-off and provision of RMB44.3 million recorded for the year ended 31 December 2024 in relation to the product portfolio premiumisation and channel optimisation exercises for Solid Gold business in North American market, the gross profit margin of PNC segment on a pro forma basis increased from 48.6% in 2023 to 53.8% in 2024. The increase was primarily driven by the favorable product mix towards higher revenue contribution from high-margin nutritional supplements products.

Other income and gains

Other income and gains amounted to RMB162.6 million for the year ended 31 December 2024. Other income and gains primarily consisted of gain on sales of raw materials of RMB70.9 million, net fair value gain on derivative financial instruments of RMB50.9 million, interest income from bank deposits of RMB12.6 million, government subsidies of RMB3.4 million and others.

The non-cash fair value gain on derivative financial instruments of RMB50.9 million was mainly caused by the fair value gain on the cross currency swap and cross currency interest rate swap agreements for the Group's long term debt, and the existing equity investments held by NewH[2].

Selling and distribution costs

Excluding depreciation of property, plant and equipment and right-of-use assets, and amortization of intangible assets ("**D&A**"), selling and distribution costs decreased slightly by 0.2% to RMB5,391.8 million in the year ended 31 December 2024, as compared with 2023. Selling and distribution costs excluding D&A as a percentage of the Group's revenue increased from 38.8% in 2023 to 41.3% in 2024, primarily due to the unfavourable impact from the double-digit sales decline in BNC segment.

ANC

Selling and distribution costs of ANC business amounted to RMB2,597.4 million in the year ended 31 December 2024, represented an increase of 11.1% as compared with last year. Selling and distribution costs of ANC business as a percentage of the Group's revenue from ANC business increased from 38.0% in 2023 to 38.8% in 2024, primarily due to strategic investment in new expansion markets across Asia.

Advertising and marketing expense of ANC business as a percentage to the Group's ANC revenue increased from 30.2% in 2023 to 31.7% in 2024, mainly driven by shifts in channel mix and investment in new expansion markets. The selling and distribution costs other than advertising and marketing expense of ANC business as a percentage to its revenue decreased slightly from 7.8% in 2023 to 7.1% in 2024, reflecting the Group's ongoing efforts to enhance spending efficiency, particularly in core markets such as mainland China and ANZ.

BNC

Selling and distribution costs of BNC business amounted to RMB1,924.9 million in the year ended 31 December 2024, representing a decrease of 15.7% as compared with last year. Selling and distribution costs of BNC business as a percentage of the Group's revenue from BNC business increased from 38.7% in 2023 to 43.9% in 2024, mainly resulting from the double-digit decline of the BNC segment sales.

Advertising and marketing expense as a percentage of BNC revenue increased from 12.5% in 2023 to 14.5% in 2024. The selling and distribution costs other than advertising and marketing expense of BNC business as a percentage of revenue increased from 26.2% in 2023 to 29.4% in 2024. These increases were mainly due to the higher investment required to deplete old 'GB approved' IMF stocks in channels, as well as increased spending on marketing and promotional campaigns aimed at acquiring new consumers for the new GB IMF products.

PNC

Selling and distribution costs of PNC business increased by 11.1% to RMB869.5 million for the year ended 31 December 2024, as compared with last year. Selling and distribution costs of PNC business as a percentage of its revenue increased from 41.8% for the year ended 31 December 2023 to 44.1% for the same period of 2024, mainly due to the increased investment in channel expansion initiatives.

Advertising and marketing expense of PNC business as percentages of its revenue decreased slightly from 15.2% in 2023 to 14.4% in 2024. The selling and distribution costs other than advertising and marketing expense of PNC business as a percentage to its revenue increased from 26.6% in 2023 to 29.7% in 2024. The increase was mainly due to the investment to support channel expansion in both core and expansion markets.

Administrative expenses

Administrative expenses decreased by 8.1% from RMB848.5 million in the year ended 31 December 2023 to RMB779.4 million for the year ended 31 December 2024. As a percentage of the Group's revenue, administrative expenses decreased slightly from 6.1% in 2023 to 6.0% in 2024, reflecting the Group's enhanced operational efficiency and cost management efforts.

Other expenses

Other expenses for the year ended 31 December 2024 amounted to RMB588.6 million. Other expenses mainly included research and development ("**R&D**") expenditure of RMB243.0 million, net foreign exchange loss of RMB176.8 million, non-cash impairment of goodwill and intangible asset in relation to the previous acquisitions of Dodie and Good Goût in Europe of RMB124.0 million, non-cash fair value losses on financial assets of RMB13.0 million and others.

During the year under review, R&D expenditure increased by 17.9% as compared with the prior year, reflecting its strong commitment to sustained investment in product innovation. R&D expenditure as a percentage of the Group's revenue increased from 1.5% in 2023 to 1.9% in 2024.

The net foreign exchange losses of RMB176.8 million in 2024 were primarily attributable to the revaluation of a US dollar-denominated intragroup loans payable by one of the Group's subsidiary to the Company post the refinancing of the USD term loan in 2024. These losses from the revaluation of intragroup loans were purely non-cash by nature, and were only an accounting entry reflecting the impact of exchange rate fluctuations on the payable within the Group.

EBITDA and EBITDA margin

Adjusted EBITDA for the year ended 31 December 2024 decreased by 11.9% to RMB1,952.3 million from RMB2,215.5 million in the prior year. Consequently, Adjusted EBITDA margin decreased from 15.9% in 2023 to 15.0% in 2024. The decrease in Adjusted EBITDA margin was mainly due to the decline in BNC segment.

EBITDA for the year ended 31 December 2024 decreased by 29.2% to RMB1,405.8 million, compared with RMB1,984.9 million in the year ended 31 December 2023.

The adjusted EBITDA was arrived at by reconciling the non-recurring or non-cash items from EBITDA in accordance with the consistent adjustment principles over the years as set out below:

	Year ended 31 December	
	2024	2023
	RMB million	*RMB million*
EBITDA	**1,405.8**	1,984.9
Reconciled by:		
Non-cash items*:		
(1) Net foreign exchange losses	**176.8**	4.8
(2) Net fair value gains on derivative financial instruments and financial assets	**(37.8)**	(53.1)
(3) Impairment of goodwill and intangible assets in relation to the previous acquisition of Dodie and Good Goût in Europe	**124.0**	–
(4) Impairment of goodwill and intangible assets in relation to the previous acquisition of Aurelia and Good Goût in Europe	**–**	97.3
(5) Losses on share of profit of associates	**23.0**	17.2
(6) Gain from the partial repurchase of senior notes	**–**	(20.8)
Non-recurring items*:		
(7) One-time marketing and promotional expenses in relation to the launch of new GB IMF	**178.4**	–
(8) One-time restructuring costs in relation to the product portfolio premiumisation and channel optimisation exercises for Solid Gold business in North American market, and the discontinued skincare products under Aurelia brand in the UK market	**65.1**	–
(9) One-time consulting fee for group entity structure optimization	**17.0**	–
(10) One-off stock write-off and provision for the imported goat milk IMF series products which were still pending for new GB approval	**–**	178.6
(11) One-time restructuring costs in certain markets including EU and North America	**–**	13.7
(12) Partial recovery of loan due from the Group's previous supplier of baby cereals for mainland China	**–**	(7.1)
Adjusted EBITDA	**1,952.3**	2,215.5

* Either non-recurring or non-cash items is to be adjusted only if the amount is equal to or greater than RMB10 million.

Finance costs

During the year ended 31 December 2024, the Group incurred finance costs of RMB920.6 million, representing an increase of 19.0% compared with the previous year. The finance costs for the year ended 31 December 2024 included interests for the term loan and senior notes of RMB863.4 million on a reported basis. As the Group has entered into certain cross currency swaps and cross currency interest rate swaps to hedge its interest rate risk and foreign currency risk, respectively, the normalised interests for the interest-bearing bank loans and senior notes was RMB654.6 million for the year ended 31 December 2024. The implied annual interest expense margin[8] (including the benefit of the above-mentioned hedges) was 6.96% for the year ended 31 December 2024.

On a reported basis, the interests for the interest-bearing bank loans and senior notes for the year ended 31 December 2024 increased by 7.7% compared with last year mainly due to the higher full-year coupon cost on the USD senior notes originally issued in June 2023 and due in June 2026, and the depreciation of RMB against USD. The finance costs for the year ended 31 December 2024 also included the non-cash write-off of unamortised transaction costs of RMB48.4 million upon refinancing for the USD term loan due in June 2025.

Income tax expense

Income tax expense decreased by 28.8% from RMB351.8 million in the year ended 31 December 2023 to RMB250.5 million in the year ended 31 December 2024. After adjusting for non-deductible and non-cash items on profit before tax, including the net foreign exchange losses, net fair value gains on derivative financial instruments and financial assets, impairment of goodwill and intangible assets, losses on share of losses of associates, gain from the partial repurchase of senior notes and write-off of unamortised transaction costs for early repayment of interest-bearing bank loans), and the one-time tax adjustments, the effective tax rate on a pro forma basis increased from 34.9% in 2023 to 42.5% in 2024. The increase was mainly due to (i) an increase in non-deductible interest expenses associated with interest-bearing bank loans, senior notes and guaranteed bonds; and (ii) the increased profits derived from the high-tax jurisdictions. On a reported basis, the effective tax rate increased from 37.7% in 2023 to 127.3% in 2024.

As disclosed in the 2023 Annual Report and 2024 Interim Report, one subsidiary of the Company, Biostime Healthy Australia Pty Ltd ("**BHA**"), as a top 1,000 taxpayer in Australia, is subject to the Australian Tax Office's ("**ATO**") compliance programs. BHA is currently undergoing an ATO audit (which commenced after a compliance program in August 2019) in respect of the value of intellectual property and other assets transferred as part of the Group-wide integration initiatives in 2018 (the "**transaction**"), for which BHA paid AUD19 million of tax under the Australian capital gains tax ("**CGT**") rules. BHA has provided the ATO with relevant evidence and documentation to support its tax treatment of the transaction, including two independent valuations completed for the purposes the transaction.

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8 The implied annual interest expense margin is calculated by dividing the normalised interest expense including the benefit of hedge arrangements for the year ended 31 December 2024 by the outstanding principal as of 31 December 2024 being converted to RMB with a consensus FX rates as the debts' drawdown dates.

As of the date of this announcement, the ATO is asserting a different view to that of BHA based on its interpretation and application of the CGT rules. The ATO's primary argument is that the transaction of intellectual property and other assets resulted in a transfer of an Australian business (inclusive of goodwill) that relates to/supports the separate Swisse business in Hong Kong and China that actively distributes Swisse products and therefore giving rise to a materially variable outcome to that of BHA. BHA strongly disputes the ATO's primary position and maintains that the transaction involved the sale of certain assets only, without the transfer of an Australian business. Furthermore, the ATO maintains an alternate position in the event that its assertion about the existence of a business sale is incorrect.

Due to the ongoing difference in the interpretation of the CGT rules held between the ATO and BHA, the final economic outcome of the matter is not able to be determined at this stage, however, this could potentially range between a full refund to BHA of AUD19 million under BHA's sale of assets position, or up to additional primary tax payable by BHA of AUD234.5 million under the ATO's indicated primary position. Penalties and interest may be imposed in the event of a tax shortfall. Currently, the ATO is not applying the general anti-avoidance tax provisions or transfer-pricing rules to the transaction.

To highlight the tax technical complexities of the matter, in September 2024, BHA requested and was accepted into an independent review by an ATO independent reviewer who is not involved in the audit to narrow the technical issues under dispute. The reviewer considered that the ATO audit team should more specifically identify the business it purports was transferred and concluded that the 'transferred business' specifically excludes the separate and distinct businesses of the two operating entities which sold and distributed Swisse products to customers in China. The independent review did not lead to the resolution of the audit. Irrespective of this, BHA denies there was a transfer of an Australian business.

BHA expects that the ATO will conclude its audit by 30 June 2025. As part of completion of the audit, the ATO may issue an amended tax assessment and if disputed by BHA, the matter may proceed to litigation. In objecting to any assessments, BHA may be required to enter a debt deferral arrangement with the ATO which would require BHA to provide a portion of any additional tax payable as determined by ATO in accordance with ATO's policy, pending the outcome of the dispute on objection or in the court. At this time, BHA does not consider that it is probable that there will be a final outflow of funds in relation to the matters under audit.

BHA continues to vigorously and confidently defend its position and continues to be assisted by tax litigation lawyers and preeminent counsels. The Company will make continuing disclosure pursuant to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance if and when required.

Net (loss)/profit and adjusted net profit

The adjusted net profit was arrived at by reconciling the non-recurring or non-cash items from net (loss)/profit as set out below:

	Year ended 31 December	
	2024	2023
	RMB million	*RMB million*
Net (loss)/profit	**(53.7)**	581.8
Reconciled by:		
EBITDA adjusted items as listed above	**546.5**	230.6
Non-cash items*:		
One-off write-off of unamortised transaction costs and losses on modification upon refinancing for the loan facilities	**48.4**	28.8
One-off amortized (gain)/loss of interest rate swap for previous term loan	**–**	(62.9)
Adjusted net profit	**541.2**	778.3

* Either non-recurring or non-cash items is to be adjusted only if the amount is equal to or greater than RMB10 million.

LIQUIDITY AND CAPITAL RESOURCES

Operating activities

For the year ended 31 December 2024, the Group recorded net cash generated from operating activities of RMB1,346.4 million, resulting from pre-tax cash from operations of RMB1,675.9 million, minus income tax paid of RMB392.5 million. Pre-tax cash flows mainly benefited from the healthy Adjusted EBITDA which was partially offset by the negative impact from change in working capital. The inventories, net of write-down of inventories to net realisable value, decreased by RMB443.2 million mainly attributable to the new GB product launches since the end of last year and the inventory management efficiency improvement for ANC and PNC. The trade and bills receivables decreased by RMB100.3 million. The above positive impact was partially offset by (i) the decrease in other payables and accruals of RMB306.0 million; (ii) the decrease in contract liabilities of RMB160.3 million; and (iii) the decrease in trade payables of RMB146.5 million mainly due to the different cut-off days.

Investing activities

For the year ended 31 December 2024, net cash flows generated from investing activities amounted to RMB0.9 million, primarily resulted from receipt of bond receivable of RMB78.6 million and interest received of RMB10.5 million, partially offset by purchases of property, plant and equipment and intangible assets of RMB97.3 million.

Financing activities

For the year ended 31 December 2024, net cash flows used in financing activities amounted to RMB1,071.0 million, primarily related to the repayment of interest-bearing bank loans of RMB3,636.7 million, the interest paid for borrowings of RMB706.1 million, the partial purchase of senior notes of RMB454.9 million, the dividend paid of RMB281.9 million, the transaction costs in relation to the issuance of the senior notes and term loans of RMB276.6 million, and payment of lease liabilities of RMB53.5 million. The above cash outflows were partially offset by the proceeds from new bank loans of RMB3,330.0 million, the net proceeds from issuance of senior notes of RMB906.8 million, and the proceeds from certain cross currency swaps of RMB101.9 million.

Cash and bank balances

As of 31 December 2024, cash and cash equivalents as stated in the consolidated statement of financial position was RMB1,603.9 million. Notably, as of the date of this announcement, the Group has not yet drawn down the available credit line of RMB556.5 million granted by several banks, and the revolving facility of USD20.0 million which was available to the Group under an existing facilities agreement. Moreover, the Group's improved working capital also help to support its sufficient liquidity.

Interest-bearing bank loans and senior notes

As of 31 December 2024, the Group's outstanding interest-bearing bank loans amounted to RMB7,165.5 million, including current portion of RMB860.9 million. The total carrying amount of the senior notes was RMB2,119.5 million, including current portion of RMB2.2 million.

Gearing ratio increased slightly from 45.7% as of 31 December 2023 to 49.3% as of 31 December 2024, calculated by dividing the sum of the carrying amount of senior notes and interest-bearing bank loans by total assets. As of 31 December 2024, the net leverage ratio increased to 3.99x from 3.42x as of 31 December 2023, calculated as the following table:

	For/as of the year ended 31 December	
	2024	2023
	RMB million	*RMB million*
Gross debt[9]	**9,403.3**	8,933.7
Less: Cash and cash equivalents	**1,603.9**	1,364.3
Net debt	**7,799.4**	7,569.4
Divided by: Adjusted EBITDA	**1,952.3**	2,215.5
Net leverage ratio	**3.99x**	3.42x

9 The gross debt as of 31 December 2024 and 2023 are calculated with the outstanding principal of debt instruments being converted to RMB with a consensus FX rates as the debt drawdown date. If applying the consistent FX rates with that of 2023, the gross debt as of 31 December 2024 would be RMB9,137.8 million.

Working capital

Advance payment is normally required for the sale in mainland China, except for limited circumstances. The Group usually allows credit sales in overseas markets outside mainland China, with average credit terms ranging from 30 to 60 days from the end of month. The Group's suppliers generally grant a credit period of between 30 and 90 days.

The Group seeks to maintain strict controls over outstanding receivables and creditors to minimize credit risk. The average turnover days for trade and bills receivables increased from 24 days for the year ended 31 December 2023 to 27 days for the year ended 31 December 2024, mainly due to the higher revenue contribution from credit sales in oversea markets outside mainland China. The average turnover days of trade payables decreased from 76 days for the year ended 31 December 2023 to 68 days for the year ended 31 December 2024, mainly due to the different cut-off days.

The inventory turnover days decreased from 159 days for the year ended 31 December 2023 to 150 days for the year ended 31 December 2024. The inventory turnover days of ANC products decreased from 146 days for the year ended 31 December 2023 to 141 days for the year ended 31 December 2024. The decrease was mainly due to the higher safety stock built up in the fourth quarter of 2023 to support the strong sales growth of ANC segment during that period. The inventory turnover days of BNC products increased slightly from 155 days for the year ended 31 December 2023 to 160 days for the year ended 31 December 2024. The inventory turnover days of PNC products decreased from 194 days for the year ended 31 December 2023 to 152 days for the year ended 31 December 2024, thanks to the continuing supply chain optimisation effort.

SIGNIFICANT BUSINESS DEVELOPMENT AFTER THE END OF THE REPORTING PERIOD

In January 2025, the Group further strengthened its debt profile by issuing new 3.5-year USD senior notes at a much more favourable coupon rate to refinance the USD senior notes due in June 2026. This proactive refinancing extends the Group's maturity profile and reduces its overall finance costs. It also marks the successful completion of all major refinancing exercises planned for 2024 and 2025, establishing a solid foundation for its future strategic growth.

DIVIDEND

After taking full consideration of the Group's financial position, net cash flow and capital expenditures, the Board is pleased to recommend the payment of a final dividend of HKD0.05 per ordinary share for the year ended 31 December 2024. Taking into account of the interim dividend of HKD0.30 per ordinary share in respect of the six months ended 30 June 2024 paid in October 2024, the annual dividend will amount to HKD0.35 per ordinary share, representing approximately 37.6% of the Group's Adjusted net profit for the period of year ended 31 December 2024.

Subject to approval at the forthcoming annual general meeting on Monday, 12 May 2025 (the "**2025 AGM**"), the said final dividend will be payable on or about Wednesday, 9 July 2025 to shareholders whose names appear on the register of members of the Company on Wednesday, 21 May 2025.

CLOSURE OF REGISTER OF MEMBERS

(a) Entitlement to attend and vote at the 2025 AGM

The register of members of the Company will be closed from Wednesday, 7 May 2025 to Monday, 12 May 2025, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the entitlement to attend and vote at the 2025 AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 6 May 2025.

(b) Entitlement to the proposed final dividend

The register of members of the Company will be closed from Monday, 19 May 2025 to Wednesday, 21 May 2025, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 16 May 2025.

CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 of the Listing Rules. The Company has complied with all the code provisions contained in the CG Code for the year ended 31 December 2024.

The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure that they comply with the CG Code and align with the latest developments.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding Directors' dealings in the Company's securities (the "**Company Code**") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules.

Specific enquiry has been made of all the Directors and all the Directors have confirmed that they have complied with the Company Code and the Model Code during the year ended 31 December 2024.

The Company has also established written guidelines (the "**Employees Written Guidelines**") on terms no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company during the year ended 31 December 2024.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its directors and relevant employees in advance.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") was established on 25 November 2010 in compliance with Rules 3.21 and 3.22 of the Listing Rules and with written terms of reference in compliance with the CG Code. The Audit Committee consists of three members, namely, Professor Ding Yuan, Mr. Tan Wee Seng and Mr. Luo Yun, all of whom are non-executive Directors and the majority of whom are independent non-executive Directors. Professor Ding Yuan, who possesses the appropriate professional qualifications or accounting or related financial management expertise, was appointed as the chairman of the Audit Committee.

The Audit Committee oversees the audit process, internal control and risk management systems of the Group, reports to the Board on any material issues, and makes recommendations to the Board.

The Audit Committee has reviewed the Company's interim results for the six months ended 30 June 2024 and the annual results for the year ended 31 December 2024, the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2024 and the annual report for the year ended 31 December 2024, the financial reporting and compliance procedures, the report from the management on the Company's internal control and risk management systems and processes, scope of work and the re-appointment of the external auditors, connected transactions and arrangement for employees to raise concerns about possible improprieties. There is no disagreement between the Board and the Audit Committee regarding the re-appointment of the external auditors.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITORS

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2024, consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024 and the related notes thereto as set out in the preliminary announcement have been agreed by the Company's auditor to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditor, Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards in 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 Ernst & Young on the preliminary announcement.

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

During the year ended 31 December 2024, with a view to reducing financing cost and optimising capital structure, the Company has in aggregate redeemed USD53,352,000 in principal amount of the 5.625% senior notes due 2024 (the "**Redemption Principal Amount**") at the redemption price equal to 100% of the Redemption Principal Amount, plus accrued and unpaid interest. Upon completion of this redemption, none of the 5.625% senior notes due 2024 remained in issue.

During the year ended 31 December 2024, the Company repurchased on market RMB89,500,000 in principal amount of the 7.5% guaranteed bonds due 2027, representing approximately 17.9% of the outstanding principal amount of the 7.5% guaranteed bonds due 2027. The Company also repurchased on market USD3,000,000 in principal amount of the 13.5% senior notes due 2026, representing approximately 1.0% of the outstanding principal amount of the 13.5% senior notes due 2026.

Save as disclosed above, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is also published on the websites of the Company (www.hh.global) and the Stock Exchange (www.hkexnews.hk). The annual report for the year ended 31 December 2024 containing all the information required by Appendix D2 to the Listing Rules will be despatched to the shareholders of the Company (if required) and available on the above websites in due course.

By Order of the Board
Health and Happiness (H&H) International Holdings Limited
Luo Fei
Chairman

Hong Kong, 25 March 2025

As at the date of this announcement, the executive directors of the Company are Mr. Luo Fei and Mr. Wang Yidong; the non-executive directors of the Company are Mrs. Laetitia Albertini, Dr. Zhang Wenhui, Mr. Luo Yun and Mrs. Mingshu Zhao Wiggins; and the independent non-executive directors of the Company are Mr. Tan Wee Seng, Mrs. Lok Lau Yin Ching and Professor Ding Yuan.