

2025 INTERIM REPORT 中期報告

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)*

(於開曼群島註冊成立之有限公司) (Stock Code 股份代號: 1112)



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Luo Fei (*Chairman*)
Mr. Wang Yidong

Non-executive Directors

Mrs. Laetitia Marie Edmee Jehanne Albertini*
Dr. Zhang Wenhui
Mr. Luo Yun
Mrs. Mingshu Zhao Wiggins

Independent Non-executive Directors

Mr. Tan Wee Seng
Mrs. Lok Lau Yin Ching
Professor Ding Yuan

BOARD COMMITTEE

Audit Committee

Professor Ding Yuan (*Chairman*)
Mr. Tan Wee Seng
Mr. Luo Yun

Nomination Committee

Mr. Luo Fei (*Chairman*)
Mr. Tan Wee Seng
Mrs. Lok Lau Yin Ching

Remuneration Committee

Mr. Tan Wee Seng (*Chairman*)
Mr. Luo Fei
Mrs. Lok Lau Yin Ching

Environmental, Social and Governance Committee

Mrs. Laetitia Albertini (*Chairman*)
Mr. Luo Fei
Ms. Yang Wenyun (*with effect from 26 August 2025*)
Mrs. Pascale Laborde (*until 26 August 2025*)

* commonly known as Laetitia Albertini

COMPANY SECRETARY

Ms. Yang Wenyun

AUTHORISED REPRESENTATIVES

Mr. Luo Fei
Ms. Yang Wenyun

REGISTERED OFFICE

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Hutchins Drive
P.O. Box 2681
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Cayman Islands

HEAD OFFICE

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Quarry Bay
Hong Kong

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Taikoo Place
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Quarry Bay
Hong Kong

COMPANY'S WEBSITE

www.hh.global

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited
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CORPORATE INFORMATION

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court
Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

FINANCIAL HIGHLIGHTS

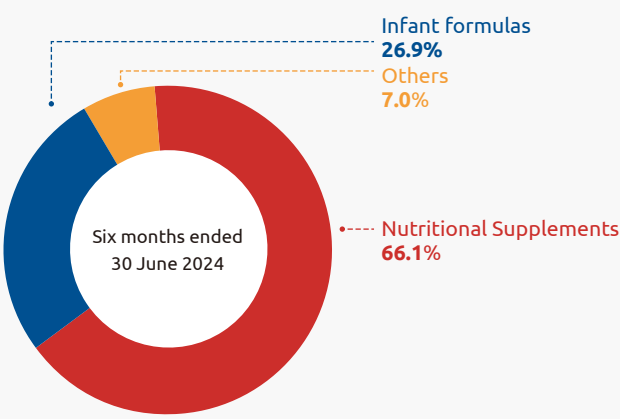
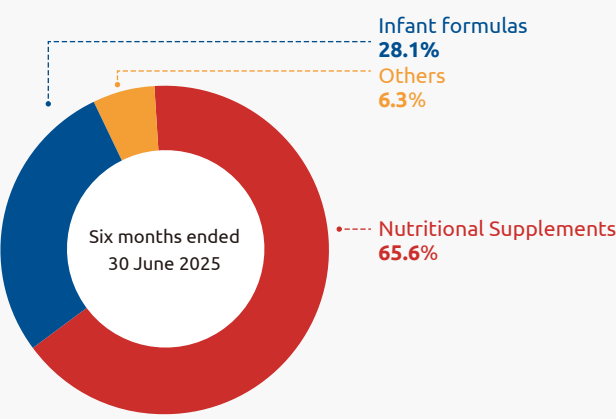
	Six months ended 30 June		Change
	2025 RMB million (Unaudited)	2024 RMB million (Unaudited)	
Revenue	7,019.2	6,692.1	+4.9%
Gross profit	4,389.1	4,072.3	+7.8%
EBITDA*	1,033.1	1,098.4	-5.9%
Adjusted EBITDA*	1,100.7	1,139.8	-3.4%
Adjusted EBITDA margin	15.7%	17.0%	-1.3pts
Net profit	71.0	305.8	-76.8%
Adjusted Net profit**	363.0	347.2	+4.6%
Adjusted net profit margin	5.2%	5.2%	—

* EBITDA refers to earnings before interest, income tax expense, depreciation and amortization. Adjusted EBITDA = EBITDA + Non-cash losses of RMB57.6 million for the six months ended 30 June 2025 (six months ended 30 June 2024: gains of RMB5.5 million) + Non-recurring losses of RMB10.0 million for the six months ended 30 June 2025 (six months ended 30 June 2024: losses of RMB46.9 million)

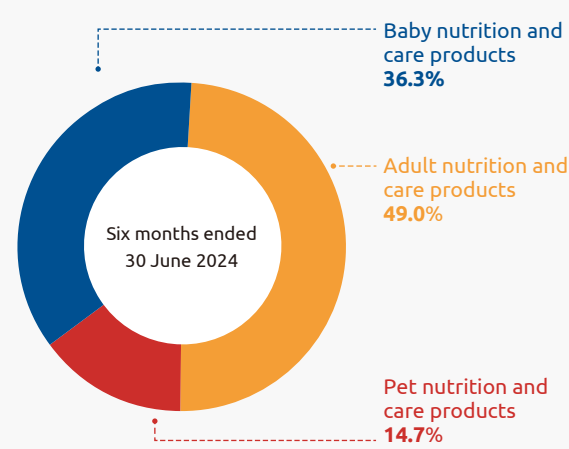
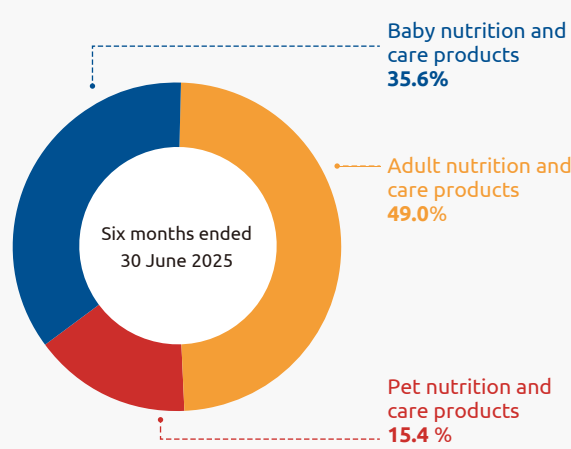
** Adjusted net profit = Net profit + EBITDA adjustment items of losses of RMB67.6 million for the six months ended 30 June 2025 (six months ended 30 June 2024: losses of RMB41.4 million) + Other non-cash losses of RMB224.4 million for the six months ended 30 June 2025 (six months ended 30 June 2024: nil)

FINANCIAL HIGHLIGHTS

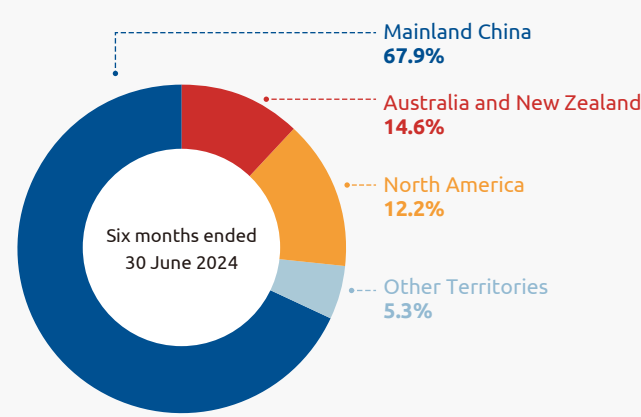
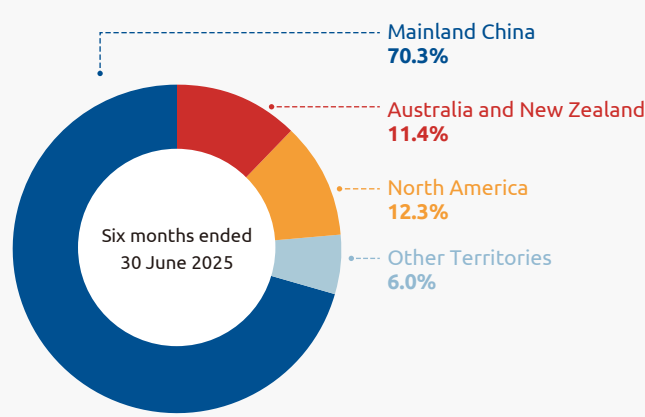
REVENUE BY PRODUCT SEGMENT



REVENUE BY BUSINESS SEGMENT



REVENUE BY GEOGRAPHY



CHAIRMAN'S STATEMENT

To our shareholders,

On behalf of Health and Happiness (H&H) International Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**"), I am pleased to present our interim report for the six months ended 30 June 2025.

The first half of the year marked a return to growth across all of our business segments, with total revenue rising by 5.2% on a like-for-like ("**LFL**")¹ basis compared with the same period of last year. Building on this momentum, we made meaningful progress on initiatives that are ensuring each of our three business segments – Adult Nutrition and Care ("**ANC**"), Baby Nutrition and Care ("**BNC**") and Pet Nutrition and Care ("**PNC**") – will continue to sustain and expand their current growth trajectories into the second half of the year, while delivering a consistent level of profitability.

Key highlights and milestones include:

- High-margin nutritional supplements² accounting for 65.6% of revenue in the first half of 2025, as we strategically pivoted toward premium growth segments – with our VHMS and pet supplement categories delivering 5.8% and 14.3% revenue growth on a LFL basis respectively.
- Continuing to win in our core and expansion markets, with Swisse securing the No.1 position in mainland China's overall VHMS market³. Our growth in expansion markets accelerated, delivering 38.7% revenue growth on a LFL basis and now contributing 7.1% of ANC sales. This success reflects our proven ability to replicate Swisse's growth across diverse markets while maintaining innovation agility to meet evolving consumer needs.
- Reviving growth in our BNC segment, with infant milk formula ("**IMF**") sales increasing by 10.0% in the mainland China market. More notably, Biostime's share of the super-premium IMF category reached 15.9% in June 2025 – its highest-ever level⁴.
- Our PNC business also emerged as a key growth contributor, representing 15.4% of total revenue. This momentum was driven by Zesty Paws' robust growth of 13.4% on a LFL basis and PNC's return to growth in mainland China at 17.5%.
- Delivering consistent and healthy profitability across all segments, with our Adjusted EBITDA margin reaching 15.7% and Adjusted Net Profit showing improvement, while maintaining a strong level of cash conversion and liquidity.
- Further improving our debt profile and capital structure with the successful refinancing of USD297 million in outstanding senior notes due in 2026 at a significantly more favourable coupon rate. This proactive step extended our maturity profile and lowered our overall financing costs.

¹ 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.

² 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.

³ According to research statistics by brand for the past twelve months ended 30 June 2025, prepared by Kantar Worldpanel, an independent research company.

⁴ According to research statistics by Nielsen, an independent research company, market share data for the past six months ended 30 June 2025.

CHAIRMAN'S STATEMENT

As a result of these achievements – particularly the optimisation of our debt structure and a reduction in adjusted finance costs⁵– our Adjusted Net Profit for the six months ended 30 June 2025 rose by 4.6% compared with the same period last year. We remain committed to strengthening our balance sheet while maintaining our steady track record of dividend payouts. In line with this commitment, I am pleased to announce an interim dividend of HKD0.19 per ordinary share, a level we believe strikes a prudent balance given our current priorities.

ADULT NUTRITION AND CARE

Overall, our ANC segment grew by mid single digits in the first half of the year, with double-digit growth in mainland China and continued strong growth in our expansion markets. The Australia and New Zealand ("**ANZ**") domestic market delivered steady mid-single-digit growth, with export sales falling as expected due to a decline in our corporate daigou business.

Our strong growth in mainland China was driven by Swisse's outperformance in innovative product categories closely aligned with evolving consumer preferences, most notably in beauty, anti-aging and detox. We extended these same trends across a broader spectrum of consumer segments through our mega-brand strategy, fuelling the continued growth of our Swisse Plus and Little Swisse ranges.

In line with this strategy, we made significant strides in the high-margin, structurally-growing anti-aging supplements category in the first half of the year, with the mainland China's aging population driving robust demand for innovative anti-aging solutions. Leveraging our comprehensive product matrix under the Swisse and Swisse Plus brands – including market-leading positions in both NAD+ and EGT categories – we are uniquely positioned to capture this growing demand and unlock new growth potential.

Our growth in mainland China was also supported by our channel development efforts, especially our fast-growing online channels, with sales in the cross-border e-commerce ("**CBEC**") channel growing by 18.1% and contributing 81.5% of our mainland China ANC revenue. Notably, our Douyin sales channel has emerged as a significant growth engine, achieving 80.3% growth, while increasing its market share to secure the No. 4 market position⁶. Our competitiveness in e-commerce was once again highlighted during this year's 618 online shopping festival, with Swisse achieving robust GMV growth and securing the No. 1 position in the nutritional supplements category across major e-commerce platforms, including Tmall, JD.com, Douyin, and Vipshop⁷. This performance underscores why Swisse remain the No. 1 online VHMS brand in the mainland China⁸.

⁵ Excluding the one-time premium paid for the tender offer and early redemption of the senior notes due in 2026 and the related non-cash write-off of unamortised transaction costs.

⁶ According to research statistics by Feigua, an independent data provider, market share data for the past twelve months ended 30 June 2025.

⁷ According to Tmall statistics, Swisse's overseas flagship store ranked No. 1 in sales in the health foods/ dietary supplements category on Tmall during the period from 20 May to 18 June 2025. According to JD.com statistics, Swisse ranked No. 1 in GMV in the Nutrition and Health category under JD Health from 8:00 p.m. on 13 May to midnight on 18 June 2025. According to Douyin's statistics, Swisse ranked No. 1 in sales in the overseas dietary supplements category from 13 May to 18 June 2025. According to Vipshop's statistics, Swisse ranked No. 1 in sales in the nutritional supplements category from 17 May to 18 June 2025.

⁸ According to research statistics by Early Data, an independent data provider, market share data for the past twelve months ended 30 June 2025.

CHAIRMAN'S STATEMENT

Having firmly established its leadership around e-commerce and product innovation, Swisse has reached the No. 1 position in overall VHMS market in mainland China⁹.

In ANZ, we reinforced our market leadership with steady mid-single-digit domestic sales growth, consistently outperforming the overall domestic market. During the first half of 2025, Swisse became Australia's No.1 VMS brand on both a volume and value basis across the total market¹⁰. This success was driven by market-leading new product launches (e.g. Swisse Magnesium Glycinate, Little Swisse Kids Gummies and further), our best-in-class marketing campaign (e.g. the new 'Here Life Come' brand campaign) and superior in-store retail execution, though total ANZ revenue declined by 16.2% on a LFL basis due to the decline of corporate daigou business in the first half of 2024.

In other territories, strong sales growth in our expansion markets in Asia, including Hong Kong Special Administrative Region ("Hong Kong SAR"), Thailand, Malaysia, India and the Middle East, was a significant contributing factor to the overall revenue increase in the ANC segment. We sustained our market share rankings in most of these markets through the expansion of our product portfolio and ongoing distribution gains, including the No. 1 position in the beauty VHMS, liver health, and men's health markets in Singapore¹¹, and the No. 2 position in Italy's beauty VHMS market¹².

BABY NUTRITION AND CARE

Our BNC segment regained its growth trajectory following the successful completion of our new 'GB' transition, achieving low-single-digit year-on-year growth in the first half of the year. More significantly, IMF sales in mainland China grew at 10.0%, far outpacing overall IMF market growth of 0.2% in retail scan sales¹³. This recovery reflects our successful execution of strategic priorities, including educating new mother through e-commerce and baby specialty stores. Through these efforts, Biostime's share of mainland China's super-premium IMF segment reached a historic high in terms of market share.

Our Stage 1 and Stage 2 IMFs demonstrated particularly strong momentum, fueled by successful new mother education initiatives in the first half of the year. The strength of this momentum was on full display during this year's 618 online shopping festival, where our Stage 1 and Stage 2 IMFs achieved GMV growth of 103%. Our performance in e-commerce channels was also particularly noteworthy. In the first half of year, brand searches on RedNote and Douyin more than tripled compared with the same period in 2024. Biostime now ranks among the top two most recommended newborn IMF brands on RedNote, positioning e-commerce as a key growth driver for our older-stage formulas in 2025.

Our paediatric probiotic and nutritional supplement business saw a narrowing decline, with the overall category still down by double-digits — primarily due to continued traffic weakness in offline pharmacy channels. This was partially offset by low-single-digit growth in online and baby specialty channels.

⁹ According to research statistics by brand for the past twelve months ended 30 June 2025, prepared by Kantar Worldpanel, an independent research company.

¹⁰ According to research statistics by IQVIA, an independent research company, market share data for the past six months ended 30 June 2025.

¹¹ According to research statistics by Nielsen, an independent research company, market share data for the past twelve months ended 30 June 2025.

¹² According to research statistics by IMS IQVIA, an independent research company, market share data for the past twelve months ended 30 June 2025.

¹³ According to research statistics by Nielsen, an independent research company, market share data for the past six months ended 30 June 2025.

CHAIRMAN'S STATEMENT

PET NUTRITION AND CARE

Our PNC segment delivered high-single-digit growth in the first half of the year, as we continued to benefit from changing demographics, rising pet populations, and well-established pet nutrition premiumisation and pet humanisation trends in North America, mainland China and other expansion markets. Our high-margin pet supplements category was particularly robust, growing by 14.3% on a LFL basis and demonstrating the strength of our product portfolio.

In North America, Zesty Paws – which accounted for 84.6% of our regional PNC revenue – maintained strong growth of 12.8% on a LFL basis, driven by continued success across the Amazon and Chewy e-commerce channels, as well as major retailers including Walmart, PetSmart, Petco, Tractor Supply, Target, Sam's Club, CVS, and Menards. The brand remains one of the most recognised pet supplements brands in the United States. Meanwhile, sales of Solid Gold declined by 23.3% on a LFL basis, reflecting our strategic shift toward higher-margin channels and premium products — with e-commerce contributing 80.9% of sales and high-margin products accounting for 24.7%. As of 30 June 2025, Zesty Paws and Solid Gold were present in more than 20,000 stores and 4,800 stores, respectively, across the United States.

In mainland China, PNC sales returned to growth, increasing by 17.5%, as we continued to premiumise Solid Gold following its successful restructuring and the reallocation of resources towards launching new higher-margin pet food and supplement products. In the first half of the year, the high-margin pet food and supplements contributed 33.8% of our total PNC revenue in mainland China.

We are continuing to expand our PNC footprint in overseas markets, including Europe, Asia and ANZ. This enhanced global presence will diversify our growth levers, while leveraging our core competencies in premium pet nutrition.

OPTIMISING OUR CAPITAL STRUCTURE

In January 2025, we further strengthened our debt profile by issuing new 3.5-year USD300 million senior notes at a significantly more favourable coupon rate to refinance the USD senior notes due in June 2026. This proactive refinancing extended our maturity profile, reduced our overall financing costs and positively impacted our Adjusted Net Profit in the six months ended 30 June 2025.

As of 30 June 2025, the Group maintained a healthy liquidity position, with cash reserves of RMB1.83 billion. We are committed to further strengthening our liquidity buffer through improved working capital efficiency, while optimising our capital structure by directly or indirectly replacing USD debts with lower-cost RMB debts. RMB-based and RMB hedged debts now represents 75.7% of our total borrowings, a shift that is not only reducing our interest expenses but also mitigating currency risk, while enhancing our financial resilience.

CHAIRMAN'S STATEMENT

OUTLOOK: CONTINUED TOP-LINE GROWTH ACROSS ALL SEGMENTS AND FURTHER DELEVERAGING

We will continue to drive the growth of our high-margin, fast-growing nutritional VHMS and pet supplements to accelerate growth within all our business segments and deliver a healthy level of profitability.

In the second half of 2025, our ANC segment will sustain its growth momentum, fuelled by mainland China and our expansion markets. In mainland China, we will maintain Swisse's top position in the overall VHMS market through continued product innovation and online channel distribution. In ANZ, we expect to maintain steady growth in the domestic market. We also 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.

Within our BNC business, we expect our IMF sales momentum to accelerate, building on our successful marketing campaigns across e-commerce and baby specialty store channels, continued progress in older-stage IMF conversion and the recent completion of our new 'GB' transition. Educating new mother remains central to our strategy as we continue to strengthen our market position.

Our PNC business will maintain its current pace of growth. Zesty Paws will continue to execute its omni-channel strategy and category innovation, with its growth in North America and expansion markets remaining on track. Meanwhile, Solid Gold sales in North America will continue to decline as part of its ongoing channel optimisation and portfolio premiumisation. In mainland China, however, Solid Gold will continue to grow, with its continued focus on the premium pet food and supplements category and a strengthened CBEC presence driving its momentum.

Finally, we remain committed to further deleveraging while maintaining robust liquidity, despite ongoing external challenges. Our disciplined financial approach will enable us to steadily reduce our net leverage ratio and effectively manage exchange rate volatility, bolstering both our financial resilience and flexibility to support our future growth.

ACKNOWLEDGEMENTS

I would like to express my deepest gratitude to our valued stakeholders — shareholders, employees, business partners, and creditors — for their unwavering trust and steadfast support of H&H Group. As we move forward, we remain committed to delivering long-term value to all those we serve, while inspiring people globally to lead healthier and happier lives.

Luo Fei

Chairman

Hong Kong, 26 August 2025

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATION

Revenue

For the six months ended 30 June 2025, the Group's revenue increased by 4.9% on reported basis or 5.2% on a like-for-like¹ ("LFL") basis to RMB7,019.2 million as compared with the same period in 2024. 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"). Revenue from high-margin nutritional supplements² across all of the Group's three business segments achieved year-on-year growth of 4.6% on a LFL basis and contributed to 65.6% of the Group's total revenue for the six months ended 30 June 2025.

Six months ended 30 June						
	2025	2024	Reported Change	LFL Change	2025 % to revenue	2024 % to revenue
	RMB million	RMB million				
Revenue by product segment						
Nutritional Supplements	4,606.0	4,425.2	4.1%	4.6%	65.6%	66.1%
– VHMS products	3,418.3	3,258.2	4.9%	5.8%	48.7%	48.7%
– Pet supplements	760.5	658.4	15.5%	14.3%	10.8%	9.8%
– Paediatric probiotic and nutritional supplements	427.2	508.6	–16.0%	–16.0%	6.1%	7.6%
Infant formulas	1,970.9	1,798.4	9.6%	9.6%	28.1%	26.9%
Others ³	442.3	468.5	–5.6%	–5.8%	6.3%	7.0%
Revenue by business segment						
Adult nutrition and care products	3,438.7	3,275.6	5.0%	5.9%	49.0%	49.0%
Baby nutrition and care products	2,501.3	2,431.5	2.9%	2.9%	35.6%	36.3%
Pet nutrition and care products	1,079.2	985.0	9.6%	8.6%	15.4%	14.7%
Revenue by geography						
Mainland China	4,936.0	4,541.4	8.7%	8.7%	70.3%	67.9%
ANZ	800.7	975.9	–18.0%	–15.6%	11.4%	14.6%
North America	862.2	815.8	5.7%	4.6%	12.3%	12.2%
Other territories	420.3	359.0	17.1%	18.8%	6.0%	5.3%
Total	7,019.2	6,692.1	4.9%	5.2%	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 Nutritional supplements include Biostime probiotic supplements, Biostime paediatric products, Swisse VHMS products and pet supplements under Zesty Paws and Solid Gold brands.

³ Others include pet food from Solid Gold, baby food and snacks from Good Goût, baby accessories from Dodie and other skincare products.

MANAGEMENT DISCUSSION AND ANALYSIS

Mainland China: Return to growth, mainly led by all segments

Revenue from mainland China recorded a year-on-year increase of 8.7% to RMB4,936.0 million for the six months ended 30 June 2025. Mainland China remained as the Group's largest market, accounting for 70.3% of the Group's total revenue for the six months ended 30 June 2025, compared with 67.9% in the same period of last year.

Revenue from ANC segment in mainland China achieved a strong growth of 13.1% as compared with the same period of last year, and accounted for 70.0% of the Group's total ANC revenue for the six months ended 30 June 2025. The growth was mainly driven by Swisse's outperformance in innovative product categories that are closely aligned with evolving consumer preferences, most notably in beauty, anti-aging and detox. The growth was also supported by the Group's channel development efforts, especially its fast-growing online channels, with sales in the CBEC channel growing by 18.1% and contributing 81.5% of its mainland China ANC revenue. Revenue generated from new retail channels such as Sam's club, covering both CBEC and normal trade, increased by 28.2% and contributed 9.0% of total mainland China ANC revenue. In the twelve months ended 30 June 2025, Swisse continued to maintain its No.1 position in online VHMS market⁴, and achieved No. 1 position in overall VHMS market⁵ in mainland China.

In BNC segment of mainland China, total revenue increased by 3.8% to RMB2,325.1 million for the six months ended 30 June 2025, comparing with the same period of last year. Within BNC segment, the revenue from IMF in mainland China for the six months ended 30 June 2025 recorded a year-on-year increase of 10.0% to RMB1,904.9 million, as the Group continued the effective consumer education, particularly in the e-commerce and baby specialty store channels, while growing its market share, in line with its strategic priorities. Biostime's share of mainland China's super-premium IMF segment reached a historic high of 15.9%⁶ in June 2025, up from 12.9% a year earlier.

For the six months ended 30 June 2025, the Group recorded revenue from paediatric probiotic and nutritional supplements in mainland China of RMB419.7 million, decreasing by 16.2% compared with the six months ended 30 June 2024. The decline was mostly attributed to the continued lower traffic and sector-wide challenges across the supplements business within the pharmacy channel in mainland China. However, the decline was significantly narrowed from last year, since the sales of this category in online and baby specialty channels in mainland China continued to grow at a low-single-digit level.

Revenue from PNC segment in mainland China also returned to growth, increasing by 17.5% to RMB204.9 million for the six months ended 30 June 2025 as compared with the same period of last year. The increase was mainly driven by the continuous premiumisation of Solid Gold following its successful restructuring, and resources reallocation towards launching new high-margin pet food and supplement products. These new products contributed 33.8% of total PNC revenue in mainland China during the six months ended 30 June 2025.

⁴ According to research statistics by Early Data, an independent data provider, market share data for the past twelve months ended 30 June 2025.

⁵ According to research statistics by brand for the past twelve months ended 30 June 2025, prepared by Kantar Worldpanel, an independent research company.

⁶ According to research statistics by Nielsen, an independent research company, market share data for the past six months ended 30 June 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

ANZ: Declined due to the corporate Daigou business, but maintained continued growth in the domestic market, fuelled by new innovations

On a LFL basis, revenue from ANZ domestic market maintained growth at 6.3%, and significantly outperformed the domestic market in retail scan sales, which was mainly driven by market-leading new product launches (e.g. Swisse Magnesium Glycinate, Little Swisse Kids Gummies and further), the best-in-class marketing campaign (e.g. the new 'Here Life Come' brand campaign) and superior in-store retail execution. While revenue from total ANZ market decreased by 15.6% year-on-year on a LFL basis to AUD174.9 million for the six months ended 30 June 2025 due to the decline of corporate Daigou business. In the six months ended 30 June 2025, revenue from domestic and export sales contributed to 68.5% and 31.5% of total ANZ revenue, respectively.

North America: Growth driven by market trends and channel expansion

For the six months ended 30 June 2025, revenue contributed from North America reached a growth of 4.6% year-on-year on a LFL basis, and accounted for 12.3% of the Group's total revenue. The steady growth was mainly benefited from the well-established pet nutrition premiumisation, the pet humanising trends and the expanding pet population.

Revenue of Zesty Paws maintained strong year-on-year growth of 12.8% on a LFL basis for the six months ended 30 June 2025, driven by continued success across the Amazon and Chewy channel and major retailers including Walmart, Petsmart, Petco, Tractor Supply, Target, Sam's club, CVS and Menards. The brand remains one of the most recognised pet supplements brands in the United States.

Revenue of Solid Gold recorded a decrease of 23.3% on a LFL basis for the six months ended 30 June 2025 as compared with the same period of last year. The decline was primarily attributed to the ongoing channel optimisation and portfolio premiumisation efforts aimed at driving the long-term growth of the brand. The new high-margin products such as supplements, treats and toppers contributed 24.7% of Solid Gold revenue in NA during the six months ended 30 June 2025.

Other territories: Strong growth momentum continued in expansion markets

Revenue contributed from other territories increased by 18.8% on a LFL basis for the six months ended 30 June 2025 as compared with the same period of last year. In particular, the Group's expansion markets in Asia, including Hong Kong SAR, Thailand, Malaysia, India, and the Middle East, delivered strong growth. The Group sustained its market share rankings in most of these markets through the expansion of its product portfolio and ongoing distribution gains. In March 2025, the Group launched the Swisse Professional range, marking its first step into the professional beauty market in Italy. The Group also continued to expand its PNC footprint in overseas markets, including Europe, Asia and ANZ.

Gross profit and gross profit margin

In the first half of 2025, the Group recorded gross profit of RMB4,389.1 million, representing an increase of 7.8% as compared with the same period of last year. The Group's gross profit margin increased from 60.9% in the first half of 2024 to 62.5% in the first half of 2025, thanks to gross profit margin improvement in ANC and PNC segment and the favourable shift in product mix.

MANAGEMENT DISCUSSION AND ANALYSIS

The gross profit margin of the ANC segment increased from 64.2% in the first half of 2024 to 67.5% in the first half of 2025, primarily driven by the optimisation of sourcing costs and sales discount, as well as favourable changes in product mix and channel mix.

The gross profit margin of the BNC segment decreased from 62.1% in the first half of 2024 to 57.3% in the first half of 2025, mainly resulting from the increased stock provision for slow-moving products, such as probiotic and nutritional supplements and certain non-core IMF series.

The gross profit margin of PNC segment increased from 46.5% in the first half of 2024 to 58.7% in the same period of this year. The increase was mainly due to the favorable product mix towards higher revenue contribution from high-margin pet food and supplements products, and the reduction of stock write-off and provision.

Other income and gains

Other income and gains amounted to RMB61.8 million for the six months ended 30 June 2025. Other income and gains primarily consisted of net foreign exchange gains of RMB24.4 million, gains on sales of raw materials of RMB13.9 million, bank interest income of RMB6.3 million, net fair value gains on other non-current financial assets of RMB5.5 million and others.

The net foreign exchange gains of RMB24.4 million mainly represented non-cash gain from the revaluation on intragroup loans.

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 increased by 12.4% to RMB2,883.9 million for the six months ended 30 June 2025, as compared with same period of 2024. Selling and distribution costs excluding D&A as a percentage of the Group's revenue increased from 38.3% in the first half of 2024 to 41.1% in the first half of 2025 mainly due to the unfavourable channel mix change in ANC business in mainland China and the strategic investment in new expansion markets.

ANC

Selling and distribution costs of ANC business amounted to RMB1,441.1 million for the six months ended 30 June 2025, representing an increase of 19.2% as compared with the same period of last year. Selling and distribution costs of ANC business as a percentage of the Group's revenue from ANC business increased from 36.9% in the first half of 2024 to 41.9% in the first half of 2025, mainly due to the channel mix change in mainland China market and strategic investment in new expansion markets mainly in Asia.

Advertising and marketing expense of ANC business as a percentage to the Group's ANC revenue increased from 30.0% in the first half of 2024 to 34.6% in the half of 2025, mainly resulting from shifts in channel mix in mainland China market 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 increased slightly from 6.9% in the first half of 2024 to 7.3% in the first half of 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

BNC

Selling and distribution costs of BNC business amounted to RMB952.4 million for the six months ended 30 June 2025, remaining largely flat year-over-year. Selling and distribution costs of BNC business as a percentage of the Group's revenue from BNC business decreased from 39.2% in the first half of 2024 to 38.1% in the first half of 2025, thanks to the completion of new 'GB' transition and the Group's ongoing efforts to enhance spending efficiency.

Advertising and marketing expense of BNC business as a percentage of its revenue increased from 12.7% in the first half of 2024 to 14.2% in the first half of 2025, mainly due to the investment allocated to marketing campaigns for the new 'GB' IMF products. Selling and distribution costs other than advertising and marketing expense of BNC business as a percentage of revenue decreased to 23.9% in the first half of 2025 from 26.5% of the same period of last year thanks to the Group's ongoing efforts to enhance spending efficiency along with the completion of new 'GB' transition.

PNC

Selling and distribution costs of PNC business increased by 21.6% to RMB490.4 million for the six months ended 30 June 2025, as compared with the same period of last year. Selling and distribution costs of PNC business as a percentage of its revenue increased from 41.0% for the six months ended 30 June 2024 to 45.4% for the same period of 2025, mainly due to the additional investment required to support the new products launch and geography expansion.

Advertising and marketing expense of PNC business as percentages of its revenue increased slightly from 12.4% for the six months ended 30 June 2024 to 13.2% for the six months ended 30 June 2025. The selling and distribution costs other than advertising and marketing expense of PNC business as a percentage to its revenue increased from 28.6% in the first half of 2024 to 32.2% in the first half of 2025. The increase was mainly due to the additional investment required to support the launch of new products, particularly the new high-margin pet food and supplement products in mainland China market, and geography expansion including Europe, Asia and ANZ.

Administrative expenses

Administrative expenses decreased slightly by 1.8% from RMB405.9 million for the six months ended 30 June 2024 to RMB398.5 million for the six months ended 30 June 2025. Administrative expenses as a percentage of the Group's revenue decreased slightly from 6.1% in the first half of 2024 to 5.7% in the first half of 2025 thanks to the Group's continuous efforts on operational efficiency improvement and cost management.

Other expenses

Other expenses for the six months ended 30 June 2025 amounted to RMB181.7 million. Other expenses mainly included research and development ("**R&D**") expenditure of RMB95.9 million, net fair value losses on the financial instruments of RMB74.1 million and others.

During the period under review, R&D expenditure decreased by 7.8% as compared with the same period of last year, which was mainly attributable to the enhancement of operational efficiency and the effective partnership with strategic suppliers on new product development. R&D expenditure as a percentage of the Group's revenue decreased from 1.6% for the six months end 30 June 2024 to 1.4% for the six months ended 30 June 2025.

The non-cash net fair value losses on derivative financial instruments of RMB74.1 million was mainly caused by the fair value losses on the cross currency swap ("**CCS**") and cross currency interest rate swap ("**CCIRS**") agreements for the Group's long-term USD debts. Since such CCS and CCIRS are revaluated on each reporting date, the losses mainly represented RMB's temporary appreciation against USD on the reporting date. The non-cash net fair losses on derivative financial instruments also included the write-off of early redemption option embedded in the senior notes due in 2026 upon the refinancing early this year.

MANAGEMENT DISCUSSION AND ANALYSIS

EBITDA and Adjusted EBITDA

Adjusted EBITDA decreased by 3.4% to RMB1,100.7 million for the six months ended 30 June 2025, comparing with the six months ended 30 June 2024. Adjusted EBITDA margin for the first half of 2025 decreased from 17.0% for the six months ended 30 June 2024 to 15.7% for the same period of 2025. The decrease in Adjusted EBITDA margin was mainly due to (i) the high base of the same period last year before the investment for the roll-out of new 'GB' IMF products; (ii) the higher selling and distribution ratio resulting from the unfavourable channel mix change in ANC business in mainland China market; and (iii) the strategic investment in new expansion markets. While the decrease was partially offset by the improvement in gross profit margin and administrative expenses ratio.

EBITDA for the six months ended 30 June 2025 decreased by 5.9% from RMB1,098.4 million for the six months ended 30 June 2024 to RMB1,033.1 million.

The adjusted EBITDA was arrived at by reconciling the non-recurring or non-cash items from EBITDA as set out below:

	Six months ended 30 June	
	2025	2024
	RMB million	RMB million
EBITDA	1,033.1	1,098.4
Reconciled by:		
Non-cash items*:		
(1) Net foreign exchange (gains)/losses	(24.4)	40.9
(2) Net fair value losses/(gains) on derivative financial instruments and other non-current financial assets	68.5	(59.1)
(3) Share of losses of associates	13.5	12.7
Non-recurring items*:		
(4) One-time consulting fee for group entity structure optimisation	10.0	–
(5) One-time restructuring costs in relation to the product portfolio premiumisation and channel optimisation exercises for Solid Gold business in North American market	–	46.9
Adjusted EBITDA	1,100.7	1,139.8

* 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 six months ended 30 June 2025, the Group's finance costs increased by 33.8% from RMB433.3 million for the six months ended 30 June 2024 to RMB579.5 million for the same period in 2025. The finance costs for the six months ended 30 June 2025 included (i) RMB351.5 million of interest on the interest-bearing bank loans, senior notes and guaranteed bonds, which decreased by 18.2% year-on-year; (ii) RMB224.4 million of one-time premium paid for the tender offer and early redemption of the senior notes due in 2026 and the related non-cash write-off of unamortised transaction costs; and (iii) others.

MANAGEMENT DISCUSSION AND ANALYSIS

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 interest on the interest-bearing bank loans, senior notes and guaranteed bonds was RMB293.3 million for the six months ended 30 June 2025, decreased by 10.8% from RMB328.9 million for the same period of last year. The implied annual interest expense margin⁷ (including the benefit of the above-mentioned hedges) was 6.63% for the six months ended 30 June 2025, which decreased from 7.07% for the same period of last year.

Income tax expense

Income tax expense increased by 7.9% from RMB218.1 million for the six months ended 30 June 2024 to RMB235.3 million for the six months ended 30 June 2025. The effective tax rate on a pro forma basis decreased from 42.1% in the first half of 2024 to 40.0% in the same period this year, after adjusting for non-deductible and non-cash items on profit before tax, including the net foreign exchange gains/(losses), net fair value gains/(losses) on derivative financial instruments and other non-current financial assets, share of losses of associates, one-time premium paid for the tender offer and early redemption of the senior notes due in 2026, and the related non-cash write-off of unamortised transaction costs. On a reported basis, the effective tax rate increased from 41.6% in the first half of 2024 to 76.8% in the first half of 2025.

Net profit and Adjusted net profit

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

	Six months ended 30 June	
	2025 RMB million	2024 RMB million
Net profit	71.0	305.8
Reconciled by:		
EBITDA adjusted items as listed above	67.6	41.4
Non-cash items*:		
One-time premium paid for the tender offer and early redemption of the senior notes due in 2026, and the related non-cash write-off of unamortised transaction costs	224.4	–
Adjusted net profit	363.0	347.2

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

Non-IFRS financial measures

To supplement the Group's consolidated financial statements which are prepared in accordance with International Financial Reporting Standards ("IFRS"), the Group also use adjusted EBITDA and adjusted net profit as additional financial measures, which are not required by, or presented in accordance with IFRS. The Group believes that these non-IFRS financial measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that the Company's management does not consider to be indicative of its operating performance such as certain non-cash or non-recurring items. The use of these non-IFRS financial measures has limitations as an analytical tool, and one should not consider them in isolation from, or as a substitute for analysis of, the Group's results of operations or financial conditions as reported under IFRS. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies.

⁷ The implied annual interest expense margin is calculated by dividing the annualised normalised interest expense including the benefit of hedge arrangements for the six months ended 30 June 2025 by the outstanding principal as of 30 June 2025 being converted to RMB with a constant FX rates as the debts' drawdown dates.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND CAPITAL RESOURCES

Operating activities

For the six months ended 30 June 2025, the Group recorded net cash generated from operating activities of RMB998.0 million, resulting from pre-tax cash from operations of RMB1,103.3 million, minus income tax paid of RMB105.2 million. Pre-tax cash flows mainly benefited from the healthy Adjusted EBITDA and the positive impact from change in working capital. The trade and bills receivables increased by RMB190.5 million mainly due to the increase in sales in overseas markets outside mainland China where credit sales are allowed. The prepayments, other receivables and other assets increased by RMB21.9 million. The above negative impact was offset by (i) the increase in other payables and accruals of RMB165.6 million; (ii) the increase in trade payables of RMB52.1 million mainly due to the different cut-off days; (iii) the increase in contract liabilities of RMB15.7 million; and (iv) the slight decrease in inventories, net of write-down of inventories to net realisable value, by RMB0.9 million.

Investing activities

For the six months ended 30 June 2025, net cash flows used in investing activities amounted to RMB31.4 million, primarily resulted from purchases of property, plant and equipment and intangible assets of RMB41.0 million, partially offset by interest received of RMB9.2 million.

Financing activities

For the six months ended 30 June 2025, net cash flows used in financing activities amounted to RMB706.5 million, primarily related to the repurchase and redemption of the Company's 13.5% senior notes due 2026 and repayment of interest-bearing bank loans of RMB2,600.4 million, the interest paid for borrowings of RMB244.4 million, the payment of lease liabilities of RMB23.8 million and others. The above cash outflows were partially offset by the proceeds from the issuance of senior notes due 2028 and interest-bearing bank loans of RMB2,161.7 million and others. For details about the issuance of the 9.125% senior notes due 2028 and the redemption of the 13.5% senior notes due 2026, please refer to the announcements of the Company dated 13 January 2025, 16 January 2025, 22 January 2025 and 27 January 2025.

Cash and bank balances

As of 30 June 2025, cash and cash equivalents and structured deposits as stated in the interim condensed consolidated statement of financial position amounted to RMB1,812.0 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Borrowings

As of 30 June 2025, the Group's outstanding carrying amount of its borrowings amounted to RMB9,174.1 million, including current portion of RMB944.0 million. The carrying amount of borrowings included (i) RMB6,574.9 million of interest-bearing bank loans, including current portion of RMB850.5 million; (ii) RMB2,191.2 million of senior notes, including current portion of RMB85.0 million; and (iii) RMB408.0 million of guaranteed bonds, including current portion of RMB8.5 million.

The Group's gearing ratio decreased from 49.3% as of 31 December 2024 to 47.3% as of 30 June 2025, calculated by dividing the sum of the carrying amount of the borrowings by total assets. As of 30 June 2025, the net leverage ratio decreased from 3.99x as of 31 December 2024 to 3.89x, calculated as the following table:

	30 June 2025 RMB million	31 December 2024 RMB million
Gross debt ⁸	9,259.6	9,403.3
Less: Cash and cash equivalents	1,812.0	1,603.9
Net debt	7,447.6	7,799.4
Divided by: Adjusted EBITDA ⁹	1,913.2	1,952.3
Net leverage ratio	3.89x	3.99x

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 between 30 and 90 days.

The Group seeks to maintain strict controls over outstanding receivables and creditors to minimise credit risk. The average turnover days for trade and bills receivables decreased slightly from 28 days for the six months ended 30 June 2024 to 27 days for the six months ended 30 June 2025. The average turnover days of trade and bills payables decreased from 70 days for the six months ended 30 June 2024 to 63 days for the six months ended 30 June 2025, mainly due to the different cut-off days.

The inventory turnover days decreased from 146 days for the six months ended 30 June 2024 to 131 days for the six months ended 30 June 2025. The inventory turnover days of ANC products increased slightly from 134 days for the six months ended 30 June 2024 to 136 days for the six months ended 30 June 2025. The inventory turnover days of BNC products decreased from 168 days for the six months ended 30 June 2024 to 122 days for the six months ended 30 June 2025, primarily due to the successful completion of the new 'GB' transition and the higher-than-expected sales. The inventory turnover days of PNC products increased from 137 days for the six months ended 30 June 2024 to 142 days for the six months ended 30 June 2025. The increase in PNC inventory turnover days was mainly due to the increased inventory for new market expansion.

⁸ The gross debt as of 31 December 2024 and 30 June 2025 are calculated with the outstanding principal of debt instruments being converted to RMB with constant FX rates as the debt drawdown date.

⁹ Adjusted EBITDA for the twelve months ended 30 June 2025 and the year ended 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

After taking full consideration of the Group's financial position, net cash flow and capital expenditures, the Board has resolved to declare an interim dividend of HKD0.19 per ordinary share, representing approximately 30% of the Group's Adjusted net profit for the period of six months ended 30 June 2025. The interim dividend will be paid on or about Friday, 17 October 2025 to the shareholders whose names appear on the register of members of the Company on Monday, 15 September 2025.

SIGNIFICANT BUSINESS DEVELOPMENT AFTER THE END OF THE REPORTING PERIOD

Update On Tax Audit on Biostime Healthy Australia Pty Ltd ("BHA")

As disclosed in the Company's Annual Report for the year ended 31 December 2024, dated 25 March 2025, BHA, a subsidiary of the Company, has undergone an audit (the "**BHA Tax Audit**") conducted by the Australian Tax Office ("**ATO**") in respect of the value of intellectual property and other assets transferred as part of the Groupwide integration initiatives in 2018, for which BHA paid AUD19 million of tax under the Australian capital gains tax ("**CGT**") rules.

On 10 April 2025, the ATO issued official notices of amended assessment requesting: (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. In June 2025, BHA formally objected to the ATO's amended assessments to officially dispute these amounts.

Subsequent to the reporting period, 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. The cash deposit was made on 15 July 2025 and will be held as an asset on BHA's balance sheet. No more deposit is required until the final conclusion of the case.

BHA continues to vigorously defend its position and continues to be assisted by tax litigation lawyers and preeminent Counsel. Should the ATO disallow BHA's objection, BHA is prepared to initiate further legal proceedings. 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 in dispute. In the event BHA is successful in the dispute, BHA will be entitled to a refund of the deposit plus interest.

The Company maintains its view that BHA's position is correct. The Company will make further announcement(s) to keep its shareholders and potential investors informed of any progress as and when appropriate.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 Part 2 of Appendix C1 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Company has complied with all the code provisions contained in the CG Code for the six months ended 30 June 2025 (in effect as of 30 June 2025).

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 directors of the Company ("**Directors**") and all the Directors have confirmed that they have complied with the Company Code and the Model Code during the six months ended 30 June 2025.

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 six months ended 30 June 2025.

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 Board (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 appropriate professional qualifications or accounting or related financial management expertise, was appointed as the chairman of the Audit Committee.

The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors; reviewing the interim and annual reports and accounts of the Group; and overseeing the Group's financial reporting system, internal control system and risk management system and associated procedures.

CORPORATE GOVERNANCE AND OTHER INFORMATION

REMUNERATION COMMITTEE

The remuneration committee of the Board ("**Remuneration Committee**") was established on 25 November 2010 with written terms of reference amended with effect from 30 December 2022 in compliance with the CG Code. The Remuneration Committee consists of three members, namely, Mr. Tan Wee Seng, Mr. Luo Fei and Mrs. Lok Lau Yin Ching, the majority of whom are independent non-executive Directors. Mr. Tan Wee Seng was appointed as the chairman of the Remuneration Committee.

The primary objectives of the Remuneration Committee include making recommendations on the Company's remuneration policy and structure for all Directors' and senior management's remuneration, and remuneration packages of the individual executive Directors and the senior management. The Remuneration Committee is also responsible for establishing a formal and transparent procedure for developing such remuneration policy and structure to ensure that no Director or any of his/her close associates (as defined in the Listing Rules) will be involved in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

The human resources department of the Company is responsible for the collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration. The Remuneration Committee consults with the chairman and/or the chief executive officer of the Company about these recommendations on remuneration policy and structure and remuneration packages.

NOMINATION COMMITTEE

The nomination committee of the Board ("**Nomination Committee**") was established on 25 November 2010 with written terms of reference amended with effect from 30 May 2025 in compliance with the CG Code. The chairman of the Nomination Committee is Mr. Luo Fei, an executive Director, and the two other members are Mr. Tan Wee Seng and Mrs. Lok Lau Yin Ching, both of whom are independent non-executive Directors.

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment, re-appointment and succession planning of Directors, assessing the independence of independent non-executive Directors, reviewing and assessing regularly the time commitment and contribution to the Board by each director as well as the director's ability to discharge his or her responsibilities, and supporting the Company's regular evaluation of the Board's performance.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy, including but not limited to gender, race, language, cultural background, educational background, industry experience and functional experience. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria as set out in the Company's Director Nomination Policy to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendations to the Board. An external recruitment agency may be engaged to carry out the recruitment and selection process where necessary.

CORPORATE GOVERNANCE AND OTHER INFORMATION

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

The environmental, social and governance committee of the Board ("**ESG Committee**") was established on 29 August 2022 with a set of written terms of reference. The ESG Committee consists of three members, namely, Mrs. Laetitia Albertini, the non-executive Director, Mr. Luo Fei, the executive Director, and Ms. Yang Wenyun, the company secretary and one of the authorised representatives of the Company. Mrs. Laetitia Albertini was appointed as the chairman of the ESG Committee.

The purpose of the establishment of the ESG Committee is to better position our Group for management of sustainability issues and enhance quality of disclosure in relation thereto. The ESG Committee is responsible for:

- (a) assisting the Board to oversee, review and make recommendations to the Board on the establishment and development of the Group's vision, objectives, targets and strategies on sustainability;
- (b) developing, reviewing and overseeing the implementation of the sustainability policies and procedures of the Group on their effectiveness and make recommendations to the Board;
- (c) identifying the relevant sustainability issues and relevant circumstances that significantly affect the operations of the Group and/or the interest of other important stakeholders;
- (d) reviewing major trends in sustainability and related risks and opportunities for alignment of the Group's position and performance on the sustainability issues are aligned with relevant requirements and standards, and make recommendations to the Board;
- (e) properly managing the risks associated with the sustainable development of the Group; and
- (f) supporting and working with the sustainability working group of the Group to improve the quality of sustainability information disclosure.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

The general meetings of the Company provide a forum for communication between the Board and the shareholders. The chairman of the Board as well as chairmen of the Nomination Committee, Remuneration Committee and Audit Committee or, in their absence, other members of the respective committees are available to answer questions at shareholders' meetings.

During the six months ended 30 June 2025, the Company attended 18 investors' conferences and roadshows and approximately 290 individual and group meetings with analysts, institutional investors and fund managers. The investors' conferences and roadshows attended by the Company during the six months ended 30 June 2025 are summarized as follows:

Date	Conference	Organizer	Location
Mar-25	Post Annual Results Non-deal Roadshow	Citi	Hong Kong
Mar-25	Post Annual Results Non-deal Roadshow	CLSA	Hong Kong
Apr-25	Post Annual Results Non-deal Roadshow	Goldman Sachs	Sydney
Apr-25	Post Annual Results Non-deal Roadshow	Huaxi Securities	Shenzhen
Apr-25	Post Annual Results Non-deal Roadshow	CITIC Securities	Shanghai
Apr-25	Post Annual Results Non-deal Roadshow	CICC	Beijing
May-25	SCC Investment Strategy Conference 2H2025	Soochow Securities	Shanghai
May-25	Huachuang Securities Investment Strategy Conference 2H2025	Huangchuang Securities	Shanghai
May-25	Citi's 2025 China Elite Corporate Day	Citi	Shenzhen
May-25	China Securities Domestic Demand Theme Conference	China Securities	Shenzhen
May-25	Changjiang Securities Elite Listed Company Conference	Changjiang Securities	Shenzhen
May-25	Global Banking and Markets: Middle East 2025	Global Banking & Markets	Dubai
May-25	Post Q1 Updates Investor Non-deal Roadshow	Mashreq	Dubai
Jun-25	Post Q1 Updates Investor Non-deal Roadshow	Deutsche Bank	Singapore
Jun-25	J.P. Morgan Asia Credit Conference	J.P. Morgan	Singapore
Jun-25	Post Q1 Updates Investor Non-deal Roadshow	Citi, CLSA	Singapore
Jun-25	CICC Investment Strategy Conference 2H2025	CICC	Shanghai
Jun-25	Huaxi Securities Investment Strategy Conference 2H2025	Huaxi Securities	Shanghai

The last shareholders' meeting was the annual general meeting held on 12 May 2025 at Rooms 1903-1906, 19/F, Alexandra House, 18 Chater House, Central, Hong Kong for approval of, among others, the general mandates to issue and repurchase shares of the Company, the re-appointment of auditors, the re-election of Directors and the declaration of a final dividend. All proposed ordinary resolutions were passed by way of poll at the meeting.

To promote effective communication, the Company maintains a website at www.hh.global, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are posted and are available for public access. Investors may write directly to the Company or via email to IR@hh.global for any enquiries.

CORPORATE GOVERNANCE AND OTHER INFORMATION

REVIEW OF INTERIM FINANCIAL STATEMENTS

Disclosure of financial information in this interim report complies with Appendix D2 of the Listing Rules. The Audit Committee has held meetings to discuss the internal controls and financial reporting matters of the Company, including the review of this interim report and the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2025.

The interim condensed consolidated financial statements for the six months ended 30 June 2025 have not been audited but have been reviewed by the Company's independent auditor, Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410 *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"* by the Hong Kong Institute of Certified Public Accountants.

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

During the six months ended 30 June 2025, with a view to reducing financing cost and optimising capital structure, the Company has in aggregate repurchased and redeemed USD297,000,000 in principal amount of the 13.5% senior notes due 2026, which was financed by the issuance of 9.125% senior notes due 2028. Upon completion of this repurchase and redemption, none of the 13.5% senior notes due 2026 remained in issue. For details about the issuance of the 9.125% senior notes due 2028 and the redemption of the 13.5% senior notes due 2026, please refer to the announcements of the Company dated 13 January 2025, 16 January 2025, 22 January 2025 and 27 January 2025.

Save as disclosed above, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares, if any) during the six months ended 30 June 2025.

SHARE SCHEMES

The Company has adopted six share schemes for share options and/or share awards. As at 30 June 2025, there were two schemes which remained in full force and effect, i.e. the 2022 Share Award Scheme and the 2024 Share Scheme. The number of shares that may be issued in respect of options and awards granted under all schemes of the Company during the six months ended 30 June 2025 divided by the weighted average number of shares of the relevant class in issue for the six months ended 30 June 2025 was nil.

The details of the share schemes are as follows:

2024 Share Scheme

A share scheme (the **"2024 Share Scheme"**) of the Company was approved by the shareholders of the Company at the annual general meeting held on 10 May 2024. The purpose of the 2024 Share Scheme is to recognize the contributions by certain employees of the Group, to recognize the contributions by certain eligible participant(s) and to give incentives thereto in order to retain and motivate them for the continual operation and development of the Group; and to attract suitable personnel for further development of the Group, by providing them with the opportunity to acquire equity interests in the Company.

The awards under the 2024 Share Scheme may take the form of a share option or a share award, which shall be funded by the Shares. The eligible participants of the 2024 Share Scheme include (i) any person who is a director or employee of any member of the Group on the grant date of the award(s) under the 2024 Share Scheme; and (ii) any person who is a director or employee of a holding company of the Company, a subsidiary of that holding company other than members of the Group, or an associate company of the Company.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE SCHEMES (CONTINUED)

2024 Share Scheme (continued)

Further details of the 2024 Share Scheme are set out in the circular of the Company dated 17 April 2024.

During the six months ended 30 June 2025, the Company did not grant any share options or share awards under the 2024 Share Scheme.

The total number of share options and share awards available for grant under the 2024 Share Scheme mandate as of 1 January 2025 and 30 June 2025 was 64,556,135, respectively.

The total number of shares available for issue under the 2024 Share Scheme as at 30 June 2025 was 64,556,135, representing approximately 10% of the Company's issued share capital (excluding treasury shares, if any) as at 30 June 2025.

2022 Share Award Scheme

The Board adopted a share award scheme (the **"2022 Share Award Scheme"**) on 11 January 2022. The purposes of the 2022 Share Award Scheme are to recognize the contributions by certain employees of the Group, to recognize the contributions by certain eligible participant(s) and to give incentives thereto in order to retain and motivate them for the continual operation and development of the Group; and to attract suitable personnel for further development of the Group, by providing them with the opportunity to acquire equity interests in the Company.

The Board may from time to time at its absolute discretion select any eligible participant(s), i.e. any bona fide employee of the Company or of any subsidiary, for participation in the 2022 Share Award Scheme as selected participant(s) (the **"Selected Participant"**). Subject to the limit on the size of the 2022 Share Award Scheme as set out below, the Board shall (a) determine a number of awarded shares to be granted pursuant to any award under the 2022 Share Award Scheme, or (b) instruct the trustee to allocate returned shares (**"Returned Shares"**), i.e. awarded shares which are not vested and/or forfeited in accordance with the terms of the 2022 Share Award Scheme, or such Shares being deemed to be Returned Shares in accordance with the terms of the 2022 Share Award Scheme, as awarded shares to any Selected Participant(s).

Awarded shares may be acquired by the trustee by way of (i) allotment and issue of new Shares by the Company pursuant to the relevant general mandate or specific mandate granted to the Board by the shareholders of the Company in general meetings of the Company from time to time; or (ii) purchase of Shares in the open market by the trustee.

Such awarded shares shall then be held by the trustee for the Selected Participants in accordance with the provisions of the 2022 Share Award Scheme prior to vesting. The trustee shall not exercise any voting rights in respect of any Shares held under the trust (including but not limited to awarded shares, Returned Shares, any bonus Shares and scrip Shares).

The Trustee shall hold such Returned Shares and any income deriving from it exclusively for the benefit of all or one or more of the Selected Participants in such manners and under such conditions in accordance with the instructions from the Board.

The Board shall not make any further award which will result in the number of Shares administered under the 2022 Share Award Scheme to exceed in total 10% of the Company's issued share capital (excluding treasury shares, if any) as at the adoption date.

Subject to any early termination as may be determined by the Board, the 2022 Share Award Scheme shall be valid and effective for a term of ten years commencing on the adoption date of the same.

Further details of the 2022 Share Award Scheme are set out in the Company's announcement dated 11 January 2022.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE SCHEMES (CONTINUED)

2022 Share Award Scheme (continued)

Particulars and movements of awarded shares under the 2022 Share Award Scheme during six months ended 30 June 2025 by category of grantees were as follows:

Category of Grantees	Date of grant	Number of Awarded Shares					Outstanding as at 30 June 2025
		Outstanding as at 1 January 2025	Granted during the six months ended 30 June 2025	Vested during the six months ended 30 June 2025 ⁽¹⁾	Lapsed during the six months ended 30 June 2025	Cancelled during the six months ended 30 June 2025	
Directors							
Mr. Wang Yidong	08/04/2022	317,539	–	–	(317,539)	–	–
Mrs. Laetitia Albertini	28/03/2024	48,000	–	(48,000)	–	–	–
Mrs. Mingshu Zhao Wiggins	28/03/2024	40,000	–	(40,000)	–	–	–
Mr. Tan Wee Seng	08/04/2022	48,000	–	(48,000)	–	–	–
Mrs. Lok Lau Yin Ching	08/04/2022	48,000	–	(48,000)	–	–	–
Prof. Ding Yuan	05/09/2023	48,000	–	(48,000)	–	–	–
Sub-total		549,539	–	(232,000)	(317,539)	–	–
Other Employees	08/04/2022	795,499	–	–	(795,499)	–	–
Sub-total		795,499	–	–	(795,499)	–	–
Total		1,345,038	–	(232,000)	(1,113,038)	–	–

Note:

- 1 The weighted average closing price of these shares immediately before the dates on which the relevant award shares were vested is HKD 9.27.

The awarded shares granted on 8 April 2022 vested in accordance with the following schedule:

Vesting Date	Percentage of Share Awards to be vested
1 April 2023	30% of the total number of Share Awards granted
1 April 2024	30% of the total number of Share Awards granted
1 April 2025	40% of the total number of Share Awards granted

The 80,000 awarded shares granted to Professor Ding Yuan on 5 September 2023 vested in accordance with the following schedule:

Vesting Date	Number of Awarded Shares to be vested
1 April 2024	32,000 awarded shares
1 April 2025	48,000 awarded shares

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE SCHEMES (CONTINUED)

2022 Share Award Scheme (continued)

The 120,000 awarded shares granted to Mrs. Laetitia Albertini and Mrs. Mingshu Zhao Wiggins on 28 March 2024 vested in accordance with the following schedule:

Vesting Date	Number of Awarded Shares to be vested
1 April 2024	32,000 awarded shares
1 April 2025	48,000 awarded shares
1 April 2025	40,000 awarded shares

The total number of awarded shares available for grant under the 2022 Share Award Scheme mandate as at 1 January 2025 and 30 June 2025 were 60,375,429, and 61,488,467, respectively.

The total number of shares available for issue under the 2022 Share Award Scheme as at 30 June 2025 was 57,808,894, representing approximately 8.95% of the Company's issued share capital (excluding treasury shares, if any) as at 30 June 2025.

2020 Share Option Scheme

A share option scheme (the "2020 Share Option Scheme") of the Company was conditionally approved by resolutions of the shareholders of the Company on 8 May 2020 and the terms of such Share Option Scheme are disclosed in the circular of the Company dated 3 April 2020. The 2020 Share Option Scheme was terminated with effect from the adoption of the 2024 Share Scheme on 10 May 2024 and the Company shall not grant any further options under the 2020 Share Option Scheme thereafter, provided that any granted and unexercised options made under the 2020 Share Option Scheme immediately before the termination shall continue to be valid and exercisable in accordance with the terms of the grant and the original rules of the 2020 Share Option Scheme. No valuation on share options granted under the 2020 Share Option Scheme was made during the six months ended 30 June 2025.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE SCHEMES (CONTINUED)

2020 Share Option Scheme (continued)

Particulars and movements of Share Options under the 2020 Share Option Scheme during the six months ended 30 June 2025 by category of grantees were as follows:

Category of Grantees	Date of grant (DD/MM/YYYY)	Exercise price per Share (HKD)	Number of Share Options					Outstanding as at 30 June 2025
			Outstanding as at 1 January 2025	Granted during the six months ended 30 June 2025	Exercised during the six months ended 30 June 2025	Lapsed during the six months ended 30 June 2025	Cancelled during the six months ended 30 June 2025	
Directors								
Mr. Wang Yidong	30/11/2020	31.88	216,405	-	-	-	-	216,405
Mrs. Laetitia Albertini	30/11/2020	31.88	514,701	-	-	-	-	514,701
Sub-total			731,106	-	-	-	-	731,106
Employees and others								
	30/11/2020	31.88	853,356	-	-	(17,119)	-	836,237
	13/07/2021	31.02	177,284	-	-	(77,714)	-	99,570
Sub-total			1,030,640	-	-	(94,833)	-	935,807
Total			1,761,746	-	-	(94,833)	-	1,666,913

No Share Options granted under the 2020 Share Option Scheme were exercised and cancelled during the six months ended 30 June 2025.

All the Share Options granted on 30 November 2020 vested in accordance with the timetable below with a 6-year exercise period (for this purpose, the date or each such date on which the Share Options are to vest being hereinafter referred to as a "Vesting Date"):

Vesting Date	Percentage of Share Options to vest
1 April 2022	30% of the total number of Share Options granted
1 April 2023	30% of the total number of Share Options granted
1 April 2024	40% of the total number of Share Options granted

All the Shares Options granted on 13 July 2021 vested in accordance with the timetable below with a 6-year exercise period:

Vesting Date	Percentage of Share Options to vest
1 April 2022	30% of the total number of Share Options granted
1 April 2023	30% of the total number of Share Options granted
1 April 2024	40% of the total number of Share Options granted

Since the 2020 Share Option Scheme was terminated with effect from 10 May 2024, the total number of shares that may be issued in respect of Share Options granted under the 2020 Share Option Scheme as at 30 June 2025 was the same as the number of outstanding Share Options, i.e. 1,666,913, representing approximately 0.26% of the Company's issued share capital (excluding treasury shares, if any) as at 30 June 2025.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE SCHEMES (CONTINUED)

2010 Share Option Scheme

A share option scheme (the “**2010 Share Option Scheme**”) of the Company was conditionally approved by resolutions of the shareholders of the Company on 25 November 2010 and the terms of such 2010 Share Option Scheme are disclosed in the prospectus of the Company dated 3 December 2010. The 2010 Share Option Scheme was terminated with effect from 8 May 2020 upon the adoption of the 2020 Share Option Scheme and thus no share option has been granted under the 2010 Share Option Scheme since 8 May 2020. No valuation on share options granted under the 2010 Share Option Scheme was made during the six months ended 30 June 2025.

Particulars and movements of Share Options under the 2010 Share Option Scheme during six months ended 30 June 2025 by category of grantees were as follows:

Category of Grantees	Date of grant (DD/MM/YYYY)	Exercise price per Share (HKD)	Outstanding as at 1 January 2025	Number of Share Options				Outstanding as at 30 June 2025
				Granted during the six months ended 30 June 2025	Exercised during the six months ended 30 June 2025	Lapsed during the six months ended 30 June 2025	Cancelled during the six months ended 30 June 2025	
Directors								
Mr. Luo Fei	24/08/2017	29.25	493,002	–	–	–	–	493,002
Mr. Wang Yidong	03/05/2016	21.05	36,230	–	–	(36,230)	–	–
	24/08/2017	29.25	378,326	–	–	–	–	378,326
Mrs. Laetitia Albertini	24/08/2017	29.25	378,326	–	–	–	–	378,326
Mr. Tan Wee Seng	19/04/2017	25.75	100,000	–	–	(50,000)	–	50,000
	25/03/2020	26.10	150,000	–	–	–	–	150,000
Mrs. Lok Lau Yin Ching	25/03/2020	26.10	100,000	–	–	–	–	100,000
Sub-total			1,635,884	–	–	(86,230)	–	1,549,654
Employees and others								
	29/12/2015	15.58	274,216	–	–	(274,216)	–	–
	30/09/2016	20.92	15,080	–	–	(15,080)	–	–
	23/12/2016	23.30	18,762	–	–	(18,762)	–	–
	19/04/2017	25.75	207,660	–	–	(7,660)	–	200,000
	07/07/2017	22.15	23,199	–	–	(23,199)	–	–
	24/08/2017	29.25	1,709,785	–	–	(174,079)	–	1,535,706
	05/12/2017	47.10	27,043	–	–	(27,043)	–	–
	20/04/2018	60.02	100,970	–	–	–	–	100,970
	26/07/2018	59.05	147,060	–	–	–	–	147,060
	29/03/2019	49.15	375,720	–	–	–	–	375,720
	09/07/2019	45.79	59,298	–	–	–	–	59,298
	25/03/2020	26.10	100,000	–	–	–	–	100,000
Sub-total			3,058,793	–	–	(540,039)	–	2,518,754
Total			4,694,677	–	–	(626,269)	–	4,068,408

No Share Options granted under the 2010 Share Option Scheme were exercised and cancelled during the six months ended 30 June 2025.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE SCHEMES (CONTINUED)

2010 Share Option Scheme (continued)

All Share Options granted since the adoption of the 2010 Share Option Scheme have vested in accordance with the timetable with a 6-year exercise period.

Save as disclosed above, none of the grantees is a Director, chief executive or substantial shareholder of the Company, or their respective associates (as defined in the Listing Rules).

Since the 2010 Share Option Scheme was terminated with effect from 8 May 2020, the total number of shares that may be issued in respect of Share Options granted under the 2010 Share Option Scheme as at 30 June 2025 was the same as the number of outstanding Share Options, i.e. 4,068,408, representing approximately 0.63% of the Company's issued share capital (excluding treasury shares, if any) as at 30 June 2025.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2025, the interests and short positions of the Directors and the chief executive of the Company and their respective close associates in the share capital, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, are set out below:

Name of Director	Capacity/ Nature of interest	Long/Short position	Shares or underlying shares (under equity derivatives of the Company)	Approximate percentage of interest in the Company (Note 4)
Mr. Luo Fei	Beneficial owner	Long position	1,185,196 (Note 1)	0.18%
	Beneficial owner	Long position	493,002 (Note 2)	0.08%
	Founder of a discretionary trust who can influence how the trustee exercises his discretion	Long position	432,000,000 (Note 3)	66.92%
Mr. Wang Yidong	Beneficial owner	Long position	640,470 (Note 1)	0.10%
	Beneficial owner	Long position	594,731 (Note 2)	0.09%
Mrs. Laetitia Albertini	Beneficial owner	Long position	1,305,367 (Note 1)	0.20%
	Beneficial owner	Long position	893,027 (Note 2)	0.14%
Mr. Luo Yun	Beneficiary of a trust (other than a discretionary interest)	Long position	432,000,000 (Note 3)	66.92%

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY (CONTINUED)

Name of Director	Capacity/ Nature of interest	Long/Short position	Shares or underlying shares (under equity derivatives of the Company)	Approximate percentage of interest in the Company (Note 4)
Mrs. Mingshu Zhao Wiggins	Beneficial owner	Long position	40,000 (Note 1)	0.006%
Mr. Tan Wee Seng	Beneficial owner	Long position	180,000 (Note 1)	0.03%
	Beneficial owner	Long position	200,000 (Note 2)	0.03%
Mrs. Lok Lau Yin Ching	Beneficial owner	Long position	120,000 (Note 1)	0.02%
	Beneficial owner	Long position	100,000 (Note 2)	0.02%
Professor Ding Yuan	Beneficial owner	Long position	80,000 (Note 1)	0.01%

Note 1: These are directly held ordinary shares of the Company.

Note 2: These are the shares subject to the exercise of the share options granted by the Company under the 2020 Share Option Scheme and/or the 2010 Share Option Scheme.

Note 3: As at 30 June 2025, Coliving Holdings Limited, which formerly known as Biostime Pharmaceuticals (China) Limited and changed its name in October 2024, was owned as to 57.25% by Coliving Limited, and therefore, Coliving Holdings Limited was deemed to be controlled by Coliving Limited.

Coliving Limited is owned as to 100% by Flying Company Limited, and therefore, Coliving Limited is deemed to be controlled by Flying Company Limited.

UBS Trustees (BVI) Limited, the trustee of each of the family trusts set up by Mr. Luo Fei as the settlor ("Mr. Luo Fei's Family Trust") and Mr. Luo Yun as the settlor ("Mr. Luo Yun's Family Trust"), through its nominee UBS Nominees Limited, holds the entire issued share capital of Flying Company Limited and Sailing Group Limited as the respective trust assets under Mr Luo Fei's Family Trust and Mr. Luo Yun's Family Trust. Mr. Luo Fei and Mr. Luo Yun are Directors of the Company. The beneficiaries of Mr. Luo Fei's Family Trust and Mr. Luo Yun's Family Trust are Mr. Luo Fei and his family members, and Mr. Luo Yun and his family members, respectively. As from 7 April 2022, Sailing Group Limited no longer held shares in Coliving Limited which is deemed to be interested in the Company's shares held by Coliving Holdings Limited. Mr. Luo Yun ceased to be interested in the shares as a founder of the relevant trust, but continued to be interested in the same shares in the capacity of a beneficiary of another trust which is indirectly interested in the relevant shares of the Company.

Note 4: As at 30 June 2025, the total number of the issued shares of the Company was 645,561,354.

Save as disclosed herein, none of the Directors and chief executives of the Company, or any of their spouses, or children under eighteen years of age, had any interests or short positions in the shares, underlying shares and debentures of the Company, recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 June 2025.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to the Company, as at 30 June 2025, the following persons, other than any Director or the chief executive of the Company, were the substantial shareholders (within the meaning of the Listing Rules) of the Company and had the following interests and short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/ Nature of interest	Long/ Short position	Number of shares	Approximate percentage of shareholding (Note 2)
Coliving Holdings Limited (Note 1)	Beneficial owner	Long position	432,000,000	66.92%
Flying Company Limited (Note 1)	Interest in a controlled corporation	Long position	432,000,000	66.92%
Coliving Limited (Note 1)	Interest in a controlled corporation	Long position	432,000,000	66.92%
UBS Trustees (BVI) Limited (Note 1)	Trustee	Long position	432,000,000	66.92%

Note 1: As at 30 June 2025, Coliving Holdings Limited was owned as to 57.25% by Coliving Limited, and therefore, Coliving Holdings Limited was deemed to be controlled by Coliving Limited.

Coliving Limited is owned as to 100% by Flying Company Limited, and therefore, Coliving Limited is deemed to be controlled by Flying Company Limited.

UBS Trustees (BVI) Limited, the trustee of each of the family trusts set up by Mr. Luo Fei as the settlor ("**Mr. Luo Fei's Family Trust**") and Mr. Luo Yun as the settlor ("**Mr. Luo Yun's Family Trust**"), through its nominee UBS Nominees Limited, holds the entire issued share capital of Flying Company Limited and Sailing Group Limited as the respective trust assets under Mr Luo Fei's Family Trust and Mr. Luo Yun's Family Trust. Mr. Luo Fei and Mr. Luo Yun are Directors of the Company. The beneficiaries of Mr. Luo Fei's Family Trust and Mr. Luo Yun's Family Trust are Mr. Luo Fei and his family members, and Mr. Luo Yun and his family members, respectively. As from 7 April 2022, Sailing Group Limited no longer held shares in Coliving Limited which is deemed to be interested in the Company's shares held by Coliving Holdings Limited. Mr. Luo Yun ceased to be interested in the shares as a founder of the relevant trust, but continued to be interested in the same shares in the capacity of a beneficiary of another trust which is indirectly interested in the relevant shares of the Company.

Note 2: As at 30 June 2025, the total number of the issued shares of the Company was 645,561,354.

Save as mentioned above, as at 30 June 2025, the Company had not been notified by any other person (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CHANGES IN INFORMATION OF DIRECTORS

There are no changes in information of Directors required to be disclosed in this interim report pursuant to Rule 13.51B(1) of the Listing Rules.

CHANGE OF COMPOSITION OF A BOARD COMMITTEE

Mrs. Pascale Laborde resigned from her position as a member of the ESG Committee with effect from 26 August 2025. Ms. Yang Wenyun, the company secretary and one of the authorised representatives of the Company, has been appointed as a member of the ESG Committee in place of Mrs. Laborde with effect from 26 August 2025.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

On 27 June 2024, a syndicated facilities agreement (the **"2024 June Refinancing Facility Agreement"**) was entered into between, amongst others, the Company, as the borrower and the original guarantor, China Construction Bank (Asia) Corporation Limited as agent and The Hongkong and Shanghai Banking Corporation Limited as security agent, to provide for, among other things, a CNH term loan facility in an aggregate amount of up to equivalent US\$150,000,000 (the **"2024 June Refinancing Term Loan Facilities"**). The amount to be borrowed under the 2024 June Refinancing Term Loan Facilities is to be used to refinance the syndicated loan facilities made available to the Group in the form of incremental facilities under the senior facilities agreements originally dated 21 June 2018 as amended, restated and/or supplemented from time to time with outstanding principal amount of US\$749,735,000. Further details of the syndicated loan facilities due in June 2025 are disclosed in the announcements dated 28 March 2022, 28 April 2022 and 27 June 2022 issued by the Company.

Under the terms of the 2024 June Refinancing Facility Agreement, in the event that Mr. Luo Fei and his family members (collectively) cease to hold (directly or indirectly) beneficially the largest percentage of the issued voting share capital of the Company, the facilities made or to be made under the 2024 June Refinancing Facility Agreement will be cancelled and all outstanding principal, together with accrued interest, and all other amounts accrued under the finance documents, shall become immediately due and payable.

On 10 July 2024, as the conditions precedent to the utilization of the 2024 June Refinancing Term Loan Facilities have been satisfied, and upon the Group's request for utilization, the 2024 June Refinancing Term Loan Facilities in the principal amount of equivalent US\$150,000,000 has been utilized in full.

On 30 August 2024, a syndicated facilities agreement (the **"2024 August Refinancing Facilities Agreement"**) was entered into between, amongst others, the Company, Biostime Healthy Australia Investment Pty Ltd and Health and Happiness (H&H) US International Incorporated (both being wholly-owned subsidiaries of the Company) as original borrowers, and The Hongkong and Shanghai Banking Corporation Limited as agent and security agent, to provide for, among other things, (i) term loan facilities; and (ii) a revolving credit facility, in an aggregate amount equivalent to US\$560,000,000 (together with the term loan facilities, collectively the **"2024 August Refinancing Facilities"**).

Under the terms of the 2024 August Refinancing Facilities Agreement, in the event that Mr. Luo Fei and his family members (collectively) cease to hold (directly or indirectly) beneficially the largest percentage of the issued voting share capital of the Company, the facilities made or to be made under the 2024 August Refinancing Facilities Agreement will be cancelled and all outstanding principal, together with accrued interest, and all other amounts accrued under the finance documents, shall become immediately due and payable.

On 13 November 2024, as the conditions precedent to the utilization of the 2024 August Refinancing Facilities have been satisfied, and upon the Group's request for utilization, the 2024 August Refinancing Facilities have been utilized in the principal amount equivalent to US\$540,000,000.

Save as disclosed in this interim report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

After taking full consideration of the Group's financial position, net cash flow and capital expenditures, the Board has resolved to declare an interim dividend of HKD0.19 per ordinary share (six months ended 30 June 2024: HKD0.30 per ordinary share), representing approximately 30% of the Group's Adjusted net profit for the period of six months ended 30 June 2025. The interim dividend will be paid on or about Friday, 17 October 2025 to the shareholders whose names appear on the register of members of the Company on Monday, 15 September 2025.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 11 September 2025 to Monday, 15 September 2025, both days inclusive, during which period no transfer of shares can be registered. The record date is Monday, 15 September 2025. In order to qualify for the interim 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 Wednesday, 10 September 2025.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



To the board of directors of Health and Happiness (H&H) International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 37 to 76, which comprises the condensed consolidated statement of financial position of Health and Happiness (H&H) International Holdings Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) as at 30 June 2025 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “*Interim Financial Reporting*” (“**IAS 34**”) as issued by the International Accounting Standards Board (“**IASB**”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*” as issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place
979 King’s Road
Quarry Bay, Hong Kong

26 August 2025

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 June 2025

		Six months ended 30 June	
	Notes	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
REVENUE	5	7,019,234	6,692,132
Cost of sales		(2,630,154)	(2,619,838)
Gross profit		4,389,080	4,072,294
Other income and gains	5	61,751	118,231
Selling and distribution expenses		(2,971,278)	(2,653,763)
Administrative expenses		(398,526)	(405,868)
Other expenses		(181,731)	(161,035)
Finance costs	6	(579,542)	(433,251)
Share of losses of associates		(13,462)	(12,669)
PROFIT BEFORE TAX		306,292	523,939
Income tax expense	8	(235,275)	(218,136)
PROFIT FOR THE PERIOD		71,017	305,803
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(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 period		–	49,029
Reclassification adjustments for losses included in profit or loss		–	(50,092)
Income tax effect		–	306
		–	(757)
Hedge of net investments:			
Effective portion of changes in fair value of hedging instruments arising during the period	21	(13,245)	44,387
Exchange differences on translation of foreign operations		33,783	(72,164)
Exchange differences on net investment in foreign operations		133,058	(10,544)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		153,596	(39,078)
Other comprehensive income/(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		781	(1,494)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX		154,377	(40,572)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		225,394	265,231
Profit attributable to owners of the parent		71,017	305,803
Total comprehensive income attributable to owners of the parent		225,394	265,231
		RMB (Unaudited)	RMB (Unaudited)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic		0.11	0.48
Diluted		0.11	0.48

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025

	Notes	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	338,327	318,506
Right-of-use assets	12(a)	178,627	118,734
Goodwill	13	7,666,645	7,603,641
Intangible assets	14	5,293,238	5,295,021
Deposits		21,940	46,556
Investment in associates		98,449	111,911
Deferred tax assets	24	525,578	530,681
Derivative financial instruments	21	14,060	20,567
Other non-current financial assets	15	194,298	174,164
Total non-current assets		14,331,162	14,219,781
CURRENT ASSETS			
Inventories	16	1,932,804	1,906,675
Trade and bills receivables	17	1,143,936	927,179
Prepayments, other receivables and other assets	18	158,205	177,215
Pledged deposits		17,369	7,652
Cash and cash equivalents		1,812,024	1,603,920
Total current assets		5,064,338	4,622,641
CURRENT LIABILITIES			
Trade and bills payables	19	941,105	907,383
Other payables and accruals	20	2,084,435	1,937,772
Contract liabilities		60,167	48,949
Interest-bearing bank and other borrowings	22	858,981	860,905
Lease liabilities	12(b)	31,217	26,532
Senior notes	23	84,996	2,247
Tax payable		137,337	88,581
Dividend payable		29,270	–
Total current liabilities		4,227,508	3,872,369
NET CURRENT ASSETS		836,830	750,272

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025

	Notes	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		15,167,992	14,970,053
NON-CURRENT LIABILITIES			
Senior notes	23	2,106,195	2,117,248
Interest-bearing bank loans and other borrowings	22	6,123,880	6,304,559
Other payables and accruals	20	4,820	1,803
Lease liabilities	12(b)	103,650	48,351
Derivative financial instruments	21	95,092	266
Deferred tax liabilities	24	724,978	684,455
Total non-current liabilities		9,158,615	9,156,682
Net assets		6,009,377	5,813,371
EQUITY			
Issued capital	25	5,519	5,519
Reserves		6,003,858	5,777,852
Proposed dividend		–	30,000
Total equity		6,009,377	5,813,371

Luo Fei

Director

Wang Yidong

Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2025

		Issued capital	Share premium account	Shares held for the share award schemes	Contributed surplus	Share award reserve	Capital surplus	Statutory reserve	Share option reserve	Exchange fluctuation reserve	Other reserve	Through other comprehensive income	Retained profits	Proposed dividend	Total equity
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2024 (audited)		5,519	694,991*	(37,680)*	26,992*	1,012*	95*	382,665*	64,210*	(517,440)*	(1,217,025)*	(79,987)*	6,460,019*	30,000	5,813,371
Profit for the period		-	-	-	-	-	-	-	-	-	-	-	71,017	-	71,017
Other comprehensive income/(loss) for the period:															
Changes in fair value of equity investment designated at fair value through other comprehensive income		-	-	-	-	-	-	-	-	-	-	781	-	-	781
Hedge of net investments	21	-	-	-	-	-	-	-	-	(13,245)	-	-	-	-	(13,245)
Exchange differences on translation of foreign operations		-	-	-	-	-	-	-	-	33,783	-	-	-	-	33,783
Exchange differences on net investment in foreign operations		-	-	-	-	-	-	-	-	133,058	-	-	-	-	133,058
Total comprehensive income for the period		-	-	-	-	-	-	-	-	153,596	-	781	71,017	-	225,394
Transfer of share option reserve upon the forfeiture or expiry of the share options		-	-	-	-	-	-	-	(4,840)	-	-	-	4,840	-	-
Equity-settled share award arrangements		-	-	4,451	-	(1,012)	-	-	-	-	-	-	(3,095)	-	344
Final 2024 dividend declared		-	-	-	-	-	-	-	-	-	-	-	268	(30,000)	(29,732)
At 30 June 2025 (unaudited)		5,519	694,991*	(33,229)*	26,992*	-*	95*	382,665*	59,370*	(363,844)*	(1,217,025)*	(79,206)*	6,533,049*	-	6,009,377

* These reserve accounts comprise the consolidated reserves of RMB6,003,858,000 (31 December 2024: RMB5,777,852,000) in these interim condensed consolidated statement of financial position as at 30 June 2025.

Six months ended 30 June 2025

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2025

		Six months ended 30 June	
	Notes	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		306,292	523,939
Adjustments for:			
Bank interest income	5	(6,335)	(6,911)
Finance costs	6	579,542	433,251
Share of losses of associates		13,462	12,669
Depreciation of property, plant and equipment	11	33,082	34,117
Depreciation of right-of-use assets	12	19,989	19,815
Amortisation of intangible assets	14	100,517	94,209
Loss on early termination of leases	7	–	32
Loss on disposal of items of property, plant and equipment and intangible assets	7	65	1,519
Equity-settled share award expense		344	4,282
Fair value losses/(gains) on derivative financial instruments, net	7	74,053	(56,530)
Fair value gains on other non-current financial assets	7	(5,524)	(2,566)
Impairment of trade receivables	7	289	47
Write-down of inventories to net realisable value	7	206,514	82,766
Net gains on partial repurchase of senior notes	5	–	(398)
Foreign exchange (gains)/losses, net	7	(24,361)	40,854
		1,297,929	1,181,095
(Increase)/decrease in inventories		(205,570)	404,217
Increase in trade and bills receivables		(190,538)	(6,573)
Increase in prepayments, other receivables and other assets		(21,860)	(52,282)
(Increase)/decrease in rental deposits		(342)	29
Increase in restricted deposits		(9,717)	(158)
Increase/(decrease) in trade payables		52,076	(48,610)
Increase/(decrease) in other payables and accruals		165,622	(104,602)
Increase/(decrease) in contract liabilities		15,651	(148,730)
Cash generated from operations		1,103,251	1,224,386
Corporate income tax paid		(105,218)	(171,846)
Net cash flows from operating activities		998,033	1,052,540

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2025

	Notes	Six months ended 30 June	
		2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Net cash flows from operating activities		998,033	1,052,540
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(24,281)	(21,811)
Purchases of items of intangible assets		(16,710)	(6,921)
Proceeds from disposal of items of property, plant and equipment and intangible assets		425	497
Purchase of structure deposits		–	(50,000)
Receipt of bonds receivable		–	78,592
Interest received		9,181	8,032
Net cash flows (used in)/from investing activities		(31,385)	8,389
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of senior notes	23	2,111,651	906,794
Payment of transaction costs for issue of senior notes and guaranteed bonds		(28,685)	(52,093)
Repurchase and redemption of senior notes	23	(2,334,058)	(428,444)
Repayment of interest-bearing bank loans and repurchase of guaranteed bonds		(266,297)	(2,040,794)
New bank loans and guaranteed bonds		50,000	1,889,998
Payment of lease liabilities	12(b)	(23,823)	(31,920)
Interest paid		(244,430)	(400,590)
Proceeds from the Swaps (as defined in note 21)	21	9,504	43,234
Proceeds from termination of certain Swaps		19,604	27,111
Net cash flows used in financing activities		(706,534)	(86,704)
NET INCREASE IN CASH AND CASH EQUIVALENTS		260,114	974,225
Cash and cash equivalents at beginning of the period		1,603,920	1,364,283
Effect of foreign exchange rate changes, net		(52,010)	40,586
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		1,812,024	2,379,094
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		1,812,024	2,378,667
Non-pledged time deposits with original maturity of less than three months when acquired		–	427
Cash and cash equivalent as stated in the interim condensed consolidated statement of financial position and interim condensed consolidated statement of cash flows		1,812,024	2,379,094

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

1. CORPORATE AND GROUP INFORMATION

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

The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the manufacture and sale of premium pediatric nutrition and 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, a limited liability company incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2025 have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. These unaudited interim condensed consolidated financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies and basis of preparation used in the preparation of these unaudited interim condensed consolidated financial statements are the same as those used in the Group’s annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the amended IFRS Accounting Standard as disclosed in note 3 below.

These unaudited interim condensed consolidated financial statements do not include all information and disclosures required in the Group’s annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2024.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of these interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended IFRS Accounting Standard for the first time for the current period's financial information:

Amendments to IAS 21

Lack of Exchangeability

The nature and impact of the amended IFRS Accounting Standard are described below:

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

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 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;
- (b) the infant formulas segment comprises the production and sale of milk formulas for infants, children and expectant and nursing mothers;
- (c) 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;
- (d) the other pediatric 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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Operating segment information for the six months ended 30 June 2025 (Unaudited):

	Adult nutrition and care products RMB'000	Infant formulas RMB'000	Probiotic and nutritional supplements RMB'000	Other pediatric products RMB'000	Pet nutrition and care products RMB'000	Unallocated RMB'000	Total RMB'000
Segment revenue:							
Sales to external customers	3,438,722	1,970,973	427,224	103,113	1,079,202	–	7,019,234
Segment results	2,322,496	1,092,323	297,001	43,704	633,556	–	4,389,080
<i>Reconciliations:</i>							
Interest income							6,335
Other income and unallocated gains							55,416
Share of losses of associates							(13,462)
Corporate and other unallocated expenses							(3,551,535)
Finance costs							(579,542)
Profit before tax							306,292
Other segment information:							
Depreciation and amortisation	39,348	14,877	3,399	4,774	41,358	49,832	153,588
Impairment of trade receivables	289	–	–	–	–	–	289
Write-down of inventories to net realisable value	37,592	115,779	41,775	6,067	5,301	–	206,514
Capital expenditure*	18,361	31,920	3,095	2,474	3,804	6,222	65,876

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Operating segment information for the six months ended 30 June 2024 (Unaudited):

	Adult nutrition and care products RMB'000	Infant formulas RMB'000	Probiotic and nutritional supplements RMB'000	Other pediatric products RMB'000	Pet nutrition and care products RMB'000	Unallocated RMB'000	Total RMB'000
Segment revenue:							
Sales to external customers	3,275,585	1,798,440	508,556	124,573	984,978	–	6,692,132
Segment results	2,103,279	1,056,976	394,602	59,008	458,429	–	4,072,294
<i>Reconciliations:</i>							
Interest income							6,911
Other income and unallocated gains							111,320
Share of losses of associates							(12,669)
Corporate and other unallocated expenses							(3,220,666)
Finance costs							(433,251)
Profit before tax							523,939
Other segment information:							
Depreciation and amortisation	40,521	14,769	3,452	5,244	39,250	44,905	148,141
Impairment of trade receivables	47	–	–	–	–	–	47
Write-down/(write-back) of inventories to net realisable value	31,368	(2,946)	6,682	(1,235)	48,897	–	82,766
Capital expenditure*	5,928	11,010	643	1,255	9,306	3,290	31,432

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Mainland China	4,936,033	4,541,353
Australia and New Zealand	800,718	975,933
North America	862,155	815,837
Other locations [#]	420,328	359,009
Total revenue	7,019,234	6,692,132

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

(b) Non-current assets

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Mainland China	79,131	104,247
Australia and New Zealand	2,238,785	2,119,545
North America	2,411,276	2,460,366
Other locations [#]	1,201,389	1,206,570
Total non-current assets	5,930,581	5,890,728

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 Hong Kong Special Administrative Region ("Hong Kong SAR") and Taiwan of the People's Republic of China (the "PRC").

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

5. REVENUE, OTHER INCOME AND GAINS

Revenue

An analysis of the revenue is as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sale of goods	7,019,234	6,692,132

Disaggregated revenue information

For the six months ended 30 June 2025 (unaudited)

Segments	Adult nutrition and care products RMB'000	Infant formulas RMB'000	Probiotic and nutritional supplements RMB'000	Other pediatric products RMB'000	Pet nutrition and care products RMB'000	Total RMB'000
Geographical markets						
Mainland China	2,406,085	1,904,945	419,689	441	204,873	4,936,033
Australia and New Zealand	788,692	11,494	532	–	–	800,718
North America	11,700	–	462	8	849,985	862,155
Other locations*	232,245	54,534	6,541	102,664	24,344	420,328
Total	3,438,722	1,970,973	427,224	103,113	1,079,202	7,019,234
Timing of revenue recognition						
Goods transferred at a point in time	3,438,722	1,970,973	427,224	103,113	1,079,202	7,019,234

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue (continued)

Disaggregated revenue information (continued)

For the six months ended 30 June 2024 (unaudited)

Segments	Adult nutrition and care products RMB'000	Infant formulas RMB'000	Probiotic and nutritional supplements RMB'000	Other pediatric products RMB'000	Pet nutrition and care products RMB'000	Total RMB'000
Geographical markets						
Mainland China	2,126,812	1,732,419	500,617	7,156	174,349	4,541,353
Australia and New Zealand	967,943	6,303	1,679	8	–	975,933
North America	16,531	–	290	–	799,016	815,837
Other locations*	164,299	59,718	5,970	117,409	11,613	359,009
Total	3,275,585	1,798,440	508,556	124,573	984,978	6,692,132
Timing of revenue recognition						
Goods transferred at a point in time	3,275,585	1,798,440	508,556	124,573	984,978	6,692,132

* Including Hong Kong SAR and Taiwan of the PRC.

Other income and gains

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Bank interest income	6,335	6,911
Foreign exchange gains	24,361	–
Fair value gains on derivative financial instruments, net	–	56,530
Fair value gains on other non-current financial assets	5,524	2,566
Government subsidies*	363	2,606
Gains on sales of raw materials	13,940	37,467
Net gains on partial repurchase of senior notes	–	398
Others	11,228	11,753
Total other income and gains	61,751	118,231

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

6. FINANCE COSTS

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Interest on interest-bearing bank loans and senior notes	351,508	429,618
Interest expense on lease liabilities (note 12(b))	3,641	2,847
Amortised gain of interest rate hedge in relation to term loan	–	(1,761)
Loss from repurchase and redemption of senior notes (note 23)	224,393	–
Loss from repurchase of guaranteed bonds	–	2,547
Total	579,542	433,251

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Cost of inventories sold	2,423,640	2,537,072
Research and development costs*	95,913	104,035
Loss on disposal of items of property, plant and equipment and intangible assets*	65	1,519
Impairment of trade receivables*	289	47
Loss on early termination of leases*	–	32
Foreign exchange (gains)/losses, net	(24,361)**	40,854*
Fair value losses/(gains) on derivative financial instruments, net	74,053*	(56,530)**
Fair value gains on other non-current financial assets**	(5,524)	(2,566)
Write-down of inventories to net realisable value#	206,514	82,766

* Included in "Other expenses" in profit or loss

** Included in "Other income and gains" in profit or loss

Included in "Cost of sales" in profit or loss

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current		
– Charge for the period		
Mainland China	91,490	55,221
Hong Kong SAR	58,873	53,904
Australia	51,834	61,002
Elsewhere	382	518
– Over provision in the prior year	(1,616)	–
Deferred (note 24)	34,312	47,491
Total	235,275	218,136

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% (six months ended 30 June 2024: 25%) on the taxable profits for the period, based on the existing legislation, interpretations and practices in respect thereof.

Biostime (Guangzhou) Health Products Limited (“**Biostime Health**”), the Company’s wholly-owned subsidiary operating in mainland China, was recognised as high-technology enterprise (No. GR202344001783) in December 2023, and is subject to EIT at a rate of 15% for three years from 2023 to 2025. Under Guokefahuo [2016] No. 32 (“**Circular 32**”), Biostime Health was subject to EIT at a rate of 15% for the six months ended 30 June 2025 and 2024. Guangzhou Hapai Information Technology Co., Ltd (“**Guangzhou Hapai**”), the Company’s wholly-owned subsidiary, was recognised as high-technology enterprise in December 2022, and was subject to EIT at a rate of 15% for the three years from 2022 to 2024. As at 30 June 2025, Guangzhou Hapai was in the progress of re-application of high-technology enterprise and expected that it is highly probable to be recognised as a high-technology enterprise. According to Guokefahuo [2016] No. 195 (“**Circular 195**”), Guangzhou Hapai temporarily calculated the income tax provision at the rate of 15% in the period.

Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2024: 16.5%) on the estimated assessable profits arising in Hong Kong SAR during the period, 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 (six months ended 30 June 2024: HKD2,000,000) of assessable profits of this subsidiary is taxed at 8.25% (six months ended 30 June 2024: 8.25%) and the remaining assessable profits are taxed at 16.5% (six months ended 30 June 2024: 16.5%).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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8. INCOME TAX EXPENSE (CONTINUED)

Australia corporate income tax

Australia corporate income tax has been provided at the rate of 30% (six months ended 30 June 2024: 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 subsidiary 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 subsidiary 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 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 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 entities.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

8. INCOME TAX EXPENSE (CONTINUED)

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.

Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the current period. As such, it may not be entirely representative of future circumstances. Based on the assessment, transitional safe harbor applies on all the jurisdictions where Pillar Two legislation is in effect during the current period. The management is not currently aware of any circumstances under which this might change. The Group does not expect a material exposure to Pillar Two income taxes. The Group continues to follow Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on its financial statements.

9. DIVIDENDS

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Final declared – HKD0.05 (2024: HKD0.18) per ordinary share	29,732	104,949
Dividends on ordinary shares declared after the interim reporting date:		
Interim – HKD0.19 (2024: HKD0.30) per ordinary share	108,893	173,581

On 26 August 2025, the board of directors of Health and Happiness (H&H) International Holdings Limited declared an interim dividend of HKD0.19 (six months ended 30 June 2024: HKD0.30) per ordinary share, amounting to a total of approximately RMB108,893,000 (six months ended 30 June 2024: RMB173,581,000).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the six months ended 30 June 2025 attributable to ordinary equity holders of the parent of RMB71,017,000 (six months ended 30 June 2024: RMB305,803,000), and the adjusted weighted average number of ordinary shares of 641,662,090 (six months ended 30 June 2024: 641,001,009) outstanding during the period.

The calculation of the diluted earnings per share amounts for the period is based on the profit for the period 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 period, 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.

The calculations of the basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	71,017	305,803
	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	(3,899,264)	(4,560,345)
Weighted average number of ordinary shares outstanding during the period used in the basic earnings per share calculation	641,662,090	641,001,009
Effect of dilution – weighted average number of ordinary shares:		
Share options and awarded shares	116,646	1,977,819
Adjusted weighted average number of ordinary shares outstanding during the period used in the diluted earnings per share calculation	641,778,736	642,978,828

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

11. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment with an aggregate cost of RMB48,925,000 (six months ended 30 June 2024: RMB22,029,000). Furthermore, depreciation of RMB33,082,000 (six months ended 30 June 2024: RMB34,117,000) was charged, and property, plant and equipment with an aggregate carrying amount of RMB445,000 (six months ended 30 June 2024: RMB2,016,000) were disposed. Besides, exchange realignment with an amount of RMB4,423,000 was recognised (six months ended 30 June 2024: RMB1,799,000 (negative)) in the period.

12. LEASE

(a) Right-of-use assets

The Group has lease contracts for various items of land, office buildings, warehouses, vehicles and office equipment. During the period, the Group recognised the right-of-use assets, with an aggregate cost of RMB76,593,000 (six months ended 30 June 2024: RMB12,642,000). Depreciation of RMB19,989,000 (six months ended 30 June 2024: RMB19,815,000) was charged, and no right-of-use-assets (six months ended 30 June 2024: RMB472,000) were derecognised due to the early termination of leases. Furthermore, exchange realignment with an amount of RMB3,289,000 was recognised in the period (six months ended 30 June 2024: RMB894,000 (negative)).

(b) Lease liabilities

During the period, the Group recognised the new lease liabilities of RMB76,593,000 (six months ended 30 June 2024: RMB12,642,000) and interest expense of RMB3,641,000 (six months ended 30 June 2024: RMB2,847,000) was charged. Furthermore, the Group paid for the lease liabilities of RMB23,823,000 (six months ended 30 June 2024: RMB31,920,000), and no lease liabilities (six months ended 30 June 2024: RMB440,000) were derecognised due to the early termination of leases. Besides, exchange realignment with an amount of RMB3,573,000 was recognised in the period (six months ended 30 June 2024: RMB1,248,000 (negative)).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

13. GOODWILL

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
At 1 January		
Cost	7,960,300	8,071,122
Accumulated impairment	(356,659)	(250,600)
Net carrying amount	7,603,641	7,820,522
Cost at 1 January, net of accumulated impairment	7,603,641	7,820,522
Impairment during the period/year	–	(108,343)
Exchange realignment	63,004	(108,538)
At end of the period/year	7,666,645	7,603,641
At end of the period/year		
Cost	8,052,282	7,960,300
Accumulated impairment	(385,637)	(356,659)
Net carrying amount	7,666,645	7,603,641

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

14. INTANGIBLE ASSETS

During the period, the Group acquired intangible assets with an aggregate cost of RMB16,951,000 (six months ended 30 June 2024: RMB9,403,000). Furthermore, amortisation of RMB100,517,000 (six months ended 30 June 2024: RMB94,209,000) was charged by the Group, and intangible asset with an aggregate carrying amount of RMB45,000 (six months ended 30 June 2024: Nil) was disposed of by the Group. Besides, exchange realignment with an amount of RMB81,828,000 was recognised in the period (six months ended 30 June 2024: RMB27,681,000 (negative)).

15. OTHER NON-CURRENT FINANCIAL ASSETS

	Notes	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Financial assets at fair value through profit or loss	(a)		
– Unlisted equity investments		56,516	53,421
– Other unlisted investments		133,611	117,353
Subtotal		190,127	170,774
Equity investment designed at fair value through other comprehensive income	(b)		
– Listed equity investment in BOD Australia Limited		1,670	1,607
– Listed equity investment in Else Nutrition Holdings Limited		1,104	533
– Other unlisted investments		1,397	1,250
Subtotal		4,171	3,390
Total		194,298	174,164

Notes:

- (a) These equity investments were classified as financial assets at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

These unlisted investments were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

- (b) These equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers the investments to be strategic in nature.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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16. INVENTORIES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Raw materials	304,160	441,988
Goods in transit	508,722	318,500
Work in progress	3,885	188
Finished goods	1,116,037	1,145,999
Total	1,932,804	1,906,675

17. TRADE AND BILLS RECEIVABLES

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 provisions, is as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within 1 month	647,806	623,546
1 to 3 months	437,505	245,038
Over 3 months	58,625	58,595
Total	1,143,936	927,179

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Prepayments	113,782	59,164
Deposits	1,238	1,743
Other receivables	36,814	92,899
Prepaid expenses	3,643	20,695
Right-of-return assets	2,728	2,714
Total	158,205	177,215

As at 30 June 2025, the balance due from the Group's associate included in the prepayments was RMB4,000 (31 December 2024: RMB4,000).

During the period, the financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 30 June 2025 and 31 December 2024, the loss allowance was assessed to be minimal.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

19. TRADE AND BILLS PAYABLES

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

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within 1 month	737,775	775,760
1 to 3 months	148,803	85,340
Over 3 months	54,527	46,283
Total	941,105	907,383

20. OTHER PAYABLES AND ACCRUALS

	Notes	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Salaries and welfare payables		167,294	175,346
Accruals		1,071,037	943,369
Other tax payables		86,814	42,105
Other payables	(a)	192,841	223,360
Refund liabilities	(b)	571,269	555,395
Total		2,089,255	1,939,575
Less: current portion		(2,084,435)	(1,937,772)
Non-current portion		4,820	1,803

Notes:

- (a) Other payables are non-interest-bearing and have an average term of three months.
- (b) Details of refund liabilities as at 30 June 2025 and 31 December 2024 are as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Sales rebate	558,572	542,621
Sales return	12,697	12,774
Total	571,269	555,395

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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21. DERIVATIVE FINANCIAL INSTRUMENTS

		30 June 2025		31 December 2024	
		Assets	Liabilities	Assets	Liabilities
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
		(Unaudited)	(Unaudited)	(Audited)	(Audited)
Non-current					
Early redemption option embedded in the senior notes	(a)	14,060	–	5,517	–
The Swaps (as defined below)					
– designated as hedge	(b)	–	13,864	11,332	266
– not designated as hedge	(b)	–	81,228	3,718	–
Total		14,060	95,092	20,567	266

Notes:

- (a) An early redemption option is embedded in the senior notes, details of which are set out in note 23 to these interim condensed consolidated financial statements. The fair value of the early redemption option as at 30 June 2025 was RMB14,060,000 (31 December 2024: RMB5,517,000). A fair value loss of RMB5,707,000 was charged to profit or loss for the period (six months ended 30 June 2024: RMB11,146,000).

- (b) Hedges of net investments in foreign operations

As at 30 June 2025 and 31 December 2024, the Company had certain cross currency swap and cross currency interest rate swap agreements (the “**Swaps**”) to hedge its exposure of foreign currency risks arising from its investments in mainland China and Australia. Under the Swaps, the Company agreed with the counterparties to exchange, at specified interval, the difference between fixed contract rates and fixed or floating-rate interest amounts calculated by reference to the agreed notional amounts at specified currencies.

For the Swaps designated as hedging instruments, there is an economic relationship between the hedge item and the hedging instrument as the net investment creates a translation risk that will match the foreign exchange risk on the Swaps. The Company has established a hedge ratio of 1:1 as the underlying risk of the hedging instrument is identical to the hedged risk component. The hedge ineffectiveness will arise when the amount of the investments in the foreign subsidiaries becomes lower than the amount of the Swaps.

During the period, in respect of the Swaps designated as hedging instruments, a net loss of RMB13,245,000 (six months ended 30 June 2024: a net gain of RMB44,387,000) arising from the changes in fair value was included in exchange fluctuation reserve and a net gain of RMB3,059,000 (six months ended 30 June 2024: RMB29,980,000) was recognised in profit or loss. For the Swaps not designated as hedging instruments, a net loss of RMB71,405,000 (six months ended 30 June 2024: a net gain of RMB51,521,000) was recognised in profit or loss during the period. During the period, the Company has received net cash of RMB9,504,000 (six months ended 30 June 2024: RMB43,234,000) in respect of those Swaps.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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22. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

	30 June 2025			31 December 2024		
	Effective interest rate (%)*	Maturity	RMB'000 (Unaudited)	Effective interest rate (%)*	Maturity	RMB'000 (Audited)
Current						
Current portion of long term bank loan – unsecured	LPR +margin/5.27/4.17	2025-2026	483,005	LPR +margin/5.27/4.17	2025	532,315
Current portion of long term bank loan – secured	HIBOR/SOFR +margin/6.70	2025-2026	367,461	HIBOR/SOFR +margin/6.70	2025	320,026
Current portion of RMB500,000,000 7.5% guaranteed bonds	9.28	2025	8,515	9.28	2025	8,564
Total – current			858,981			860,905
Non-current						
Long term bank loans – unsecured	LPR +margin/5.27/4.17	2026-2028	1,344,264	LPR +margin/5.27/4.17	2026-2027	1,356,821
Long term bank loans – secured	HIBOR/SOFR +margin/6.70	2026-2027	4,380,173	HIBOR/SOFR +margin/6.70	2026-2027	4,550,890
RMB500,000,000 7.5% guaranteed bonds	9.28	2027	399,443	9.28	2027	396,848
Total – non-current			6,123,880			6,304,559
Total			6,982,861			7,165,464

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

22. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS (CONTINUED)

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Analysed into:		
Bank loans repayable:		
within one year or on demand	850,466	852,341
in the second year	1,453,673	856,898
in the third to fifth years, inclusive	4,270,764	5,050,813
Subtotal	6,574,903	6,760,052
Other borrowings repayable:		
within one year or on demand	8,515	8,564
in the second year	399,443	–
in the third to fifth years, inclusive	–	396,848
Subtotal	407,958	405,412
Total	6,982,861	7,165,464

* HIBOR stands for the Hong Kong InterBank Offered Rate
SOFR stands for the Secured Overnight Financing Rate
LPR stands for the Loan Prime Rate

Notes:

- Certain of the Group's interest-bearing bank loans amounting to RMB4,747,634,000 are guaranteed on a joint and several basis by the Company and certain of the Company's subsidiaries and are secured by fixed and floating charges over present and future assets of the Company and certain of its subsidiaries and assignments over the Company's and certain of its subsidiaries' rights to their material contracts and insurance policies. In addition, certain subsidiaries' shares are also pledged.
- Certain of the Group's interest-bearing bank loans are subject to the fulfilment of certain covenants relating to limitations on indebtedness. The Company regularly monitors its compliance with these covenants.
- As at 30 June 2025, the Group's interest-bearing bank loans and other borrowings were denominated in USD, HKD and RMB at aggregate amounts of RMB2,518,115,000 (31 December 2024: RMB2,611,252,000), RMB1,157,712,000 (31 December 2024: RMB1,183,717,000), and RMB3,307,034,000 (31 December 2024: RMB3,370,495,000) respectively.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

23. SENIOR NOTES

The Company issued senior notes due 26 June 2026 with principal amount of USD200,000,000 on 26 June 2023 and issued additional senior notes due 26 June 2026 with principal amount of USD120,200,000 on 12 April 2024, (together, the **"2026 Notes"**). The 2026 Notes carried a coupon interest rate of 13.5% per annum. As at 31 December 2024, the outstanding principal amount of the 2026 Notes was USD297,000,000, after the Company repurchased from the open market an aggregate principal amount of USD23,200,000 prior to 31 December 2024.

On 24 January 2025, the Company issued senior notes due 24 July 2028 with principal amount of USD300,000,000 and coupon interest rate of 9.125% per annum (the **"2028 Notes"**). The net proceeds from the issuance of the 2028 Notes were used to refinance the Company's existing indebtedness including funding the repayment of the 2026 Notes together with accrued interest. As at 30 June 2025, the 2026 Notes were repaid in full and the outstanding principal amount of the 2028 Notes was USD300,000,000.

The 2026 Notes were and the 2028 Notes are (i) listed on The Stock Exchange of Hong Kong Limited, (ii) jointly and severally guaranteed, on a senior basis, by certain subsidiaries of the Company, and (iii) secured on a first-ranking basis, by floating charges over all or substantially all assets of the Company and its initial subsidiary guarantors (in each case other than any assets located in the PRC or shares of subsidiaries in the PRC that do not secure the senior notes) and pledges/charges over shares of the initial subsidiary guarantors, Health and Happiness (H&H) China Limited (**"H&H China"**) and Biostime Health.

Both the 2026 Notes and the 2028 Notes contain certain covenants relating to limitations on indebtedness and certain transactions of the Company and certain of its subsidiaries. The Company regularly monitors its compliance with these covenants.

The Company may redeem part or all of the senior notes at certain time and certain redemption prices as specified in the terms of the senior notes.

As at 30 June 2025, the fair value of the early redemption option embedded in the senior notes amounted to RMB14,060,000 (31 December 2024: RMB5,517,000). A fair value loss of RMB5,707,000 was charged to profit or loss for the period (six months ended 30 June 2024: RMB11,146,000).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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23. SENIOR NOTES (CONTINUED)

The movements of the senior notes during the six months ended 30 June 2025 and the year ended 31 December 2024 are set out below:

	Total RMB'000 (Unaudited)
At 1 January 2024 (Audited)	1,660,600
Partial repurchase of senior notes	(454,865)
Loss on partial repurchase of senior notes	1,555
Upon the completion of the issuance of senior notes	
Proceeds received	906,794
Transaction cost incurred	(44,365)
Early redemption option embedded in senior notes	5,103
Interest charged during the year	274,342
Interest paid during the year	(260,800)
Exchange realignment	31,131
At 31 December 2024 and 1 January 2025 (Audited)	2,119,495
Redemption and repurchase of senior notes	(2,334,058)
Loss from repurchase and redemption of senior notes (note 6)	224,393
Upon the completion of the issuance of senior notes	
Proceeds received	2,111,651
Transaction cost incurred	(25,812)
Early redemption option embedded in senior notes	14,297
Interest charged during the period	113,247
Interest paid during the period	(23,514)
Exchange realignment	(8,508)
At 30 June 2025 (Unaudited)	2,191,191
Less: current portion	(84,996)
Non-current portion	2,106,195

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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24. DEFERRED TAX

The movements in deferred tax assets and liabilities during the six months ended 30 June 2025 and the year ended 31 December 2024 are as follows:

Deferred tax assets

	Provision for Impairment of assets RMB'000	Accrued liabilities and future deductible expenses RMB'000	Unrealised profit arising from intra- group transactions RMB'000	Tax losses recognised RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
At 1 January 2025 (Audited)	40,521	359,447	33,988	270,812	13,428	75,847	794,043
Credited/(charged) to profit or loss for the period	1,015	33,221	(3,085)	(5,876)	18,021	(23,348)	19,948
Exchange realignment	–	1,300	–	51	740	389	2,480
Gross deferred tax assets at 30 June 2025 (Unaudited)	41,536	393,968	30,903	264,987	32,189	52,888	816,471

	Provision for Impairment of assets RMB'000	Accrued liabilities and future deductible expenses RMB'000	Unrealised profit arising from intra- group transactions RMB'000	Tax losses recognised RMB'000	Cash flow hedges RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
At 1 January 2024	60,231	385,410	43,449	177,757	16,276	22,490	40,389	746,002
(Charged)/credited to profit or loss for the year	(19,710)	(23,818)	(9,461)	91,517	(14,583)	(8,335)	36,962	52,572
Deferred tax charged to equity during the year	–	–	–	–	(1,250)	–	–	(1,250)
Exchange realignment	–	(2,145)	–	1,538	(443)	(727)	(1,504)	(3,281)
Gross deferred tax assets at 31 December 2024 (Audited)	40,521	359,447	33,988	270,812	–	13,428	75,847	794,043

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

24. DEFERRED TAX (CONTINUED)

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation RMB'000	Withholding tax on distributable profits of subsidiaries in the PRC RMB'000	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2025 (Audited)	188,128	12,093	726,390	12,289	8,917	947,817
(Credited)/charged to profit or loss for the period	(97,129)	2,725 [#]	127,890	17,932	2,842	54,260
Exchange realignment	(438)	-	13,519	707	6	13,794
Gross deferred tax liabilities at 30 June 2025	90,561	14,818	867,799	30,928	11,765	1,015,871
At 1 January 2024	103,020	22,783	796,499	18,489	10,385	951,176
Charged/(credited) to profit or loss for the year	82,800	(10,899) [#]	(22,500)	(5,594)	(1,420)	42,387
Exchange realignment	2,308	209	(47,609)	(606)	(48)	(45,746)
Gross deferred tax liabilities at 31 December 2024 (Audited)	188,128	12,093	726,390	12,289	8,917	947,817

[#] The amount represented a deferred tax provision of RMB12,294,000 (year ended 31 December 2024: RMB10,276,000) on the distributable profits of the Company's subsidiaries in mainland China after offsetting the realised deferred tax liabilities of RMB9,569,000 (year ended 31 December 2024: RMB21,175,000) arising from dividends declared by these subsidiaries to their foreign investors in the period.

For presentation purpose, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purpose:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Net deferred tax assets recognised in the interim condensed consolidated statement of financial position	525,578	530,681
Net deferred tax liabilities recognised in the interim condensed consolidated statement of financial position	(724,978)	(684,455)
Total	(199,400)	(153,774)

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25. SHARE CAPITAL

Shares

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Authorised:		
10,000,000,000 (31 December 2024: 10,000,000,000) ordinary shares of HKD0.01 each	HKD100,000,000	HKD100,000,000
Issued and fully paid:		
645,561,354 (31 December 2024: 645,561,354) ordinary shares of HKD0.01 each	HKD6,455,614	HKD6,455,614
Equivalent to	RMB5,519,000	RMB5,519,000

26. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 40 and 41 of these interim condensed consolidated financial statements.

The Group's contributed surplus represents the excess of the previous nominal value of shares of the subsidiaries acquired pursuant to the group reorganisation over the previous nominal value of the Company's shares issued and cash consideration paid in exchange therefor.

The Group's capital surplus represents 1% of the equity in Biostime Health contributed by Coliving Holdings Limited, the ultimate shareholder, during the year ended 31 December 2009 when Biostime Health became a wholly-owned subsidiary of the Group.

In accordance with the Company Law of the PRC, the Company's subsidiaries registered in the PRC are required to appropriate 10% of the annual statutory profit after tax (after offsetting any prior years' losses), determined in accordance with generally accepted accounting principles in the PRC, to the statutory reserve until the balance of the reserve fund reaches 50% of the entity's registered capital. The statutory reserve can be utilised to offset prior years' losses or to increase capital, provided the remaining balance of the statutory reserve is not less than 25% of the registered capital.

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27. CONTINGENT LIABILITIES

As disclosed in the Company's annual results announcement for the year ended 31 December 2024, dated 25 March 2025, Biostime Healthy Australia Pty Ltd ("BHA"), a subsidiary of the Company, has undergone an audit (the "BHA Tax Audit") conducted by the Australian Tax Office ("ATO") in respect of the value of intellectual property and other assets transferred as part of the Groupwide integration initiatives in 2018, for which BHA paid AUD19 million of tax under the Australian capital gains tax ("CGT") rules.

On 10 April 2025, the ATO issued official notices of amended assessment requesting: (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. In June 2025, BHA formally objected to the ATO's amended assessments to officially dispute these amounts.

Subsequent to the reporting period, on 4 July 2025, the ATO and BHA entered into a payment arrangement in relation to the disputed debt which required BHA to provide a cash deposit for 50% of the disputed principal tax debt (AUD104 million) to the ATO by 15 July 2025, in accordance with the ATO administrative practice for disputed tax debts. The cash deposit was made on 15 July 2025 and will be held as an asset on the balance sheet.

BHA continues to vigorously defend its position and continues to be assisted by tax litigation lawyers and preeminent Counsel. Should the ATO disallow BHA's objection, BHA is prepared to initiate further legal proceedings. 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 in dispute. In the event BHA is successful in the dispute, BHA will be entitled to a refund of the deposit plus interest.

The Company maintains its view that BHA's position is correct. The Company will make further announcement(s) to keep its shareholders and potential investors informed of any progress as and when appropriate.

28. COMMITMENTS

The Group had the following contractual commitments as at the end of the reporting period:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Intangible assets	5,437	3,415
Property, plant and equipment	5,030	5,675
Total	10,467	9,090

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29. RELATED PARTY BALANCES AND TRANSACTIONS

(a) Outstanding balance with related parties

Details of the Group's prepayment balance with its associate as at the end of the reporting period are disclosed in note 18 to these interim condensed consolidated financial statements.

(b) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Fees	3,588	3,750
Short-term employee benefits	24,138	42,127
Pension scheme contributions	409	454
Equity-settled share award expense	343	3,904
Total compensation paid to key management personnel	28,478	50,235

30. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Unaudited)	30 June 2025 RMB'000 (Audited)	31 December 2024 RMB'000 (Audited)
Financial assets				
Derivative financial instruments				
– Early redemption option embedded in the senior notes	14,060	5,517	14,060	5,517
– The Swaps	–	15,050	–	15,050
Other non-current financial assets	194,298	174,164	194,298	174,164
Total	208,358	194,731	208,358	194,731
Financial liabilities				
Derivative financial instruments				
– The Swaps	(95,092)	(266)	(95,092)	(266)
Senior notes	(2,191,191)	(2,119,495)	(2,185,570)	(2,273,947)
Total	(2,286,283)	(2,119,761)	(2,280,662)	(2,274,213)

Management has assessed that the fair values of cash and cash equivalents, restricted deposits, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, financial liabilities included in other payables and accruals and lease liability (current) approximate to their carrying amounts largely due to the short-term maturities of these instruments.

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30. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- (a) The fair values of lease liabilities (non-current), and interest-bearing bank loans and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank loans, and the suppliers' non-performance risk for bonds receivables as at 30 June 2025 were assessed to be insignificant.
- (b) The financial assets of unlisted equity investments at fair value through profit or loss included in the other non-current financial assets are measured using the market approach using significant unobservable market inputs.
- (c) The financial assets of other unlisted investments at fair value through profit or loss included in the other non-current financial assets are measured using technique of the discounted cash flow model.
- (d) The fair values of equity investments designed at fair value through other comprehensive income included in other non-current financial assets are based on quoted market prices or the recent transaction price method with significant unobservable market inputs.
- (e) The Group enters into derivative financial instruments with various counterparties, principally financial institutions with high credit quality. Derivative financial instruments, including the Swaps, are measured by using discounted cash flow models. The valuation techniques used both observable and unobservable market inputs. The fair values of the Swaps were the same as their carrying amounts.
- (f) The derivative financial instrument arising from the early redemption option embedded in the senior notes is measured using valuation technique of discounted cash flow model using significant unobservable market inputs.
- (g) The fair value of the senior notes based on the quoted market price provided by a leading global financial market data provider.

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30. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Below is a summary of significant unobservable inputs to the valuation of financial instruments:

	Valuation techniques	Significant unobservable input	Range	Sensitivity of fair value to the input
Other non-current financial assets – other unlisted investment	Discounted cash flow model	Discount rate	1.48% to 1.51% (31 December 2024: 1.84% to 1.87%)	1% (31 December 2024: 1%) increase in discount rate would result in decrease in fair value by RMB59,000 (31 December 2024: RMB72,000) 1% (31 December 2024: 1%) decrease in discount rate would result in increase in fair value by RMB59,000 (31 December 2024: RMB73,000)
Other non-current financial assets – the unlisted equity investment in Arla	Recent transaction price method	Recent transaction price	Not applicable	Not applicable
Other non-current financial assets – the unlisted equity investment	Market approach	Enterprise value-to-sales ratio	3.21 to 3.27 (31 December 2024: 3.01 to 3.07)	1% (31 December 2024: 1%) increase in enterprise value – to-sales ratio would result in increase in fair value by RM587,000 (31 December 2024: RMB525,000) 1% (31 December 2024: 1%) decrease in discount rate would result in decrease in fair value by RMB587,000 (31 December 2024: RMB525,000)

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30. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

	Valuation techniques	Significant unobservable input	Range	Sensitivity of fair value to the input
Derivative financial instrument – the Swaps (USD/RMB)	Discounted cash flow model	Discount rate – receive leg	3.38% to 4.39% (31 December 2024: 4.01% to 5.60%)	1% (31 December 2024: 1%) increase in discount rate would result in decrease in fair value by RMB3,870,000 (31 December 2024: RMB1,131,000)
				1% (31 December 2024: 1%) decrease in discount rate would result in increase in fair value by RMB3,874,000 (31 December 2024: RMB1,132,000)
		Discount rate – pay leg	1.54% to 1.97% (31 December 2024: 2.42% to 4.17%)	1% (31 December 2024: 1%) increase in discount rate would result in increase in fair value by RMB999,000 (31 December 2024: RMB574,000)
				1% (31 December 2024: 1%) decrease in discount rate would result in decrease in fair value by RMB999,000 (31 December 2024: RMB575,000)

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30. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

	Valuation techniques	Significant unobservable input	Range	Sensitivity of fair value to the input
Derivative financial instrument – early redemption option embedded in the senior notes	Discounted cash flow model	Discount rate	8.38% (31 December 2024: 8.77%)	1% (31 December 2024: 1%) increase in discount rate would result in increase in fair value by RMB4,667,000 (31 December 2024: RMB2,565,000) 1% (31 December 2024: 1%) decrease in discount rate would result in decrease in fair value by RMB4,682,000 (31 December 2024: RMB2,570,000)

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30. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
At 30 June 2025 (Unaudited)				
Derivative financial instruments				
– Early redemption option embedded in the senior notes	–	–	14,060	14,060
Other non-current financial assets	2,774	–	191,524	194,298
Total	2,774	–	205,584	208,358
As at 31 December 2024 (Audited)				
Derivative financial instruments				
– Early redemption option embedded in the senior notes	–	–	5,517	5,517
– The Swaps	–	–	15,050	15,050
Other non-current financial assets	2,140	–	172,024	174,164
Total	2,140	–	192,591	194,731

The movements in fair value measurements within Level 3 during the six months ended 30 June 2025 and the year ended 31 December 2024 are as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
At 1 January	192,591	237,168
Additions	14,297	7,204
Derecognition	–	(6,171)
Net settlement	(19,657)	(68,086)
Total gains recognised in profit or loss	6,159	7,869
Total (losses)/gains recognised in equity	(1,503)	20,253
Exchange realignment	13,697	(5,646)
At end of the period/year	205,584	192,591

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30. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Liabilities measured at fair value:

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
At 30 June 2025 (Unaudited)				
Derivative financial instruments				
– The Swaps	–	–	95,092	95,092
As at 31 December 2024 (Audited)				
Derivative financial instruments				
– The Swaps	–	–	266	266

The movements in fair value measurements within Level 3 during six months ended 30 June 2025 and the year ended 31 December 2024 are as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
At 1 January	266	154,570
Derecognition	–	(38,327)
Net settlement	9,451	26,227
Total losses/(gains) recognised in profit or loss	74,688	(29,981)
Total losses/(gains) recognised in equity	11,595	(109,813)
Exchange realignment	(908)	(2,410)
At end of the period/year	95,092	266

During six months ended 30 June 2025 and the year ended 31 December 2024, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

31. APPROVAL OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved and authorised for issue by the Board on 26 August 2025.

Health and Happiness (H&H) International Holdings Limited

健合(H&H)國際控股有限公司

