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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)**

### **UNAUDITED OPERATIONAL AND FINANCIAL UPDATE FOR THE SIX MONTHS ENDED 30 JUNE 2026**

This announcement is made by Health and Happiness (H&H) International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to provide an update on the Group’s unaudited operational and financial performance for the six months ended 30 June 2026.

#### **OPERATIONAL UPDATE**

During the six months ended 30 June 2026, the Group’s total revenue achieved a double-digit growth on a like-for-like (“**LFL**”)<sup>1</sup> basis, comparing with the same period of last year. This was mainly driven by the growth across all business segments – namely Adult Nutrition and Care (“**ANC**”), Baby Nutrition and Care (“**BNC**”) and Pet Nutrition and Care (“**PNC**”).

ANC segment achieved a low-to-mid-teen revenue growth on a LFL basis during the six months ended 30 June 2026, delivering continued double-digit growth in Chinese mainland, ANZ domestic market and the expansion markets. In Chinese mainland, such ongoing growth was mainly driven by the phasing effect of the Chinese New Year holidays and Swisse’s continued outperformance in strategic categories. Douyin remains a major growth engine for Swisse, grew by over 50%. The revenue increase in ANC segment was also driven by healthy growth in the ANZ domestic market and strong growth in expansion markets in Asia.

<sup>1</sup> LFL basis is used to indicate sales growth for this financial period compared with the same period of the previous year, excluding the impact from foreign exchange changes.

Revenue from BNC segment accelerated its growth trajectory, achieving a high double-digit year-on-year growth during the six months ended 30 June 2026. Within BNC segment, infant milk formula (“IMF”) revenue grew by over 50% during the period. Biostime continued to gain market share in the super-premium IMF segment in Chinese mainland, increasing to 20.0%, up from 14.6% a year earlier<sup>2</sup>. The Group’s IMF sales continued to significantly outperform the broader market, reflecting a combination of robust sell-through along with successful launch of the first-ever imported IMF with Human Milk Oligosaccharide (HMO) in Chinese mainland, disciplined channel execution, and the effectiveness of our strategic priorities in new mother education and Stage 3 conversion. While the Company observed that the growth was supported by a recent shift in consumer demand amid recent industry developments in the first half of 2026, the more fundamental driver is our sustained share – a structural trend reinforced by strong brand trust and targeted consumer engagement, enabled us to take advantage of such shift in consumer demand.

PNC segment achieved a mid-to-high single-digit revenue growth on LFL basis during the six months ended 30 June 2026. The increase was mainly driven by the accelerated growth in high-margin pet supplements category and channel expansion in North America. The high-margin pet supplements segment continued to record strong revenue growth at mid-to-high-teen level.

## **FINANCIAL UPDATE**

Based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2026, the Adjusted EBITDA<sup>3</sup> of the Group is expected to record a strong increase in the range of 60-70% as compared with the same period of last year. The Adjusted EBITDA margin for the six months ended 30 June 2026 is expected to exceed 20%. This primarily reflected the continued operating leverage and the Group’s prudent marketing investments during the period, ahead of a more active brand-building and promotional activities planned for the second half of 2026 to accelerate the new product roll-out and market expansion.

Thanks to the strong increase in Adjusted EBITDA, the optimisation of debt structure and the reduction of overall finance costs, the Adjusted Net Profit<sup>4</sup> of the Group for the six months ended 30 June 2026 is expected to record an increase by over 100% as compared with the same period of last year. In terms of the Reported Net Profit of the Group to be reported in accordance with the International Financial Reporting Standards, it is expected to achieve a high growth rate of over 700% due to the low base in the same period of last year.

<sup>2</sup> According to research statistics by Nielsen, an independent research company, market share data for the past twelve months ended 31 May 2026.

<sup>3</sup> EBITDA refers to earnings before interest, income tax expense, depreciation and amortization. Adjusted EBITDA is calculated by excluding the impact from non-cash and non-recurring items from reported EBITDA.

<sup>4</sup> Adjusted Net Profit is calculated by excluding the impact from non-cash and non-recurring items from reported net profit.

## LEVERAGE, LIQUIDITY AND REFINANCING UPDATE

During the six months ended 30 June 2026, the Group continued to make strong progress in deleveraging, with gross debt further reduced by approximately RMB1 billion compared with 31 December 2025. This was primarily driven by the voluntary prepayment of its USD term loan, supported by strong internal liquidity which was enhanced by incrementally low-cost RMB borrowings. The net leverage ratio of the Group is expected to be significantly reduced from 3.45x as at 31 December 2025 to around 2.25x for the twelve months ended 30 June 2026. As of 30 June 2026, the Group maintained a robust cash position of close to RMB2.0 billion. RMB-denominated and RMB hedged debts collectively represented over 97% of total borrowings as of 30 June 2026. This reflects the Group's proactive management of its funding mix and effectively mitigates exposure to foreign exchange and external interest rate volatility. The Group continues to maintain diversified access to both onshore and offshore funding markets.

The Company is pleased to update that it has obtained in-principle credit approvals from a group of onshore and offshore financial institutions to support certain proposed refinancing facilities for the Company. On the basis that the terms and documentation of such refinancing will be agreed and finalised, it will be sufficient to support the refinancing of the following existing facilities of the Company, namely (i) the offshore Renminbi (CNH)-denominated term loan facilities maturing on 10 July 2027 and (ii) the United States dollar (USD)-denominated term and revolving loan facilities maturing on 13 November 2027. For further details of these facilities, please refer to the announcements of the Company dated 27 June 2024 and 30 August 2024, respectively.

The Company considers that obtaining such in-principle credit approvals represent a milestone progress in the Company's refinancing exercise. The proposed refinancing, if completed, is expected to further optimise the Group's debt maturity profile, enhance its financial flexibility and reduce its finance costs.

As at the date of this announcement, the proposed refinancing remains subject to ongoing negotiations, documentation and completion. The Company has not entered into any definitive financing documentation or commitment letter in respect of the proposed refinancing. The availability and drawdown of the refinancing facilities remain subject to, among other things, the execution of definitive financing documentation and the fulfilment of requisite conditions precedent. Accordingly, the proposed refinancing may or may not be completed on the terms currently contemplated or at all.

## **UPDATE ON TAX AUDIT ON BIOSTIME HEALTHY AUSTRALIA PTY LTD (“BHA”)**

BHA, a subsidiary of the Company, as a top 1,000 taxpayer in Australia, is subject to the Australian Tax Office’s (“ATO”) compliance programs. As disclosed in the Company’s Annual Report for the year ended 31 December 2025, BHA has undergone an ATO audit (“ATO Audit”) in respect of the value of intellectual property and other assets transferred as part of the Group-wide integration initiatives in 2018, for which BHA paid AUD19 million of tax under the Australian capital gains tax (“CGT”) rules.

Based on the conclusion of the ATO Audit, on 10 April 2025, the ATO issued official notices of amended assessment requesting the sum of (i) AUD234.5 million of primary tax payable by BHA in respect of the year ended 31 December 2018; (ii) AUD55.2 million of interest and (iii) AUD117.3 million penalty payable by BHA, respectively.

As disclosed in the announcement of the Company dated 4 July 2025, BHA formally objected to the ATO’s amended assessments to officially dispute these amounts in June 2025 (“**Objection**”). On 4 July 2025, having considered BHA’s proposals regarding payment arrangement, the ATO confirmed that it required BHA to provide a cash deposit of AUD104 million to the ATO by 15 July 2025, in accordance with the ATO administrative practice for disputed tax debts. Consequently, such cash deposit was made on 15 July 2025 and recorded as deposits in the financial statements of the Company as of 31 December 2025. No further deposit is required until the conclusion of this matter.

BHA and its representatives have actively engaged with the ATO’s objection team to discuss technical areas of disagreement and other developments. On 3 July 2026, the ATO issued a written decision substantially disallowing (and allowing in part) BHA’s Objection (resulting in a reduction in primary tax from AUD234.5 million to AUD208.1 million and a reduction in penalty from AUD117.2 million to AUD104.0 million). In doing so, the ATO has maintained its reliance on its primary position to substitute the value of the transferred assets under the CGT rules, as well as an alternative position under the transfer pricing rules.

BHA will continue to vigorously defend its position and intends to file a Notice of Appeal in the Federal Court of Australia to formally initiate legal proceedings this week. This timing is subject to BHA finalising its grounds of appeal following its review of the ATO’s written decision.

BHA continues to be assisted by tax litigation lawyers and preeminent Counsel. In the event that BHA is successful in the tax appeal, BHA will be entitled to a refund of the cash deposit paid plus interest.

## GENERAL

The information contained in this announcement is based on a preliminary assessment of the information currently available to the Board, including the unaudited consolidated management accounts of the Group for the six months ended 30 June 2026, which as at the date of this announcement are still under reviewed or audited by the Company's auditors.

The data do not constitute, represent, or indicate the full picture of the Group's total revenue or financial performance and the information contained in this announcement may be subject to change and adjustment. Shareholders and potential investors of the Company are advised to refer to the details of the Group's interim results announcement for the six months ended 30 June 2026, which is expected to be released on 25 August 2026 in accordance with the Listing Rules. The Group may not be able to sustain its historical level of growth, and its historical growth may not be indicative of its growth or performance in future periods. The data disclosed in this announcement should neither be considered as a measure or indication of the future operating or financial performance of the Group, in particular, for the twelve months ending 31 December 2026, nor be considered as a representation of the Group's corresponding data that may be provided in the audited or unaudited consolidated financial statements of the Group.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 5 July 2026

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