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Helens International Holdings Company Limited

海倫司國際控股有限公司

(A company incorporated in the Cayman Islands with limited liability)

(Hong Kong Stock Code: 9869)

(Singapore Stock Code: HLS)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Helens International Holdings Company Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended December 31, 2024 (the “**Reporting Period**”), together with the audited comparative figures for the year ended December 31, 2023. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the prospectus of the Company dated August 31, 2021 (the “**Prospectus**”).

FINANCIAL HIGHLIGHTS

	For the year ended December 31,	
	2024	2023
	<i>RMB in thousands</i>	<i>RMB in thousands</i>
Revenue	752,206	1,208,613
(Loss)/profit before income tax	(76,567)	151,964
(Loss)/profit for the year attributable to owners of the Company	(77,976)	180,500
Adjusted net profit ⁽¹⁾	100,555	291,088

Non-HKFRS Measures

	For the year ended December 31,	
	2024	2023
	<i>RMB in thousands</i>	<i>RMB in thousands</i>
(Loss)/Profit for the period	(77,976)	180,500
Add:		
Secondary listing expenses	13,287	—
Impairment loss of office properties	59,481	—
Losses from bars optimization and adjustment ⁽²⁾	105,763	110,588
Adjusted net profit	<u>100,555</u>	<u>291,088</u>

Note (1): We define adjusted net profit/(loss) as profit/(loss) for the year adjusted by adding back secondary listing expenses, impairment loss of office properties and losses from bars optimization and adjustment. For details of non-HKFRS measures, please refer to the subsection headed “Management Discussion and Analysis — Non-HKFRS Measures”. We consider this change in definition to be more meaningful to the management for review and analysis purposes.

Note (2): Losses from bars optimization and adjustment comprise impairment losses of plant and equipment and right-of-use assets, net impairment losses of trade receivables from franchisees, amortization of prepayment to franchisees, loss on disposal of plant and equipment, penalties and compensation for early termination, loss on rental deposits and gain on termination of leases.

Consolidated Statement of Financial Position

	As at December 31, 2024 <i>RMB in thousands</i> (audited)	As at December 31, 2023 <i>RMB in thousands</i> (audited)
Non-current assets	459,772	740,830
Current assets	916,203	1,424,154
Total assets	1,375,975	2,164,984
Total equity	1,118,791	1,821,407
Non-current liabilities	133,113	191,231
Current liabilities	124,071	152,346
Net current assets	792,132	1,271,808
Total liabilities	257,184	343,577
Total equity and liabilities	1,375,975	2,164,984

BUSINESS HIGHLIGHTS

Distribution of Our Bar Network

In order to cope with the complex changes in the economic environment, the Company firmly made a strategic transformation to a platform-based company by implementing an asset-light model. By proactively adjusting its existing bar network, the Company vigorously developed its bar network under the “HiBeer Partnership” programme to fully mobilize high-quality resources from the community and re-engage in a long-term market layout.

As of March 19, 2025, a total of 499 bars under the “HiBeer Partnership” programme have been contracted, of which 424 are already in operation. These establishments are spread across 257 cities, ranging from first-tier cities to county-level cities, of which 133 in existing markets and 124 in newly established markets.

As of March 19, 2025, we had a total number of 579 bars globally, including Mainland China, Hong Kong, China, Japan and Singapore, and covering 32 provincial-level administrative regions and 274 cities in China. The following table sets forth the number of Helen’s bars by geographic location and types as of March 19, 2025 and the dates indicated.

	March 19, 2025	As of December 31, 2024	December 31, 2023
Mainland China			
Bars in first-tier cities	36	35	38
Bars in second-tier cities	148	146	186
Bars in third and lower-tier cities	390	375	252
Other regions out of Mainland China	5	4	3
Total	<u>579</u>	<u>560</u>	<u>479</u>

	March 19, 2025	As of December 31, 2024	December 31, 2023
Self-operated bars	113	112	255
Franchised bars	42	42	92
“HiBeer Partnership” bars	424	406	132
Total	<u>579</u>	<u>560</u>	<u>479</u>

OPERATING INDICATORS

Average Daily Sales Per Bar Opened in Each City

The table below shows the average daily sales per bar opened in different tier cities during the indicated period.

	For the year ended December 31,	
	2024 (RMB in thousands)	2023 (RMB in thousands)
Average daily sales per self-operated bar and franchised bar		
Mainland China		
Bars in first-tier cities	8.3	7.5
Bars in second-tier cities	7.0	7.1
Bars in third and lower-tier cities	6.7	7.4
Overall	7.0	7.3

Average daily sale per “HiBeer Partnership”

Type of store	Store area	For the year ended December 31,	
		2024 (RMB in thousands)	2023 (RMB in thousands)
Large Store	240–260 square meters ⁽³⁾	6.1	7.6
Medium Store	150–240 square meters ⁽⁴⁾	4.8	6.8
Small Store	90–150 square meters ⁽³⁾	4.5	4.9
Overall	90–260 m²	5.0	7.1

Notes:

(3): both numbers inclusive.

(4): both numbers exclusive.

Same-store Performance

The following table sets forth the same-store sales of Helen's bars during the Reporting Period. "Same-store" means bars that opened for at least 300 days in 2024 and 2023, respectively.

	For the year ended December 31,	
	2024	2023
Number of same-store		154
Same-store sales (RMB'000)	527,533.6	670,039.4
Growth of same-store sales (%)		-21.3
Same-store sales per day ⁽¹⁾ (RMB'000)	1,463.0	1,863.4
Growth of same-store sales per day (%)		-21.5
Same-store average daily sales per store ⁽²⁾ (RMB'000)	9.5	12.1
Growth of same-store average daily sales per store (%)		-21.5

Notes:

(1) The aggregate amount of all same-store average daily sales.

(2) The average amount of all same-store average daily sales.

In 2024, our same-store performance declined, mainly due to the complex and volatile domestic economic market.

The Company is taking various measures to improve its same-store performance, including:

- (i) continuously optimizing the operation model, improving the flexibility of store operation, and strengthening the performance incentive effect;
- (ii) intensifying efforts to launch new products and enhancing the attractiveness of stores by enriching the product matrix; and
- (iii) further enhancing brand influence and customers' experience, and increasing our ability to continuously acquire new customers and facilitate the repurchase of old customers.

Contribution from Our Featured Products

The following table sets forth the overall contribution and contribution margin of all of Helen's branded alcoholic drinks and third-party brand alcoholic drinks during the indicated years.

	For the year ended December 31,	
	2024	2023
All Helen's branded alcoholic drinks		
Contribution (<i>RMB'000</i>)	213,561	473,168
Contribution margin	<u>76.6%</u>	<u>75.7%</u>
All third-party brand alcoholic drinks		
Contribution (<i>RMB'000</i>)	78,367	123,799
Contribution margin	<u>51.2%</u>	<u>54.8%</u>

Note:

Our contribution margin represents (i) the contribution of a given product, i.e. the revenue generated from the sales of a given product, less the costs of raw materials and consumables, divided by (ii) the revenue generated from the sales of the given product.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2024, our revenue decreased to RMB752 million from RMB1,209 million in 2023, mainly due to the weak performance of the consumer market in 2024. In response to changes in the external environment, we actively optimized and adjusted our self-operated bars network based on our strategy of transformation to a platform-based company, which resulted in a decrease in revenue from self-operated bars. However, as we continue to vigorously develop our bar network under the “HiBeer Partnership” programme, our revenue from franchise business increased by 85.7% from RMB105 million in 2023 to RMB195 million in 2024. Despite the weak consumer market in 2024, we still scored good profitability, with an adjusted net profit of RMB100.6 million in 2024.

In 2024, our contribution margin of bars amounted to 69%, roughly in line with 2023. Among these, the gross profit margin of Helen’s branded alcoholic drinks increased from 75.7% in 2023 to 76.6%, mainly benefiting from the popularity of new products we launched, which led to an increase in the proportion of revenue from high-margin alcoholic drinks to revenue from our own branded alcoholic drinks from 79.8% in 2023 to 82.4% in 2024.

In 2024, we continued to expand our bar network through the “HiBeer Partnership” programme, and the total number of our bars increased from 479 at the end of 2023 to 560 by the end of 2024, and further increased to 579 as of March 19, 2025, thereby maintaining our leadership position in the industry.

Looking forward, we will continue to focus on our platform-based development strategy and further expand our bar network through the “HiBeer Partnership” programme. Additionally, we will continue to strengthen our supply chain integration management capabilities and the ability to create spatial environments, while exploring new models based on our two core competitive strengths to continuously create new value for consumers in their new lifestyle.

Revenue

Our revenue decreased by 37.8% from RMB1,208.6 million for the year ended December 31, 2023 to RMB752.2 million for the year ended December 31, 2024. This was mainly due to the fact that the consumer market recorded a weak performance in 2024 and in response to changes in the external environment, we actively optimized and adjusted our self-operated bars network based on our strategy of transformation to a platform-based company, which resulted in a decrease in revenue from self-operated bars.

In 2024, as our own branded spirituous drinks such as Lemon draft beer tower (檸檬大扎), Rose draft beer tower (玫瑰大扎), and Melon-tastic tower (這瓜保熟嘖嘖桶), which were successively launched by us, were well received by consumers, the proportion of our spirituous drinks in Helen's branded alcoholic drinks increased. In addition, due to our price reduction and inbound marketing activities for third-party brand alcoholic drinks in 2024, its sales share increased.

The following table sets forth the revenue by segment and services and a breakdown of revenue during the indicated years.

	For the year ended December 31,					
	2024			2023		
	(RMB in thousands)	% of total revenue	% of self-operated business	(RMB in thousands)	% of total revenue	% of self-operated business
Revenue from self-operated bars						
Helen's branded products	393,005	52.2	70.5	858,713	71.1	77.8
Helen's beer	48,993	6.5	8.8	125,996	10.4	11.4
Spirituous drinks	229,983	30.6	41.3	498,784	41.3	45.2
Snacks	114,029	15.1	20.4	233,933	19.4	21.2
Third-party brand alcoholic drinks	153,027	20.3	27.4	225,727	18.7	20.5
Other products⁽¹⁾	6,520	0.9	1.2	12,219	1.0	1.1
Others⁽²⁾	4,961	0.7	0.9	6,641	0.5	0.6
Sub-total	557,513	74.1	100	1,103,300	91.3	100
Revenue from franchise business⁽³⁾	194,693	25.9	—	105,313	8.7	—
Total	752,206	100.0		1,208,613	100.0	

Notes:

- (1) Including paper towels and other consumer goods that we provide to customers in bars.
- (2) Including the revenue generated from our mobile device charging service in bars.
- (3) Including (i) the revenue generated from providing franchising service to franchised bars and "HiBeer Partnership" bars; and (ii) the revenue generated from sales of products to "HiBeer Partnership" bars, please see note 3 to consolidated financial statements for details.

Other Income

Our other income decreased from RMB9.0 million for the year ended December 31, 2023 to RMB1.0 million for the year ended December 31, 2024, mainly due to the expiration of the input VAT credit policy applicable to the production and life service industry on December 31, 2023.

Cost of Raw Materials and Consumables Used

The cost of our raw materials and consumables used was RMB316.3 million for the year ended December 31, 2024, including the cost of raw materials and consumables of self-operated bars of RMB172.7 million and the cost of raw materials and consumables generated by sales of products to partnership bar of RMB143.6 million, representing a decrease of 12.1% from RMB359.8 million for the year ended December 31, 2023, primarily due to the decrease in sales revenue from our self-operated bars.

Employee Benefit and Manpower Service Expenses

Our employee benefit and manpower service expenses decreased by 41.9% from RMB298.8 million for the year ended December 31, 2023 to RMB173.7 million for the year ended December 31, 2024. The substantial decrease in employee benefit and manpower service expenses was mainly attributable to a decrease in the employee wages and benefits as the number of employees reduced as a result of the adjustment of our existing store network.

Depreciation of Right-of-Use Assets

The depreciation of our right-of-use assets decreased by 44.8% from RMB110.2 million for the year ended December 31, 2023 to RMB60.8 million for the year ended December 31, 2024. The decrease is primarily due to the termination of certain self-operated bars' lease contracts under the optimization and adjustment of the strategic transformation of the Company.

Depreciation of Property, Plant and Equipment

The depreciation of our property, plant and equipment decreased by 28.9% from RMB89.4 million for the year ended December 31, 2023 to RMB63.6 million for the year ended December 31, 2024. The decrease was primarily due to the fixed assets of self-operated bars reduced as the number of bars decreased.

Depreciation of Investment Properties

For the year ended December 31, 2024, our depreciation of investment properties amounted to RMB1.9 million (for the year ended December 31, 2023: nil). This is primarily due to our conversion of part of our office assets for rental purposes, which was subsequently classified as investment properties, resulting in depreciation.

Short-Term Rental and Other Related Expenses

Our short-term rental and other related expenses decreased by 46.1% from RMB43.2 million for the year ended December 31, 2023 to RMB23.3 million for the year ended December 31, 2024. The decrease was primarily because the number of employees in self-operated bars declined as a result of the implementation of optimization and adjustment of our bar network, leading to a decrease in the number of short-term dormitories we leased for employees.

Utilities Expenses

Our utilities expenses decreased by 44.3% from RMB34.8 million for the year ended December 31, 2023 to RMB19.4 million for the year ended December 31, 2024. The decrease was primarily because the electricity charge, network energy consumption costs and the dormitory electricity and water utilities expenses decreased with the decrease in the number of bars accordingly.

Travelling and Related Expenses

Our travelling and related expenses decreased by 37.3% from RMB13.4 million for the year ended December 31, 2023 to RMB8.4 million for the year ended December 31, 2024. The decrease was primarily due to our implementation of refined management and cost saving.

Advertising and Promotion Expenses

Our advertising and promotion expenses decreased by 36.5% from RMB19.7 million for the year ended December 31, 2023 to RMB12.5 million for the year ended December 31, 2024. The decrease is mainly due to the refined management of our online promotion.

Secondary Listing Expenses

For the year ended December 31, 2024, our secondary listing expenses amounted to RMB13.3 million (for the year ended December 31, 2023: nil).

Other Expenses

Our other expenses decreased by 11.2% from RMB79.3 million for the year ended December 31, 2023 to RMB70.4 million for the year ended December 31, 2024 mainly due to the corresponding decrease in our daily operation and maintenance expenses as the number of self-operated bars decreased.

Impairment Losses of Plant and Equipment and Right-of-Use Assets

Our impairment losses of plant and equipment and right-of-use assets increased from RMB11.3 million for the year ended December 31, 2023 to RMB85.8 million for the year ended December 31, 2024. The increase was primarily due to asset impairment losses resulting from the decrease in the fair value of our office building properties as affected by the downturn of the overall domestic real estate market, as well as asset impairment losses resulting from the optimization and adjustment of the bar network.

Impairment Losses of Investment Properties

For the year ended December 31, 2024, our impairment loss of investment properties amounted to RMB9.5 million (for the year ended December 31, 2023: nil). This was primarily due to the decrease in the fair value resulting from the downturn of domestic real estate market.

Net Impairment Losses of Trade Receivables

For the year ended December 31, 2024, our net impairment losses of trade receivables amounted to RMB16.7 million (for the year ended December 31, 2023: RMB0.2 million). This was primarily due to the shutdown of several franchised bars resulted from the optimization and adjustment of the bar network.

Other gains/(losses), net

For the year ended December 31, 2024, we incurred net other gains of RMB8.6 million which primarily comprised (i) losses on optimization and adjustment of our bars of RMB26.6 million (including loss on disposal of plant and equipment (approximately RMB41.2 million), loss on rental deposits (approximately RMB8.0 million), penalties and compensation for early termination of leases (approximately RMB5.0 million), and gains on termination of leases (approximately RMB27.6 million)); and (ii) exchange gain of RMB35.2 million mainly due to appreciation of USD and/or HKD denominated assets.

Finance Income

Our finance income decreased by 29.4% from RMB68.6 million for the year ended December 31, 2023 to RMB48.4 million for the year ended December 31, 2024. The decrease was primarily due to the decrease in amount of bank deposits.

Finance Costs

Our finance expenses decreased by 59.7% from RMB27.8 million for the year ended December 31, 2023 to RMB11.2 million for the year ended December 31, 2024. The decrease in financial costs was mainly attributable to lease liabilities decline with a decrease in the number of bars, resulting in a decrease in related interest.

(Loss)/Profit Before Income Tax

As a result of the foregoing, our loss before income tax was RMB76.6 million for the year ended December 31, 2024, and the profit before income tax was RMB152.0 million for the year ended December 31, 2023.

Income Tax (Expense)/Credit

The income tax credit was RMB28.5 million for the year ended December 31, 2023 compared with the income tax expense of RMB1.4 million for the year ended December 31, 2024. This was mainly because temporary differences and deferred tax assets arising from tax losses for the year have not been fully recognized.

Non-HKFRS Measures

To supplement the comprehensive statement of profit or loss presented in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”), we also use adjusted net profit as a non-HKFRS measure, which is not required by, or presented in accordance with, HKFRSs. We believe that the presentation of such non-HKFRS measure when shown in conjunction with the corresponding HKFRS measures provides useful information to investors and management in facilitating a comparison of our operating performance from period to period by eliminating certain non-operating or non-recurring expenses that do not affect our ongoing operating performance (including secondary listing expenses, impairment loss of office properties and losses from bars optimization and adjustment). Such non-HKFRS measures allow investors to consider metrics used by our management in evaluating our performance. We believe that secondary listing expenses, impairment loss of office properties and losses from bars optimization and adjustment are non-operating or

non-recurring expenses and incomes that will not affect our ongoing operating performance. We believe that adjusted net profit provides investors with useful information in facilitating a comparison of our operating performance from period to period by eliminating potential impacts of secondary listing expenses, impairment loss of office properties and losses from bars optimization and adjustment.

	For the year ended	
	December 31,	
	2024	2023
	RMB in	RMB in
	thousands	thousands
(Loss)/Profit for the period	(77,976)	180,500
Add:		
Secondary listing expenses	13,287	—
Impairment loss of office properties	59,481	—
Losses from bars optimization and adjustment	105,763	110,588
	<u>100,555</u>	<u>291,088</u>
Adjusted net profit	<u>100,555</u>	<u>291,088</u>

Note 1: The losses from bars optimization and adjustment comprise impairment losses of plant and equipment and right-of-use assets, net impairment losses of trade receivables from franchisees, amortization of prepayment to franchisees, loss on disposal of plant and equipment, penalties and compensation for early termination, loss on rental deposits and gain on termination of leases.

From time to time in the future, there may be other items that we may exclude from reviewing our financial results. The use of the non-HKFRS measures has limitations as an analytical tool, and shareholders of the Company and potential investors should not consider it in isolation from, or as a substitute for or superior to analysis of, our results of operations or financial condition as reported under HKFRS. In addition, the non-HKFRS financial measures may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

Property, Plant and Equipment

Our property, plant and equipment represent (i) building, (ii) office equipment such as printers, (iii) computer equipment, (iv) furniture and fixture used in bars such as tables and chairs and facilities in kitchens, (v) leasehold improvement and (vi) motor and vehicle. Our property, plant and equipment decreased from RMB423.4 million as of December 31, 2023 to RMB217.9 million as of December 31, 2024. The decrease is mainly due to shutdown of certain bars and asset impairment losses resulting from the decrease in the fair value of our office building properties.

Intangible Assets

Our intangible assets mainly include office systems and software that we have purchased. Our intangible assets remained generally stable at RMB58,000 and RMB41,000 as of December 31, 2023 and December 31, 2024, respectively.

Right-of-Use Assets

Our right-of-use assets (i.e. our confirmed long-term leased properties) decreased from RMB182.8 million as of December 31, 2023 to RMB95.7 million as of December 31, 2024. The decrease is mainly due to the termination of certain self-operated bars' lease contracts under the optimization and adjustment of the strategic transformation of the Company.

Investment Properties

As of December 31, 2024, our investment properties amounted to RMB33.0 million (as of December 31, 2023: nil). This is primarily because several properties previously held for our own use have been leased to tenants under operating leases, with rent paid quarterly or semi-annually to obtain rental income. The change in the use of these properties led to their reclassification from "Property, Plant, and Equipment" to "Investment Properties."

Inventories

Our inventories refer to the alcoholic drinks, food, and consumables used in our bar operations.

The following table sets forth our inventory balance as of the dates indicated.

	As at	
	December 31,	December 31,
	2024	2023
	<i>(RMB in</i>	<i>(RMB in</i>
	<i>thousands)</i>	<i>thousands)</i>
Inventories		
Alcoholic drinks	16,359	16,397
Food	3,095	3,416
Consumables	668	404
	<hr/>	<hr/>
Total	20,122	20,217
	<hr/> <hr/>	<hr/> <hr/>

Our inventories decreased from RMB20.2 million as of December 31, 2023, to RMB20.1 million as of December 31, 2024, basically remaining stable.

Our inventory turnover days decreased from 28.5 days as of December 31, 2023 to 23.3 days as of December 31, 2024, mainly due to our refined management of the inventories.

Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables primarily include rental and other deposits, other tax receivable and other prepayments. The decrease in balance from approximately RMB135.1 million as of December 31, 2023 to approximately RMB99.2 million as of December 31, 2024 was mainly due to the Group's strategic consideration of bars optimization and adjustment, resulting in the decrease in rental deposits.

Cash and Bank Balance

Our cash and bank balance comprise cash and cash equivalents, term deposits with original maturity over three months and restricted cash. Our cash and bank balance were RMB1,278.9 million and RMB806.4 million as of December 31, 2023 and December 31, 2024, respectively. The decrease was mainly due to the payment of dividends in 2024.

Lease Liabilities

We had lease liabilities of RMB255.7 million and RMB145.4 million as of December 31, 2023 and December 31, 2024, respectively. The decrease in lease liabilities was due to decrease in number of bars as a result of the Group's strategic consideration of bars optimization and adjustment.

Trade Payables

Our trade payables mainly represent the expenses payable to our suppliers to purchase raw materials, equipment and other supplies that are necessary for our bar operations. Our trade payables decreased from RMB30.7 million as of December 31, 2023 to RMB28.7 million as of December 31, 2024. The decrease was primarily due to the decline in our revenue, which has subsequently led to a decrease in our purchases from suppliers.

The turnover days of our trade payables decreased from 47.4 days as of December 31, 2023 to 34.3 days as of December 31, 2024, resulting from the improved management capacity of our suppliers.

Other Payables and Accruals

Our other payables and accruals decreased from RMB20.4 million as of December 31, 2023 to RMB12.6 million as of December 31, 2024. Such decrease was mainly due to the decrease in product procurement accompanied by a decrease in other payables for logistics, labor services, and other related operations.

Liquidity and Capital Resources

We have adopted a prudent treasury management policy. We place a strong emphasis on having funds readily available and accessible and are in a stable liquidity position with sufficient funds in standby banking facilities to cope with daily operations and meet its future development demands for capital.

During the Reporting Period, we mainly used cash generated from operating activities for our business. Our cash and bank balance were RMB1,278.9 million and RMB806.4 million as of December 31, 2023 and December 31, 2024, respectively. Our cash is mainly used to meet the needs of business operations.

Going forward, we expect to continue to fund our operations with revenue generated from operations of our bars. However, with the continuing expansion of our business, we may require further funding through public or private equity offerings, debt financing and other sources. We will continue to evaluate potential financing opportunities based on our need for capital resources and market conditions.

Indebtedness

Bank borrowings

As of December 31, 2024, we did not have any bank borrowings.

Contingent Liabilities

As of December 31, 2024, we did not have any material contingent liabilities.

Capital Commitments

As of December 31, 2024, we did not have any capital commitments.

Capital Expenditures

Our capital expenditures were incurred primarily for opening new bars, acquiring equipment, refurbishing existing bars and purchasing furniture and equipment required for bar operations. Our total capital expenditures decreased from RMB46.4 million as of December 31, 2023 to RMB8.2 million as of December 31, 2024. Such decrease resulted from the active transformation of the Group towards a platform-based company with a light-asset model.

Gearing Ratio

As of December 31, 2024, as we did not have any bank borrowings, the gearing ratio is not applicable to our Group. The gearing ratio is calculated by the total debt (including interest-bearing bank and other borrowings) divided by total equity at the end of the year multiplied by 100%.

Foreign Exchange Risk

For the year ended December 31, 2024, we mainly operated in China. We are exposed to foreign exchange risk primarily because the proceeds from the Global Offering are denominated in Hong Kong dollars and certain bank deposits denominated in US dollars.

During the Reporting Period, the Group had not engaged in any foreign exchange hedging related activity. However, our management monitors foreign exchange exposure and will consider appropriate hedging measures should the need arise in the future.

Pledge and Charge of Assets

As of December 31, 2024, the Group did not pledge any group assets and no charge was created on the Group's assets.

Significant Investment, Material Acquisition and Disposal

For the year ended December 31, 2024, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures. In addition, except for the expansion plan disclosed in sections headed "Business" and "Future Plans and Use of Proceeds" in the Prospectus, the Group did not have any specific plans for significant investments or acquisition of material capital assets or other businesses. The Group, however, will continue to identify new business development opportunities.

Employees and Remuneration Policies

As of December 31, 2024, we had 678 employees and 1,047 outsourced personnel, most of whom were based in China. We offer competitive wages and other benefits to the employees and provide discretionary performance bonus as a further incentive. For more details, please refer to the sections headed “Pre-IPO RSU Schemes” and “Post-IPO RSU Scheme” in the Report of the Directors of the annual report of the Company which will be published in due course. We have also improved career development pathways and talent training systems for employees to facilitate their self-growth. The Group’s remuneration policies are formulated based on the performance of individual employees and are reviewed regularly.

During the year ended December 31, 2024, the total employee benefit (including directors’ remuneration) and manpower service expenses were RMB173.7 million.

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme, a defined contribution scheme managed by an independent trustee. As stipulated under the relevant rules and regulations in the PRC, the subsidiaries operating in the PRC contribute to state-sponsored retirement plans contributions and the applicable housing provident funds and various social insurance plans for employees initiated by local and provincial governments. The Group and the PRC-based employees are required to make monthly contributions to these plans calculated as a specific percentage of the employees’ salaries. There was no forfeited contribution utilized to offset employers’ contributions and there was no forfeited contribution available to reduce the contribution for the years ended December 31, 2023 and 2024.

FINANCIAL INFORMATION

The Board announces the audited consolidated results of the Group for the year ended December 31, 2024, with comparative figures for the year ended December 31, 2023, as follows:

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

	Note	Year ended 31 December	
		2024 RMB'000	2023 RMB'000
Revenue	3	752,206	1,208,613
Other income	5	970	8,953
Raw materials and consumables used		(316,344)	(359,769)
Employee benefit and manpower service expenses		(173,748)	(298,800)
Depreciation of right-of-use assets	16	(60,786)	(110,195)
Depreciation of property, plant and equipment	12	(63,551)	(89,369)
Depreciation of investment properties	13	(1,876)	—
Amortisation of intangible assets		(17)	(17)
Short-term rental and other related expenses		(23,320)	(43,159)
Utilities expenses		(19,436)	(34,841)
Travelling and related expenses		(8,350)	(13,426)
Advertising and promotion expenses		(12,485)	(19,682)
Listing expenses		(13,287)	—
Other expenses		(70,396)	(79,257)
Impairment losses of plant and equipment and right-of-use assets	12&16	(85,786)	(11,338)
Impairment losses of investment properties	13	(9,466)	—
Net impairment losses of trade receivables		(16,707)	(241)
Other gains/(losses), net	6	8,639	(46,306)
Finance income	8	48,364	68,598
Finance costs	8	(11,191)	(27,800)
(Loss)/profit before income tax		(76,567)	151,964
Income tax (expense)/credit	9	(1,409)	28,536
(Loss)/profit for the year attributable to owners of the Company		(77,976)	180,500
Other comprehensive loss:			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		(31,535)	(28,440)
Total comprehensive (loss)/income for the year attributable to owners of the Company		(109,511)	152,060
(Loss)/profit per share for (loss)/profit attributable to owners of the Company (expressed in RMB per share)			
Basic	10	(0.062)	0.142
Diluted	10	(0.062)	0.142

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2024

		As at 31 December	
	<i>Note</i>	2024	2023
		RMB'000	RMB'000
Assets			
Non-current assets			
Property, plant and equipment	12	217,911	423,423
Intangible assets		41	58
Right-of-use assets	16	95,676	182,779
Investment properties	13	33,001	—
Deposits and prepayments	14	37,988	58,006
Deferred tax assets		75,155	76,564
		459,772	740,830
Current assets			
Inventories		20,122	20,217
Prepayments, deposits and other receivables	14	61,250	77,073
Trade receivables	15	28,407	47,930
Term deposits with original maturity over three months		671,832	651,608
Restricted cash		2,790	1,714
Cash and cash equivalents		131,802	625,612
		916,203	1,424,154
Total assets		<u>1,375,975</u>	<u>2,164,984</u>
Equity			
Equity attributable to owners of the Company			
Share capital		1	1
Reserves		1,118,790	1,821,406
Total equity		<u>1,118,791</u>	<u>1,821,407</u>

		As at 31 December	
	<i>Note</i>	2024	2023
		RMB'000	RMB'000
Liabilities			
Non-current liability			
Contract liabilities		21,218	5,620
Other payables		18,048	11,010
Lease liabilities	<i>16</i>	93,847	174,601
		<u>133,113</u>	<u>191,231</u>
Current liabilities			
Trade payables	<i>17</i>	28,744	30,717
Contract liabilities		13,470	3,550
Other payables and accruals		12,648	20,362
Lease liabilities	<i>16</i>	51,585	81,072
Current income tax liabilities		17,624	16,645
		<u>124,071</u>	<u>152,346</u>
Total liabilities		<u>257,184</u>	<u>343,577</u>
Total equity and liabilities		<u>1,375,975</u>	<u>2,164,984</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

The Company was incorporated in the Cayman Islands on 16 January 2018 as an exempted company with limited liability under the Companies Act (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of its registered office is 3–212 Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 30746, Seven Mile Beach, Grand Cayman KY1-1203, Cayman Islands. The Company’s shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Listing**”) on 10 September 2021 (the “**Listing Date**”), and have been successfully listed its ordinary shares on the Singapore Exchange Securities Trading Limited on 19 July 2024.

The Company is an investment holding company and its subsidiaries comprising the Group principally engage in bar operations and franchise business primarily in the People’s Republic of China (the “**PRC**”) and Hong Kong. The ultimate holding company of the Company is Helens Hill Holding Limited (“**Helens Hill (BVI)**”), a company incorporated in the British Virgin Islands (“**BVI**”). The ultimate controlling shareholder is Mr. Xu Bingzhong (“**Mr. Xu**” or the “**Controlling Shareholder**”) who has been controlling the group companies since their incorporation.

The financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated, and have been approved for issue by the Company’s board of directors (the “**Board**”) on 31 March 2025.

2 Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

HKFRS comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards,
- Hong Kong Accounting Standards, and
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires the directors of the Company to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

Standards, amendments and interpretations that have been issued but not yet effective and not been early adopted by the Group during the year ended 31 December 2024 are as follows:

		Effective for annual periods beginning on or after
HKAS 21 and HKFRS 1	Lack of Exchangeability (amendments)	1 January 2025
HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments (amendments)	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements (new standard)	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures (new standard)	1 January 2027
HK Int 5	Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)	1 January 2027
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards as and when they become effective. Management has performed a preliminary assessment and does not anticipate any significant impact on the Group's financial position and results of operations upon adopting these standards, amendments and interpretations to the existing HKFRSs.

3 Revenue and segment information

The Company is an investment holding company and its subsidiaries now comprising the Group are principally engaged in bar operations and franchise business.

The chief operating decision-maker (“**CODM**”) has been identified as the directors of the Company. The directors review the Group’s internal reporting in order to assess performance and allocate resources. The directors have determined the operating segment based on these reports.

The directors consider the Group’s operation from a business perspective and determine that the Group is managed as one single reportable operating segment.

During the years ended 31 December 2024 and 2023, all of the Group’s revenues are from contracts with customers.

(a) *Disaggregation of revenue*

Disaggregation of revenue from contracts with customers by major service lines and timing of revenue recognition is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue from self-operated bars	557,513	1,103,300
Revenue from sales of goods to franchisees	184,626	34,206
Revenue from provision of franchising services to franchisees:		
Franchising services — gross	36,820	81,763
Less: amortization of prepayment to franchisees as a reduction of service fees charged to franchisees	(26,753)	(10,656)
Franchising services — net	10,067	71,107
	<u>752,206</u>	<u>1,208,613</u>
Disaggregated by timing of revenue recognition:		
— Point in time	742,139	1,137,506
— Over time	10,067	71,107
	<u>752,206</u>	<u>1,208,613</u>

No customers contributed over 10% of the total revenue of the Group for the years ended 31 December 2024 and 2023.

(b) Segment revenue by customers' geographical location

The Group's revenue by geographical location, which is determined by the operation's locations, is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Mainland China	731,954	1,200,697
Outside of Mainland China	20,252	7,916
	<u>752,206</u>	<u>1,208,613</u>

(c) Non-current assets by geographical location

As at 31 December 2024 and 2023, most of the Group's non-current assets (other than deposits and prepayments, intangible assets and deferred tax assets) were located in the PRC.

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Mainland China	329,454	579,658
Outside of Mainland China	17,134	26,544
	<u>346,588</u>	<u>606,202</u>

(d) Liabilities related to contracts with customers

	31 December	31 December	1 January
	2024	2023	2023
	RMB'000	RMB'000	RMB'000
Contract liabilities	<u>34,688</u>	<u>9,170</u>	<u>—</u>

Contract liabilities of the Group represent non-refundable initial fees received from franchisees which are recognised as revenue on a straight-line basis over the expected franchise period.

During the year ended 31 December 2024, revenue of approximately RMB12,608,000 (2023: RMB5,028,000) related to the aforementioned upfront initial fees are recognised.

The amount of transaction prices allocated to the remaining unsatisfied or partially unsatisfied performance obligations as at 31 December 2024 are as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Amount expected to be recognised as revenue		
— Within one year	13,470	3,550
— More than one year but less than four years	21,218	5,620
	<u>34,688</u>	<u>9,170</u>

4 Other expenses

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Logistics and warehousing-related costs	31,370	35,905
Service fees to third-party platform service providers	7,698	8,695
Software development fees	4,104	3,981
Office expenses	4,142	4,984
Repair and maintenance	3,858	5,612
Auditor's remuneration		
— Audit services	2,680	3,000
— Non-audit services	250	940
Cleaning and garbage handling fees	1,543	3,065
Others	14,751	13,075
	<u>70,396</u>	<u>79,257</u>

5 Other income

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Government grants	532	8,953
Rental income (<i>Note 13</i>)	438	—
	<u>970</u>	<u>8,953</u>

6 Other gains/(losses), net

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Loss on disposal of plant and equipment (<i>a</i>)	(41,174)	(215,052)
Loss on rental deposits (<i>a</i>)	(7,969)	(30,058)
Penalties and compensation for early termination (<i>a</i>)	(5,004)	(26,912)
Gain on termination of leases (<i>a</i>)	27,615	183,669
Exchange gains	35,171	42,047
	<u>8,639</u>	<u>(46,306)</u>

- (a) Due to the Group's strategic consideration of bars' optimization and adjustments including the closure of certain bars, the Group incurred net losses arising from the aggregation of loss on disposal of plant and equipment, loss on rental deposits, penalties and compensation for early termination and gain on termination of leases during the years ended 31 December 2024 and 2023.

Additional details on the impairment of plant and equipment are set out in Note 12.

7 Employee benefit expenses (including directors' emoluments) and manpower service expenses

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Wages, salaries, and other benefits	79,257	111,842
Pension costs — defined contribution schemes	12,180	20,710
	<hr/>	<hr/>
Total employee benefit expenses (including directors' remunerations)	91,437	132,552
Manpower service expenses	82,311	166,248
	<hr/>	<hr/>
	173,748	298,800
	<hr/> <hr/>	<hr/> <hr/>

8 Finance income and costs

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Finance income		
Interest income on bank deposits	48,364	68,598
	<hr/> <hr/>	<hr/> <hr/>
Finance costs		
Interest expenses on lease liabilities	(11,191)	(27,800)
	<hr/> <hr/>	<hr/> <hr/>

9 Income tax expense/(credit)

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax		
— PRC corporate income tax expense	—	1,559
Deferred income tax expense/(credit)	1,409	(30,095)
	<hr/>	<hr/>
Income tax expense/(credit)	1,409	(28,536)
	<hr/> <hr/>	<hr/> <hr/>

(a) *Hong Kong profits tax*

During the years ended 31 December 2024 and 2023, no provision for Hong Kong profits tax has been made at the rate of 16.5% as the Group did not derive any income subject to Hong Kong profits tax during the years ended 31 December 2024 and 2023.

(b) *PRC corporate income tax*

During the years ended 31 December 2024 and 2023, the Group's subsidiaries in the PRC are subject to corporate income tax ("CIT") at a standard rate of 25%, except for Shenzhen Helens Management Co., Ltd. which is an enterprise established in the Qianhai Shenzhen-Hong Kong Modern Services Industry Cooperation Zone ("**Qianhai Zone**") and is engaged in business that falls within the catalogue for CIT preferential treatments of Qianhai Zone and therefore subject to a preferential corporate income tax rate of 15%.

(c) *Profits tax in other regions*

During the years ended 31 December 2024 and 2023, no provision for Singapore and Japan profits tax has been made as the Group did not derive any income subject to Singapore and Japan tax during the years ended 31 December 2024 and 2023.

10 Earnings per share

(a) *Basic*

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2024 and 2023.

	Year ended 31 December	
	2024	2023
(Loss)/profit for the year attributable to owners of the Company (<i>RMB'000</i>)	(77,976)	180,500
Weighted average number of ordinary shares in issue (<i>Thousand</i>)	1,265,478	1,266,747
Basic (loss)/profit per share (<i>RMB</i>)	<u>(0.062)</u>	<u>0.142</u>

(b) *Diluted*

There were no dilutive potential ordinary shares during the year ended 31 December 2023. For the year ended 31 December 2024, the Group incurred losses and the potential ordinary shares were not included in the calculation of the diluted loss per share as they are anti-dilutive. Accordingly, diluted loss per share for the year ended 31 December 2024 is the same as basic loss per share.

11 Dividends

During the year ended 31 December 2024, the Company declared and paid dividends of approximately RMB593,105,000 (2023: RMB146,907,000) to its shareholders.

12 Property, plant and equipment

	Building RMB'000	Office equipment RMB'000	Computer equipment RMB'000	Furniture and fixture RMB'000	Motor and Vehicle RMB'000	Leasehold improvement RMB'000	Total RMB'000
At 1 January 2023							
Cost	211,082	21	1,113	305,641	6,173	944,062	1,468,092
Accumulated depreciation	(4,976)	(21)	(444)	(82,790)	(378)	(246,429)	(335,038)
Impairment losses	—	—	—	(49,785)	—	(390,015)	(439,800)
Net book amount	<u>206,106</u>	<u>—</u>	<u>669</u>	<u>173,066</u>	<u>5,795</u>	<u>307,618</u>	<u>693,254</u>
Year ended 31 December 2023							
Opening net book amount	206,106	—	669	173,066	5,795	307,618	693,254
Additions	—	—	69	10,175	3,239	32,071	45,554
Business combinations	—	—	—	290	—	565	855
Depreciation	(5,971)	—	(270)	(34,916)	(791)	(47,421)	(89,369)
Disposals	—	—	(82)	(37,587)	(2,501)	(177,584)	(217,754)
Impairment losses	—	—	—	(1,486)	—	(7,624)	(9,110)
Exchange adjustments	—	—	—	(7)	—	—	(7)
Closing net book amount	<u>200,135</u>	<u>—</u>	<u>386</u>	<u>109,535</u>	<u>5,742</u>	<u>107,625</u>	<u>423,423</u>
At 31 December 2023							
Cost	211,082	10	800	176,056	5,925	268,338	662,211
Accumulated depreciation	(10,947)	(10)	(414)	(54,127)	(183)	(96,839)	(162,520)
Exchange adjustments	—	—	—	(7)	—	—	(7)
Impairment losses	—	—	—	(12,387)	—	(63,874)	(76,261)
Net book amount	<u>200,135</u>	<u>—</u>	<u>386</u>	<u>109,535</u>	<u>5,742</u>	<u>107,625</u>	<u>423,423</u>

	Building RMB'000	Office equipment RMB'000	Computer equipment RMB'000	Furniture and fixture RMB'000	Motor and Vehicle RMB'000	Leasehold improvement RMB'000	Total RMB'000
At 1 January 2024							
Cost	211,082	10	800	176,056	5,925	268,338	662,211
Accumulated depreciation	(10,947)	(10)	(414)	(54,127)	(183)	(96,839)	(162,520)
Exchange adjustments	—	—	—	(7)	—	—	(7)
Impairment losses	—	—	—	(12,387)	—	(63,874)	(76,261)
Net book amount	<u>200,135</u>	<u>—</u>	<u>386</u>	<u>109,535</u>	<u>5,742</u>	<u>107,625</u>	<u>423,423</u>
Year ended 31 December 2024							
Opening net book amount	200,135	—	386	109,535	5,742	107,625	423,423
Additions	—	—	26	3,273	509	4,404	8,212
Transfer to investment properties (Note 13)	(31,477)	—	—	(12,866)	—	—	(44,343)
Depreciation	(5,393)	—	(181)	(22,487)	(995)	(34,495)	(63,551)
Disposals	—	—	(122)	(1,690)	(1,761)	(40,316)	(43,889)
Impairment losses	(36,392)	—	(14)	(17,572)	—	(7,975)	(61,953)
Exchange adjustments	—	—	—	7	—	5	12
Closing net book amount	<u>126,873</u>	<u>—</u>	<u>95</u>	<u>58,200</u>	<u>3,495</u>	<u>29,248</u>	<u>217,911</u>
At 31 December 2024							
Cost	177,491	6	400	132,004	4,641	122,776	437,318
Accumulated depreciation	(14,226)	(6)	(291)	(50,785)	(1,146)	(59,772)	(126,226)
Exchange adjustments	—	—	—	7	—	5	12
Impairment losses	(36,392)	—	(14)	(23,026)	—	(33,761)	(93,193)
Net book amount	<u>126,873</u>	<u>—</u>	<u>95</u>	<u>58,200</u>	<u>3,495</u>	<u>29,248</u>	<u>217,911</u>

Impairment assessment for bars

Management reviews the performance of each bar at the end of each reporting period to identify impairment indicators, and performs impairment assessment where impairment indicator is identified.

Each of the bars is identified as a cash generating unit (“CGU”) by management in the impairment assessment. The recoverable amount of each of the bars with impairment indicators identified is assessed at the end of each reporting period.

As a result of the continuous changes in the PRC economy and operating environment, the Group has experienced negative conditions including closure and suspension of operation of certain bars, lukewarm customer consumptions for certain periods of time during the years ended 31 December 2024 and 2023, and the consequential decline in operating results of certain bars.

The management of the Group therefore concluded that there were impairment indicators identified on the plant and equipment and right-of-use assets of certain bars and conducted impairment assessment on these bars.

The recoverable amount of each CGU is determined based on value-in-use calculations derived from cash flow projections forecasted by management covering the remaining lease term, which is higher than the fair value less costs of disposal. The cash flows are discounted using pre-tax discount rates primarily ranging from 16.73 % to 23.84% as at 31 December 2024 (2023: 16.13% to 23.03%). The discount rates used reflect the specific risks relating to the restaurant and beverage industries in which the relevant CGUs operate and the CGUs themselves. The discount rates used have been reassessed as at 31 December 2024 and increase in discount rates are primarily attributable to overall increase in the market risk premium of the PRC market and the risk of the restaurant and beverage industries due to macroeconomic uncertainties.

Other than discount rates, other key assumptions for the value-in-use calculations related to the estimation of CGUs’ cash flows included forecasted revenue, forecasted raw material costs-to-revenue ratio, employee benefit and manpower service expenses-to-revenue ratio, which are estimated based on the CGUs’ past performance and management’s plan for these CGUs. All of these assumptions have been reassessed as at 31 December 2024 taking into account the uncertainties on how the forward-looking customer consumptions in the PRC will recover from the continuous changes in the PRC economy and operating environment.

Based on the results of the impairment assessment conducted, the carrying amount of certain bars exceeded their recoverable amount and therefore impairment of approximately RMB11,938,000 and RMB23,833,000 (Note 16(b)) was recognised for these bars' plant and equipment and right-of-use assets, respectively, in the Group's consolidated statement of comprehensive income for the year ended 31 December 2024 (2023: RMB9,110,000 and RMB2,228,000, respectively).

Furthermore, due to the closure of certain bars during the years ended 31 December 2024 and 2023, the Group disposed of certain plant and equipment with an aggregate carrying amount of approximately RMB43,889,000 (2023: RMB217,754,000) for cash proceeds of approximately RMB2,715,000 (2023: RMB2,702,000), resulting in a loss of approximately RMB41,174,000 (2023: RMB215,052,000).

Impairment assessment for properties

For the Group's headquarter building, the Group recognised the portion held for own use under "property plant and equipment" and the leased-out portion under "investment properties", both of which were measured at cost. Management performs impairment assessment for these properties where impairment indicator is identified.

As a result of the continuous changes in the PRC economy and operating environment, the Group has experienced decline in its overall operating results and the commercial property market has also declined during the year ended 31 December 2024.

The management of the Group therefore concluded that there were impairment indicators identified on these properties and conducted impairment assessment. The recoverable amount is determined with reference to the fair value less cost of disposal, which is higher than the value-in-use. Based on the valuation performed by an independent professional valuer using the market approach, management assessed the fair value less cost of disposal for the properties under "property plant and equipment" and "investment properties" to be approximately RMB174,372,000 and RMB33,001,000 (Note 13), respectively, as at 31 December 2024.

Based on the results of the impairment assessment conducted, the carrying amount of these properties exceeded their recoverable amount and therefore impairment of approximately RMB50,015,000 and RMB9,466,000 (Note 13) was recognised for the properties under "property plant and equipment" and "investment properties", respectively, in the Group's consolidated statement of comprehensive income for the year ended 31 December 2024.

13 Investment properties

RMB'000

At 1 January 2024

Cost	—
Accumulated depreciation	—
	<hr/>
Net book amount	—
	<hr/> <hr/>

Year ended 31 December 2024

Opening net book amount	—
Transfer from property, plant and equipment (<i>Note 12</i>)	44,343
Depreciation	(1,876)
Impairment losses (<i>Note 12</i>)	(9,466)
	<hr/>
Closing net book amount	33,001
	<hr/> <hr/>

At 31 December 2024

Cost	50,662
Accumulated depreciation	(8,195)
Impairment losses	(9,466)
	<hr/>
Net book amount	33,001
	<hr/> <hr/>

During the year ended 31 December 2024, certain portions of the Group's properties previously held for own use were leased out to tenants under operating leases with rentals payable quarterly or semi-annually for rental yields. Such change in use for these portions resulted in their reclassification from "property, plant and equipment" to "investment properties" which the Group continues to measure using cost model.

As at 31 December 2024, the fair value less cost of disposal of the Group's investment properties were approximately RMB33,001,000. These fair values are determined by the directors of the Company with reference to a valuation performed by an independent professional valuer using the market approach. Accordingly, management performed impairment assessment and recognised impairment loss of approximately RMB9,466,000 for these investment properties in the Group's consolidated statement of comprehensive income. For details, refer to Note 12.

The following amounts have been recognised in the consolidated in the consolidated income statement of comprehensive income for the investment properties:

	Year ended 31 December 2024 RMB'000
Rental income from operating leases (<i>Note 5</i>)	438
Direct operating expenses from property that generated rental income	<u>(92)</u>
	<u>346</u>

14 Prepayments, deposits, and other receivables

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current portion		
Rental and other deposits	13,805	17,522
Prepayment made to a related party	7,455	2,202
Other prepayments	<u>16,728</u>	<u>38,282</u>
	<u>37,988</u>	<u>58,006</u>
Current portion		
Rental and other deposits	4,112	6,524
Prepayments	12,505	12,031
Other tax receivable	28,782	30,632
Other prepayments	6,248	10,908
Interest receivables	—	11,321
Others	<u>9,603</u>	<u>5,657</u>
	<u>61,250</u>	<u>77,073</u>

15 Trade receivables

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Trade receivables	45,355	48,171
Loss allowance	<u>(16,948)</u>	<u>(241)</u>
	<u>28,407</u>	<u>47,930</u>

Trade receivables mainly arose from sales of goods and provision of franchising services to franchisees, and the credit terms of 360 days are granted for these receivables.

At 31 December 2023 and 2024, the ageing analysis of the trade receivables net of allowance for impairment based on recognition date at the end of reporting period were as follows:

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
0–180 days	44,319	48,171
1–2 years	<u>1,036</u>	<u>—</u>
	<u>45,355</u>	<u>48,171</u>

16 Leases

(a) *The Group's leasing activities*

The Group leases various properties and the rental contracts are typically made for fixed periods of 5 to 8 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. None of the Group's leases contain variable lease payment terms that are linked to sales generated from the leased premises.

Certain of the Group's leases contain extension options to allow the Group to notify and negotiate with the lessors on renewal of leases a few months in advance before the expiry of leases. Termination options are also included in a number of the Group's property leases and exercisable by the Group. Options which are reasonably certain to be exercised are taken into account when determining lease terms and measuring lease liabilities.

(b) Amounts recognised in the consolidated statements of financial position

The consolidated statements of financial position included the following amounts relating to leases:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Right-of-use assets-properties		
Opening net book amount	182,779	457,037
Additions	55,263	39,634
Business combination	—	2,489
Depreciation charge	(60,786)	(110,195)
Impairment losses (<i>Note 12</i>)	(23,833)	(2,228)
Exchange adjustments	24	(287)
Derecognition from termination of leases	(57,771)	(203,671)
	<u>95,676</u>	<u>182,779</u>
Lease liabilities		
Non-current portion	93,847	174,601
Current portion	51,585	81,072
	<u>145,432</u>	<u>255,673</u>

17 Trade payables

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	<u>28,744</u>	<u>30,717</u>

As at 31 December 2024 and 2023, the aging analysis of trade payables, based on invoice date, were as follows:

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
0–90 days	<u>28,744</u>	<u>30,717</u>

CORPORATE GOVERNANCE RELATED INFORMATION

Compliance with the Corporate Governance Code

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Company has adopted corporate governance practices based on the principles and code provisions as set out in Part 2 of Appendix C1 to the Listing Rules (“**Corporate Governance Code**”) as its own code of corporate governance practices.

The Board is of the view that during the Reporting Period, the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code, except for the code provision C.2.1 described in the paragraph headed “C. Directors’ Responsibilities, Delegation and Board Proceedings — C.2 Chairman and Chief Executive”. The Board will continue to review and monitor the code of corporate governance practices of the Company with an aim of maintaining a high standard of corporate governance.

Pursuant to code provision C.2.1 of the Corporate Governance Code, the roles of Chairman of the Board and Chief Executive Officer should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and Chief Executive Officer should be clearly established and set out in writing.

The roles of Chairman of the Board and Chief Executive Officer of the Company are currently held by Mr. Xu Bingzhong (“**Mr. Xu**”). As Mr. Xu has extensive contributions since the establishment of the Group and has rich experience, we believe that vesting the role of Chairman and Chief Executive Officer by Mr. Xu will enable the Group’s leadership to be strong and consistent, and enhance the efficiency of business strategy execution. We believe that it is appropriate for Mr. Xu to continuously serve as Chairman and Chief Executive Officer, which is beneficial to the business development and prospects of the Group. Therefore, we have no intention at present to separate the functions of Chairman and Chief Executive Officer. Although this arrangement deviates from code provision C.2.1 of the Corporate Governance Code, the Board considers that the structure will not impair the balance of power and authority between the Board and the management of the Company. The reasons are: (i) the Board has sufficient checks and balances because its decisions must be approved by at least a majority of directors and the Board includes three independent non-executive directors, which complies with the Listing Rules; (ii) Mr. Xu and the other Directors acknowledge and undertake to fulfil their fiduciary duties as directors, which require them, among other things, to act in the interests of the Company in a manner that is in the best interests of the Company and to make decisions for the Group accordingly; and (iii) the Board is made up of experienced and talented people who meet regularly to discuss matters affecting the operations of the Company to ensure a balance of power and authority. In addition, the Group’s overall strategic and other major businesses, financial and operational policies have been formulated jointly by the Board and senior management after detailed discussion.

The Board will continuously review the effectiveness of the Group's corporate governance structure to assess whether there is a need to distinguish between the roles of Chairman of the Board and Chief Executive Officer.

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) set out in Appendix C3 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors, and the Group's employees who, because of his/her office or employment, are likely to possess inside information in relation to the Group or the Company's securities. Specific enquiries have been made to all Directors and the Directors have confirmed that they have complied with the Model Code throughout the Reporting Period.

No incident of non-compliance of the Model Code by the employees was noted by the Company for the Reporting Period.

Purchase, Sale or Redemption of the Company's Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities (including sale of treasury shares (as defined under the Listing Rules)) during the Reporting Period.

As of December 31, 2024, the Company did not hold any treasury shares (as defined under the Listing Rules).

Material Litigation

The Company was not involved in any material litigation or arbitration during the Reporting Period. The Directors are also not aware of any material litigation or claims that were pending or threatened against the Group during the Reporting Period.

Audit Committee

The audit committee of the Board (the “**Audit Committee**”) comprises three independent non-executive Directors, namely Mr. Li Dong, Mr. Wang Renrong and Mr. Wong Heung Ming Henry. The chairman of the Audit Committee is Mr. Li Dong who holds the appropriate qualification as required under Rules 3.10(2) and 3.21 of the Listing Rules. The Audit Committee has reviewed the audited Consolidated Financial Statements for the year ended December 31, 2024 with the management and the auditor of the Company. The Audit Committee considers that the annual results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management of the Company.

Auditors

The figures in respect of the Group’s consolidated statements of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended December 31, 2024 set forth in this announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set forth in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

EVENTS AFTER THE REPORTING PERIOD

The Company is not aware of any material subsequent events from December 31, 2024 to the date of this Announcement.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB0.1146 per ordinary share of the Company in issue out of the share premium account of the Company for the year ended December 31, 2024 (2023: RMB0.3153). The actual total amount of final dividends to be paid will be subject to the total number of issued share capital of the Company as at the record date for determining the entitlement of shareholders to the final dividend.

The proposed dividend payment is subject to the approval by the shareholders at the forthcoming annual general meeting (the “AGM”) to be held on Wednesday, May 14, 2025. Upon shareholders’ approval, the final dividend will be paid to the shareholders on or around Wednesday, May 28, 2025.

For the purpose of determination of the Shareholders registered under the Company’s register of members in Hong Kong and register of members in Singapore for receiving the final dividend in Hong Kong dollars or Singapore dollars respectively, any removal of the Shares between the Company’s register of members in Hong Kong and register of members in Singapore has to be made by the Shareholders no later than 4:30 p.m. (both Hong Kong and Singapore times) on May 19, 2025.

For Hong Kong Shareholders

For the purpose of determining Hong Kong Shareholders’ entitlements to the final dividend, the register of members of the Company in Hong Kong will be closed from May 20, 2025 to May 21, 2025 (both days inclusive), during which period no transfer of Shares will be registered. For Hong Kong Shareholders, the record date for determination of entitlements under the final dividend will be on May 21, 2025. Hong Kong Shareholders whose names appear on the register of members of the Company in Hong Kong on May 21, 2025 will be entitled to receive the final dividend. In order to qualify for the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, MUFG Corporate Markets Pty Limited, at Suite 1601, 16/F, Central Tower, 28 Queen’s Road Central, Hong Kong, not later than 4:30 p.m. (Hong Kong time) on May 19, 2025. The dividend warrants for the payment of dividend will be posted by ordinary mail to the Hong Kong Shareholders whose names shall appear on the register of members of the Company on May 21, 2025 at their own risk. The final dividend will be paid in Hong Kong dollars based on the official exchange rate of Renminbi against Hong Kong dollars as quoted by the People’s Bank of China on Wednesday, May 14, 2025. Final dividend will be paid in Hong Kong dollars to Hong Kong Shareholders.

For Singapore Shareholders

In order to qualify for the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Singapore share transfer agent, In.Corp Corporate Services Pte. Ltd. at 36 Robinson Road, #20-01 City House, Singapore 068877 for registration no later than 5:00 p.m. (Singapore time) on May 19, 2025. The final dividend will be paid in Singapore dollars based on the official exchange rate of Renminbi against Singapore dollars as quoted by the People's Bank of China on Wednesday, May 14, 2025. Final dividend will be paid in Singapore dollars to Singapore Shareholders.

AGM AND CLOSURE OF REGISTER OF MEMBERS AND RECORD DATE

The register of members of the Company will be closed from Thursday, May 8, 2025 to Wednesday, May 14, 2025, both days inclusive, in order to determine the identity of shareholders who are entitled to attend and vote at the AGM. Shareholders whose names appear on the register of members of the Company on Wednesday, May 14, 2025 will be entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfers accompanied by relevant share certificates and transfer forms must be lodged with the Company's Hong Kong branch share registrar, MUFG Corporate Markets Pty Limited, at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong before 4:30 p.m. on Wednesday, May 7, 2025, and the Company's Singapore share transfer agent, In.Corp Corporate Services Pte. Ltd. at 36 Robinson Road, #20-01 City House, Singapore 068877 before 5:00 p.m. (Singapore time) on Wednesday, May 7, 2025.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.helensbar.com).

The annual report of the Company for the year ended December 31, 2024 containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange and the Company.

By order of the Board
Helens International Holdings Company Limited
Mr. Xu Bingzhong
Chairman of the Board and Chief Executive Officer

Hong Kong and Singapore, March 31, 2025

As at the date of this announcement, the executive Directors are Mr. Xu Bingzhong, Ms. Cai Wenjun, Ms. Yu Zhen and Mr. He Daqing, and the independent non-executive Directors are Mr. Li Dong, Mr. Wang Renrong and Mr. Wong Heung Ming Henry.