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SOFT INTERNATIONAL GROUP LTD

舒寶國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2569)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Soft International Group Ltd (the “**Company**”, and its subsidiaries, the “**Group**”) is pleased to announce the audited financial results of the Group for the year ended 31 December 2025 (“**FY2025**”), together with the comparative figures for the year ended 31 December 2024 (“**FY2024**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
Revenue	4	905,474	752,831
Cost of sales		<u>(590,682)</u>	<u>(519,897)</u>
Gross profit		314,792	232,934
Other income	5	4,788	5,058
Selling and distribution expenses		(190,702)	(109,373)
Administrative and other operating expenses		(48,068)	(41,723)
Provision for loss allowance on trade receivables, net		(2,720)	(5,023)
Changes in fair value of investment properties	10	(11)	49
Fair value (loss) gain on financial assets at fair value through profit or loss (“ FVPL ”), net	13	(4,337)	1,443
Finance costs	6	(1,380)	(631)
Listing expenses	6	<u>(4,931)</u>	<u>(13,653)</u>
Profit before tax	6	67,431	69,081
Income tax expenses	7	<u>(11,580)</u>	<u>(14,330)</u>
Profit for the year		<u>55,851</u>	<u>54,751</u>
Other comprehensive (loss) income:			
<i>Item that will not be reclassified to profit or loss</i>			
Exchange difference on translation of the Company’s financial statements to presentation currency		(4,021)	(39)
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange difference on consolidation/combination		<u>(707)</u>	<u>516</u>
Total other comprehensive (loss) income for the year		<u>(4,728)</u>	<u>477</u>
Total comprehensive income for the year		<u>51,123</u>	<u>55,228</u>
			(Restated)
Earnings per share	8		
Basic (RMB cents)		<u>5.93</u>	<u>7.30</u>
Diluted (RMB cents)		<u>5.93</u>	<u>7.30</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
Non-current assets			
Intangible assets		108	–
Investment properties	10	44,199	44,210
Property, plant and equipment	11	238,115	180,299
Right-of-use assets		37,696	38,878
Deposits paid for acquisition of property, plant and equipment and right-of-use assets		37,689	24,911
		<u>357,807</u>	<u>288,298</u>
Current assets			
Inventories		53,627	46,722
Trade and other receivables	12	250,868	198,300
Financial assets at FVPL	13	2,234	1,303
Pledged bank deposits		50,687	29,421
Cash and cash equivalents		73,773	26,698
		<u>431,189</u>	<u>302,444</u>
Current liabilities			
Trade and other payables	14	235,841	191,095
Amount due to the Controlling Shareholder	15	–	6,300
Interest-bearing borrowings	16	40,000	33,000
Lease liabilities		191	316
Income tax payable		3,756	6,382
		<u>279,788</u>	<u>237,093</u>
Net current assets		<u>151,401</u>	<u>65,351</u>
Total assets less current liabilities		<u>509,208</u>	<u>353,649</u>
Non-current liabilities			
Lease liabilities		–	191
Deferred tax liabilities		7,929	7,947
		<u>7,929</u>	<u>8,138</u>
NET ASSETS		<u><u>501,279</u></u>	<u><u>345,511</u></u>

	<i>Note</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Capital and reserves			
Issued capital	<i>17</i>	93	9
Reserves	<i>18</i>	501,186	345,502
TOTAL EQUITY		501,279	345,511

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

1. GENERAL INFORMATION

Soft International Group Ltd (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 22 November 2023, and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 27 March 2025 (the “**Listing**”). The address of the Company’s registered office is 89 Nexus Way, Camana Bay, Grand Cayman KY1-9009, Cayman Islands. The Company’s principal place of business in Hong Kong is situated at Room 1910, 19/F., C C Wu Building, 302-308 Hennessy Road, Wan Chai, Hong Kong and the Group’s head office and principal place of business activities are situated at Zhizao Avenue, Quanzhou Jinjiang Economic Development Zone (Food Park), Fujian Province, the People’s Republic of China (the “**PRC**”).

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the manufacturing and sales of hygienic disposables and nonwoven fabrics in Chinese Mainland of the PRC.

At the date of this announcement, the immediate holding company of the Company is Wish International Holding Ltd, which is incorporated in the British Virgin Islands (the “**BVI**”). In the opinion of the directors of the Company, the ultimate holding company is Softo Co., Ltd, a company incorporated in the BVI and controlled by Mr. Ngan Pui Kuan (the “**Controlling Shareholder**”).

Pursuant to a group reorganisation (the “**Reorganisation**”), which was completed on 26 April 2024, as detailed in the paragraph headed “Reorganisation” of the section headed “History, Reorganisation and Corporate Structure” of the Company’s prospectus dated 19 March 2025 (the “**Prospectus**”) issued in connection with the Listing on the Main Board of the Stock Exchange, the Company became the holding company of the entities now comprising the Group.

2. MATERIAL ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual IFRS Accounting Standards, IAS Standards and IFRIC Interpretations as issued by the International Accounting Standards Board (the “**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The consolidated financial statements are presented in Renminbi (“**RMB**”) and all amounts have been rounded to the nearest thousand (“**RMB’000**”), unless otherwise stated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2024 consolidated financial statements except for the adoption of the following new/revised IFRS Accounting Standard that is relevant to the Group and effective from the current reporting period.

Changes in accounting policies

The Group has applied, for the first time, the following new/revised IFRS Accounting Standard that is applicable to the current reporting period:

Amendments to IAS 21

Lack of Exchangeability

Amendments to IAS 21: Lack of Exchangeability

The amendments require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

The adoption of the above amendment does not have any significant impact on the consolidated financial statements.

3. SEGMENT INFORMATION

The directors of the Company have determined that the Group has only one operating and reportable segment throughout the years ended 31 December 2025 and 2024, as the Group manages its business as a whole as the manufacturing and sales of hygienic disposables and nonwoven fabrics. The executive directors of the Company, being the chief operating decision-makers of the Group, regularly review the internal financial reports on the same basis for the purposes of allocating resources and assessing performance of the Group.

Geographical information

(a) Revenue from external customers

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of the revenue is presented based on the domicile of external customers.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Chinese Mainland of the PRC	395,477	320,489
Russia	361,220	328,251
Southeast Asia (<i>Note</i>)	87,663	58,135
Hong Kong	26,095	19,951
Others	35,019	26,005
	<u>905,474</u>	<u>752,831</u>

Note: Southeast Asia included the sales to external customers located in Malaysia, Thailand, Singapore, Indonesia, Philippines, Vietnam and Myanmar.

(b) Non-current assets

The non-current assets information is based on the locations of assets and included the Group's investment properties, property, plant and equipment and right-of-use assets (the "Non-current Assets"). All of the Group's Non-current Assets were located in Chinese Mainland of the PRC.

Information about major customers

Details of the customers (presented by entities under common control, if appropriate) individually accounting for 10% or more of the total revenue of the Group for the years ended 31 December 2025 and 2024 are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Sales of hygienic disposables and nonwoven fabrics		
Customer A	311,102	309,608

4. REVENUE

Disaggregation of revenue from contracts with customers within IFRS 15 is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<i>At a point in time</i>		
Sales of hygienic disposables		
– Babycare	461,174	437,031
– Feminine care	293,768	207,587
– Adult incontinence	41,287	25,050
– Others	6,802	5,921
	803,031	675,589
Sales of nonwoven fabrics and others	102,443	77,242
	905,474	752,831

Note: The revenue recognised for the year ended 31 December 2025 which was included in the contract liabilities at the beginning of the reporting period were approximately RMB22,560,000 (2024: RMB20,189,000) (Note 14(c)).

5. OTHER INCOME

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Government grants (<i>Note</i>)	682	786
Gain on disposal of property, plant and equipment, net	7	17
Interest income	1,969	493
Rental income	438	533
Sales of scrap materials	1,231	2,785
Sundry income	461	444
	<u>4,788</u>	<u>5,058</u>

Note: Government grants represent various form of subsidies granted to the Group by the local government authorities in Chinese Mainland of the PRC for compensation of expenses incurred by the Group. These grants are generally made for business supports and awarded to the Group on a discretionary basis. The Group received these government grants in respect of its operation in Chinese Mainland of the PRC.

There were no unfulfilled conditions or contingencies relating to these grants during the years ended 31 December 2025 and 2024.

6. PROFIT BEFORE TAX

This is stated after charging (crediting):

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<i>Finance costs</i>		
Interest on interest-bearing borrowings	1,367	608
Interest on lease liabilities	13	23
	<u>1,380</u>	<u>631</u>
<i>Staff costs (including directors' and chief executive's remuneration)</i>		
Salaries, discretionary bonus, allowances and other benefits in kind	23,539	19,193
Contributions to defined contribution plans	4,690	3,453
	<u>28,229</u>	<u>22,646</u>

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Other items		
Auditor's remuneration		
– Audit services	1,223	1,201
– Non-audit services	340	92
Amortisation of intangible assets (charged to “selling and distribution expenses”)	128	400
Cost of inventories (<i>Note (a)</i>)	590,682	519,897
Depreciation of property, plant and equipment (charged to “cost of sales”, “selling and distribution expenses” and “administrative and other operating expenses”, as appropriate)	21,142	17,267
Depreciation of right-of-use assets (charged to “cost of sales” and “administrative and other operating expenses”, as appropriate)	1,182	1,178
Direct operating expenses arising from investment properties that generate rental income	403	401
Exchange loss, net	3	150
Fair value loss (gain) on financial assets at FVPL, net	4,337	(1,443)
Listing expenses	4,931	13,653
Gain on disposal of property, plant and equipment, net	(7)	(17)
Short-term lease payments	491	–
Research and development expenses (<i>Note (b)</i>)	24,575	23,368
	<u>24,575</u>	<u>23,368</u>

Notes:

- (a) Cost of inventories included approximately RMB28,875,000 (2024: RMB25,833,000) relating to the aggregated amount of certain staff costs, depreciation of property, plant and equipment and right-of-use assets which were included in the respective amounts as disclosed above during the years ended 31 December 2025 and 2024.
- (b) During the years ended 31 December 2025 and 2024, the Group carried out several research and development projects for (i) enhancement of the existing products quality and production efficiency and (ii) development of new products (together, the “**Research and Development Activities**”). Having considered the enhancement to the existing products’ quality and production efficiency cannot be clearly quantified and the technical feasibility for the completion of new projects are uncontrollable, the costs incurred in the Research and Development Activities including approximately RMB4,005,000 (2024: RMB3,556,000), relating to the aggregated amount of certain staff costs, depreciation of property, plant and equipment and right-of-use assets, are recognised in the profit or loss as incurred during the years ended 31 December 2025 and 2024.

7. TAXATION

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current tax		
PRC Enterprise Income Tax (“ PRC EIT ”)	11,598	13,976
Deferred taxation		
Changes in temporary differences	(18)	354
Total income tax expenses for the year	<u>11,580</u>	<u>14,330</u>

The Group's entities established in the Cayman Islands and the BVI are exempted from corporate income tax therein.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong for the years ended 31 December 2025 and 2024.

The Group's entities established in Chinese Mainland of the PRC are subject to Chinese Mainland of the PRC EIT at a statutory rate of 25% during the years ended 31 December 2025 and 2024 except for 嬰舒寶(中國)有限公司(Insoftb (China) Co., Ltd.*) ("**Insoftb China**") which has been recognised as High and New Technology Enterprise (the "**HNTE**") since December 2020 and is entitled to a preferential tax rate of 15% during the years ended 31 December 2025 and 2024. The entitlement of the HNTE is subject to renewal by the tax bureau in Chinese Mainland of the PRC every three years. The latest approval of the HNTE for Insoftb China was obtained in December 2023 for the three years ending 31 December 2026.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	2025	2024
Profit:		
Profit for the year attributable to owners of the Company, used in basic earnings per share calculation (RMB'000)	<u>55,851</u>	<u>54,751</u>
		(Restated)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share ('000)	<u>941,781</u>	<u>750,000</u>

The calculation of basic earnings per share is based on the profit attribute to owners of the Company and the weighted average number of ordinary shares in issue during the respective reporting periods. For the years ended 31 December 2025 and 2024, the weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share were on the basis as if the Reorganisation and the Capitalisation Issue (as defined in Note 17(d)) had been effective on 1 January 2024.

There were no dilutive potential ordinary shares during the years ended 31 December 2025 and 2024, and therefore, diluted earnings per share is the same as the basic earnings per share.

9. DIVIDENDS

No dividends have been proposed, declared or paid by the Company for the years ended 31 December 2025 and 2024.

10. INVESTMENT PROPERTIES

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
At fair value		
At the beginning of the reporting period	44,210	44,161
Changes in fair value	<u>(11)</u>	<u>49</u>
At the end of the reporting period	<u>44,199</u>	<u>44,210</u>

The Group's investment properties consist of leasehold land and buildings located in Chinese Mainland of the PRC, which were held under leases to earn rental income or for capital appreciation. During the years ended 31 December 2025 and 2024, the Group's investment properties are leased to third parties to earn rental income under operating leases.

At the end of the reporting period, the fair value of the investment properties was determined by the Group's management with reference to the valuation report from an independent professional qualified valuer, BonVision International Appraisals Limited, who holds a recognised and relevant professional qualification and has relevant experience in the location and category of the Group's investment properties being valued. The valuations of investment properties have been arrived by adopting direct comparison approach with reference to comparable sale transactions for similar properties in the same location and condition adjusted for differences in key valuation attributes, such as age, location, condition and size, were used to value the properties. The most significant input into this valuation approach is the adjusted price per square meter. A significant increase/decrease in the estimated price per square meter will result in a significant increase/decrease in the fair value of the investment properties.

At 31 December 2025, the Group's investment properties with carrying amount of approximately RMB44,199,000 (2024: RMB44,210,000) were pledged to secure banking facilities of the Group (Note 16).

Fair value measurement of investment properties

(a) Fair value hierarchy

During the years ended 31 December 2025 and 2024, the investment properties of the Group were categorised as Level 3 fair value measurement and there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Details of the fair value hierarchy of the assets and liabilities of the Group are set out in Note 20 to the consolidated financial statements.

(b) Information about Level 3 fair value measurements

Below is summary of valuation techniques used and the key inputs to the valuations in respect of investment properties included in Level 3 categories together with the sensitivity analysis at the end of the reporting period:

Description	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value	Sensitivity of unobservable inputs
Investment properties	Direct comparison approach	Adjusted market price per square meter at RMB2,430.88 (2024: RMB2,431.49) per square meter, taking into account of age, location, condition, size and other individual factors of the subject investment properties and price information of comparable properties at 31 December 2025	The higher adjusted market price per square meter, the higher fair value of the investment properties, and vice versa	Increase/decrease 10% result in increase/decrease in fair value by approximately RMB4,420,000 (2024: RMB4,421,000) for the year ended 31 December 2025

The fair value measurement is based on the above assets' highest and best use, which does not differ from their actual use.

11. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2025, the Group acquired property, plant and equipment at a total cost of approximately RMB79,743,000 (2024: RMB18,541,000). Property, plant and equipment with a carrying amount of approximately RMB785,000 (2024: RMB497,000) were disposed of by the Group during the year ended 31 December 2025.

12. TRADE AND OTHER RECEIVABLES

	Note	2025 RMB'000	2024 RMB'000
Trade receivables			
From third parties		164,968	151,926
Less: Loss allowances		(9,183)	(6,463)
	12(a)	<u>155,785</u>	<u>145,463</u>
Bills receivables	12(b)	<u>88</u>	<u>641</u>
Other receivables			
Amount due from brokers for commodity futures contracts		1,824	3,155
Prepaid listing expenses		–	2,562
Prepaid promotion expenses	12(c)	19,776	11,138
Prepaid distribution service fees to a related company	12(d)	4,812	–
Prepayment to suppliers	12(e)	18,269	3,897
Deposits paid to digital platforms		5,115	2,960
Receivables from digital platforms	12(f)	10,407	5,933
Value-added tax and other tax recoverables		24,478	13,331
Other prepayment, deposits and receivables		<u>10,314</u>	<u>9,220</u>
		<u>94,995</u>	<u>52,196</u>
		<u>250,868</u>	<u>198,300</u>

12(a) Trade receivables

The ageing analysis of trade receivables, net of loss allowances, based on invoice date at the end of the reporting period is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 30 days	41,638	53,078
31 to 60 days	34,597	44,752
61 to 90 days	27,396	39,932
91 to 180 days	23,824	5,173
181 to 365 days	18,936	2,476
Over 1 year	9,394	52
	<u>155,785</u>	<u>145,463</u>

At the end of the reporting period, the ageing analysis of the trade receivables, net of loss allowances, by due date is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Not yet due	<u>102,949</u>	<u>132,524</u>
Past due:		
Within 30 days	17,702	3,494
31 to 60 days	4,376	2,793
61 to 90 days	2,691	4,044
91 to 180 days	8,190	1,105
181 to 365 days	14,940	1,451
Over 1 year	4,937	52
	<u>52,836</u>	<u>12,939</u>
	<u>155,785</u>	<u>145,463</u>

The Group normally grants credit terms up to 180 days (2024: up to 90 days) from the date of issuance of invoices.

The movements in loss allowances for ECL on trade receivables during the reporting periods are summarised below.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At the beginning of the reporting period	6,463	1,440
Increase in loss allowance, net	<u>2,720</u>	<u>5,023</u>
At the end of the reporting period	<u>9,183</u>	<u>6,463</u>

The information about the exposure to credit risk and the allowance for ECL on trade receivables using a provision matrix with appropriate groupings based on shared credit risk characteristics of customers and the domicile of the customers' countries at the end of the reporting period is summarised below.

	Weighted average expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Internal credit rating (<i>Remark</i>)			
At 31 December 2025			
Chinese Mainland of the PRC customers			
– Risk Category 1	2.26%	17,975	407
Russia customers			
– Risk Category 1	5.49%	83,454	4,578
– Risk Category 2	14.72%	12,558	1,848
Other countries customers			
– Risk Category 1	3.85%	30,658	1,179
– Risk Category 2	5.76%	20,323	1,171
		<u>164,968</u>	<u>9,183</u>

	Weighted average expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Internal credit rating (<i>Remark</i>)			
At 31 December 2024			
Chinese Mainland of the PRC customers			
– Risk Category 1	1.57	15,982	251
Russia customers			
– Risk Category 1	4.80	121,341	5,821
Other countries customers			
– Risk Category 1	2.68	14,603	391
		<u>151,926</u>	<u>6,463</u>

Remarks:

Risk Category	Description
Risk Category 1	The debtor has on-going business relationship with the Group with a good credit history. The Group expects the debtor to settle the receivable within one year.
Risk Category 2	The debtor failed to settle on time due to a temporary problem, but the Group expects the problem could be resolved and the outstanding amount could be settled in a foreseeable future.
Risk Category 3	The debtor failed to settle the receivables on time and the situation could not be resolved in a foreseeable future.

12(b) Bills receivables

At the end of the reporting period, the bills receivables were issued and guaranteed by banks in Chinese Mainland of the PRC and had maturities of less than six months.

12(c) Prepaid promotion expenses

At 31 December 2025, the amounts represented the promotion expenses of approximately RMB19,776,000 (2024: RMB11,138,000) prepaid to certain marketing agents for (i) the promotion on digital platforms and (ii) endorsement services expenses for the promotion of one of the product brands of the group.

At 31 December 2025, the amount of approximately RMB1,333,000 (2024: Nil) was expected to be recognised in profit or loss more than twelve months after the end of the reporting period. The Group classified these prepaid promotion expenses as current as it expects to realise them in its normal operating cycle.

12(d) Prepaid distribution service fees to a related company

At 31 December 2025, the amount of approximately RMB4,812,000 represented the distribution service fees prepaid to related company, 晉江市志華物流有限公司(Jinjiang Zhihua Logistics Co., Ltd.*) (“Zhihua”) which is wholly-owned and controlled by Mr. Gao Yue, an executive director of the Company. The amount was expected to be recognised in profit or loss within one year.

The greatest outstanding amount during the year ended 31 December 2025 was approximately RMB6,398,000 (2024: N/A).

12(e) Prepayment to suppliers

The prepayment to suppliers was to secure the supply of raw materials at the end of the reporting period. The prepayment is interest-free, refundable and/or expected to be utilised within 1 year.

12(f) Receivables from digital platforms

The amounts represented the considerations received by the digital platforms on behalf of the Group for the sales through the Group’s self-operated online retail stores via their platforms. The amounts were repayable on demand upon the request from the Group.

13. FINANCIAL ASSETS AT FVPL

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Financial assets at FVPL		
Commodity futures contracts on raw material	<u>2,234</u>	<u>1,303</u>
Fair value changes recognised in profit or loss for the year ended 31 December:		
Realised (loss) gain, net	(4,843)	1,429
Unrealised gain, net	<u>506</u>	<u>14</u>
	<u><u>(4,337)</u></u>	<u><u>1,443</u></u>

* The English name is translated for identification purpose only.

At 31 December 2025, the fair value of the commodity futures contracts on raw material was determined with reference to the prices quoted by the financial institutions and the Group had outstanding commodity futures contracts on raw material with underlying nominal values of approximately RMB31,913,000 (2024: RMB18,613,000).

The fair value of the commodity futures contracts on raw materials was categorised into Level 1 fair value measurement as defined in IFRS13, "Fair value measurement" as detailed in Note 20 to the consolidated financial statements.

14. TRADE AND OTHER PAYABLES

	<i>Note</i>	2025 RMB'000	2024 <i>RMB'000</i>
Trade payables to third parties	<i>14(a)</i>	<u>36,776</u>	<u>61,184</u>
Bills payables	<i>14(b)</i>	<u>119,067</u>	<u>53,483</u>
Other payables			
Contract liabilities – receipts in advance	<i>14(c)</i>	41,794	22,560
Salary payables		2,384	1,440
Other tax payables		1,033	869
Accruals and other payables		23,360	23,420
Payables for purchase of property, plant and equipment		10,973	12,569
Payables for distribution service fees			
– to a related company	<i>14(d)</i>	–	9,509
– to third parties		454	993
Accrued listing expenses		–	5,068
		<u>79,998</u>	<u>76,428</u>
		<u>235,841</u>	<u>191,095</u>

14(a) Trade payables

The trade payables were unsecured, interest-free and with normal credit terms up to 60 days (2024: up to 60 days).

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

	2025 RMB'000	2024 <i>RMB'000</i>
Within 30 days	27,595	28,119
31 to 60 days	5,582	27,918
61 to 90 days	493	2,247
Over 90 days	<u>3,106</u>	<u>2,900</u>
	<u>36,776</u>	<u>61,184</u>

14(b) Bills payables

At 31 December 2025 and 2024, the bills payables were issued and guaranteed by banks in Chinese Mainland of the PRC and had maturities of less than six months. The Group's bills payables were secured by the followings:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Pledged bank deposits	50,687	23,693
Leasehold land	20,022	–
	<u>70,709</u>	<u>23,693</u>

14(c) Contract liabilities

The movements (excluding those arising from increases and decreases both occurred within the same reporting period) of contract liabilities within IFRS 15 during the reporting period are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At the beginning of the reporting period	22,560	20,189
Additions	41,794	22,560
Revenue recognised (<i>Note 4</i>)	<u>(22,560)</u>	<u>(20,189)</u>
At the end of the reporting period	<u>41,794</u>	<u>22,560</u>

The contract liabilities of approximately RMB41,794,000 (2024: RMB22,560,000) at 31 December 2025 represented the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period. The Group expects the transaction price of approximately RMB41,794,000 (2024: RMB22,560,000) at 31 December 2025 allocated to the unsatisfied performance obligations are expected to be recognised as revenue in one year or less when the obligations are performed.

Contract liabilities primarily represent advance payments received from customers for goods that have not been transferred to the customers.

The changes in contract liabilities during the years ended 31 December 2025 and 2024 were mainly due to the changes in number of sales orders which required advance payments at the end of the respective reporting period.

14(d) Payables for distribution service fees to a related company

At 31 December 2024, there were approximately RMB9,509,000 payable to related company, Zhihua, in relation to provision of distribution services. The amount due was unsecured, interest-free and will be settled in accordance with a credit period of 30 days granted to the Group.

15. AMOUNT DUE TO THE CONTROLLING SHAREHOLDER

At 31 December 2024, the amount due to the Controlling Shareholder of approximately RMB6,300,000 was classified under current liabilities which was non-trade in nature, unsecured, interest-free and repayable on demand. The amount was fully settled during the year ended 31 December 2025.

16. INTEREST-BEARING BORROWINGS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Secured and guaranteed bank loans		
– Fixed-rate bank loans	–	10,000
– Variable-rate bank loans	<u>20,000</u>	<u>23,000</u>
	20,000	33,000
Unsecured and unguaranteed bank loans		
– Variable-rate bank loans	<u>20,000</u>	<u>–</u>
	40,000	33,000
Carrying amounts of the interest-bearing borrowings (Note):		
– On demand or less than 1 year	40,000	15,000
– 1 to 2 years	–	2,000
– 2 to 3 years	<u>–</u>	<u>16,000</u>
Amounts shown under current liabilities	40,000	33,000

Note: At 31 December 2024, the interest-bearing borrowings of approximately RMB33,000,000, with a clause in the loan agreements that gave the lenders an overriding right to demand repayment without notice or with notice period of less than 12 months at their sole discretion, were classified as current liabilities even though the directors of the Company did not expect that the lenders would exercise their rights to demand repayment. The amounts due were presented based on scheduled repayment dates set out in the loan agreements.

The ranges of effective interest rates on the Group's secured and guaranteed bank loans are as follow:

	2025 %	2024 %
Fixed-rate bank loans	N/A	2.00 – 3.50
Variable-rate bank loans	<u>1.51 – 3.40</u>	<u>2.80 – 3.35</u>

The interest-bearing borrowings were collectively secured by:

- (a) corporate guarantee provided by subsidiaries of the Group for the years ended 31 December 2025 and 2024;
- (b) leasehold land with a carrying amount of approximately RMB20,467,000 at 31 December 2024;
- (c) investment properties of approximately RMB44,199,000 (2024: RMB44,210,000) at 31 December 2025 (Note 10); and
- (d) pledged bank deposits of approximately RMB5,728,000 at 31 December 2024.

All banking facilities are subject to the fulfilment of covenants, as is commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants, the drawn down facilities would become repayable on demand. At the end of the reporting period, none of the covenants relating to drawn down facilities had been breached.

17. SHARE CAPITAL

	Number of shares	Amount HK\$'000	
Authorised:			
Ordinary shares of HK\$0.0001 each			
At 1 January 2024	38,000,000	380	
Increase (Note (c))	3,762,000,000	—	
At 31 December 2024, 1 January 2025 and 31 December 2025	3,800,000,000	380	
	Number of shares	Amount HK\$'000	Equivalent to RMB approximately RMB'000
Issued and fully paid:			
At 1 January 2024	1	—*	—*
Issue of shares (Note (a))	899,999	9	9
Issue of shares pursuant to the Reorganisation (Note (b))	100,000	1	—*
Sub-divided (Note (c))	99,000,000	—	—
At 31 December 2024 and 1 January 2025	100,000,000	10	9
Issue of shares pursuant to the Capitalisation Issue (Note (d))	650,000,000	65	61
Issue of shares pursuant to the Global Offering (Note (e))	250,000,000	25	23
At 31 December 2025	1,000,000,000	100	93

* Represents amount less than HK\$1,000 or RMB1,000, where applicable.

Notes:

- (a) On 23 April 2024, the Company issued 899,999 ordinary shares at par value of HK\$0.01 each in cash total consideration of HK\$9,000 (equivalent to approximately RMB8,537).
- (b) On 26 April 2024, the Company, Soft BVI, the Controlling Shareholder and Mr. Zeng Guodong (an executive director of the Company) entered into a share transfer agreement, pursuant to which the Company agreed to acquire 90% and 10% issued shares of Soft HK from the Controlling Shareholder and Mr. Zeng Guodong in total consideration of HK\$1,000 (equivalent to approximately RMB928). The consideration was satisfied by way of issuance of 90,000 and 10,000 ordinary shares at par value of HK\$0.01 each and credited as fully-paid in the share capital of the Company to two entities, each of them controlled by the Controlling Shareholder and Mr. Zeng Guodong, respectively.

Accordingly, Soft HK and its subsidiaries became the wholly owned subsidiaries of the Company. Details of which are set out in the paragraph headed “Reorganisation” of the section headed “History, Reorganisation and Corporate Structure” of the Prospectus.

- (c) Pursuant to the resolution of the Company’s shareholders dated 6 May 2024, the Company subdivided each of its then existing issued and unissued ordinary share with a par value of HK\$0.01 each into 100 shares with a par value of HK\$0.0001 each. Accordingly, the authorised and issued share capital of the Company becomes HK\$380,000 divided into 3,800,000,000 shares and HK\$10,000 divided into 100,000,000 shares with a par value of HK\$0.0001 each, respectively.
- (d) Pursuant to the resolution in writing of the Company’s shareholders passed on 10 March 2025 (the “**Resolution**”), subject to the share premium account of the Company being credited as a result of the offering of the Company’s shares under the Listing, the directors of the Company were authorised to allot and issue a total of 650,000,000 shares of HK\$0.0001 each to the existing shareholders, credited as fully paid at par by way of capitalisation of the sum of HK\$65,000 (equivalent to approximately RMB61,000) standing to be credit of the share premium account of the Company (the “**Capitalisation Issue**”) and the shares to be allotted and issued pursuant to the Resolution shall carry the same rights as all shares in issue (save for the right to participate in the Capitalisation Issue). The Capitalisation Issue was completed on 27 March 2025.
- (e) On 27 March 2025, the shares of the Company were listed on the Main Board of the Stock Exchange and 250,000,000 new ordinary shares with par value of HK\$0.0001 of the Company were offered to sell at a price of HK\$0.51 per share by way of share offer (the “**Global Offering**”). The gross proceeds under the Global Offering from the sale of 250,000,000 new shares amounted to HK\$127,500,000 (equivalent to approximately RMB119,209,000). The expenses directly attributable to the issue of 250,000,000 new shares in relation to the Global Offering of approximately RMB14,564,000 have been recognised in the share premium account within equity of the Company.

18. RESERVES

18(a) Share premium

Share premium represents the excess of the net proceeds or consideration from issuance of the Company’s shares over their par value.

18(b) Capital reserve

The capital reserve represents the deemed capital contribution from the Controlling Shareholder through the waiver of the amount due to the Controlling Shareholder of approximately RMB207,284,000 during the year ended 31 December 2024.

18(c) Translation reserve

The translation reserve represents all foreign exchange differences arising from the translation of the Group's entities, including the Company, that have functional currency different from the Group's presentation currency for consolidations.

18(d) Statutory reserve

As stipulated by the relevant laws and regulations for enterprises incorporated/established in Chinese Mainland of the PRC, the Group's subsidiaries in Chinese Mainland of the PRC are required to appropriate to the statutory reserve an amount not less than 10% of the amount of profit after tax (as reported in the respective statutory financial statements of subsidiaries incorporated/established in Chinese Mainland of the PRC prepared in accordance with Chinese Mainland of the PRC accounting regulations). If the accumulated statutory reserve reaches 50% of the registered share capital of the respective subsidiaries incorporated/established in Chinese Mainland of PRC, the subsidiaries, the subsidiary may not be required to make any further appropriation. The statutory reserve can be used to make up for losses, expand the existing operation and convert to additional capital.

19. RELATED PARTY TRANSACTIONS

The Group had the following related party transactions during the years ended 31 December 2025 and 2024.

(a) Related party transactions of the Group

Transactions among the group entities have been eliminated by consolidation/combination and are not disclosed. During the years ended 31 December 2025 and 2024, the Group had the following significant transactions with related parties. In the opinion of the directors of the Company, they are under normal commercial terms that are fair and reasonable and in the best interests of the Group.

Name of the related party	Nature of the transaction	2025 RMB'000	2024 RMB'000
福建省晉江市對外貿易有限公司(Fujian Province Jinjiang City Foreign Trade Co., Ltd.*) ("Jinjiang Foreign Trade") (Note)	Agency fee for import and export services	–	192
Zhihua	Provision of distribution services	<u>18,325</u>	<u>16,180</u>

Note: 30% of equity interests in Jinjiang Foreign Trade was previously held by the Controlling Shareholder of the Group. On 18 April 2024, the Controlling Shareholder of the Group disposed his 30% equity interests in Jinjiang Foreign Trade to an independent third party. Since then, Jinjiang Foreign Trade ceased to be a related party of the Group.

* The English name is translated for identification purpose only.

(b) **Remuneration for key management personnel (including directors of the Company) of the Group**

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Salaries, allowances, discretionary bonus, and other benefits in kind	3,425	1,221
Contributions to defined contribution plans	124	95
	<u>3,549</u>	<u>1,316</u>

(c) **Balances with related parties**

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Amount due to the Controlling Shareholder (Note 15)	<u>–</u>	<u>6,300</u>
Prepaid (Payable for) for distribution services fees to a related company Zhihua (Notes 12(d) and 14(d))	<u>4,812</u>	<u>(9,509)</u>

20. FAIR VALUE MEASUREMENTS

(a) **Assets/liabilities measured at fair value**

Fair value hierarchy

The following table presents the fair value of the Group's assets and liabilities measured at the end of the reporting period in the consolidated financial statements on a recurring basis across the three levels of the fair value hierarchy defined in IFRS 13, "*Fair Value Measurement*", with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 (lowest level): unobservable inputs for the asset or liability.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2025				
<i>Recurring fair value measurement</i>				
Financial assets at FVPL				
– Commodity futures contracts on raw materials	2,234	–	–	2,234
Investment properties	–	–	44,199	44,199
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2024				
<i>Recurring fair value measurement</i>				
Financial assets at FVPL				
– Commodity futures contracts on raw materials	1,303	–	–	1,303
Investment properties	–	–	44,210	44,210
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Movements in Level 3 fair value measurements is as follow:

	Investment properties RMB'000
At 1 January 2024	44,161
Changes in fair value	49
	<u> </u>
At 31 December 2024 and 1 January 2025	44,210
Changes in fair value	(11)
	<u> </u>
At 31 December 2025	<u> </u>

During the years ended 31 December 2025 and 2024, there were no transfers between Level 1 fair value measurement and Level 2 fair value measurement, or transfers into or out of Level 3 fair value measurement. The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period in which they occur.

Details of the valuation techniques and inputs used in the fair value measurement of the financial assets at FVPL and the investment properties are set out in Notes 13 and 10 to the consolidated financial statements, respectively.

(b) Assets/liabilities not measured at fair value

The management of the Group estimates the fair value of its assets and liabilities measurement of amortise cost using the discounted cash flows analysis. The management of the Group considers that the carrying amounts of assets and liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair value.

21. COMMITMENTS

(a) Capital expenditure commitments

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Contracted but not provided for net of deposits paid for acquisition of property, plant and equipment	<u>18,152</u>	<u>20,972</u>

(b) Commitments under leases

The Group as lessor

The Group leases out its properties under operating leases with lease terms ranging from one year to three years. The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within one year	402	255
More than one year but less than two years	<u>183</u>	<u>37</u>
	<u>585</u>	<u>292</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Established in 2010, our Group has primarily engaged in the development, manufacture and sale of personal hygienic disposables (such as baby care, feminine care and adult incontinence products) based in the People's Republic of China (the “**PRC**”, for the purpose of this annual report only, excluding Hong Kong, Macao and Taiwan), specialising in baby care category for emerging markets in Eurasia. In response to the growing awareness of hygiene and eco-sustainability worldwide, we also manufacture nonwoven fabrics, a raw material critical to the manufacture of most hygienic disposables, at our own nonwoven fabric facilities, supplying both our production needs and, to a lesser extent, to independent raw material suppliers and manufacturers of hygiene and personal care products in the PRC.

During FY2025, our Group reached a significant milestone by successfully listing (the “**Listing**”) the Company's shares (the “**Shares**”) on the Stock Exchange. This Listing has enhanced the Group's corporate image and brand strength, expanded its market share in the hygienic disposables industry both domestically and internationally and supported the execution of its business strategies and principal objectives. It has positioned the Group for sustainable growth, further solidifying its leadership in the hygienic disposables sector in China and abroad, ultimately aiming to create long-term value for shareholders of our Company (the “**Shareholders**”).

Throughout FY2025, our Group experienced remarkable growth in production and operations. Revenue increased by approximately RMB152.7 million or 20.3% from approximately RMB752.8 million for FY2024 to approximately RMB905.5 million for FY2025. Majority of our revenue is generated through two main business segments: (i) contract manufacturing of baby care products as an Original Design Manufacturer (ODM) to business customers (the “**Contract Manufacturing Business**”); and (ii) branded product business to manufacture, market, and sell products under our own brands in the PRC (the “**Brand Product Business**”), which contributed approximately 56.2% (FY2024: approximately 60.1%) and approximately 32.4% (FY2024: approximately 29.6%) of total revenue for FY2025, respectively.

In our Contract Manufacturing Business, we primarily manufacture and sell baby care products as Original Design Manufacturer (ODM) to business customers, including independent retailers and baby care brand owners. Our products are branded for export from the PRC to various countries in Eurasia. We serve major business customers, including top-tier Russian children's goods retailers and international brands, customising products to their specifications. During FY2025, our revenue from this segment increased by approximately RMB56.5 million or 12.5% to approximately RMB509.3 million, compared to approximately RMB452.8 million for FY2024. This growth was primarily driven by the introduction of new business customers.

In our Branded Product Business, we have embraced the rapid growth of e-commerce, particularly in China. Our Direct-to-Customer (D2C) strategy has enabled us to connect directly with consumers, enhancing their shopping experience and fostering brand loyalty. The introduction of our brands: “Insoftb” for baby care, “Misecr” for feminine care and “Cosoftb” for adult incontinence, has been met with positive consumer reception, reflecting the growing demand for affordable premium products among younger generations. During FY2025, this segment achieved a revenue increment of approximately RMB71.0 million or 31.9%, reaching approximately RMB293.8 million (FY2024: approximately RMB222.8 million).

We have intensified our efforts to promote our products across multiple online platforms, which has been instrumental in increasing our market exposure, market share and successfully launching new products. This strategic focus resulted in an increase in online sales and promotion expenses by approximately RMB64.6 million or 101.3% to approximately RMB128.4 million for FY2025 (FY2024: approximately RMB63.8 million).

In addition to these efforts, we are proud to announce that renowned actress Ms. Guan Xiaotong has become the brand ambassador for our “Misecr”. Her endorsement has significantly enhanced our brand image and recognition, attracting a broader consumer base and strengthening our market position. This collaboration not only elevates our brand prestige but also aligns with our commitment to quality and innovation, further supporting our long-term growth strategy.

A key component of our ongoing success is our two highly automated production facilities in Quanzhou, Fujian Province, where we conduct the majority of our production and warehousing. Our existing production facilities located at Jinjiang City, Quanzhou, Fujian Province (the “**Jinjiang Production Facilities**”) are dedicated to manufacturing and storage of our finished products, while nonwoven fabric facilities located at Shishi City, Quanzhou, Fujian Province (the “**Nonwoven Fabric Facilities**”) allow us to produce nonwoven fabrics critical to our hygiene product lines. This strategic proximity enables us to continuously optimise production costs and maintain uniform product quality.

During FY2025, we made investments to expand our manufacturing footprint. The Group established six new production lines: one baby care and three feminine care production lines at the Jinjiang Production Facilities, all of which are now operational, and two nonwoven fabric lines at the Nonwoven Fabric Facilities, currently in the trial production phase. Additionally, we have commenced construction of a new production base on our owned properties in Shishi City, which is at an early stage with specific production lines and intended uses still under planning. We believe that these developments have further strengthened our manufacturing scale, enabling ongoing cost optimisation and allowing for rapid and effective responses to evolving customer requirements.

In response to growing consumer demand for environmentally responsible products, our Group has also intensified our investment in research and development, focusing on biodegradable materials and eco-friendly production processes. By integrating sustainable materials and adopting greener manufacturing practices, we aim to reduce our environmental impact and align our product offerings with global trends toward sustainability. This strategic focus not only meets consumer expectations but also positions the Group as a responsible industry leader, enhancing our brand reputation and opening new market opportunities in eco-conscious segments.

As we look to the future, we are energised by the opportunities that lie ahead in the hygienic disposables market. The ongoing rise in disposable incomes and evolving consumer preferences for quality and branded experiences continue to create a favorable environment for our growth. Our unwavering focus on product innovation and operational excellence will remain at the heart of our strategy as we navigate an increasingly dynamic and competitive landscape.

We recognise that challenges such as fluctuations in international demand may arise, but our robust supply chain and vertically integrated operations equip us with the flexibility and resilience to adapt swiftly to changing market conditions. By staying agile and responsive, we are confident in our ability to sustain our momentum and capture new growth opportunities.

FINANCIAL REVIEW

Revenue

Revenue of the Group increased by approximately RMB152.7 million or 20.3% from approximately RMB752.8 million for FY2024 to approximately RMB905.5 million for FY2025. This increase was primarily due to the following factors:

- *Contract Manufacturing Business:* Revenue increased from approximately RMB452.8 million for FY2024 to approximately RMB509.3 million for FY2025. This growth was primarily driven by the introduction of new business customers. Sales revenue to the Group's largest Russian top-tier customer remained stable for FY2025, with a slight increase by approximately RMB1.5 million or 0.5% to approximately RMB311.1 million for FY2025 (FY2024: approximately RMB309.6 million).
- *Branded Product Business:* Revenue increased from approximately RMB222.8 million for FY2024 to approximately RMB293.8 million for FY2025, representing an increase of approximately RMB71.0 million or 31.9%, mainly as a result of continuous increase in the sales volume of sanitary pants due to the Group's efforts put on expanding online sales channels, as well as the successful launch of a new feminine care branded product during FY2025.
- *Nonwoven fabric and others:* Revenue grew from approximately RMB77.2 million for FY2024 to approximately RMB102.4 million for FY2025, representing an increase of approximately RMB25.2 million or 32.6%. The increase was primarily attributed to the rising market demand on nonwoven fabric.

Cost of Sales

Cost of sales of the Group increased by approximately RMB70.8 million or 13.6% from approximately RMB519.9 million for FY2024 to approximately RMB590.7 million for FY2025 due to (i) increase in direct materials costs from approximately RMB453.1 million for FY2024 to approximately RMB515.0 million for FY2025, an increase of approximately RMB61.9 million or 13.7%; and (ii) increase in consumables from approximately RMB6.9 million for FY2024 to approximately RMB12.1 million for FY2025, an increase of approximately RMB5.2 million or 75.4%. Both increase in direct materials costs and consumables was generally in line with the increase in overall sales volume.

Gross profit and gross profit margin

Total gross profit increased by approximately RMB81.9 million or 35.2% from approximately RMB232.9 million for FY2024 to approximately RMB314.8 million in FY2025, with gross profit margin improving from approximately 30.9% to approximately 34.8%. This increase was primarily due to the following factors:

- *Contract Manufacturing Business:* Gross profit increased from approximately RMB131.5 million in FY2024 to approximately RMB168.2 million in FY2025, with gross profit margin increasing from approximately 29.0% to approximately 33.0%. The slight improvement in gross profit margin was primarily attributable to reduced purchase costs of major raw materials.

- *Branded Product Business*: Gross profit increased from approximately RMB98.3 million in FY2024 to approximately RMB141.9 million in FY2025, with gross profit margin improving from approximately 44.1% to approximately 48.3%, mainly driven by an increase in the average selling price of feminine care products through the Group's D2C sales, as well as the introduction of new feminine care products with relatively higher gross margins.
- *Nonwoven fabric and others*: Gross profit grew from approximately RMB3.2 million in FY2024 to approximately RMB4.7 million in FY2025, with gross profit margin increasing from approximately 4.1% to approximately 4.6%. The increase in gross profit margin was mainly due to lower purchase costs of major raw materials.

Other income

Other income decreased from approximately RMB5.1 million for FY2024 to approximately RMB4.8 million for FY2025. The decrease was mainly due to decrease in sales of scrap materials by approximately RMB1.6 million or 57.1% to approximately RMB1.2 million for FY2025 (FY2024: approximately RMB2.8 million); and which was partially offset by the increase in interest income by approximately RMB1.4 million or 280.0% to approximately RMB1.9 million for FY2025 (FY2024: approximately RMB0.5 million).

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB81.3 million or approximately 74.3% from approximately RMB109.4 million for FY2024 to approximately RMB190.7 million for FY2025, mainly due to (i) the increase in online sales and promotion expenses by approximately RMB64.6 million or 101.3% to approximately RMB128.4 million for FY2025 (FY2024: approximately RMB63.8 million). During FY2025, the Group put significant effort on promoting its product throughout different online platforms to increase its market shares and promote new products, in particular, in the 2nd half of 2025, the increase in online promotion activities led to the proportion of selling and distribution expense to revenue increased to approximately 21.1% for FY2025 (FY2024: approximately 14.5%). Additionally, higher services charge and commission were incurred during the Group's promotion placed during public holidays in the PRC; and (ii) the increase in distribution and declaration fee by approximately RMB12.0 million or 47.2% to approximately RMB37.4 million for FY2025 (FY2024: approximately RMB25.4 million), which was mainly due to growth in D2C sales and oversea sales of the Group, and higher average charge per kilogram for distribution costs.

Administrative and other operating expenses

Administrative and other operating expenses increased by approximately RMB6.4 million or approximately 15.3%, from approximately RMB41.7 million for FY2024 to approximately RMB48.1 million for FY2025. This increase was primarily driven by the increase in professional fee by approximately RMB6.3 million or 700.0% to RMB7.2 million for FY2025 (FY2024: approximately RMB0.9 million), which mainly attributable to increased consultancy fee for financial analysis, brand management and enterprise management consultancy services provided to the Group.

Listing expenses

Listing expenses decreased by approximately RMB8.8 million or 64.2% from approximately RMB13.7 million for FY2024 to approximately RMB4.9 million for FY2025, which was due to the completion of the Listing on 27 March 2025.

Finance costs

Finance costs increased by approximately RMB0.8 million or 133.3%, from approximately RMB0.6 million for FY2024 to approximately RMB1.4 million for FY2025, which was mainly due to the increase in average balance of interest-bearing borrowings as at 31 December 2025.

Income tax expenses

Income tax expenses decreased by approximately RMB2.7 million or 18.9% from approximately RMB14.3 million for FY2024 to approximately RMB11.6 million for FY2025; whereby the effective tax rate decreased from approximately 20.7% for FY2024 to approximately 17.2% for FY2025, which were primarily due to (i) the non-recurring Listing expenses of approximately RMB13.7 million and approximately RMB4.9 million incurred for FY2024 and FY2025, respectively, which was not tax deductible; and (ii) the increase in proportion of taxable profits from subsidiaries with a tax rate of 15%.

Profit attributable to the owners of the Company

As a result of the foregoing, profit attributable to owners of the Company remained stable at approximately RMB54.8 million for FY2024 and approximately RMB55.9 million for FY2025.

Inventories

The inventory balance increased by approximately RMB6.9 million or 14.8% from approximately RMB46.7 million as at 31 December 2024 to approximately RMB53.6 million as at 31 December 2025. The increase in balance was primarily attributable to the increase in balance of finished goods by approximately RMB9.0 million, attributable to the expansion of production capacity following the procurement of new machineries and the addition of production lines during FY2025. The higher inventory level enables the Group to maintain sufficient inventory to meet future demand, particularly for online sales, thereby significantly reducing delivery lead times.

Trade and other receivables

Trade and other receivables increased by approximately RMB51.8 million or 26.1% from approximately RMB198.3 million as at 31 December 2024 to approximately RMB250.1 million as at 31 December 2025, in which balance of trade and bills receivables (net off loss allowances) increased by approximately RMB9.8 million or 6.7% to approximately RMB155.9 million as at 31 December 2025 (2024: approximately RMB146.1 million). Increase in balance of trade and bills receivables was primarily attributable to the increase in revenue for FY2025.

In addition, balance of other receivables increased by approximately RMB48.2 million or 82.0% from approximately RMB52.2 million as at 31 December 2024 to approximately RMB95.0 million as at 31 December 2025, primarily attributable to the (i) the increase in prepayment to suppliers of approximately RMB14.4 million, primarily related to purchase orders for raw materials to support higher production demands in response to increased sales volume; (ii) the increase in value-added tax and other tax recoverables of approximately RMB11.1 million; (iii) the increase in prepaid promotion expenses of approximately RMB8.6 million, mainly due to an increase in prepaid promotion fee on digital platforms and endorsement services expenses; and (iv) the increase in receivables from digital platforms of approximately RMB4.5 million.

Financial assets at fair value through profit or loss (“FVPL”)

In order to hedge against the risk of price fluctuations of core raw materials of the Group, namely polypropylene (PP) and high-density polyethylene (HDPE), the Group has entered into commodities future contracts which was recognised as financial assets at FVPL of approximately RMB2.2 million as at 31 December 2025 (2024: approximately RMB1.3 million).

As at 31 December 2025, amount due from brokers for commodity future contracts was approximately RMB1.8 million (2024: approximately HK\$3.2 million), which were repayable on demand upon request from the Group.

Trade and other payables

Trade and other payables increased by approximately RMB44.7 million or 23.4% from approximately RMB191.1 million as at 31 December 2024 to approximately RMB235.8 million as at 31 December 2025, in which balance of trade and bills payables increased by approximately RMB41.1 million or 35.8% to approximately RMB155.8 million as at 31 December 2025 (2024: approximately RMB114.7 million). Increase in balance of trade and bills payables was primarily attributable to higher procurement recorded towards the end of FY2025.

In addition, balance of other payables increased by approximately RMB3.6 million or 4.7% from approximately RMB76.4 million as at 31 December 2024 to approximately RMB80.0 million as at 31 December 2025. The increase was primarily attributable to (i) the increase in contract liabilities of approximately RMB19.2 million, reflecting higher advance payments received from customers for sales orders secured during FY2025. The increase was partially offset by (ii) the decrease in payables for distribution service fees of approximately RMB10.0 million; and (iii) the decrease in accrued listing expenses of approximately RMB5.1 million.

Liquidity and financial resources and Capital Structure

As at 31 December 2025, the Group had bank balances and cash (including non-pledged bank deposits) of approximately RMB73.8 million as compared to approximately RMB26.7 million as at 31 December 2024.

As at 31 December 2025, the Group had total interest-bearing borrowings of approximately RMB40.0 million (2024: approximately RMB33.0 million), and all interest-bearing borrowings are either due within one year or with a clause in the loan agreements that gave the lenders an overriding right to demand repayment without notice or with notice period of less than 12 months at their sole discretion. Details of the interest-bearing borrowings are set out in Note 16 to the consolidated financial statements in this announcement.

The gearing ratio of the Group as at 31 December 2025 was approximately 8.0% compared to approximately 9.6% as at 31 December 2024. Gearing ratio is calculated based on the sum of interest-bearing borrowings divided by total equity at the end of the respective year. Decrease in gearing ratio as at 31 December 2025 was primarily attributable to increase in total equity as at 31 December 2025 which was mainly driven by increase in share premium following the issuance of Shares by way of share offer and increased higher retained earnings resulting from positive operating performance during FY2025.

For FY2025, the Group financed its operations with loan facilities provided by financial institutions and internally generated cash flows. The Group believes that the cash position, liquid asset value, future revenue and available facilities from financial institutions of the Group will be sufficient to fulfill the working capital requirements of the Group.

Employee and remuneration policy

As at 31 December 2025, the Group had a total of 385 employees (2024: 287 employees). During FY2025, the total staff costs amount to approximately RMB28.2 million (FY2024: approximately RMB22.6 million), representing an increase of approximately RMB5.6 million or 24.8%. Increase in amount was primarily attributable to the increase in average headcount. Salaries and benefits of the Group's employees were kept a market level and employees were rewarded on a performance related basis within the general framework of the Group's salary and bonus system, which is reviewed annually.

The Group contributed defined contribution scheme to employees. All of the Group's employees have participated in defined contribution retirement plans and other employee social security plans including pension, medical, other welfare benefits in the PRC (the "**Defined Contribution Plans in the PRC**"), which are organised and administered by the relevant governmental authorities for all qualifying employees in the PRC. The Group contributes to these plans based on certain percentages of relevant monthly salaries of its employees, subject to ceiling, as stipulated by the relevant regulations. The Group has no further payment obligation once the contributions have been paid. The Group's contributions to the Defined Contribution Plans in the PRC vest fully and immediately with the employees. Accordingly, there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Plans in the PRC as at 31 December 2025 and 2024. For FY2025, the total amount contributed by the Group to the Defined Contribution Plans in the PRC was approximately RMB4.7 million (FY2024: approximately RMB3.5 million).

Treasury policies

The Group has adopted a prudent financial and surplus funds management approach towards its treasury policies and thus maintained a healthy liquidity position throughout FY2025. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that sufficient financial resources are available to meet its funding requirements and commitment timely.

Exchange rate exposure

The majority of the transactions, assets and liabilities of the Group was denominated in Renminbi, United States Dollars and Hong Kong Dollars. During FY2025, no financial instruments were used for hedging purposes, and the Group did not commit to any financial instruments to hedge its exposure to exchange rate risk, as the expected exchange rate risk is not significant. The Directors and senior management will continue to monitor the foreign exchange exposure and will consider applicable derivatives when necessary. The Group did not have any derivatives for hedging against the foreign exchange rate risk at 31 December 2025.

Charge on group assets

As at 31 December 2025, the Group's interest-bearing borrowings and bills payables are secured by charges over the following assets of the Group:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Leasehold land	20,022	20,467
Investment properties	44,199	44,210
Pledged bank deposits	50,687	29,421
	<u>114,908</u>	<u>94,098</u>

Contingent liabilities

At 31 December 2025 and 2024, the Group had no contingent liabilities.

Commitments

As at 31 December 2025, the Group had capital expenditure commitments and commitments under leases of approximately RMB18.2 million (2024: approximately RMB21.0 million) and approximately RMB0.6 million (2024: approximately RMB0.3 million), respectively. Details are set out in Note 21 to the consolidated financial statements in this announcement.

Significant investment, material acquisitions and disposals

During FY2025, the Group did not have any significant investment, material acquisitions nor disposals of subsidiaries and affiliated companies save for those reorganisation activities done for the purpose of the Listing as set out in the section headed "History, Reorganisation and Corporate Structure" in the prospectus dated 19 March 2025 (the "**Prospectus**").

Final dividends

The Directors do not recommend the payment of final dividend for FY2025 and FY2024.

Significant events after the reporting period

The Group did not have any significant events after the reporting period and up to the date of this announcement.

FUTURE PLANS AND USE OF PROCEEDS

The Shares were listed on the Stock Exchange on the Listing Date, a total of 250,000,000 offer Shares issued and based on the final offer price of HK\$0.51 per offer Share, the net proceeds raised from the global offering of the Shares (the "**Global Offering**") were approximately HK\$85.1 million. There was no change in the intended use of net proceeds as previously disclosed in the Prospectus. Up to 28 April 2025, the net proceeds from the Listing Date had been applied as follows:

	Adjusted net proceeds <i>HK\$'000</i>	Amount utilised up to 31 December 2025 <i>HK\$'000</i>	Amount unutilised up to 31 December 2025 <i>HK\$'000</i>	Expected timeline for utilising the unutilised net proceeds amount
Acquire machineries for establishing additional babycare and feminine care product production lines	24,860	17,069	7,791	By 31 December 2026
Acquire machineries for establishing additional nonwoven fabric production lines	22,136	22,136	–	Not applicable
Enhance branding, marketing and promotion activities of the Group	14,558	8,962	5,596	By 31 December 2026
Upgrade warehouse and investment in IT infrastructure of the Group	15,069	3,247	11,822	By 31 December 2026
General working capital	8,514	8,514	–	Not applicable
	<u>85,137</u>	<u>59,928</u>	<u>25,209</u>	

At 31 December 2025, unutilised net proceeds of approximately HK\$25.2 million were deposited into licensed banks in the PRC.

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

OTHER INFORMATION

Directors' rights to purchase shares or debentures

At no time during FY2025 was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any body corporate, and none of the Directors and chief executives or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during FY2025.

Purchase, sale or redemption of the Company's securities

During FY2025 and up to the date of this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities. As at 31 December 2025, there were no treasury shares (as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")) held by the Company.

Communication with Shareholders

The annual general meeting of the Company in 2025 (the "2025 AGM") was held on 20 June 2025. All resolutions at the 2025 AGM were passed by way of a poll and the poll results were posted on the websites of the Stock Exchange and the Company on the same day.

Use of proceeds from the Listing

The Company was successfully listed on the Main Board of the Stock Exchange on the Listing Date with net proceeds received by the Company from the Listing in the amount of approximately HK\$85.1 million. For details of use of proceeds from the Listing, please refer to the paragraph headed “Future Plans and Use of Proceeds” in this announcement. Since the Listing Date, the Group will gradually utilise the net proceeds in accordance with the intended purposes as stated in the Prospectus. Please refer to the section headed “Future Plans and Use of Proceeds” in the Prospectus for details.

Sufficiency of public float

Based on information that is publicly available to the Company and within the knowledge of the Directors, since the Listing Date and up to the date of this announcement, the Company has maintained a sufficient public float of not less than 25% of the Company’s total number of issued Shares as required under the Listing Rules.

Directors’ securities transactions

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions since the Listing Date. Based on specific enquiry made to the Directors, all of the Directors have confirmed that they had complied with the Model Code during FY2025.

Compliance with laws and regulations

As far as the Board and management are aware, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During FY2025, there was no material breach of or non-compliance with the applicable of relevant laws and regulations by the Group.

Since the Listing Date and up to the date of this announcement, the Board has all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise, and independent non-executive directors representing at least one-third of the Board.

In addition, the Company has all times complied with Rule 3.21 of the Listing Rules, which requires that the audit committee of the Company (the “**Audit Committee**”) must comprise a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise.

Compliance with the corporate governance code

The Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasise accountability and transparency to the Shareholders.

The Company has adopted the principles and all relevant code provisions as set out under the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules.

To response to the amendments to the CG Code, which has been effective from 1 July 2025. Mr. Wong Tai Wai David, an independent non-executive Director, ceased to be a member of the nomination committee of the Board (the “**Nomination Committee**”), and Ms. Leong Kai Weng Subrina, an independent non-executive Director, was appointed as a member of the Nomination Committee to replace Mr. Wong Tai Wai David, both with effect from 23 June 2025.

Since the Listing Date and up to the date of this announcement, the Company has complied with the CG Code. The Company will continue to regularly review and monitor its corporate governance practices to align with the latest corporate governance developments.

2026 AGM and Closure of Register of Members

To ascertain the entitlement to attend and vote at the annual general meeting to be held on Thursday, 18 June 2026 (the “**2026 AGM**”), the register of members of the Company will be closed from Monday, 15 June 2025 to Thursday, 18 June 2026 (both days inclusive) during which no transfer of Shares will be registered. In order to be eligible to attend and vote at the 2026 AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Friday, 12 June 2026.

Audit Committee and review of financial statements

The Company has established the Audit Committee with written terms of reference in compliance with the CG Code. As at the date of this announcement, the members of the Audit Committee are Ms. Leong Kai Weng Subrina, Mr. Ng Brian Hong Jing and Mr. Wong Tai Wai David, all of whom are independent non-executive Directors. Ms. Leong Kai Weng Subrina is the chair of the Audit Committee.

The Audit Committee has reviewed the accounting principles and standards adopted by the Group, and has discussed and reviewed the internal control, financial reporting matters and the continuing connected transactions of the Group for FY2025. The audited financial results of the Group for FY2025 have been reviewed by the Audit Committee, there is no disagreement between the Board and the Audit Committee on the Group’s audited financial results of the Group for FY2025.

Scope of Work of the Company’s Auditor on the Results Announcement

The figures in respect of the consolidated statement of profit or loss and other comprehensive income, and the consolidated statement of financial position of the Group and the related notes thereto for FY2025 as set out in this preliminary announcement have been agreed by the Company’s auditor, Forvis Mazars CPA Limited (“**Forvis Mazars**”), Certified Public Accountants, to the amounts set out in the audited consolidated financial statements of the Group for FY2025. The work performed by Forvis Mazars in this respect did not constitute an audit, review or other 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 the Company’s auditor on this announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.Insoftb.com). The annual report of the Company for FY2025 containing all information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course in accordance with the Listing Rules.

For and on behalf of the Board
Soft International Group Ltd
NGAN Pui Kuan
Chairman and Executive Director

Quanzhou Jinjiang, Fujian, the PRC, 27 March 2026

As at the date of this announcement, the executive directors of the Company are Mr. Ngan Pui Kuan, Mr. Zeng Guodong, Mr. Zhou Jiahao and Mr. Gao Yue; the non-executive director of the Company is Mr. Cai Hao; and the independent non-executive directors of the Company are Ms. Leong Kai Weng Subrina, Mr. Wong Tai Wai David and Mr. Ng Brian Hong Jing.