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恒安國際集團有限公司
HENGAN INTERNATIONAL GROUP CO., LTD

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1044)

Websites: http://www.hengan.com
http://www.irasia.com/listco/hk/hengan

"Growing with You for a Better Life"

FINANCIAL SUMMARY
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Unaudited		
	2026	2025	% of
	RMB'000	*RMB'000*	change
Revenue	**11,091,415**	11,808,232	–6.1%
Gross profit margin	**35.3%**	32.3%	
Operating profit	**1,979,290**	1,757,339	12.6%
Profit attributable to shareholders	**1,254,042**	1,372,894	–8.7%
Earnings per share			
— Basic	**RMB1.104**	RMB1.206	
— Diluted	**RMB1.104**	RMB1.206	
Finished goods turnover (days)	**39**	38	
Trade and bills receivables turnover (days)	**36**	37	
Rate of return on equity (annualised)	**11.5%**	12.9%	

INTERIM FINANCIAL INFORMATION

The Board of Directors of Hengan International Group Company Limited ("Hengan International" or the "Company") (the "Board") is pleased to present the unaudited interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2026, and the unaudited interim condensed consolidated statement of financial position of the Group as at 30 June 2026, together with the comparative figures and selected explanatory notes (the "Interim Financial Information"). The Interim Financial Information has been reviewed by the Company's Audit Committee and the Company's auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

	Notes	Six months ended 30 June 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Revenue	*4*	**11,091,415**	11,808,232
Cost of goods sold		**(7,177,816)**	(7,996,703)
Gross profit		**3,913,599**	3,811,529
Selling and distribution costs		**(1,944,348)**	(1,879,365)
Administrative expenses		**(727,270)**	(733,720)
Reversals of impairment losses (impairment losses) on financial assets — net	*5(a)*	**3,523**	(57,463)
Other income and other gains — net		**733,786**	616,358
Operating profit		**1,979,290**	1,757,339
Finance income	*5(b)*	**36,163**	115,453
Finance costs	*5(b)*	**(372,060)**	(171,509)
Finance costs — net		**(335,897)**	(56,056)
Share of results of investments accounted for using the equity method	*17*	**140**	197
Profit before tax	*5(a)*	**1,643,533**	1,701,480
Income tax expense	*6*	**(380,781)**	(332,718)
Profit for the period		**1,262,752**	1,368,762
Profit (loss) attributable to:			
Shareholders of the Company		**1,254,042**	1,372,894
Non-controlling interests		**8,710**	(4,132)
		1,262,752	1,368,762
Earnings per share for profit attributable to shareholders of the Company			
— Basic	*7*	**RMB1.104**	RMB1.206
— Diluted	*7*	**RMB1.104**	RMB1.206

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period	**1,262,752**	1,368,762
Other comprehensive (expense) income:		
Items that may be subsequently reclassified to profit or loss		
— Currency translation differences	**78,698**	6,071
Items that will not be subsequently reclassified to profit or loss		
— Currency translation differences	**(258,635)**	(59,526)
Other comprehensive expense for the period	**(179,937)**	(53,455)
Total comprehensive income for the period	**1,082,815**	1,315,307
Attributable to:		
Shareholders of the Company	**1,077,267**	1,311,556
Non-controlling interests	**5,548**	3,751
Total comprehensive income for the period	**1,082,815**	1,315,307

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Notes	**30 June 2026** *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**9,063,325**	9,098,076
Right-of-use assets	*10*	**1,228,651**	1,245,616
Construction-in-progress	*9*	**400,479**	445,626
Investment properties	*9*	**203,010**	176,580
Intangible assets	*9*	**565,213**	581,336
Prepayments for non-current assets		**98,764**	131,491
Deferred tax assets		**293,854**	385,860
Investments accounted for using the equity method	*17*	**31,346**	34,025
Long-term time deposits	*12*	**5,645,504**	7,009,754
		17,530,146	19,108,364
CURRENT ASSETS			
Inventories		**4,424,904**	4,463,723
Trade and bills receivables	*11*	**2,113,760**	2,320,032
Other receivables, prepayments and deposits		**1,596,523**	1,634,031
Tax recoverable		**5,245**	3,681
Derivative financial instruments		**216,130**	35,833
Restricted bank deposits		**300**	300
Cash and bank balances	*12*	**22,187,476**	15,615,635
		30,544,338	24,073,235
Total assets		**48,074,484**	43,181,599

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 30 June 2026

	Notes	**30 June 2026** **RMB'000** **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
CAPITAL AND RESERVE			
Share capital	*15*	**123,345**	123,345
Reserves		**2,766,210**	2,967,648
Retained earnings		**19,033,232**	18,660,540
Equity attributable to shareholders of the Company		**21,922,787**	21,751,533
Non-controlling interests		**212,643**	221,290
Total equity		**22,135,430**	21,972,823
NON-CURRENT LIABILITIES			
Borrowings	*14*	**219,506**	116,345
Lease liabilities	*10*	**11,508**	9,092
Deferred tax liabilities		**199,843**	169,399
		430,857	294,836
CURRENT LIABILITIES			
Trade payables	*13*	**2,103,821**	3,102,737
Other payables and accrued charges	*13*	**2,035,197**	1,903,262
Contract liabilities		**58,777**	86,948
Derivative financial instruments		**–**	14,360
Lease liabilities	*10*	**18,946**	17,815
Tax payables		**121,706**	171,103
Borrowings	*14*	**21,169,750**	15,617,715
		25,508,197	20,913,940
Total liabilities		**25,939,054**	21,208,776
Total equity and liabilities		**48,074,484**	43,181,599

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Attributable to the shareholders of the Company					
	Share capital *RMB'000*	**Other reserves** *RMB'000*	**Retained earnings** *RMB'000*	**Total** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total equity** *RMB'000*
Balance at 1 January 2026 (audited)	**123,345**	**2,967,648**	**18,660,540**	**21,751,533**	**221,290**	**21,972,823**
Profit for the period	–	–	**1,254,042**	**1,254,042**	**8,710**	**1,262,752**
Currency translation differences	–	**(176,775)**	–	**(176,775)**	**(3,162)**	**(179,937)**
Total comprehensive (expense) income	–	**(176,775)**	**1,254,042**	**1,077,267**	**5,548**	**1,082,815**
Transactions with owners:						
2025 final dividends paid *(Note 8)*	–	–	**(792,485)**	**(792,485)**	–	**(792,485)**
Recognition of equity-settled share-based payments:						
— share award scheme of the Company *(Note 16)*	–	**16,731**	–	**16,731**	–	**16,731**
Repurchases of treasury shares *(Note 15)*	–	**(130,259)**	–	**(130,259)**	–	**(130,259)**
Liquidation of a subsidiary	–	–	–	–	**(14,195)**	**(14,195)**
Total of transactions with owners	–	**(113,528)**	**(792,485)**	**(906,013)**	**(14,195)**	**(920,208)**
Appropriation to statutory reserves	–	**88,865**	**(88,865)**	–	–	–
Balance at 30 June 2026 (unaudited)	**123,345**	**2,766,210**	**19,033,232**	**21,922,787**	**212,643**	**22,135,430**
Balance at 1 January 2025 (audited)	123,345	2,902,639	17,894,966	20,920,950	224,631	21,145,581
Profit for the period	–	–	1,372,894	1,372,894	(4,132)	1,368,762
Currency translation differences	–	(61,338)	–	(61,338)	7,883	(53,455)
Total comprehensive (expense) income	–	(61,338)	1,372,894	1,311,556	3,751	1,315,307
Transactions with owners:						
2024 final dividends paid *(Note 8)*	–	–	(797,245)	(797,245)	(2,684)	(799,929)
Recognition of equity-settled share-based payments:						
— share option scheme of the Company *(Note 16)*	–	897	–	897	–	897
— share award scheme of a subsidiary *(Note 16)*	–	(762)	–	(762)	1,404	642
Repurchases of treasury shares *(Note 15)*	–	(25,727)	–	(25,727)	–	(25,727)
Total of transactions with owners	–	(25,592)	(797,245)	(822,837)	(1,280)	(824,117)
Appropriation to statutory reserves	–	159,202	(159,202)	–	–	–
Balance at 30 June 2025 (unaudited)	123,345	2,974,911	18,311,413	21,409,669	227,102	21,636,771

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash generated from operations	**927,425**	1,894,149
Income tax paid	**(309,446)**	(269,320)
Net cash generated from operating activities	**617,979**	1,624,829
Cash flows from investing activities		
Placement of long-term and short-term time deposits	**(12,302,721)**	(8,712,644)
Purchase of property, plant and equipment, construction-in-progress and other non-current assets	**(470,732)**	(500,315)
Cash outflow arising from deregistration of a subsidiary	**(14,195)**	–
Withdrawal of long-term and short-term time deposits	**8,228,932**	4,306,461
Interest received	**297,488**	180,358
Proceeds on disposal of derivative financial instruments	**107,559**	201,348
Proceeds on disposal of property, plant and equipment and right-of-use assets	**17,331**	7,007
Refund (purchase) of deposit for land use rights	**11,575**	(12,035)
Dividend income from investments accounted for using the equity method	**2,725**	–
Proceeds on disposal of financial assets at FVTPL	**–**	73,718
Net cash used in investing activities	**(4,122,038)**	(4,456,102)
Cash flows from financing activities		
New borrowings raised *(Note 14)*	**20,128,340**	13,389,541
Repayment of borrowings *(Note 14)*	**(14,400,844)**	(9,823,200)
Dividends paid *(Note 8)*	**(792,485)**	(797,245)
Repurchase of treasury shares	**(130,259)**	(25,727)
Interest paid	**(121,478)**	(153,044)
Lease payments	**(12,184)**	(11,346)
Dividends paid to non-controlling interests	**(6,852)**	(15,225)
Net cash generated from financing activities	**4,664,238**	2,563,754
Increase (decrease) in cash and cash equivalents	**1,160,179**	(267,519)
Cash and cash equivalents at 1 January	**5,739,442**	7,445,915
Effect of foreign exchange rate changes	**(26,377)**	(681)
Cash and cash equivalents at 30 June	**6,873,244**	7,177,715

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2026

1. GENERAL INFORMATION

Hengan International Group Company Limited (the "Company") and its subsidiaries (together, the "Group") are principally engaged in the manufacturing, distribution and sale of personal hygiene products in the People's Republic of China (the "PRC") and certain overseas markets.

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, British West Indies, Cayman Islands.

The Company's shares have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since December 1998.

This interim condensed consolidated financial information is presented in Renminbi ("RMB"), unless otherwise stated.

This interim condensed consolidated financial information was approved for issue by the Board of Directors on 19 August 2026.

This interim condensed consolidated financial information has been reviewed, not audited.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange.

3. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at revalued amounts or fair values, as appropriate. The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2025.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11

The application of the amendments to HKFRS Accounting Standards in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. SEGMENT INFORMATION

The chief operating decision-makers have been identified as the Executive Directors. The Executive Directors review the Group's internal reports in order to assess performance and allocate resources. Management has determined the operating segments based on the reports reviewed by the Executive Directors.

The Executive Directors consider the performance of the Group from a product perspective. The Executive Directors assess the performance of the operating segments based on a measure of segment profit without allocation of corporate administrative expenses, other income and other gains — net, finance income(costs), share of results of investments accounted for using the equity method and income tax expense which is consistent with that in the annual consolidated financial statements.

The Group's operations are mainly organised under the segments of manufacturing, distribution and sale of personal hygiene products and tissue paper products, as well as others (including raw material trading business, household products business, and Wang-Zheng Berhad and its subsidiaries in Malaysia).

Sales between segments are carried out on terms mutually agreed amongst these business segments. Revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the condensed consolidated statement of profit or loss.

Most of the Group's companies are domiciled in the PRC. The revenue from external customers in PRC accounted for more than 90% of the Group's total revenue.

The amounts provided to the Executive Directors with respect to total assets and liabilities are measured in a manner consistent with those of the condensed consolidated financial statements. These assets and liabilities are allocated based on the operations of the segment.

Addition to non-current assets comprise addition to property, plant and equipment, construction-in-progress, right-of-use assets and intangible assets.

Unallocated costs represent corporate expenses. Unallocated assets comprise corporate assets and derivative financial instruments. Unallocated liabilities comprise corporate liabilities and derivative financial instruments.

4. SEGMENT INFORMATION (CONTINUED)

The segment information for the six months ended 30 June 2026 is as follows:

	Unaudited			
	Hygiene products *RMB'000*	**Tissue paper products** *RMB'000*	**Others** *RMB'000*	**Group** *RMB'000*
Segment revenue	**3,481,617**	**7,186,187**	**1,624,839**	**12,292,643**
Inter-segment sales	**(269,078)**	**(439,138)**	**(493,012)**	**(1,201,228)**
Revenue	**3,212,539**	**6,747,049**	**1,131,827**	**11,091,415**
Segment profit	**716,197**	**417,431**	**150,576**	**1,284,204**
Unallocated costs				**(38,700)**
Other income and other gains — net				**733,786**
Operating profit				**1,979,290**
Finance income				**36,163**
Finance costs				**(372,060)**
Share of results of investments accounted for using the equity method				**140**
Profit before tax				**1,643,533**
Income tax expense				**(380,781)**
Profit for the period				**1,262,752**
Profit attributable to non-controlling interests				**(8,710)**
Profit attributable to shareholders of the Company				**1,254,042**
Additions to non-current assets	**102,646**	**284,066**	**116,057**	**502,769**
Depreciation of property, plant and equipment and investment properties	**137,214**	**317,044**	**41,372**	**495,630**
Depreciation of right-of-use assets	**11,162**	**13,655**	**5,663**	**30,480**
Amortisation charge	**12,800**	**3**	**3,320**	**16,123**
As at 30 June 2026 (Unaudited)				
Segment assets	**5,543,883**	**11,485,766**	**2,035,095**	**19,064,744**
Deferred tax assets				**293,854**
Tax recoverable				**5,245**
Investments accounted for using the equity method				**31,346**
Long-term time deposits				**5,645,504**
Cash and bank balances				**22,187,476**
Unallocated assets				**846,315**
Total assets				**48,074,484**
Segment liabilities	**1,304,227**	**1,867,748**	**987,165**	**4,159,140**
Deferred tax liabilities				**199,843**
Tax payables				**121,706**
Borrowings				**21,389,256**
Unallocated liabilities				**69,109**
Total liabilities				**25,939,054**

4. SEGMENT INFORMATION (CONTINUED)

The segment information for the six months ended 30 June 2025 is as follows:

	Unaudited			
	Hygiene products *RMB'000*	Tissue paper products *RMB'000*	Others *RMB'000*	Group *RMB'000*
Segment revenue	3,575,517	7,717,484	1,831,118	13,124,119
Inter-segment sales	(271,678)	(543,784)	(500,425)	(1,315,887)
Revenue	3,303,839	7,173,700	1,330,693	11,808,232
Segment profit	709,072	312,523	132,634	1,154,229
Unallocated costs				(13,248)
Other income and other gains — net				616,358
Operating profit				1,757,339
Finance income				115,453
Finance costs				(171,509)
Share of results of investments accounted for using the equity method				197
Profit before tax				1,701,480
Income tax expense				(332,718)
Profit for the period				1,368,762
Loss attributable to non-controlling interests				4,132
Profit attributable to shareholders of the Company				1,372,894
Additions to non-current assets	282,277	222,968	31,762	537,007
Depreciation of property, plant and equipment and investment properties	125,046	318,227	36,017	479,290
Depreciation of right-of-use assets	9,797	12,718	5,834	28,349
Amortisation charge	12,796	3	3,358	16,157
As at 31 December 2025				
Segment assets (restated)	5,914,839	11,363,202	2,251,883	19,529,924
Deferred tax assets				385,860
Tax recoverable				3,681
Investments accounted for using the equity method				34,025
Long-term time deposits				7,009,754
Cash and bank balances				15,615,635
Unallocated assets (restated)				602,720
Total assets				43,181,599
Segment liabilities	1,372,681	1,710,760	1,992,325	5,075,766
Deferred tax liabilities				169,399
Tax payables				171,103
Borrowings				15,734,060
Unallocated liabilities				58,448
Total liabilities				21,208,776

5(a). PROFIT FOR THE PERIOD

Profit before tax is stated after crediting and charging the following:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Crediting		
Interest income from long-term and short-term time deposits *(Note)*	**330,106**	278,864
Government grants income	**101,459**	125,456
Net gains on derivative financial instruments	**305,396**	201,616
Reversals of impairment losses on financial assets	**3,523**	–
Exchange gain from operating activities — net	**16,439**	756
Fair value gains on financial assets at FVTPL	**–**	2,226
Gain on disposal of financial assets at FVTPL	**–**	22,438
Charging		
Employee benefit expense, including Directors' emoluments	**1,257,564**	1,239,506
Depreciation of property, plant and equipment *(Note 9)*	**490,011**	473,824
Net impairment losses on financial assets	**–**	57,463
Miscellaneous taxes and levies	**43,752**	47,493
Depreciation of right-of-use assets *(Note 10)*	**30,480**	28,349
Amortisation of intangible assets *(Note 9)*	**16,123**	16,157
Losses on disposal of property, plant and equipment and right-of-use assets	**24,333**	15,071
Depreciation of investment properties *(Note 9)*	**5,619**	5,466
Provision of inventions write-down	**144**	12,681

Note:

Interest income from long-term and short-term time deposits amounting to RMB330,106,000 (30 June 2025: RMB278,864,000) is included in "other income and other gains — net".

5(b). FINANCE INCOME AND FINANCE COSTS

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance costs:		
Interest expense		
— Borrowings	**153,505**	149,487
— Lease liabilities	**558**	633
Other finance charges	**5,171**	21,389
Exchange loss from financing activities — net	**212,826**	—
	372,060	171,509
Finance income:		
Interest income from cash and cash equivalents	**(36,163)**	(43,009)
Exchange gains from financing activities — net	**—**	(72,444)
	(36,163)	(115,453)
Finance costs, net	**335,897**	56,056

6. INCOME TAX EXPENSE

The amount of income tax expense charged to condensed consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax		
— Current tax on profits for the period	**258,485**	244,801
Deferred income tax		
— Tax charge to profit or loss	**122,296**	87,917
Income tax expense	**380,781**	332,718

(a) Taxation on Mainland China income has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in Mainland China in which the Group operates. The Company's subsidiaries incorporated in Mainland China are subject to Corporate Income Tax at the rate of 25%.

(b) Hong Kong and overseas profits tax has been calculated at the rates of taxation prevailing in the regions in which the Group operates respectively.

(c) Deferred income tax is calculated in full on temporary differences under the liability method using the prevailing tax rates applicable to the subsidiaries of the Group.

(d) The profits of Mainland China subsidiaries of the Group derived since 1 January 2008 are subject to withholding tax at a rate of 5% upon distribution of such profits to investors in Hong Kong, or at a rate of 10% for other foreign investors. Deferred tax liabilities of approximately RMB31,814,000 (2025: RMB19,390,000) have been provided for in this regard based on the expected dividends to be distributed from the Group's Mainland China subsidiaries in the foreseeable future in respect of the profits generated since 1 January 2008.

(e) The Group is operating in certain jurisdictions where the Pillar Two Rules ("Pillar Two Rules") are effective and is subject to the global minimum top-up tax Pillar Two Rules. However, as the top-up tax impact is not significant to the Group, the management of the Group has not made relevant disclosures of qualitative and quantitative information about the Group's exposure to the Pillar Two income taxes.

7. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Profit attributable to shareholders of the Company *(RMB'000)*	**1,254,042**	1,372,894
Weighted average number of ordinary shares in issue *(thousands)*	**1,135,929**	1,138,723
Basic earnings per share *(RMB)*	**1.104**	1.206

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Share options of the Company and the share awards of the Company (2025: share options of the Company and the share awards of a subsidiary) are the only categories relevant to the diluted earnings per share calculation of the Company.

For the six months ended 30 June 2026, as the exercise price in respect of outstanding share options and the share awards of the Company were higher than the average market price, there was no adjustment for profit attributable to shareholders of the Company and dilutive potential ordinary shares on the weighted average number of ordinary shares for the purpose of diluted earnings per share.

For the six months ended 30 June 2025, as the exercise price in respect of outstanding share options of the Company was higher than the average market price, and the shares awarded by the subsidiary were vested immediately after grant, there was no adjustment for profit attributable to shareholders of the Company and dilutive potential ordinary share on the weighted average number of ordinary shares for the purpose of diluted earnings per share.

8. DIVIDENDS

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Dividends recognised as distributions to ordinary shareholders:		
Final dividend of RMB0.70 in respect of the year ended 31 December 2025 (2025: final dividend of RMB0.70 in respect of the year ended 31 December 2024) per ordinary share *(Note (a))*	**813,485**	813,485

Notes:

(a) The dividends paid in 2026 include final dividend amounted to RMB813,485,000 paid in respect of the year ended 31 December 2025 of RMB0.70 per share (including RMB21,000,000 which is the dividend of shares withheld for treasury shares held by the Company and shares held by the Trustee (as defined in note 16) for the share award schemes of the Company).

The dividends paid in 2025 include final dividend amounted to RMB813,485,000 paid in respect of the year ended 31 December 2024 of RMB0.70 per share (including RMB16,240,000 which is the dividend of shares withheld for shares held by the Trustee (as defined in note 16) for the share award schemes of the Company).

(b) An interim dividend in respect of the period ended 30 June 2026 of RMB0.7 per share, amounting to a total dividend of RMB813,485,000 (including RMB21,000,000 which is the dividend of shares withheld for the share award scheme of the Company and treasury shares), was proposed by the Board of Directors at a meeting held on 19 August 2026. These financial statements do not reflect this dividend payable.

Dividends payable to shareholders will be paid in HK$. The exchange rate adopted by the Company for its payable is the middle rate of HK$ to RMB announced by the People's Bank of China for the business day preceding the date of dividend declaration. The interim dividend of RMB0.70 per share equivalent to HK$0.80870 per share using the exchange rate of HK$ to RMB on 18 August 2026,which is 0.86559.

9. CAPITAL EXPENDITURE — NET BOOK VALUE

	Unaudited			
	Property, plant and equipment *RMB'000*	**Construction in-progress** *RMB'000*	**Investment properties** *RMB'000*	**Intangible assets** *RMB'000*
At 1 January 2026 (Audited)	**9,098,076**	**445,626**	**176,580**	**581,336**
Additions	**105,745**	**382,543**	**–**	**–**
Transfer from construction-in-progress	**394,314**	**(394,314)**	**–**	**–**
Transfer to property, plant and equipment	**140**	**–**	**(140)**	**–**
Transfer to investment properties	**–**	**(33,376)**	**33,376**	**–**
Transfer to right-of-use assets	**–**	**–**	**(866)**	**–**
Disposals	**(41,664)**	**–**	**–**	**–**
Depreciation/amortisation for the period	**(490,011)**	**–**	**(5,619)**	**(16,123)**
Exchange realignment	**(3,275)**	**–**	**(321)**	**–**
At 30 June 2026 (Unaudited)	**9,063,325**	**400,479**	**203,010**	**565,213**
At 1 January 2025 (Audited)	8,319,686	1,287,158	181,100	612,589
Additions	117,597	396,094	–	1,078
Transfer from construction-in-progress	569,873	(569,873)	–	–
Transfer to investment properties	(78,040)	–	78,040	–
Transfer from right-of-use assets	–	–	1,642	–
Disposals	(22,121)	–	–	–
Impairment charges for the period	(2,154)	–	–	–
Depreciation/amortisation for the period	(473,824)	–	(5,466)	(16,157)
Exchange realignment	2,750	(381)	458	–
At 30 June 2025 (Unaudited)	8,433,767	1,112,998	255,774	597,510

10. LEASES

(a) Amounts recognised in the condensed consolidated statement of financial position

	30 June 2026 *RMB'000* (Unaudited)	31 December 2025 *RMB'000* (Audited)
Right-of-use assets		
— Land use rights	**1,198,674**	1,219,230
— Buildings	**29,977**	26,386
Total	**1,228,651**	1,245,616
Lease liabilities		
— Current	**(18,946)**	(17,815)
— Non-current	**(11,508)**	(9,092)
Total	**(30,454)**	(26,907)

(b) Amounts recognised in the condensed consolidated statement of profit or loss

The condensed consolidated statement of profit or loss shows the following amounts relating to leases:

	Six months ended 30 June	
	2026 *RMB'000* (Unaudited)	2025 *RMB'000* (Unaudited)
Depreciation of right-of-use assets		
— Land use rights	**18,891**	17,590
— Buildings	**11,589**	10,759
Total *(Note 5)*	**30,480**	28,349
Interest expense	**558**	633
Short-term and low-value lease expenses	**18,013**	16,171

The total cash payment for leases, comprising lease payment and short-term and low-value lease expense, during the period was RMB30,197,000 (2025: RMB27,517,000), excluding the cash payment for land-use rights.

11. TRADE AND BILLS RECEIVABLES

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Trade receivables	**2,235,353**	2,501,230
Bills receivables	**24,636**	4,630
	2,259,989	2,505,860
Less: provision for impairment	**(146,229)**	(185,828)
Trade and bills receivables, net	**2,113,760**	2,320,032

Part of the Group's sales are on open account with credit terms ranging from 30 days to 90 days. The ageing analysis of trade and bills receivables based on invoice date is as follows:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Within 30 days	**985,378**	1,099,863
31 to 180 days	**1,087,380**	1,191,782
181 to 365 days	**37,034**	22,630
Over 365 days	**150,197**	191,585
	2,259,989	2,505,860

There is no concentration of credit risk with respect to trade and bills receivables as the Group has a large number of customers. As credit terms are short and most of the trade and bills receivables are due for settlement within one year, the carrying amounts of these balances approximated their fair values as at the date of reporting period.

12. LONG-TERM TIME DEPOSITS AND CASH AND BANK BALANCES

	30 June 2026 *RMB'000* (Unaudited)	31 December 2025 *RMB'000* (Audited)
Long-term time deposits	**5,645,504**	7,009,754
Cash and bank balances		
— Bank time deposits	**15,314,232**	9,876,193
— Cash and cash equivalents	**6,873,244**	5,739,442
	22,187,476	15,615,635
Total	**27,832,980**	22,625,389

The cash and cash equivalents represented cash deposits held at call with banks and in hand and other short-term highly liquid investments with original maturities of three months or less.

13. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

	30 June 2026 *RMB'000* (Unaudited)	31 December 2025 *RMB'000* (Audited)
Trade payables	**2,103,821**	3,102,737
Other payables and accrued charges		
— Accrued expenses and other payables	**1,472,587**	1,274,418
— Payables for purchase of property, plant and equipment	**327,398**	331,993
— Employee benefit payable	**192,053**	261,414
— Other taxes payables	**43,159**	35,437
	2,035,197	1,903,262
Total	**4,139,018**	5,005,999

13. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES (CONTINUED)

The ageing analysis of trade payables based on invoice date is as follows:

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Within 30 days	**1,268,664**	1,720,328
31 to 180 days	**816,585**	1,359,440
181 to 365 days	**53**	20,527
Over 365 days	**18,519**	2,442
	2,103,821	3,102,737

The carrying amounts of trade payables approximated their fair values as at the date of reporting period due to short-term maturity.

14. BORROWINGS

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Non-current		
Long-term bank loans	**219,506**	116,345
Current		
Short-term bank loans	**14,440,180**	9,485,613
Trust receipt bank loans	**87,281**	75,465
Current portion of long-term bank loans	**142,289**	2,356,637
Super short-term commercial papers *(a)*	**5,500,000**	2,700,000
Corporate bond *(b)*	**1,000,000**	1,000,000
	21,169,750	15,617,715
Total	**21,389,256**	15,734,060

As at 30 June 2026, the effective interest rate of the Group's bank loans and other borrowings was approximately 1.51% (31 December 2025: 2.01%) per annum.

As at 30 June 2026 and 31 December 2025, all of the Group's bank loans and other borrowings are unsecured.

14. BORROWINGS (CONTINUED)

(a) Super short-term commercial papers

The Group has the following super short-term commercial papers at the end of the reporting periods:

	Interest rate	Expiration term	Maturity date	Amount *RMB'000*
As at 30 June 2026				
26恒安國際SCP001(科創債)	**1.72%**	**179 days**	**17 July 2026**	**1,000,000**
26恒安國際SCP002(科創債)	**1.81%**	**179 days**	**7 August 2026**	**2,000,000**
26恒安國際SCP003	**1.68%**	**183 days**	**30 September 2026**	**2,000,000**
25恒安國際SCP004(科創債)	**1.77%**	**269 days**	**17 July 2026**	**500,000**
				5,500,000

	Interest rate	Expiration term	Maturity date	Amount *RMB'000*
As at 31 December 2025				
25恒安國際SCP002(科創債)	1.71%	278 days	3 June 2026	700,000
25恒安國際SCP003(科創債)	1.74%	182 days	24 March 2026	1,000,000
25恒安國際SCP004(科創債)	1.77%	269 days	17 July 2026	500,000
25恒安國際SCP005(科創債)	1.68%	179 days	24 April 2026	500,000
				2,700,000

As at 30 June 2026 and 31 December 2025, the carrying amounts of super short-term commercial papers recognised in the consolidated financial statements approximate their fair values.

(b) Corporate bond

The RMB-denominated corporate bond was issued on 4 December 2025, carries an interest rate of 1.8% and will mature on 4 December 2026.

As at 30 June 2026 and 31 December 2025, the carrying amounts of corporate bond recognised in the consolidated financial statements approximate their fair values.

14. BORROWINGS (CONTINUED)

Movements in borrowings are analysed as follows:

	RMB'000 (Unaudited)
At 1 January 2026 (audited)	15,734,060
New borrowings raised	20,128,340
Repayments of borrowings	(14,400,844)
Exchange realignment	(72,300)
At 30 June 2026 (unaudited)	21,389,256
At 1 January 2025 (audited)	13,089,848
New borrowings raised	13,389,541
Repayments of borrowings	(9,823,200)
Exchange realignment	(53,602)
At 30 June 2025 (unaudited)	16,602,587

15. SHARE CAPITAL

Ordinary shares, issued and fully paid

	Number of shares	*RMB'000*
At 1 January 2026 and 30 June 2026 (unaudited)	**1,162,120,917**	**123,345**
At 1 January 2025 and 30 June 2025 (unaudited)	1,162,120,917	123,345

The Company repurchased its own ordinary shares through the Stock Exchange as follows during the period:

2026

Month of repurchases	**No. of ordinary shares**	**Price paid per share**		**Aggregate consideration paid (including expenses)**
		Highest	**Lowest**	
		HK$	***HK$***	***RMB$'000***
April 2026	1,880,000	27.24	26.24	44,166
May 2026	3,620,000	27.74	26.38	86,093
	5,500,000			130,259

15. SHARE CAPITAL (CONTINUED)

Ordinary shares, issued and fully paid (Continued)

2025

Month of repurchases	No. of ordinary shares	Price paid per share Highest *HK$*	Lowest *HK$*	Aggregate consideration paid (including expenses) *RMB$'000*
June 2025	1,300,000	22.15	20.90	25,727

The repurchased ordinary shares are not cancelled and are remained as treasury shares of the Company.

As of 30 June 2026, there are 6,800,000 treasury shares held by the Company (31 December 2025: 1,300,000).

16. SHARE SCHEMES

(i) Share award scheme

The Company's share award scheme (the "Scheme") was adopted with effect from 11 September 2023 pursuant to a resolution passed on the same date. The Scheme is held by an independent trustee (the "Trustee") appointed by the Group, and administered by the Share Incentive Committee of the Company.

There is no purchase of shares by the Trustee during the period ended 30 June 2026. During the period ended 30 June 2026, the Company granted a total of 18,495,000 shares (2025: None) to Directors and employees of the Group (the "Selected Employees") at a purchase price of HK$27.56 per share. As of 30 June 2026, the Trustee held a total of 23,200,000 shares (31 December 2025: 23,200,000 shares) of the Company, in which 18,142,000 shares (31 December 2025: Nil) are allocated but unvested, 5,058,000 shares, including the 353,000 forfeited share awards reverted (31 December 2025: 23,200,000 shares) are available for future grant under the Scheme.

Pursuant to the Scheme, the awarded shares held by the Trustee shall not vest in the Selected Employee when (i) the Selected Employee fails to remain as an employee on the relevant vesting date; (ii) the Selected Employee fails to fulfil the vesting conditions (if any) in respect of the awarded shares; and (iii) the Selected Employee's employment is terminated by reason of, inter alia, serious misconduct, incompetence or negligence in performing his/her duties causing material losses to the Group, being charged, convicted for any offence under applicable laws or regulations, and/or breaches of the Group's employee behavior codes.

16. SHARE SCHEMES (CONTINUED)

(i) Share award scheme (Continued)

The tables below set out details of share awards granted to the Selected Employees under the Schemes:

Selected Employees	Grant date	Outstanding at 1 January 2026	Granted during the period	Forfeited during the period	Outstanding at 30 June 2026
Directors					
— Sze Man Bok	15 January 2026	–	100,000	–	100,000
— Hui Ching Lau	15 January 2026	–	300,000	–	300,000
— Xu Da Zuo	15 January 2026	–	200,000	–	200,000
— Sze Wong Kim	15 January 2026	–	60,000	–	60,000
— Hui Ching Chi	15 January 2026	–	200,000	–	200,000
— Li Wai Leung	15 January 2026	–	150,000	(150,000)	–
— Xu Wenmo	15 January 2026	–	60,000	–	60,000
	Sub-total	–	1,070,000	(150,000)	920,000
Selected Employee — In aggregate	15 January 2026	–	17,425,000	(203,000)	17,222,000
	Total	–	18,495,000	(353,000)	18,142,000

There are no performance targets attached to the share awards. The share awards vest from the date of grant, with 50% to 14 January 2027 and the remaining 50% to 14 January 2028, at a purchase price of HK$27.56 per share, payable by the grantee upon exercise of the share award. The share award granted shall be exercisable during the following periods: (a) 50% of the share awards shall be exercisable from 15 January 2027 to 14 January 2028, (b) the remaining 50% of the share awards shall be exercisable from 15 January 2028 to 14 January 2029, and the share awards shall lapse at the expiry of the respective exercisable period.

Share awards granted are exercisable at the discretion of the Selected Employees. If a Selected Employee elects not to exercise the share awards prior to their expiration date, the share award forfeits or expires without any payment or penalty due to the Company.

Out of the 18,142,000 outstanding share awards, no share award was exercisable as of 30 June 2026.

16. SHARE SCHEMES (CONTINUED)

(i) Share award scheme (Continued)

Based on the fair value of the underlying ordinary shares, the Group uses the binomial model to determine the fair value of the share awards as of the grant date. Key assumptions are set as below:

	Key assumptions — Awards granted on 15 January 2026
Fair value at grant date	HK$2.90–HK$3.19
Share price at grant date	HK$27.56
Exercise price	HK$27.56
Risk-free interest rate	2.45%–2.46%
Dividend yield	5.66%
Expected volatility *(Note)*	25.21%–25.71%
Expected life *(in years)*	2–3

Note: The expected volatility, measured as the standard deviation of expected share price returns, is determined based on the average weekly trading price volatility of the shares of the Company.

Share awards outstanding at the end of the period have the following expiry dates and exercise prices:

	Exercise price in HK$ per share award	**Share awards (thousands)**	
		30 June 2026	31 December 2025
Expiry date — 14 January 2028	27.56	**9,071**	–
Expiry date — 14 January 2029	27.56	**9,071**	–
		18,142	–

The total amount of the fair value of share awards granted to Directors and the Selected Employees is expensed over the vesting period. The Company's share-based compensation expense for the six months ended 30 June 2026 amounted to RMB16,731,000, and the remaining unamortised fair value of approximately RMB32,563,000 will be charged to the consolidated income statement in future periods.

The maximum number of shares available for further grant after considering the share awards already granted under the Scheme are 39,611,045, which are not more than 5% of the issued share capital of the Company as at the date of the approval of the Scheme.

16. SHARE SCHEMES (CONTINUED)

(ii) Share option schemes

The Company adopted share option schemes on 17 May 2021 ("2021 Scheme"). Pursuant to the 2021 scheme, share options had been granted to the Directors and selected employees. The options granted will be forfeited if the Directors and employees leave the Group before the options are exercisable. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2026		2025	
	Average exercise price in HK$ per share	**Options (thousands)**	Average exercise price in HK$ per share	Options (thousands)
At 1 January (audited)	**41.43**	**14,207**	47.63	32,516
Lapsed or forfeited	**41.48**	**(13,825)**	41.48	(12,345)
Lapsed or forfeited	**40.30**	**(6)**	40.30	(108)
At 30 June (unaudited)	**40.30**	**376**	51.45	20,063

Out of the 376,000 outstanding options (31 December 2025: 14,207,000), 376,000 options (31 December 2025: 14,207,000) were exercisable as at 30 June 2026.

Based on fair value of the underlying ordinary shares, the Group uses binomial model to determine the fair value of the share options as of the grant date. Key assumptions are set as below:

	Key assumptions	
	Options granted on 18 January 2022	**Options granted on 21 December 2022**
Fair value at grant date	HK$2.63–HK$3.84	HK$4.01–HK$4.97
Share price at grant date	HK$38.65	HK$40.30
Exercise price	HK$41.48	HK$40.30
Risk free interest rate	0.68%–1.22%	3.51%–4.05%
Dividend yield	4.88%	5.83%
Expected volatility *(Note)*	24%–25%	23%–25%
Expected life *(in years)*	2–4	2–4

Note: The expected volatility, measured as the standard deviation of expected share price returns, is determined based on the average weekly trading price volatility of the shares of the Company.

16. SHARE SCHEMES (CONTINUED)

(ii) Share option schemes (Continued)

Share options outstanding at the end of the period have the following expiry dates and exercise prices:

	Exercise price in HK$ per share option	Options (thousands) 30 June 2026	31 December 2025
Expiry date — 17 January 2026	41.48	–	13,825
Expiry date — 20 December 2026	40.30	**376**	382
		376	14,207

The total amount of the fair value of share options granted to Directors and selected employees is expensed over the vesting period. The Company's share-based compensation expense for the six months ended 30 June 2026 amounted to RMB: Nil (six months ended 30 June 2025: RMB897,000), and the remaining unamortised fair value of approximately RMB: Nil (2025: RMB912,000) will be charged to the consolidated income statement in future periods.

The maximum number of shares available for issue after considering the share options already granted under the 2021 Scheme are 71,480,742, which are not more than 10% of the issued share capital of the Company as at the date of the approval of the 2021 Scheme.

The subsidiary (the "Subsidiary")

At an extraordinary general meeting on 30 January 2024, the shareholders of the Subsidiary approved the establishment of a Long-Term Incentive Plan ("LTIP"), comprising an employees' share option scheme and a Share Grant Plan ("SGP"). The LTIP is administered by the LTIP Committee which is appointed by the Board of Directors of the Subsidiary in accordance with the LTIP By-Laws. The LTIP was in force for a period of 5 years from the effective date of 27 February 2024 to 26 February 2029.

No share option was granted under the share option scheme of the Subsidiary for the period ended 30 June 2026 and 30 June 2025.

No share was granted under the SGP for the period ended 30 June 2026.

During the period ended 30 June 2025, the Subsidiary granted 805,600 ordinary shares of the Subsidiary to the eligible employees (including Executive Directors) of the Subsidiary and its subsidiaries under the SGP through transfer of treasury shares and issuance of new ordinary shares. The granted shares were vested and transferred to the grantees immediately.

As at 30 June 2026 and 31 December 2025, there are no unvested share options/awards under the LTIP.

The Subsidiary's share-based compensation expense for the six months ended 30 June 2026 amounted to RMB: Nil (2025: RMB642,000).

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the condensed consolidated statement of financial position are as follows:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Investments in associates *(a)*	**12,845**	15,524
Investment in a joint venture *(b)*	**18,501**	18,501
Total	**31,346**	34,025

The details of investments in associates and a joint venture are as follows:

(a) Associates

	RMB'000
At 1 January 2026 (audited)	**15,524**
Share of results of associates	**140**
Dividend received	**(2,725)**
Exchange realignment	**(94)**
At 30 June 2026 (unaudited)	**12,845**
At 1 January 2025 (audited)	16,175
Share of results of associates	200
Exchange realignment	(51)
At 30 June 2025 (unaudited)	16,324

(b) Joint venture

	RMB'000
At 1 January 2026 (audited) and 30 June 2026 (unaudited)	18,501
At 1 January 2025 (audited)	18,503
Share of result of a joint venture	(3)
At 30 June 2025 (unaudited)	18,500

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

The particulars of the associates and a joint venture of the Group as at 30 June 2026, all of which equity method is used to account for, are set out as follows:

Name of entity	Place of business/ country of incorporation	% of ownership interest	Nature of relationship	Particulars of issued share capital	Principal activities
Sinolight (Jinjiang) Hygiene Products Research Co., Ltd.*	Jinjiang, PRC	38.80%	Associate	RMB29,411,800	Research and development of personal hygiene materials
Karrion Development Limited *(note (i))*	Hong Kong, PRC	50.00%	Associate	HK$1,000,000	Development, distribution, wholesaling and retailing of medical, healthcare and hygiene products
Xiamen Anjian Real Estate Operation Co., Ltd.* *(note (ii))*	Xiamen, PRC	50.00%	Joint Venture	RMB37,000,000	Real estate development and operation

* *For identification purpose only*

Note:

(i) The Group has significant influence over the relevant activities of Karrion Development Limited, as the major decisions regarding the relevant activities of Karrion Development Limited only require a simple majority of their respective directors according to the shareholders' agreements.

(ii) The Group has joint control over the relevant activities of Xiamen Anjian Real Estate Operation Co., Ltd, as the relevant activities of Xiamen Anjian Real Estate Operation Co., Ltd require unanimous consent according to the shareholders' agreements.

18. FINANCIAL INSTRUMENTS

Financial risk management objective and policies

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2025.

There have been no changes in the risk management policies since last year end.

Liquidity risk

Compared to the 31 December 2025, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

18. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objective and policies (Continued)

Liquidity risk (Continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the date of reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Total undiscounted cash flows	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 30 June 2026 (Unaudited)						
Borrowings	**21,246,323**	**94,438**	**125,076**	–	**21,465,837**	**21,389,256**
Trade and other payables	**2,888,775**	–	–	–	**2,888,775**	**2,888,775**
Lease liabilities	**19,702**	**9,075**	**2,324**	**414**	**31,515**	**30,454**
Total	**24,154,800**	**103,513**	**127,400**	**414**	**24,386,127**	**24,308,485**
At 31 December 2025 (Audited)						
Borrowings	15,729,349	78,729	38,364	–	15,846,442	15,734,060
Trade and other payables	3,651,421	–	–	–	3,651,421	3,651,421
Derivative financial instruments	14,360	–	–	–	14,360	14,360
Lease liabilities	18,424	6,768	2,361	190	27,743	26,907
Total	19,413,554	85,497	40,725	190	19,539,966	19,426,748

Fair value measurement of financial instruments

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Group's financial instruments that are measured at fair value at 30 June.

18. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurement of financial instruments (Continued)

	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
At 30 June 2026 (Unaudited)				
Financial assets				
Derivative financial instruments	–	**216,130**	–	**216,130**
At 31 December 2025 (Audited)				
Financial assets				
Derivative financial instruments	–	35,833	–	35,833
Financial liabilities				
Derivative financial instruments	–	14,360	–	14,360

During the six months ended 30 June 2026, there were no transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments, and also no significant changes in the reclassification of financial assets or liabilities.

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The Group's derivative financial instruments above are level 2 instruments and their fair value is determined with reference to quotations provided by various banks.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The Group did not have such instrument as at 30 June 2026 and 31 December 2025.

Fair value of the Group's financial assets and financial liabilities measured at amortised cost

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost approximate their fair values at the end of the reporting period.

19. CAPITAL COMMITMENTS

The Group had the following commitments contracted but not provided for in respect of:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Machinery and equipment	**468,198**	500,646
Leasehold land and buildings	**187,769**	333,954
Total	**655,967**	834,600

20. CONTINGENT LIABILITIES

At 30 June 2026, the Group had no material contingent liabilities (31 December 2025: Nil).

21. SIGNIFICANT RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

(a) During the period, the Group had no significant related party transactions;

(b) For the six months ended 30 June 2026, the key management compensation amounted to approximately RMB18,265,000 (2025: RMB15,352,000).

22. SUBSEQUENT EVENT

Details of the interim dividend proposed are given in Note 8.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY DEVELOPMENT AND BUSINESS REVIEW

In the first half of 2026, the global economy continued to recover at a relatively slow pace amid the combined impact of a high-interest rate environment, geopolitical uncertainties, and energy supply shocks. In the opening year of the "15th Five-Year Plan", China implemented more proactive and effective macroeconomic policies, effectively responding to external shocks and challenges. The industrial structure continued to optimise, sustaining a momentum of innovation and qualitative upgrade, with China's gross domestic product ("GDP") growing by 4.7% year-on-year in the first half of 2026. Within this context, the consumer market achieved stable growth, with total retail sales of consumer goods increasing by 1.3% year-on-year, of which retail sales of daily necessities rose by 4.4%. Facing a complex and volatile market environment, the Group remained focused on profitability, advancing product premiumisation and omni-channel layout, steadily expanding its market share, while optimising supply chain management and strengthening risk resilience to achieve stable business development.

During the period, competition in the domestic household products market continued to intensify. In the face of a challenging operating environment, Hengan closely captured the demand for product upgrades in personal care and the growth opportunities arising from new retail channels. By adhering to stable pricing strategies and deepening its product premiumisation and omni-channel layout, while actively managing supply chain fluctuations, the Group continued to demonstrate strong business resilience, outperforming its industry peers. Intense promotional competition in the market put pressure on sales performance, resulting in the Group's revenue for the first half of 2026 decreasing by 6.1% year-on-year to approximately RMB11,091,415,000 (2025 first half: RMB11,808,232,000). Looking ahead to the second half of 2026, the operating environment will remain challenging. However, the sales contribution from premium products is anticipated to sustain steady growth, supporting further improvement in profitability. The Group will strive to maintain stable full-year revenue by optimising its omni-channel layout, strengthening brand promotion, and precisely deploying promotional resources.

The Group adapted to the new integrated online-offline consumption model and actively advanced its omni-channel strategy. During the period, the Group vigorously developed its e-commerce and new retail channels, including emerging platforms such as instant retail and live streaming commerce, thereby broadening the Group's revenue streams. During the period, sales revenue from e-commerce and new retail channels increased by 4.6% year-on-year, accounting for 38.3% of total sales (2025 first half: 34.4%). Concurrently, the Group proactively explored new growth drivers within traditional channels, with sales efficiency being particularly pronounced in the hygiene products market. In addition, the Group continued to advance product premiumisation and enrich its product portfolio to satisfy consumers' rising expectations for product functionality and added value, while elevating its brand image to provide solid support for long-term development. Key premium products, including the "Tianshan Cotton" (天山絨棉) sanitary napkin series and the "Hearttex" (心相印) wet wipe series maintained strong sales momentum during the period, effectively enhancing profitability. Furthermore, the Group's newly launched oriental cotton sanitary napkins "Petite Warm Heart" (小暖心) and the "Embracing Nature" (向野而生) premium tissue series aligned with the trend of "value consumption", injecting new momentum into the Group's overall revenue growth.

During the period under review, easing raw material prices and a higher proportion of premium high-margin products effectively offset the impact of the overall sales decline, driving a year-on-year increase of approximately 2.7% in the Group's overall gross profit to approximately RMB3,913,599,000 (2025 first half: RMB3,811,529,000). The Group's gross profit margin also rose by 3 percentage points year-on-year to approximately 35.3% (2025 first half: 32.3%). Looking ahead to the second half of 2026, benefited from stabilising raw material prices, the Group's scale advantages in raw material procurement, and the continuous growth of premium and high-margin products, the Group expects to strengthen its supply chain resilience, thereby sustaining stable overall profitability.

During the period, operating profit increased by 12.6% to approximately RMB1,979,290,000 (2025 first half: RMB1,757,339,000), mainly due to the improvement in the Group's overall gross profit. Profit attributable to equity holders of the Company decreased by approximately 8.7% to approximately RMB1,254,042,000 (2025 first half: RMB1,372,894,000). For the first half of 2026, the Group's basic earnings per share was RMB1.104 (2025 first half: RMB1.206).

The Board of Directors declared an interim dividend of RMB0.70 per share (2025 first half: RMB0.70 per share) for the six months ended 30 June 2026, with a total payout of RMB813,485,000 (2025 first half: RMB813,485,000), maintaining a stable dividend payout.

Hygiene Products (including Sanitary Napkins and Disposable Diapers)

Consumption upgrading, population ageing, and evolving childcare concepts continue to drive growth in China's hygiene products market. However, a weak consumption environment and intensified industry competition have increased pricing pressure. At the same time, higher consumer expectations for value-for-money require companies to balance quality enhancement with cost control. Leveraging its omni-channel expansion, premium high-margin product portfolio, and precise deployment of promotional expenses, the Group maintained a leading position despite market challenges.

With the rapid adoption of new consumption models and increasing channel fragmentation, e-commerce and emerging retail channels are flourishing. The Group actively capitalised on these trends by accelerating multi-channel deployment while continuously strengthening its advantages in traditional channels. During the period, domestic brands aggressively deployed promotional strategies to seize market share, which exerted pressure on the Group's hygiene products sales, particularly within the disposable diaper segment. Consequently, the Group's sales revenue from the hygiene products business for the first half of 2026 recorded a decline of approximately 2.8% year-on-year to approximately RMB3,212,539,000 (2025 first half: RMB3,303,839,000), accounting for approximately 29.0% of the Group's overall revenue (2025 first half: 28.0%). Nevertheless, the Group's premiumisation and brand-building initiatives for its hygiene products business achieved remarkable success, as evidenced by the sustained strong sales of its premium series "Tianshan Cotton" and "Pant-style". Looking ahead to the second half of 2026, despite persistent market competition, the full-year revenue of hygiene products business is expected to stay stable, underpinned by last year's low base, a higher premium and high-margin product mix, brand rejuvenation, and omni-channel momentum.

During the period, the continued sales growth of premium high-margin products series "Tianshan Cotton" and "Pant-Style", together with the drop in raw material prices, offset the decline in hygiene products sales, leading to an increase in the hygiene products business's gross profit margin to approximately 58.5% for the first half of 2026 (2025 first half: 57.3%). The Group will leverage on its scale advantage in procurement, omni-channel sales efficiencies, and an expanding share of premium and high-margin products to effectively mitigate the cost pressures brought by supply chain fluctuations.

Aligning with consumers' rising demands for high-quality and value-for-money products, Hengan accelerated its product upgrades and premiumisation. During the period, the Group's premium sanitary napkin series under the "Space 7" (七度空間) brand delivered solid sales performance. The premium sanitary napkin series "Tianshan Cotton" (天山絨棉), made with scarce and pure long-staple cotton from the snowy Tianshan Mountains, recorded a year-on-year sales growth of approximately 15.8% to RMB330 million during the period. Meanwhile, sales of the "Pant-Style" sanitary napkin series reached approximately RMB390 million during the period, representing a year-on-year growth of approximately 23.0%. At the beginning of the year, "Space 7" also rejuvenated its lineup with the launch of the "Little Warm Heart" Oriental Cotton Day Pants (小暖心東方棉日安褲). This product incorporates microcapsule technology with herbal extracts designed for Asian sensitive skin and to alleviate menstrual discomfort, enhancing health-related value. The Group believes that the upgraded and premium versions of the "Space 7" sanitary napkin series will continue to contribute substantial revenue, helping the Group expand its market share, elevate its gross profit margin, and further strengthen the profitability of its hygiene products business.

For the disposable diaper business, "Q • MO"'s core products "Royal Supreme Softness" (皇家至柔) and "Royal Cloud Softness" (皇家雲柔) received a brand-new upgrade, significantly enhancing product softness and greatly improving the consumer experience. "Q • MO" also launched "Sweet Dream" (甜夢星河) disposable diaper series, actively expanding into niche market segments, thereby helping the Group capitalise on growth opportunities. During the period, sales revenue of "Q • MO" reached approximately RMB290 million, providing support for the Group's hygiene products revenue. In addition, the Group's adult disposable diaper business also benefited from the expanding domestic market and increasing penetration of adult incontinence products. The Group's adult diaper brand, "ElderJoy" (安而康), with its core brand proposition "Brave Ageing" (勇闖變老), breaks away from traditional function-oriented positioning, elevating the brand to one of emotional resonance. This innovative approach has received high recognition from various sectors. During the period, sales of the Group's adult diapers reached approximately RMB162 million, representing a year-on-year increase of approximately 1.0%.

As essential daily necessities, China's hygiene products market continues to expand, with the industry at a critical stage of structural transformation, upgrading, and standardised development. The Group will continue to develop high-quality products, optimise new retail channels, strengthen growth in traditional channels, and promote long-term development while consolidating its leading position. In addition, the Group will pursue a dual high-end strategy across both the infant and adult health care markets, while deepening cooperation with maternity stores, elderly care centres, and hospitals to support the sustainable growth of its adult health care products business.

Tissue Paper

Rising health awareness, consumption upgrading, and diversified consumer needs are driving demand for premium and functional tissue products. Combined with relatively low penetration and incremental opportunities from new retail channels, the industry has strong growth potential. During the period, promotional competition in the domestic tissue paper market intensified. As the Group maintained a stable pricing strategy while balancing returns and profitability across multiple fronts, its sales performance was consequently under pressure, with price pressures within the dry tissue segment and e-commerce channels being particularly pronounced. This resulted in a year-on-year decline of approximately 5.9% in sales from the tissue paper business to approximately RMB6,747,049,000 during the period (2025 first half: RMB7,173,700,000). Benefiting from its focus on "value competition", product diversification, and omni-channel strategies, the Group sustained its market leadership position. Sales of the tissue paper business accounted for approximately 60.8% of the Group's total revenue (2025 first half: 60.8%). Looking ahead to the second half of 2026, industry consolidation is expected to ease price competition, while the demand for premium and high-quality tissues will continue to grow. The Group will continuously increase the penetration rate of its premium products and optimise its sales channel layout, with the full-year revenue of tissue paper business projected to be stable to slightly lower.

During the period, relatively low wood pulp prices reduced tissue cost pressures, and together with an increased share of premium high-margin tissue products, effectively offset the decline in sales, leading to an improvement in the gross profit margin of tissue paper products to approximately 24.9% for the first half of 2026 (2025 first half: 21.9%).

Looking ahead to the second half of 2026, wood pulp prices are anticipated to remain stable. The Group will continuously increase the sales mix of premium products to solidify the profitability of the tissue paper business.

Responding to the trends of "value consumption" and personalised experiences, the market's elevated requirements for product functionality, added value, and quality have driven the sales of high-quality innovative products, resulting in the prominent sales performance of the Group's upgraded and premium tissue products. Leveraging its top-tier research and development and marketing teams, the Group continuously optimised its tissue paper product portfolio through quality enhancement, functional and value upgrades, product diversification, intellectual property (IP) collaborations, and packaging upgrades.

The "Fluffy Cube" (絨立方) series is the first domestic tissue paper to adopt the globally recognised high-quality Through-Air Dried ("TAD") technology, delivering revolutionary enhancements in both comfort and practicality. In addition, the "Embracing Nature" (向野而生) series launched under the Group's "Hearttex" (心相印) brand features 100% virgin wood pulp and a four-ply soft, thick embossing technology. Combined with a top-tier global luxury fragrance master team to create a close-to-nature sense of relaxation, the series also boasts functional upgrades such as remaining strong when wet and refined without layer separation, thereby enhancing both its convenience and comfort.

Furthermore, "Hearttex" joined hands with renowned IPs such as Sanrio and Cinnamoroll to launch co-branded tissues, resonating with younger consumers and enhancing emotional engagement. The Group's premium tissue series also expanded its offerings into categories such as cotton soft towels, comprehensively catering to consumers' tissue paper demands across diverse usage scenarios.

Furthermore, the Group continued to enrich its diversified wet wipe product portfolio, accelerating its penetration into wet wipe market segments such as flushable wipes, baby wipes, household cleaning wipes, and facial masking sheets, thereby continuously expanding its market coverage. During the period, the Group precisely captured demands across diverse usage scenarios and age groups by launching an upgraded wet wipe matrix. The "Hearttex" cooling wipe features a "–4.2ºC ice-cool black technology" to eliminate stickiness and odours, while the "Hearttex" Baby series introduced purified water wipes and flushable wipes using an "EDI 10-stage purification process" specifically designed for infants' delicate skin, significantly enhancing product purity. Benefiting from the continuously upgraded product portfolio, sales of wet wipes rose by 3.1% year-on-year to approximately RMB550,078,000 during the period (2025 first half: RMB533,327,000). Its sales contribution to the tissue paper business increased to approximately 8.2% (2025 first half: 7.4%), with wet wipes continuously injecting growth momentum into the Group's revenue. In addition, as the highest-margin and highly profitable product within the tissue paper business, wet wipes continuously drove the segment's gross profit margin expansion and enhanced the Group's overall profitability. As the demand for premium and personalised hygiene products continues to grow, the wet wipes business is expected to maintain rapid growth. The Group will continue to seize market opportunities, continuously expand its domestic market share, and further consolidate its leading advantages.

Driven by consumption upgrading and scenario-specific product segmentation, the sales of tissue paper on e-commerce platforms continued to expand, with wet wipes demonstrating particularly strong growth. The Group strengthened the online sales of its tissue paper, actively signed brand ambassadors, and rejuvenated its lineup with various co-branded IP tissue series, thereby enhancing the products' appeal to young consumer segments on e-commerce platforms and expanding its brand layout. During the period, the revenue contribution from e-commerce and new retail channels accounted for approximately 41.4% of the tissue paper business, supporting a continued increase in the Group's domestic market share.

The Group will focus on the research and development of high-quality products, while continuously upgrading and expanding its existing production capacity projects to optimise production efficiency. This will enable the Group to capitalise on growth opportunities in the domestic household paper market and reinforce its leading position in the industry. During the period, the Group's annual production capacity was elevated to approximately 1,845,000 tonnes, making a forward-looking layout for future business growth.

Other Income

The Group's other income mainly includes revenue from raw material trading business, the household products business, and international business development. During the period, other income decreased by approximately 14.9% year-on-year to approximately RMB1,131,827,000 (2025 first half: RMB1,330,693,000).

Household Products

During the period, revenue from the household products business was approximately RMB174,431,000 (2025 first half: RMB145,786,000), representing a year-on-year increase of approximately 19.6% and accounting for approximately 1.6% of the Group's revenue.

In recent years, the Group's "Hearttex" household product brand has continuously expanded its product range, successively launching items such as plastic bags (including garbage bags and disposable gloves), food wrap film, and paper cups. Sunway Kordis and its subsidiaries possess sales channels for exporting products to overseas markets (including Australia and Asia). The Group will continue to capitalise on the overseas sales networks to bring Hengan's high-quality products to the global stage.

International Business Development

International business development revenue primarily includes finished products and raw paper export operations, business related to medical products and income from Malaysia's Wang-Zheng Group. In the first half of 2026, turnover of international business development was approximately RMB753,213,000 (2025 first half: RMB742,347,000), accounting for approximately 6.8% of the Group's overall sales (2025 first half: 6.3%), of which the revenue from finished products and raw paper export operations and business related to medical products were RMB427,694,000 and RMB47,726,000, respectively (2025 first half: RMB422,301,000 and RMB62,102,000).

The Group's Wang-Zheng Group business in Malaysia saw a steady development during the period and its turnover increased by 7.7% year-on-year to approximately RMB277,794,000 (2025 first half: RMB257,944,000) accounting for approximately 2.5% of the Group's overall sales (2025 first half: 2.2%). Wang-Zheng Group is principally engaged in investment holding and the manufacturing and processing of fiber-based products, which include adult and baby disposable diapers, and tissue products, cotton products and processed papers. Its brands include "P Love" adult disposable diapers, "Carina" personal hygiene products. The Group leverages on the Malaysian Wang-Zheng Group as its base to bring Hengan's tissue and adult disposable diapers products into the Southeast Asian market.

In the future, the Group will continue to upgrade its existing WangZheng products, develop and launch more high-quality products under the Wang-Zheng brand and further increase its market share in Malaysia and Southeast Asia.

E-commerce and New Retail Channel Strategies

Consumption channels continue to fragment with emerging formats such as livestreaming e-commerce and instant retail experiencing rapid growth, driving up the sales and penetration of domestic e-commerce and new retail channels, which have become a new engine of market growth. According to the National Bureau of Statistics of China, national online retail sales of physical goods reached RMB10.1 trillion in the first half of 2026, up 5.2% year-on-year. To accelerate brand rejuvenation and expand coverage of younger customer segment, the Group actively developed e-commerce and other new retail channels, explored diverse sales and promotion models, and optimised its omni-channel layout. During the period, the Group launched high-quality product promotions for different brands across new channels and precisely allocated its promotional resources, further enhancing brand awareness in online and new retail channels while effectively strengthening product premium capability and continuously expanding market share.

To cater for new consumption trends, the Group has focused on developing its instant retail business since last year. Instant retail provides more convenient solutions for product replenishment and urgent needs by offering delivery services within hours, aligning well with the high-frequency consumption and rapid turnover characteristics of the Group's essential product categories. Although this business is still at an early stage, the Group believes that the expansion of new channels will inject fresh growth momentum into overall sales and help enhance the Group's market share.

In the first half of 2026, the Group's e-commerce and new retail channels (including Retail Integrated and New Channel) maintained steady growth momentum, with sales during the period increasing by approximately 4.6% to over RMB4.25 billion (2025 first half: approximately RMB4.06 billion), and its proportion of the Group's total sales also rising to approximately 38.3% (2025 first half: 34.4%). During the period, the sales contribution of e-commerce and new retail channels to the tissue paper business and hygiene products business was approximately 41.4% and approximately 40.9% respectively. Going forward, the layout and sales structure of new retail channels are expected to be further optimised, driving continuous improvement in the Group's profitability.

Looking ahead, the Group will closely align with e-commerce and new retail trends, expanding its brand flagship stores and emerging channels (such as Douyin) to enhance data analytics capabilities and broaden its consumer base. By leveraging live-streaming and social communities, the Group is enhancing its resonance with young consumers. The appointment of popular celebrities as the brand ambassadors of the various brands further enhances the Group's brand influence. Moving forward, the Group will continue to increase its market share in e-commerce and new retail channels, thereby injecting momentum into future growth.

Selling and Administrative Expenses

During the period, the Group moderately increased its investment in digitalisation, brand marketing, and new channel development to seize market opportunities and comprehensively promote its core products, the Group's selling and administrative expenses for the period amounted to approximately RMB2,671,618,000 (2025 first half: RMB2,613,085,000), representing a year-on-year increase of approximately 2.2%. Impacted by the decline in revenue during the period, the ratio of selling and administrative expenses to total revenue increased to approximately 24.1% (2025 first half: 22.1%). The Group believes that through precise allocation of selling expenses, the ratio of expenses to revenue is expected to improve in the second half of 2026.

Foreign Currency Risks

Most of the Group's income is denominated in Renminbi. During the period, Renminbi appreciated against the U.S. dollar and the H.K. dollar. The Group recorded total exchange loss of approximately RMB196,387,000, compared to total exchange gain of approximately RMB73,200,000 in the first half of 2025.

As at 30 June 2026, apart from certain forward foreign exchange contract and foreign exchange option contract entered into with certain large commercial banks, the Group had not issued any significant financial instruments or entered into any significant contracts for foreign currency hedging purposes.

Liquidity, Financial Resources and Bank Loans

The Group has always maintained a solid financial position. As at 30 June 2026, the Group's cash and bank balances, long-term time deposits and restricted bank deposits amounted to approximately RMB27,833,280,000 (31 December 2025: RMB22,625,689,000); and bank borrowings and other borrowings amounted to approximately RMB21,389,256,000 (31 December 2025: RMB15,734,060,000).

In 2023 and 2025, the Group successfully registered corporate bonds in an aggregate amount of not more than RMB10 billion and super short-term commercial papers in an aggregate amount of not more than RMB7.5 billion, respectively. In the first half of 2026, the Group completed the issuance of three batches of super short-term commercial papers in an aggregate amount of RMB5 billion with a coupon rate ranging from 1.68% to 1.81% per annum and a tenor ranging from 179 days to 183 days. The proceeds from the issuance are intended to be used to supplement the working capital of the Group and its subsidiaries and to repay their debts.

The bank borrowings and other borrowings were subject to floating annual interest rates ranging from approximately 0.001% to 4.87% (2025 first half: from approximately 0.001% to 4.9%).

As at 30 June 2026, the Group's gearing ratio, which was calculated on the basis of the total amount of borrowings as a percentage of the total shareholders' equity (not including non-controlling interests) was approximately 97.6% (31 December 2025: 72.3%). While the net gearing ratio, which was calculated on the basis of the amount of borrowings less cash and bank balances and long-term time deposits as a percentage of the shareholders' equity (not including non-controlling interests), was approximately negative 29.4% (31 December 2025: negative 31.7%). The Group was in a net cash position of approximately RMB6.44 billion (31 December 2025: RMB6.89 billion). The Group will stay committed to optimising the gearing ratio and maintaining a solid net cash position to ensure a sound financial position.

During the period, the Group's capital expenditure was approximately RMB502,769,000 (2025 first half: RMB537,007,000), primarily allocated to increase the production capacity of various manufacturing facilities. As at 30 June 2026, the Group had no material contingent liabilities.

Human Resources and Management

During the period, the Group actively improved the efficiency of human resources, raised the salaries of employees to the industry level, and implemented a more scientific and reasonable "target remuneration" system by linking the salary system with the staff duties and responsibilities and task goals, thus stimulating the staff enthusiasm for work, and improving work efficiency. As at 30 June 2026, the Group employed approximately 22,221 staff members. The Group's remuneration package is determined with reference to the experience and qualifications of the individual employees and general market conditions. Bonus is linked to the Group's financial results as well as individual performance. The Group also ensures that all employees are provided with adequate training and career opportunities according to their needs. The Group will also continue to improve efficiency and adjust production capacity and supply levels.

Revision of Segment Business Information

Identified as the chief operating decision makers, the executive directors regularly review segment business information from the Group's internal reports for performance evaluation and resource allocation. Starting from 2025, as sales of disposable diapers contribute less than 10% of total revenue, the executive directors have decided to reorganise the expression of the Group's business segmentation into two core business segments: hygiene products (including sanitary napkins and disposable diapers) and tissue paper.

Latest Awards

In the first half of 2026, awards and honours won by the Group were as follows:

Award／Honour	**Organisation**
The 15th Asian Excellence Awards — Sustainable Asia Award, Best Investor Relations Company, Asia's Best CEO	Corporate Governance Asia
All-Asia Executive Team 2026: Best CEO and Best ESG (Consumer Staples Sector)	Extel (Formerly known as Institutional Investor)
Included in Sustainability Yearbook	S&P Global
GuruClub "Golden Grid Awards"	ESG Environmentally Friendly Excellence Enterprise

Corporate Social Responsibility

Guided by the vision of "Growing together with all stakeholders, continuously advancing towards becoming a top-tier consumer goods company", Hengan, under the "GROWTH" ESG strategic framework, systematically advances ESG practices across the entire value chain, focusing on six pillars: Governance & Ethical Practices, Resource Conservation & Efficiency, Outstanding Customer Care, Workforce Wellbeing & Empowerment, Trusted Partnerships, and Health & Community Engagement. The Group continuously integrates the concept of sustainable development into its operations and management, laying a solid foundation for the strategic goal of "gain RMB100 billion within 100 years".

In terms of ratings and honours, Hengan's ESG performance has continued to receive recognition from authoritative international institutions. Our MSCI ESG rating was "A"; in the S&P Global Corporate Sustainability Assessment (CSA), Hengan was selected for the first time for the S&P Global's Sustainability Yearbook in February 2026 and has been included in the S&P Global's Sustainability Yearbook (China Edition) for four consecutive years. Hengan's Hang Seng ESG rating has maintained at Grade A, and Hengan has been re-selected for the Hang Seng Corporate Sustainability Benchmark Index, and was included in the Hang Seng ESG 50 Index for the first time in January 2026. Hengan's FTSE Russell ESG rating also remains at the forefront, and the Group has been continuously selected for the FTSE4Good Index Series. In addition, Hengan International won the "ESG Environmentally Friendly Excellence Enterprise" award at the GuruClub "Golden Grid Awards", highlighting the Group's sustained efforts and outstanding achievements in the field of sustainable development.

Excellent Governance

Hengan regards adherence to high ethical standards as the cornerstone of corporate development. The Group continuously improves its policy and institutional framework, optimises its governance structure, and upholds unwavering compliance with applicable laws and regulations. The Group has established a top-down four-tier ESG governance system encompassing the Board of Directors, the ESG Committee, the ESG Working Group, and relevant functional departments, forming a closed-loop management approach with progressive layers of decision-making, supervision, coordination, and execution, thereby promoting the organic integration of ESG principles with business operations. At the Board level, the Group continues to strengthen its leadership role in ESG matters and enhances the decision-making capabilities of directors through specialised climate training. At the same time, Hengan has systematically advanced the development of a culture of integrity, with the dissemination of relevant policies extending to core management levels, including the Board of Directors and senior management. Through establishing the Hengan Integrity Academy, and promoting the signing of the "Commitment Letter on Integrity and Self-Discipline" by all employees, the Group has built a solid compliance defense line for all staff, effectively safeguarding the rights and interests of all stakeholders.

In terms of information disclosure, Hengan takes a long-term approach to fulfilling its responsibilities. The Group has disclosed ESG reports for 10 consecutive years and issued climate-related reports for 4 consecutive years, and in 2026, it published its first "2025 Nature-Related Information Disclosure Report", showcasing the depth and breadth of its sustainable development actions to all stakeholders with an open and transparent approach.

Green Development

Addressing climate change is a core issue of Hengan's green strategy. The Group deeply integrates low-carbon transformation into all aspects of production and operation. From energy management, resource conservation, and green product research and development to sustainable packaging, the Group reduces the environmental footprint of its own operations across multiple dimensions, and actively collaborates with upstream and downstream partners to jointly promote value chain decarbonisation, thereby contributing corporate efforts to ecological sustainability.

In terms of energy management and resource conservation, the Group systematically promotes energy conservation and carbon reduction around the full product life cycle. As of 30 June 2026, four of the Group's production companies — Shandong Hengan Paper Co., Ltd., Hengan (China) Paper Co., Ltd., Fujian Hengan Household Products Co., Ltd., and Hengan (Xiaogan) Household Products Co., Ltd. — have obtained ISO 50001 energy management system certification, and the Group operates four national-level green factories, playing a benchmarking role in improving energy efficiency in the industry. In the first half of 2026, Hengan advanced motor energy-saving renovations at four of the Group's production companies located in Chongqing, Shandong, Fujian, and Anhui. Among them, the Hengan (China) Paper Co., Ltd. in Fujian Province achieved 100% completion, while renovations at the other companies are ongoing.

In terms of green product research and development, the Group takes eco-friendliness and environmental sustainability as innovation orientations, continuously increasing the proportion of environmentally friendly raw materials such as bamboo pulp and biodegradable materials. The Group thoroughly identifies and evaluates key environmental factors in the full product life cycle, and formulates specialised control plans to reduce the environmental impact of products at source.

In the area of sustainable packaging, Hengan vigorously promotes packaging lightweighting and green material transformation. In the e-commerce supply chain, biodegradable and puncture-resistant cartons are used, and the application ratio of reusable turnover boxes is continuously increased to reduce packaging material usage; for personal care products outer bags, the proportion of mono-material recyclable packaging is being steadily raised; and PLA biodegradable heat shrink film was developed in collaboration with suppliers and has been stably put into use. Meanwhile, in accordance with national standards such as the Degradability and Identification Requirements of Biodegradable Plastics and Products (GB/T 41010–2021), the Group promotes the application of biodegradable plastics in products such as film bags, cotton tissue and wet wipes.

In terms of forest resource protection, Hengan firmly fulfills its Zero Deforestation Commitment, clearly conveying the expectation of "Zero Net Deforestation" to suppliers and partners, and continuously promoting responsible wood pulp procurement. As of 30 June 2026, eight of Hengan's papermaking companies have obtained FSC-CoC certification (certification rate of 88%), and 100% of its pulp suppliers hold FSC or Programme for the Endorsement of Forest Certification Schemes (PEFC) certification.

Customer Care

Hengan has always been consumer- and market-oriented, continuously optimising the R&D management system, deepening the synergy and collaboration between R&D and marketing departments, and promoting precise alignment between product innovation and market demand, thereby empowering product iteration and upgrades through an efficient R&D system. In January 2026, the General Office of the Ministry of Industry and Information Technology announced the 2025 China Consumer Famous Brands List, and Hengan Group's Space7 was successfully included in the List.

In terms of quality management, Hengan takes "Quality is the lifeline" as its core principle, and has built a quality protection network covering the entire chain of design, procurement, production and warehousing. The Group independently developed and launched a quality document management system platform, establishing a quality management system compliant with the ISO 9001 international standard, achieving standardisation, digitalisation and full-lifecycle management of quality system documents across the Group. Meanwhile, Hengan took transparency as a breakthrough, proactively disclosing the full-process inspection procedures for sanitary napkin production and defective product handling, winning consumer trust through an open approach. At the 33rd China International Disposable Paper Expo, Hengan launched its high-end new product series such as "Xiangye Ersheng" (Embracing Nature) and was selected for the "Ingenuity Products" list by virtue of its craftsmanship-quality products.

In the area of chemical safety, the Group strictly adheres to international, national and industry standards, and implements refined management over the entire process of product development, chemical procurement, storage, use and disclosure. Hengan issued the Commitment on Banned Chemicals and Ingredient Disclosure, and completed the labelling of chemical types and specific contents of chemicals contained in multiple individual products across core categories such as wet wipes, diapers and sanitary napkins, promoting product information transparency and comprehensively safeguarding consumers' health and right to know.

Empowerment of Employees

Hengan firmly believes that the growth and well-being of employees are the fundamental driving force for the sustainable development of the enterprise. The Group's Human Rights Policy and Anti-Discrimination and Anti-Harassment Policy cover all employees and business scopes, adopting a zero-tolerance attitude towards any form of discrimination or harassment. The Group has also released the Living Wage Commitment and launched an equity incentive plan covering all employees, effectively safeguarding employees' rights and interests, and creating a diverse, equal and inclusive workplace environment.

In terms of talent development, Hengan has established a systematic and multi-level talent development system, providing comprehensive skills and competency training for employees at different positions and stages, and continuously improving the dual-track career development path in both management and technical directions. In April 2026, Hengan partnered with Fujian Agriculture and Forestry University to establish the "Paper Making Technology Upgrade Project", aiming to enhance papermaking technology and professional talent cultivation through school-enterprise collaboration, thereby supporting the Company's specialized and lean development. As of 30 June 2026, Hengan had a total of 22,221 full-time employees, of which 52% were female employees, total employee training hours exceeded 252,800 hours, 86 employees were promoted to management positions, and the rate of employee union membership was 100%.

In terms of occupational safety, Hengan adheres to the comprehensive safety management philosophy of "All accidents are preventable", and systematically advances multiple initiatives including the construction of benchmark safe production lines, safety assistance, and the improvement of standardised operating procedures. As of 30 June 2026, all of the Group's production companies that meet certification requirements have established an ISO 45001 Occupational Health and Safety Management System and passed third-party certification. The incidence of occupational diseases was 0, the number of work-related fatalities was 0, and the number of days lost due to work injury was 1,373 days.

Trustworthy Partner

Hengan is committed to building stable and mutually trusting partnerships with a win-win approach. The Group continuously improves the supplier full-lifecycle management system, covering the entire process from development and admission, performance evaluation, and daily management to elimination and exit, and drives continuous improvement in supplier performance through classification and grading management, and regular performance evaluations.

In terms of building a sustainable supply chain, Hengan conveys the concept of sustainable development along the value chain through the issuance of the Supplier Code of Conduct. The Group formally incorporated supplier ESG management performance into the admission and daily performance evaluation system. In the admission stage, the Group comprehensively reviews the supplier's ESG report, carbon footprint certificate, third-party social responsibility audit report, and other information, and combines this with on-site ESG audit results to prioritise those with outstanding ESG performance. In daily management, the Group regularly conducts ESG risk assessments and on-site audits for production material suppliers, and implements ongoing tracking and supervision for high-risk suppliers to drive their improvement. In addition, Hengan actively opens up supplier communication channels, organising an expert team to conduct on-site visits to suppliers, engaging in in-depth exchanges on wood pulp sustainability management with a focus on forest resource protection and sustainable forestry practices, thereby promoting the collaborative growth of the value chain.

Healthy Community

With the mission of "Growing with you for a better life", Hengan integrates social responsibility into its corporate strategy, stays true to its original philanthropic aspirations, and fulfills its corporate citizenship responsibilities through concrete actions. Since its listing in 1998, Hengan and its major shareholders have cumulatively donated over RMB2.1 billion.

In July 2026, Guangxi was hit by persistent extreme heavy rainfall. In response to the disaster, Hengan activated its emergency response mechanism and donated relief supplies with a total value of RMB1 million. On International Nurses' Day 2026, Space7 partnered with the Xiamen Renshan Foundation to launch the "Pink Wings Menstrual Mutual Aid" public welfare initiative, donating care supplies worth RMB240,000 to nurses. Hengan was awarded the "China Aerospace 30-Year Special Contribution Award" by the China Aerospace Foundation, in recognition of the Group's sustained commitment to public welfare and its steadfast support for China's aerospace public welfare endeavors. In addition, the Group continued to advance various charitable projects. In the first half of 2026, Hengan Group made cumulative donations of RMB6.081 million.

Outlook

Looking ahead to the second half of 2026, geopolitical volatility, international economic and trade barriers, as well as uncertainties surrounding the monetary policies of major economies, will continue to weigh on global economic growth. Despite the complex and volatile external environment, China's economic fundamentals remain solid. The nation will continue to deepen macroeconomic regulation and intensify efforts to implement consumption-promoting policies, which are expected to further release the potential of domestic demand and accelerate the upgrade of consumption structures, providing solid support for the steady growth of the domestic economy. Driven by the dual forces of rigid demand and consumption upgrades, the long-term growth prospects of the domestic sanitary products industry remain promising. The Group will continue to closely monitor domestic and international political and economic developments, as well as evolving market trends, responding flexibly to challenges, and making prudent decisions.

As geopolitical conflicts persist and the war in the Middle East has pushed up oil prices, the outlook for the global supply chain remains highly uncertain. Nevertheless, an increase in domestic wood pulp supply is expected to support the stable performance of wood pulp prices in the second half of the year, keeping costs relatively controllable. Concurrently, the Group will leverage its procurement scale advantage and continue to raise the share of premium high-margin products to enhance its resilience against supply chain fluctuations. The Group will closely monitor the impact of external factors on the prices of raw materials, including imported wood pulp and petrochemicals.

As a leading player in the industry, the Group will continue to implement its three core strategies, including "Focus on Core Businesses", "Brand Leadership" and "Long-Termism", laying a solid foundation for the sustainable development of the Group. The Group will maintain its focus on the development of the two core businesses of tissue paper and sanitary products, actively developing and upgrading high-quality products to drive premiumisation and diversification. It will also deepen omni-channel penetration into rural markets as well as online and offline markets across Chinese Mainland, enhancing the sales effectiveness of omni-channel and further expanding its market share. In the face of intense market competition, the Group will adhere to its core "Stable Pricing" strategy, deep-mining premium customer segments with high-quality products, while maintaining sound financial liquidity and seizing growth opportunities arising from industry consolidation, e-commerce, and new retail trends.

Hengan remains committed to strengthening brand value and market recognition, while advancing its premiumisation strategy. The Group will focus on developing premium products, such as the popular "Tianshan Cotton" sanitary napkin and "Hearttex" wet tissues series, and will increase the sales proportion of high-margin wet wipes. The Group will also actively expand product categories and application scenarios to broaden its consumer base and conduct high-quality marketing initiatives centered around product quality and added value to further enhance brand premium. At the same time, the Group will regularly pursue cross-industry IP collaborations to refresh product imagery and packaging design, cultivating a more dynamic and youthful brand identity. Upholding the principle of "Quality First," the Group maintains zero tolerance for quality and safety issues. Guided by customer feedback, it will continue to improve product quality and industry standards, consolidating its leading position in the market with reliable, high-quality products.

In the future, the Group will accelerate the integration of smart technologies into operational management, leveraging artificial intelligence and big data analytics to gain more precise insights into consumer preferences and purchasing patterns. These insights will provide strong decision support for product development, promotional placement, and channel strategies, while enhancing supply chain flexibility to boost overall operational efficiency and competitive advantage. In addition, to capture the opportunities arising from domestic consumption upgrades and diversified demand in household paper and sanitary products, the Group continues to expand production capacity and upgrade technology, reinforcing the foundation for long-term growth. At the same time, the Group will develop and launch more high-quality products under the Wang-Zheng brand, further penetrate the Southeast Asian market, and gradually expand its overseas footprint.

In 2026, the Group's second Five-Year Plan was officially launched, with various strategic deployments fully rolled out. As a leading enterprise in the personal and household sanitary products industry in China, Hengan will continue to adhere to the mission of "Growing with You for a Better Life", stay closely aligned with the pace of national strategic development, and strengthen its core competitiveness in responding to market changes. The Group will also actively advance environmental, social, and governance (ESG) development, striving to build a high-quality, reliable, and sustainable personal and household sanitary products company. Going forward, the Group will deepen penetration into mid-to-high-end consumer segments, actively explore new markets, and further grow the scale of Hengan's business. At the same time, the Group will continue to pursue industry extension as its long-term development goal, actively expanding into feminine care, infant and childcare, and elderly care segments, and cultivating sizable new categories to supplement existing businesses, thereby exploring multi-category, cross-market scale and synergy. By leveraging the flexible application of digital and AI technologies, the Group will further strengthen its competitiveness and expand its overseas sales scale, gradually bringing the Hengan brand onto the international stage, and remaining committed to becoming a "global top-tier household products enterprise."

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board of Directors has declared an interim dividend of RMB0.70 per share (2025: RMB0.70 per share) for the six months ended 30 June 2026 to be paid to shareholders whose names appear on the Register of Members of the Company at the close of business on 10 September 2026. Dividend warrants will be despatched to shareholders on 9 October 2026.

Dividends payable to shareholders will be paid in Hong Kong dollars ("HK$"). The exchange rate adopted by the Company for its dividend payable is the middle exchange rate of HK$ to RMB announced by the People's Bank of China for the business day preceding the date of dividend declaration.

The Register of Members of the Company will be closed from 8 September 2026 to 10 September 2026 (both days inclusive), during which no transfer of shares will be effected. In order to be qualified for the interim dividend, all transfers accompanied by the relevant share certificates shall be lodged with the Company's branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on 7 September 2026.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2026, the Company repurchased a total of 5,500,000 ordinary shares on the Stock Exchange at an aggregate consideration of approximately HK$138,847,070 (excluding expenses) pursuant to the share repurchase mandate approved by the Shareholders at the annual general meeting held on 20 May 2025. For enhancing its per share net asset value and earnings. Details of the repurchase of shares are summarized as follows:

Month of repurchases	**Number of shares purchased**	**Highest price paid** *HK$*	**Lowest price paid** *HK$*
April 2026	1,880,000	27.24	26.24
May 2026	3,620,000	27.74	26.38
	5,500,000		

As of 30 June 2026, a total of 6,800,000 shares repurchased are held as treasury shares (as defined under the Listing Rules) by the Company. Subject to compliance with the Listing Rules on the Stock Exchange, the Company may consider using the treasury shares for funding its share incentive schemes, future resales, transfers or cancellation. The Company will waive the voting rights and the entitlement to dividends in respect of the treasury shares during the period they are held as treasury shares.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the six months ended 30 June 2026.

AUDIT COMMITTEE

The Audit Committee is chaired by an independent non-executive director and comprises four independent non-executive directors. It meets at least two times a year. The Audit Committee provides an important link between the Board and the Company's external and internal auditors in matters coming within the scope of the group audit. It also reviews the effectiveness of both the external and internal audit and of internal controls and risk evaluation, including the interim report for the six months ended 30 June 2026.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

For the six months ended 30 June 2026, the Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the six months ended 30 June 2026, and they all confirmed that they had fully complied with the required standard set out in the Model Code.

CORPORATE GOVERNANCE

The Board is committed to maintaining high standards of corporate governance. The Company has complied with all the applicable code provisions set out in the Corporate Governance Code contained in Appendix C1 (the "CG Code") to the Listing Rules of the Stock Exchange during the period, except that:

References are made to the announcements of the Company dated 9 June 2026 and 13 June 2026 (the "Announcements") in relation to Mr. Sze Man Bok ("Mr. Sze"), the chairman of the Board and an executive Director of the Company, taking a leave of absence due to personal health reasons, and appointment of Mr. Hui Ching Lau ("Mr. Hui"), an existing executive Director and the chief executive officer of the Company, to act as the acting chairman of the Board (the "Acting Chairman") during the period of Mr. Sze's leave of absence, with effect from 23 June 2026, respectively.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Hui assumes the roles of both the Acting Chairman and the chief executive officer of the Company, such practice deviates from code provision C.2.1 of the CG Code. As Mr. Hui has been an executive Director and the chief executive officer of the Company since December 2020 and August 2021 respectively. Mr. Hui is familiar with the operations of the Group and the Board believes that vesting the roles of both the Chairman and the Chief Executive Officer in the same person in the interim is appropriate in the circumstance. In addition, under the supervision of the Board, which comprises three other executive Directors, one non-executive Director and four independent non-executive Directors, the Board is appropriately structured with a balance of power to provide sufficient checks to protect the interests of the Company and the shareholders of the Company.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hengan.com), and the Interim Report will be published on the respective websites of the Stock Exchange and the Company, and will be despatched to the Shareholders who have already provided instructions indicating their preference to receive hard copies in due course.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I extend my gratitude to all our staff for their hard work and dedication.

By Order of the Board
Hengan International Group Company Limited
Hui Ching Lau
Acting Chairman

Hong Kong, 19 August 2026

As at the date of this announcement, the Board comprises Mr. Sze Man Bok, Mr. Hui Ching Lau, Mr. Xu Da Zuo, Mr. Sze Wong Kim and Mr. Hui Ching Chi as executive directors; Mr. Xu Wenmo as non-executive director; and Ms. Ada Ying Kay Wong, Mr. Ho Kwai Ching Mark, Mr. Theil Paul Marin and Mr. Chen Chuang as independent non-executive directors.