



舒寶國際集團有限公司

Soft International Group Ltd

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2569

2026 INTERIM REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ngan Pui Kuan (*Chair*)
Mr. Zeng Guodong (*Chief Executive Officer*)
Mr. Zhou Jiahao
Mr. Gao Yue

Non-Executive Director

Mr. Cai Hao

Independent Non-Executive Directors

Ms. Leong Kai Weng Subrina
Mr. Wong Tai Wai David
Mr. Ng Brian Hong Jing

AUDIT COMMITTEE

Ms. Leong Kai Weng Subrina (*Chair*)
Mr. Ng Brian Hong Jing
Mr. Wong Tai Wai David

REMUNERATION COMMITTEE

Mr. Wong Tai Wai David (*Chair*)
Mr. Ng Brian Hong Jing
Mr. Ngan Pui Kuan

NOMINATION COMMITTEE

Mr. Ng Brian Hong Jing (*Chair*)
Mr. Gao Yue
Ms. Leong Kai Weng Subrina

SANCTIONS OVERSIGHT COMMITTEE

Mr. Zeng Guodong (*Chair*)
Mr. Zhou Jiahao
Mr. Cai Hao

AUTHORISED REPRESENTATIVES

Mr. Gao Yue
Ms. Wong Po Lam, *HKICPA*

JOINT COMPANY SECRETARIES

Ms. Ngan Ka Wai
Ms. Wong Po Lam, *HKICPA*

AUDITOR

Forvis Mazars CPA Limited
*Certified Public Accountants and Registered Public
Interest Entity Auditor*
42nd Floor, Central Plaza
18 Harbour Road
Wan Chai
Hong Kong

REGISTERED OFFICE

89 Nexus Way, Camana Bay
Grand Cayman KY1-9009
Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PRC

Zhizao Avenue
Economic Development Zone (Food Park)
Quanzhou Jinjiang
Fujian Province
China

CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1910, 19/F., C C Wu Building
302 – 308 Hennessy Road
Wan Chai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ogier Global (Cayman) Limited
89 Nexus Way
Camana Bay
Grand Cayman, KY1-9009
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

LEGAL ADVISER

As to International Sanctions laws:

Hogan Lovells
11th Floor
One Pacific Place
88 Queensway
Hong Kong

COMPLIANCE ADVISER

Sunny Fortune Capital Limited
Suite 2101, Chinachem Century Tower
178 Gloucester Road
Wanchai
Hong Kong

PRINCIPAL BANK

Bank of China Limited Jinjiang Branch

STOCK CODE

2569

WEBSITE

www.lnsoftb.com

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Soft International Group Ltd (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) are principally engaged in the manufacturing and sale of hygienic disposables and nonwoven fabrics within the People’s Republic of China (the “**PRC**”).

Established in 2010, our Group has primarily engaged in the development, manufacture and sale of personal hygienic disposables (such as baby care, feminine care and adult incontinence products) based in the PRC, specialising in baby care category for emerging markets in Eurasia. In response to the growing awareness of hygiene and eco-sustainability worldwide, we also manufacture nonwoven fabrics, a raw material critical to the manufacture of most hygienic disposables, at our own nonwoven fabric facilities, supplying both our production needs and, to a lesser extent, to independent raw material suppliers and manufacturers of hygiene and personal care products in the PRC.

During the six months ended 30 June 2026 (the “**Period**”), the Group continued to deliver strong growth in both revenue and operating scale. Revenue increased by approximately RMB110.0 million or 25.0%, from approximately RMB439.3 million for the six months ended 30 June 2025 (the “**Preceding Period**”) to approximately RMB549.3 million for the Period. The increase was mainly driven by the continued expansion of our Group’s product portfolio, the growth of our branded business, higher demand in key product categories and the commissioning of additional production capacity.

Our revenue was primarily generated from three business segments, namely: (i) contract manufacturing of baby care products as an Original Design Manufacturer (ODM) to business customers (the “**Contract Manufacturing Business**”); (ii) branded product business to manufacture, market, and sell products under our own brands in the PRC (the “**Brand Product Business**”); and (iii) sales of nonwoven fabrics and other products.

Our Group’s Contract Manufacturing Business remained a principal source of revenue. Under this segment, we manufacture and sell baby care products as an ODM to business customers, including independent retailers and baby care brand owners. In addition, this segment also covers certain feminine care and adult incontinence products manufactured for business customers. Our products are primarily exported from the PRC to various countries in Eurasia. We serve major business customers, including top-tier Russian children’s goods retailers and international brands, customising products to their specifications. During the Period, revenue from this segment increased by approximately RMB43.8 million or 16.5% to approximately RMB308.6 million, compared with approximately RMB264.8 million in the Preceding Period. The growth was mainly attributable to increased demand for adult incontinence products, the introduction of new business customers and the continued strong performance of existing major customers.

In our Branded Product Business, we have embraced the rapid growth of e-commerce, particularly in China. Our Direct-to-Customer (D2C) strategy has enabled us to connect directly with consumers, enhancing their shopping experience and fostering brand loyalty. The introduction of our brands: “Insoftb” for baby care, “Misecr” for feminine care, and “Cosoftb” for adult incontinence, has been met with positive consumer reception, reflecting the growing demand for affordable premium products among younger generations. During the Period, revenue from this segment increased by approximately RMB49.4 million or 39.4% to approximately RMB174.8 million, compared with approximately RMB125.4 million in the Preceding Period. The growth was mainly driven by the Group’s continued efforts to expand online sales channels, together with the successful launch of a new feminine care branded product during 2025. The appointment of Ms. Guan Xiaotong as the brand ambassador for our “Misecr” brand in 2026 further enhanced brand visibility and consumer appeal, contributing to revenue growth.

MANAGEMENT DISCUSSION AND ANALYSIS

In respect of our Group's feminine care products, we recorded a remarkable increase in sales during the Period, by approximately RMB67.6 million or 56.5% to approximately RMB187.3 million for the Period (The Preceding Period: approximately RMB119.7 million). The increase was primarily attributable to the Group's continued product development, the strengthening of its brand presence, the increased recognition of its products among consumers and the effectiveness of its D2C strategy, which enabled the Group to engage directly with end consumers and respond more effectively to changing market preferences. The appointment of brand ambassador further enhanced brand visibility and consumer appeal. The principal contribution to this growth came from our Branded Product Business.

Our Group also achieved a significant increase in sales of adult incontinence products during the Period, which increased by approximately RMB24.2 million or 162.4% to approximately RMB39.1 million for the Period (The Preceding Period: approximately RMB14.9 million). The principal contribution to this growth came from our Contract Manufacturing Business. This growth was driven by increasing market demand arising from China's ageing population, greater consumer awareness of adult incontinence solutions and our enhanced product positioning and distribution efforts. According to the National Bureau of Statistics of China, at the end of 2025, the PRC population aged 60 and above reached approximately 323.38 million, representing approximately 23.0% of the total population, while the population aged 65 and above reached approximately 223.65 million, representing approximately 15.9% of the total population. This structural demographic shift is expected to create a sustained growth window for the adult incontinence products market. In addition, the gradual nationwide development of the long-term care insurance system in the PRC, which has evolved from pilot programmes in multiple regions into a comprehensive establishment phase, together with the inclusion of adult diapers in reimbursement catalogues in certain regions, is expected to further support market demand. As of 2026, the number of participants in long-term care insurance in the PRC has exceeded 320 million. We expect these demographic and policy developments to provide a favourable long-term environment for the continued growth of its adult incontinence product business.

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

In addition, we commenced construction of an expanded production base on our owned properties in Shishi City in the second half of 2025. Up to the date of this report, the progress of construction works remains in line with our planned schedule. We expect to substantially complete the majority of the construction works and apply for the necessary completion and operational certificates during the second half of 2026, with operations expected to commence in 2027. The expanded production base is intended to be used for the production of nonwoven fabrics, which are critical raw materials for our hygiene product lines, similar to the Nonwoven Fabric Facilities. We believe that this expanded production base will further expand our production capacity, strengthen supply chain stability, reduce reliance on external suppliers, enhance cost efficiency and provide greater flexibility in product development, thereby reinforcing our Group's vertically integrated manufacturing capability and long-term competitiveness.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, we also expanded our manufacturing footprint by establishing two new production lines: one feminine care production line at the Jinjiang Production Facilities and one nonwoven fabric production line at the Nonwoven Fabric Facilities, both of which are now operational.

Prospect

Looking ahead, we will continue to strengthen our market position by further consolidating the Contract Manufacturing Business and accelerating the development of the Branded Product Business. With our established customer base, manufacturing expertise and vertically integrated production capabilities, we remain committed to enhancing product quality, improving operational efficiency and deepening cooperation with existing and new business customers. We believe that our ability to deliver customised and reliable production solutions will continue to support the stable growth of the Contract Manufacturing Business and the Branded Product Business.

We will also remain committed to research and development, with a focus on biodegradable materials and environmentally friendly production processes, in order to align our products with the global trend towards sustainability. By continuing to optimise our product portfolio, strengthen brand recognition and improve operational efficiency, we are confident that our Group will be well positioned to capture emerging opportunities and deliver sustainable growth in the years ahead.

FINANCIAL REVIEW

Revenue

Revenue of the Group increased by approximately RMB110.0 million or 25.0% from approximately RMB439.3 million for the Preceding Period to approximately RMB549.3 million for the Period. This increase was primarily due to the following factors:

- *Contract Manufacturing Business:* Revenue increased from approximately RMB264.8 million for the Preceding Period to approximately RMB308.6 million for the Period. The growth was mainly attributable to increased demand for adult incontinence products, the introduction of new business customers and the continued strong performance of existing major customers.
- *Branded Product Business:* Revenue increased from approximately RMB125.4 million for the Preceding Period to approximately RMB174.8 million for the Period, representing an increase of approximately RMB49.4 million or 39.4%, mainly as a result of the Group's efforts put on expanding online sales channels, as well as the successful launch of a new feminine care branded product during 2025. The appointment of Ms. Guan Xiaotong as the brand ambassador for our "Misecr" brand in 2026 further enhanced brand visibility and consumer appeal, contributing to revenue growth.
- *Nonwoven fabric and others:* Revenue grew from approximately RMB49.1 million for the Preceding Period to approximately RMB65.9 million for the Period, representing an increase of approximately RMB16.8 million or 34.2%. The increase was primarily attributed to the rising market demand on nonwoven fabric.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Sales

Cost of sales of the Group increased by approximately RMB70.3 million or 24.1% from approximately RMB292.1 million for the Preceding Period to approximately RMB362.4 million for the Period due to the increase in direct materials costs from approximately RMB256.9 million for the Preceding Period to approximately RMB321.1 million for the Period, representing an increase of approximately RMB64.2 million or 25.0%, which was generally in line with the increase in overall sales volume.

Gross profit and gross profit margin

Total gross profit increased by approximately RMB39.7 million or 27.0% from approximately RMB147.2 million for the Preceding Period to approximately RMB186.9 million for the Period, with gross profit margin remaining steady at approximately 34.0% (The Preceding Period: approximately 33.5%). The increase was attributable to the following factors:

- *Contract Manufacturing Business:* Gross profit increased from approximately RMB83.9 million for the Preceding Period to approximately RMB91.4 million for the Period, with gross profit margin decreasing from approximately 31.7% to approximately 29.6%. The slight decrease in gross profit margin was primarily attributable to increased purchase costs of major raw materials.
- *Branded Product Business:* Gross profit increased from approximately RMB60.3 million for the Preceding Period to approximately RMB91.0 million for the Period, with gross profit margin improving from approximately 48.1% to approximately 52.1%, mainly driven by an increase in the average selling price of feminine care products through the Group's D2C sales, as well as the introduction of new feminine care products with relatively higher gross margins.
- *Nonwoven fabric and others:* Gross profit grew from approximately RMB3.1 million for the Preceding Period to approximately RMB4.5 million for the Period, with gross profit margin increasing from approximately 6.2% to approximately 6.8%. The increase in gross profit margin was mainly due to lower purchase costs of major raw materials.

MANAGEMENT DISCUSSION AND ANALYSIS

Other income

Other income increased from approximately RMB2.2 million for the Preceding Period to approximately RMB2.9 million for the Period, which was mainly due to the increase in sales of scrap materials from approximately RMB0.7 million for the Preceding Period to approximately RMB1.5 million for the Period.

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB31.8 million or approximately 37.6%, from approximately RMB84.6 million for the Preceding Period to approximately RMB116.4 million for the Period, mainly due to (i) the increase in online sales and promotion expenses by approximately RMB24.1 million or 40.1% to approximately RMB84.2 million for the Period (The Preceding Period: approximately RMB60.1 million). During the Period, the Group continuously put significant effort on promoting its product throughout different online platforms to increase its market shares and promote new products. Additionally, endorsement services expenses were incurred for the Period; and (ii) the increase in distribution and declaration fee by approximately RMB5.6 million or 29.5% to approximately RMB24.6 million in the Period (The Preceding Period: approximately RMB19.0 million), which was generally in line with growth in D2C sales and oversea sales of the Group.

Administrative and other operating expenses

Administrative and other operating expenses increased by approximately RMB6.2 million or approximately 27.7%, from approximately RMB22.4 million for the Preceding Period to approximately RMB28.6 million for the Period. This increase was primarily driven by the increase in research and development expenses by approximately RMB2.7 million or 22.7% to RMB14.6 million for the Period (The Preceding Period: approximately RMB11.9 million) and a donation contribution of approximately RMB1.1 million for the Period (The Preceding Period: Nil).

Fair value loss on financial assets at fair value through profit or loss ("FVPL"), net

Fair value loss on financial assets at FVPL, net increased by approximately RMB5.2 million or 273.7% to approximately RMB7.1 million for the Period (The Preceding Period: approximately RMB1.9 million), which was arisen from realised loss, net from fair value changes of commodity futures contracts on raw material for the Period. Details are set out in Note 13 to the unaudited condensed consolidated financial statements in this report.

Finance costs

Finance costs decreased by approximately RMB0.5 million or 62.5% from approximately RMB0.8 million for the Preceding Period to approximately RMB0.3 million for the Period, which was mainly due to the decrease in average balance of interest-bearing borrowings as at 30 June 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

Listing expenses

Listing expenses decreased by approximately RMB4.9 million or 100% from approximately RMB4.9 million for the Preceding Period to nil for the Period, which was due to the completion of the Listing on 27 March 2025.

Income tax expenses

Income tax expenses decreased by approximately RMB2.8 million or 44.4% from approximately RMB6.3 million for the Preceding Period to approximately RMB3.5 million for the Period; whereby the effective tax rate decreased from approximately 17.1% for the Preceding Period to approximately 9.6% for the Period, which were primarily due to (i) the non-recurring Listing expenses of approximately RMB4.9 million incurred for the Preceding Period, which was not tax deductible; and (ii) the increase in proportion of taxable profits from subsidiaries with a tax rate of 15%.

Profit attributable to the owners of the Company

As a result of the foregoing, profit attributable to owners of the Company increased by approximately RMB2.8 million or 9.2% from approximately RMB30.5 million for the Preceding Period to approximately RMB33.3 million for the Period.

Inventories

The inventory balance increased by approximately RMB10.0 million or 18.7% from approximately RMB53.6 million as at 31 December 2025 to approximately RMB63.6 million as at 30 June 2026. The increase in balance was primarily attributable to the increase in balance of finished goods by approximately RMB8.0 million, attributable to the expansion of production capacity following the procurement of new machineries and the addition of production lines during the Period. The higher inventory level enables the Group to maintain sufficient inventory to meet future demand, particularly for online sales, thereby significantly reducing delivery lead times.

Trade and other receivables

Trade and other receivables increased by approximately RMB45.8 million or 18.3% from approximately RMB250.9 million as at 31 December 2025 to approximately RMB296.7 million as at 30 June 2026, in which balance of trade and bills receivables (net off loss allowances) increased by approximately RMB44.8 million or 28.7% to approximately RMB200.7 million as at 30 June 2026 (31 December 2025: approximately RMB155.9 million). Increase in balance of trade and bills receivables was primarily attributable to the increase in revenue during the Period compared with the second half of 2025.

In addition, balance of other receivables slightly increased by approximately RMB1.0 million or 1.1% from approximately RMB95.0 million as at 31 December 2025 to approximately RMB96.0 million as at 30 June 2026, primarily attributable to (i) the increase in other prepayment, deposits and receivables of approximately RMB6.5 million; (ii) the increase in value-added tax and other tax recoverables of approximately RMB5.1 million; (iii) the increase in prepaid promotion expenses of approximately RMB1.9 million, which was partially offset by (iv) the decrease in prepayment to suppliers of approximately RMB11.9 million, primarily related to utilisation of prepayment to purchase orders for raw materials during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial assets at FVPL

In order to hedge against the risk of price fluctuations of core raw materials of the Group, namely polypropylene (PP) and high-density polyethylene (HDPE), the Group has entered into commodities future contracts which was recognised as financial assets at FVPL of approximately RMB2.2 million as at 31 December 2025. As at 30 June 2026, in order to reduce exposure to volatility in reported earnings and preserve liquidity for operational needs, the Group did not hold any commodities future contracts. The Group will continue to monitor market conditions and adopt appropriate risk management measures as necessary.

As at 30 June 2026, amount due from brokers for commodity future contracts was nil (31 December 2025: approximately RMB1.8 million, which were repayable on demand upon request from the Group).

Trade and other payables

Trade and other payables increased by approximately RMB2.1 million or 0.9% from approximately RMB235.8 million as at 31 December 2025 to approximately RMB237.9 million as at 30 June 2026, in which balance of trade and bills payables increased by approximately RMB7.1 million or 4.6% to approximately RMB162.9 million as at 30 June 2026 (31 December 2025: approximately RMB155.8 million). Increase in balance of trade and bills payables was primarily attributable to increase in procurement during the Period.

In addition, balance of other payables decreased by approximately RMB4.9 million or 6.1% from approximately RMB80.0 million as at 31 December 2025 to approximately RMB75.1 million as at 30 June 2026, primarily attributable to (i) the decrease in contract liabilities – receipts in advance of approximately RMB20.4 million, which was partially offset by (ii) the increase in payables for purchase of property, plant and equipment of approximately RMB17.3 million.

Liquidity and financial resources and Capital Structure

As at 30 June 2026, the Group had bank balances and cash (including non-pledged bank deposits) of approximately RMB28.9 million as compared to approximately RMB73.8 million as at 31 December 2025.

As at 30 June 2026, the Group had total interest-bearing borrowings of approximately RMB20.0 million (31 December 2025: approximately RMB40.0 million), and all interest-bearing borrowings are either due within one year or with a clause in the loan agreements that gave the lenders an overriding right to demand repayment without notice or with notice period of less than 12 months at their sole discretion. Details of the interest-bearing borrowings are set out in Note 15 to the unaudited condensed consolidated financial statements in this report.

The gearing ratio of the Group as at 30 June 2026 was approximately 3.7% compared to approximately 8.0% as at 31 December 2025. Gearing ratio is calculated based on the sum of interest-bearing borrowings divided by total equity at the end of the respective period. Decrease in gearing ratio as at 30 June 2026 was primarily attributable to increase in total equity as at 30 June 2026 which was mainly driven by decrease in balance of interest-bearing borrowings as at 30 June 2026 and increase in retained earnings resulting from positive operating performance during the Period.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Employee and remuneration policy

As at 30 June 2026, the Group had a total of 338 employees (30 June 2025: 326 employees). During the Period, the total staff costs amount to approximately RMB15.8 million (The Preceding Period: approximately RMB13.5 million), representing an increase of approximately RMB2.3 million or 17.0%. Increase in amount was primarily attributable to the increase in average headcount. Salaries and benefits of the Group's employees were kept a market level and employees were rewarded on a performance related basis within the general framework of the Group's salary and bonus system, which is reviewed annually.

The Group contributed defined contribution scheme to employees. All of the Group's employees have participated in defined contribution retirement plans and other employee social security plans including pension, medical, other welfare benefits in the PRC (the **"Defined Contribution Plans in the PRC"**), which are organised and administered by the relevant governmental authorities for all qualifying employees in the PRC. The Group contributes to these plans based on certain percentages of relevant monthly salaries of its employees, subject to ceiling, as stipulated by the relevant regulations. The Group has no further payment obligation once the contributions have been paid. The Group's contributions to the Defined Contribution Plans in the PRC vest fully and immediately with the employees. Accordingly, there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Plans in the PRC as at 30 June 2026 and 2025. For the Period, the total amount contributed by the Group to the Defined Contribution Plans in the PRC was approximately RMB2.5 million (The Preceding Period: approximately RMB2.3 million).

Treasury policies

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

Exchange rate exposure

The majority of the transactions, assets and liabilities of the Group was denominated in Renminbi, United States Dollars and Hong Kong Dollars. During the Period, no financial instruments were used for hedging purposes, and the Group did not commit to any financial instruments to hedge its exposure to exchange rate risk, as the expected exchange rate risk is not significant. The Directors and senior management will continue to monitor the foreign exchange exposure and will consider applicable derivatives when necessary. The Group did not have any derivatives for hedging against the foreign exchange rate risk at 30 June 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

Charge on the Group's assets

As at 30 June 2026, the Group's interest-bearing borrowings and bills payables are secured by charges over the following assets of the Group:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Leasehold land	19,799	20,022
Investment properties	44,199	44,199
Pledged bank deposits	23,083	50,687
	87,081	114,908

Contingent liabilities

At 30 June 2026 and 31 December 2025, the Group had no contingent liabilities.

Commitments

As at 30 June 2026, the Group had capital expenditure commitments and commitments under leases of approximately RMB49.1 million (31 December 2025: approximately RMB18.2 million) and approximately RMB0.4 million (31 December 2025: approximately RMB0.6 million), respectively. Details are set out in Note 18 to the unaudited condensed consolidated financial statements in this report.

Significant investment, material acquisitions and disposals

During the Period, the Group did not have any significant investment, material acquisitions nor disposals of subsidiaries and affiliated companies. There was no plan authorised by the Board for other material investments or additions of capital assets as at the date of this report.

Interim dividend

The Directors do not recommend the payment of an interim dividend for the Period and the Preceding Period.

Significant events after the reporting period

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

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PLANS AND USE OF PROCEEDS

The Shares were listed on the Stock Exchange on the Listing Date, a total of 250,000,000 offer Shares issued and based on the final offer price of HK\$0.51 per offer Share, the net proceeds raised from the global offering of the Shares were approximately HK\$85.1 million. There was no change in the intended use of net proceeds as previously disclosed in the prospectus of the Company dated 19 March 2025 (the “**Prospectus**”). Up to 30 June 2026, the net proceeds had been applied as follows:

	Adjusted net proceeds HK\$'000	Amount utilised HK\$'000	Amount unutilised HK\$'000	Expected timeline for utilising the unutilised net proceeds amount
Acquire machineries for establishing additional babycare and feminine care product production lines	24,860	21,754	3,106	By 31 December 2026
Acquire machineries for establishing additional nonwoven fabric production lines	22,136	22,136	–	Not applicable
Enhance branding, marketing and promotion activities of the Group	14,558	14,362	196	By 31 December 2026
Upgrade warehouse and investment in IT infrastructure of the Group	15,069	7,465	7,604	By 31 December 2026
General working capital	8,514	8,514	–	Not applicable
	85,137	74,231	10,906	

At 30 June 2026, unutilised net proceeds of approximately HK\$10.9 million were deposited into a licensed banks in the PRC.

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

OTHER INFORMATION

Directors' and chief executives' interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation

As at 30 June 2026, the interests and short positions of the Directors and chief executive of the Company in Shares, underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange, were as follows:

Name of Shareholder	Capacity/Nature of interest	Approximate percentage of the Company's issued share capital (%)	
		Number of Shares held (L) ⁽¹⁾	
Mr. Ngan ⁽²⁾	Interests in controlled corporations	675,000,000	67.50
Mr. Zeng ⁽³⁾	Interests in controlled corporations	75,000,000	7.50

Notes:

- (1) The Letter "L" demonstrates long position.
- (2) Mr. Ngan Pui Kuan ("Mr. Ngan") beneficially owns the entire issued shares of Softo Co., Ltd ("Softo BVI"). Softo BVI is a company incorporated in the British Virgin Islands (the "BVI") which in turn holds 442,125,000 Shares or approximately 44.21% of the issued share capital of the Company. Wish International Holding Ltd ("Wish BVI") and Galaxey International Holdings Ltd ("Galaxey BVI"), the companies incorporated in the BVI and are wholly owned by Softo BVI, in turn holds 120,000,000 Shares or approximately 12.00% and 112,875,000 Shares or approximately 11.29% of the issued share capital of the Company, respectively. Therefore, Mr. Ngan is deemed, or taken to be, interested in all the Shares held by Softo BVI, Wish BVI and Galaxey BVI for the purpose of the SFO.
- (3) Mr. Zeng Guodong ("Mr. Zeng") beneficially owns the entire issued shares of Aspiring International Holding Ltd ("Aspiring BVI"). Aspiring BVI is a company incorporated in the BVI which in turn holds 45,400,000 Shares or approximately 4.54% of the issued share capital of the Company. Ambition International Holding Ltd ("Ambition BVI"), a company incorporated in the BVI and is wholly owned by Aspiring BVI, in turn holds 29,600,000 Shares or approximately 2.96% of the issued share capital of the Company. Therefore, Mr. Zeng is deemed, or taken to be, interested in all the Shares held by Aspiring BVI and Ambition BVI for the purpose of the SFO.

OTHER INFORMATION

Substantial Shareholders' interests and short positions in the Shares, underlying Shares and debentures of the Company

As at 30 June 2026, the following persons held an interest or a short position in the Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group were as follow:

Name of Shareholder	Capacity/Nature of interest	Approximate percentage of the	
		Number of Shares held (L) ⁽¹⁾	Company's issued share capital (%)
Mr. Ngan ⁽²⁾	Interests in controlled corporations	675,000,000	67.50
Softo BVI ⁽²⁾	Beneficial owner	442,125,000	44.21
	Interest in controlled corporations	232,875,000	33.29
Wish BVI ⁽²⁾	Beneficial owner	120,000,000	12.00
Galaxy BVI ⁽²⁾	Beneficial owner	112,875,000	11.29
Mr. Zeng ⁽³⁾	Interests in controlled corporations	75,000,000	7.50
Aspiring BVI ⁽³⁾	Beneficial owner	45,400,000	4.54
	Interest in a controlled corporation	29,600,000	2.96
Ambition BVI ⁽³⁾	Beneficial owner	29,600,000	2.96

Notes:

- (1) The Letter "L" demonstrates long position.
- (2) Softo BVI, Wish BVI and Galaxy BVI held approximately 44.21%, 12.00% and 11.29% of the issued share capital of the Company, respectively. Each of Wish BVI and Galaxy BVI is wholly owned by Softo BVI, which is in turn wholly owned by Mr. Ngan. Mr. Ngan is therefore deemed to be interested in the Shares that each of Softo BVI, Wish BVI and Galaxy BVI is interested in.
- (3) Aspiring BVI and Ambition BVI held approximately 4.54% and 2.96% of the issued share capital of the Company, respectively. Ambition BVI is wholly owned by Aspiring BVI, which is in turn wholly owned by Mr. Zeng. Mr. Zeng is therefore deemed to be interested in the Shares that each of Aspiring BVI and Ambition BVI is interested in.

Save as disclosed above, the Directors are not aware of any other person who had beneficial interests or short positions in any Shares or underlying Shares, which will be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group.

OTHER INFORMATION

Directors' rights to purchase shares or debentures

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

Purchase, sale or redemption of the Company's securities

During the Period and up to the date of this report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities. As at 30 June 2026, there were no treasury shares (as defined under the Listing Rules) held by the Company.

Communication with Shareholders

The annual general meeting of the Company in 2026 (the "**2026 AGM**") was held on 18 June 2026. All resolutions at the 2026 AGM were passed by way of a poll and the poll results were posted on the websites of the Stock Exchange and the Company on the same day.

Use of proceeds from the Listing

The Company was successfully listed on the Main Board of the Stock Exchange on the Listing Date with net proceeds received by the Company from the Listing in the amount of approximately HK\$85.1 million. For details of use of proceeds from the Listing, please refer to the paragraph headed "Future Plans and Use of Proceeds" in this report.

Since the Listing Date, the Group has gradually utilised the net proceeds in accordance with the intended purposes as stated in the Prospectus. Please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus for details.

Sufficiency of public float

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

Directors' securities transactions

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Based on specific enquiry made to the Directors, all of the Directors have confirmed that they had complied with the Model Code during the Period and up to the date of this report.

OTHER INFORMATION

Compliance with laws and regulations

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

Since the Listing Date and up to the date of this report, the Board has all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise, and independent non-executive directors representing at least one-third of the Board. In addition, the Company has all times complied with Rule 3.21 of the Listing Rules, which requires that the audit committee of the Company (the “**Audit Committee**”) must comprise a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise.

Sanctions Risk of the Group

During the Period, the Group did not engage in any new or existing business activities which exposed the Group, its shareholders or investors to the risk of breach of International Sanctions laws.

The Group has continued to monitor its business exposure to sanctions risks. The Board has established the sanctions oversight committee (the “**Sanctions Oversight Committee**”) to manage the Group’s exposure to sanctions risks and oversee the implementation of internal control policies. As at the date of this report, the Sanctions Oversight Committee held a meeting to review, among other matters, the Group’s internal control measures relating to sanctions risks.

During the Period, the Group have implemented various internal control measures in order to identify and monitor its exposure to risk associated with sanctions law. The Group have maintained designated bank account for the Net Proceeds. The finance manager of the Company (the “**Finance Manager**”) was responsible for maintaining such bank account, while the Sanctions Oversight Committee has monitored and regulated the use of the Net Proceeds to ensure compliance with the Company’s undertakings to the Stock Exchange.

In addition, the Group has maintained a control list of countries, regions, persons and entities subject to International Sanctions through a real-time data feed provided by external data providers. The Finance Manager has ensured continuous monitoring of sanctions-related developments through automated alerts from such external data providers, supplemented by annual updates from the Company’s external legal advisers. The Sanctions Oversight Committee has also reviewed information on existing and potential customers against the control list to identify and assess sanctions risks.

The Sanctions Oversight Committee was of the view that the Group’s internal measures in relation to the sanction risk are adequate and effective for the Company to comply with all applicable laws and regulations related to International Sanction and the Company’s undertakings to the Stock Exchange.

Further, during the Period, the Group had no new or existing business activities subject to International Sanctions, and the Group has no current intention or anticipated plan to conduct business activities in any country, or with any customer, person or entity, subject to International Sanctions.

OTHER INFORMATION

Compliance with the corporate governance code

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

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

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

Audit Committee and review of financial statements

The Company has established the Audit Committee with written terms of reference in compliance with the CG Code. As at the date of this report, the members of the Audit Committee are Ms. Leong Kai Weng Subrina, Mr. Ng Brian Hong Jing and Mr. Wong Tai Wai David, all of whom are independent non-executive Directors. Ms. Leong Kai Weng Subrina is the chair of the Audit Committee. The Group’s unaudited condensed consolidated financial statements and the interim report for the six months ended 30 June 2026 have not been audited by the external auditors but they have been reviewed by the Audit Committee. Based on this review and discussions with the management, the Audit Committee was satisfied that the Group’s unaudited condensed consolidated financial statements were prepared in accordance with the applicable accounting standards.

On behalf of the Board

Ngan Pui Kuan

Chair

Quanzhou Jinjiang, Fujian, the PRC, 27 August 2026

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

For the six months ended 30 June 2026

	Note	Six months ended 30 June	
		2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited) (Restated)
Revenue	4	549,312	439,316
Cost of sales		(362,428)	(292,092)
Gross profit		186,884	147,224
Other income	5	2,921	2,238
Selling and distribution expenses		(116,355)	(84,638)
Administrative and other operating expenses		(28,578)	(22,384)
(Provision for) Reversal of loss allowance on trade receivables, net		(668)	1,994
Changes in fair value of investment properties		–	(6)
Fair value loss on financial assets at fair value through profit or loss ("FVPL"), net	13	(7,093)	(1,869)
Finance costs	6	(258)	(781)
Listing expenses	6	–	(4,931)
Profit before tax	6	36,853	36,847
Income tax expenses	7	(3,521)	(6,312)
Profit for the period		33,332	30,535
Other comprehensive (loss) income:			
<i>Item that will not be reclassified to profit or loss</i>			
Exchange difference on translation of the Company's financial statements to presentation currency		(3,370)	(2,490)
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange difference on consolidation		4,435	(4)
Total other comprehensive income (loss) for the period		1,065	(2,494)
Total comprehensive income for the period		34,397	28,041
Earnings per share	8		
Basic (RMB cents)		3.33	3.46
Diluted (RMB cents)		3.33	3.46

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

		At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
	Note		
Non-current assets			
Intangible assets		49	108
Investment properties	10	44,199	44,199
Property, plant and equipment	11	273,709	238,115
Right-of-use assets		37,121	37,696
Deposits paid for acquisition of property, plant and equipment and right-of-use assets		37,504	37,689
		392,582	357,807
Current assets			
Inventories		63,582	53,627
Trade and other receivables	12	296,700	250,868
Financial assets at FVPL	13	–	2,234
Pledged bank deposits		23,083	50,687
Cash and cash equivalents		28,915	73,773
		412,280	431,189
Current liabilities			
Trade and other payables	14	237,935	235,841
Interest-bearing borrowings	15	20,000	40,000
Lease liabilities		46	191
Income tax payable		3,323	3,756
		261,304	279,788
Net current assets		150,976	151,401
Total assets less current liabilities		543,558	509,208

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
<i>Note</i>		
Non-current liability		
Deferred tax liabilities	7,882	7,929
	7,882	7,929
NET ASSETS	535,676	501,279
Capital and reserves		
Issued capital	93	93
Reserves	535,583	501,186
TOTAL EQUITY	535,676	501,279

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Attributable to owners of the Company							Total equity RMB'000
	Reserves							
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Translation reserve RMB'000	Statutory reserve RMB'000	Accumulated profits RMB'000	Total reserves RMB'000	
At 1 January 2026 (Audited)	93	104,561	207,284	(5,530)	33,821	161,050	501,186	501,279
Profit for the period	-	-	-	-	-	33,332	33,332	33,332
Other comprehensive (loss) income								
<i>Item that will not be reclassified to profit or loss</i>								
Exchange difference on translation of the Company's financial statements to presentation currency	-	-	-	(3,370)	-	-	(3,370)	(3,370)
<i>Item that may be reclassified subsequently to profit or loss</i>								
Exchange difference on consolidation	-	-	-	4,435	-	-	4,435	4,435
Other comprehensive income for the period	-	-	-	1,065	-	-	1,065	1,065
Total comprehensive income for the period	-	-	-	1,065	-	33,332	34,397	34,397
Transactions with owners								
<i>Contributions and distributions</i>								
Appropriation to statutory reserve	-	-	-	-	2,862	(2,862)	-	-
Total transactions with owners	-	-	-	-	2,862	(2,862)	-	-
At 30 June 2026 (Unaudited)	93	104,561	207,284	(4,465)	36,683	191,520	535,583	535,676

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Attributable to owners of the Company							
	Reserves							
	Share capital	Share premium	Capital reserve	Translation reserve	Statutory reserve	Accumulated profits	Total reserves	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025 (Audited)	9	–	207,284	(802)	22,297	116,723	345,502	345,511
Profit for the period	–	–	–	–	–	30,535	30,535	30,535
Other comprehensive loss								
<i>Item that will not be reclassified to profit or loss</i>								
Exchange difference on translation of the Company's financial statements to presentation currency	–	–	–	(2,490)	–	–	(2,490)	(2,490)
<i>Item that may be reclassified subsequently to profit or loss</i>								
Exchange difference on consolidation	–	–	–	(4)	–	–	(4)	(4)
Other comprehensive loss for the period	–	–	–	(2,494)	–	–	(2,494)	(2,494)
Total comprehensive income for the period	–	–	–	(2,494)	–	30,535	28,041	28,041
Transactions with owners								
<i>Contributions and distributions</i>								
Issue of shares pursuant to the Capitalisation Issue	61	(61)	–	–	–	–	(61)	–
Issue of shares pursuant to the Global Offering	23	119,186	–	–	–	–	119,186	119,209
Transaction costs attributable to issue of shares	–	(14,564)	–	–	–	–	(14,564)	(14,564)
Appropriation to statutory reserve	–	–	–	–	5,746	(5,746)	–	–
Total transactions with owners	84	104,561	–	–	5,746	(5,746)	104,561	104,645
At 30 June 2025 (Unaudited)	93	104,561	207,284	(3,296)	28,043	141,512	478,104	478,197

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
OPERATING ACTIVITIES		
Profit before tax	36,853	36,847
Adjustments for:		
Amortisation of intangible assets	59	69
Depreciation of property, plant and equipment	13,012	9,423
Depreciation of right-of-use assets	575	591
Changes in fair value of investment properties	–	6
Unrealised fair value loss (gain) on financial assets at FVPL, net	–	(129)
Finance costs	258	781
Interest income	(477)	(789)
Loss on disposal of property, plant and equipment, net	–	5
Provision for (Reversal of) loss allowance of trade receivables, net	668	(1,994)
Operating cash flows before changes in working capital	50,948	44,810
Changes in working capital:		
Inventories	(9,955)	(5,627)
Trade and other receivables	(44,266)	19,454
Trade and other payables	(15,229)	30,787
Cash (used in) generated from operations	(18,502)	89,424
Income tax paid	(4,001)	(8,031)
Net cash (used in) from operating activities	(22,503)	81,393

UNAUDITED 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)
INVESTING ACTIVITIES		
Interest received	477	789
Change in pledged bank deposits	27,604	(14,145)
Payment for purchase of intangible assets	–	(236)
Payment for purchase of property, plant and equipment	(5,849)	(50,049)
Deposit paid for property, plant and equipment	(25,249)	–
Payment for purchase of financial assets at FVPL	–	(18,111)
Proceeds from disposal of property, plant and equipment	–	6
Net cash used in investing activities	(3,017)	(81,746)
FINANCING ACTIVITIES		
Proceeds from issue of shares	–	119,209
Payment for transaction costs attributable to issue of shares	–	(14,564)
Inception of interest-bearing borrowings	–	63,000
Repayment of interest-bearing borrowings	(20,000)	(21,000)
Repayment of lease liabilities (including financing components)	(143)	(164)
Interest paid	(260)	(773)
Repayment to the Controlling Shareholder, net	–	(6,535)
Net cash (used in) from financing activities	(20,403)	139,173
Net (decrease) increase in cash and cash equivalents	(45,923)	138,820
Cash and cash equivalents at the beginning of the reporting period	73,773	26,698
Effect of foreign exchange rate, net	1,065	(138)
Cash and cash equivalents at the end of the reporting period	28,915	165,380

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2026 (the “Interim Financial Statements”) have been prepared in accordance with IAS 34 “*Interim Financial Reporting*” issued by the International Accounting Standards Board (the “IASB”) and the applicable disclosure provisions of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange.

The preparation of the Interim Financial Statements in conformity with IAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a period to date basis. Actual results may differ from these estimates.

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and financial performance of the Group since 31 December 2025, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the IFRS Accounting Standards which collective term includes all applicable individual IFRS Accounting Standards, IAS Standards and Interpretations issued by the IASB and generally accepted accounting principles. They shall be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2025 (the “Annual Financial Statements”).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

2. BASIS OF PREPARATION (CONTINUED)

The Interim Financial Statements are presented in Renminbi ("RMB") and all amounts have been rounded to the nearest thousand ("RMB'000"), unless otherwise stated.

The measurement basis used in the preparation of the Interim Financial Statements is the historical cost basis, except for the financial assets at FVPL and the investment properties which are measured at fair value.

The accounting policies and methods of computation applied in the preparation of the Interim Financial Statements are consistent with those applied in preparing the Annual Financial Statements except for the adoption of the new/revised IFRS Accounting Standards described below which are effective for current period.

Adoption of new/revised IFRS Accounting Standards

In the current period, the Group has applied, for the first time, the following amendments to IAS Standards issued by the IASB which are effective for the current period.

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

The adoption of the amendments in the current period does not have any significant impact on the Interim Financial Statements for current and prior periods.

At the date of authorisation of the Interim Financial Statements, the Group has not early adopted the new/revised IFRS Accounting Standards that have been issued but are not yet effective. The management of the Group does not anticipate that the adoption of the new/revised IFRS Accounting Standards in future periods will have any material impact on the Interim Financial Statements.

3. SEGMENT INFORMATION

The directors of the Company have determined that the Group has only one operating and reportable segment throughout the six months ended 30 June 2026 and 2025, as the Group manages its business as a whole as the manufacturing and sales of hygienic disposables and nonwoven fabrics. The executive directors of the Company, being the chief operating decision-makers of the Group, regularly review the internal financial reports on the same basis for the purposes of allocating resources and assessing performance of the Group.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

3. SEGMENT INFORMATION (CONTINUED)

Geographical information

(a) Revenue from external customers

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

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Chinese Mainland of the PRC	239,245	175,081
Russia	201,426	206,058
Southeast Asia (Note)	67,541	29,959
The United States of America	17,081	13,452
Others	24,019	14,766
	549,312	439,316

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

(b) Non-current assets

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

Information about major customers

Details of the customers (presented by entities under common control, if appropriate) individually accounting for 10% or more of the total revenue of the Group for the six months ended 30 June 2026 and 2025 are as follows:

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Sales of hygienic disposables and nonwoven fabrics		
Customer A	172,360	189,280

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

4. REVENUE

	Six months ended 30 June	
	2026	2025
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Revenue from contracts with customers within IFRS 15		
At a point in time		
Sales of hygienic disposables		
– Babycare	253,082	251,284
– Feminine care	187,284	119,725
– Adult incontinence	39,137	14,895
– Others	3,934	3,961
	483,437	389,865
Sales of nonwoven fabrics and others	65,875	49,451
	549,312	439,316

Note: The revenue recognised for the six months ended 30 June 2026 which was included in the contract liabilities at the beginning of the reporting period were approximately RMB34,410,000 (six months ended 30 June 2025: RMB16,633,000) (Note 14(c)).

5. OTHER INCOME

	Six months ended 30 June	
	2026	2025
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Government grants (Note)	291	412
Interest income	477	789
Rental income	205	231
Sales of scrap materials	1,475	733
Sundry income	473	73
	2,921	2,238

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

There were no unfulfilled conditions or contingencies relating to these grants.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

6. PROFIT BEFORE TAX

This is stated after charging (crediting):

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Finance costs		
Interest on interest-bearing borrowings	256	773
Interest on lease liabilities	2	8
	258	781
Staff costs (including directors' emoluments and chief executive's remuneration)		
Salaries, discretionary bonus, allowances and other benefits in kind	13,327	11,157
Contributions to defined contribution plans	2,482	2,326
	15,809	13,483
Other items		
Amortisation of intangible assets (charged to "selling and distribution expenses")	59	69
Cost of inventories (Note (a))	362,428	292,092
Depreciation of property, plant and equipment (charged to "cost of sales", "selling and distribution expenses" and "administrative and other operating expenses", as appropriate)	13,012	9,423
Depreciation of right-of-use assets (charged to "cost of sales" and "administrative and other operating expenses", as appropriate)	575	591
Direct operating expenses arising from investment properties that generate rental income	206	200
Exchange (gain) loss, net	(61)	520
Listing expenses	–	4,931
Loss on disposal of property, plant and equipment, net	–	5
Research and development expenses (Note (b))	14,610	11,871

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

6. PROFIT BEFORE TAX (CONTINUED)

Notes:

- (a) Cost of inventories included approximately RMB15,574,000 (*six months ended 30 June 2025: RMB13,974,000*) relating to the aggregated amount of certain staff costs, depreciation of property, plant and equipment and right-of-use assets which were included in the respective amounts as disclosed above during the six months ended 30 June 2026 and 2025.
- (b) During the six months ended 30 June 2026 and 2025, the Group carried out several research and development projects for (i) enhancement of the existing products quality and production efficiency and (ii) development of new products (together, the "Research and Development Activities"). Having considered the enhancement to the existing products' quality and production efficiency cannot be clearly quantified and the technical feasibility for the completion of new projects are uncontrollable, the costs incurred in the Research and Development Activities including approximately RMB3,431,000 (*six months ended 30 June 2025: RMB1,769,000*), relating to the aggregated amount of certain staff costs, depreciation of property, plant and equipment and right-of-use assets are recognised in the profit or loss as incurred during the six months ended 30 June 2026 and 2025.

7. TAXATION

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Current tax		
PRC Enterprise Income Tax ("PRC EIT")	3,568	6,362
Deferred taxation		
Changes in temporary differences	(47)	(50)
Total income tax expenses for the period	3,521	6,312

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

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in or derived from Hong Kong for the six months ended 30 June 2026 and 2025.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

7. TAXATION (CONTINUED)

The Group's entities established in Chinese Mainland of the PRC are subject to the PRC EIT at a statutory rate of 25% during the six months ended 30 June 2026 and 2025 except for 嬰舒寶(中國)有限公司(Insoftb (China) Co., Ltd.*) ("Insoftb China") which has been recognised as High and New Technology Enterprise (the "HNTE") since December 2020 and is entitled to a preferential tax rate of 15% during the six months ended 30 June 2026 and 2025. The entitlement of the HNTE is subject to renewal by the tax bureau in Chinese Mainland of the PRC every three years. The latest approval of the HNTE for Insoftb China was obtained in December 2023 for the three years ending 31 December 2026.

* The English name is translated for identification purpose only.

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Profit:		
Profit for the period attributable to owners of the Company,		
used in basic earnings per share calculation	33,332	30,535
Number of shares:		
Weighted average number of ordinary shares for the purpose of		
calculating basic earnings per share	1,000,000	882,597

There were no dilutive potential ordinary shares during the six months ended 30 June 2026 and 2025, and therefore, diluted earnings per share is the same as the basic earnings per share.

9. DIVIDENDS

During the six months ended 30 June 2026 and 2025, no dividends have been declared or paid by the Company.

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10. INVESTMENT PROPERTIES

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
At fair value		
At the beginning of the reporting period	44,199	44,210
Changes in fair value	–	(11)
At the end of the reporting period	44,199	44,199

The Group's investment properties consist of leasehold land and buildings located in Chinese Mainland of the PRC, which were held under leases to earn rental income or for capital appreciation. During the reporting periods, the Group's investment properties are leased to third parties to earn rental income under operating leases, which are detailed in Note 18(b) to the Interim Financial Statements.

At the end of the reporting period, the fair value of the investment properties was determined by the Group's management with reference to the valuation report from an independent professional qualified valuer, BonVision International Appraisals Limited using direct comparison approach and was categorised into the Level 3 fair value hierarchy as defined in IFRS 13 "Fair value measurement" as detailed in Note 17 to the Interim Financial Statements.

At 30 June 2026, the Group's investment properties with carrying amount of approximately RMB44,199,000 (31 December 2025: RMB44,199,000) were pledged to secure banking facilities of the Group (Note 15).

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group has addition of property, plant and equipment of approximately RMB32,557,000 (six months ended 30 June 2025: RMB22,609,000) and construction-in-progress of approximately RMB16,050,000 (six months ended 30 June 2025: RMB11,735,000).

During the six months ended 30 June 2026, the Group disposed of property, plant and equipment with net carrying value of Nil (six months ended 30 June 2025: RMB11,000).

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For the six months ended 30 June 2026

12. TRADE AND OTHER RECEIVABLES

		At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
	Note		
Trade receivables			
From third parties		210,585	164,968
Less: Loss allowances		(9,851)	(9,183)
	12(a)	200,734	155,785
Bills receivables	12(b)	—	88
Other receivables			
Amount due from brokers for commodity futures contracts		—	1,824
Prepaid distribution service fees to a related company	12(c)	5,998	4,812
Prepaid promotion expenses	12(d)	21,633	19,776
Prepayment to suppliers	12(e)	6,387	18,269
Deposits paid to digital platforms		5,184	5,115
Receivables from digital platforms	12(f)	10,413	10,407
Value-added tax and other tax recoverables		29,547	24,478
Other prepayment, deposits and receivables		16,804	10,314
		95,966	94,995
		296,700	250,868

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12. TRADE AND OTHER RECEIVABLES (CONTINUED)

12(a) Trade receivables

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

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Within 30 days	80,654	41,638
31 to 60 days	49,359	34,597
61 to 90 days	25,785	27,396
91 to 180 days	20,447	23,824
181 to 365 days	15,814	18,936
Over 1 year	8,675	9,394
	200,734	155,785

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

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Not yet due	161,321	102,949
Past due:		
Within 30 days	10,318	17,702
31 to 60 days	4,059	4,376
61 to 90 days	5,324	2,691
91 to 180 days	7,224	8,190
181 to 365 days	8,553	14,940
Over 1 year	3,935	4,937
	39,413	52,836
	200,734	155,785

The Group normally grants credit terms up to 180 days (31 December 2025: up to 180 days) from the date of issuance of invoices.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

12(b) Bills receivables

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

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

At 30 June 2026, the amount of approximately RMB5,998,000 (*31 December 2025: RMB4,812,000*) represented the distribution services prepaid to a related company, 晉江市志華物流有限公司(Jinjiang Zhihua Logistics Co., Ltd.*) ("Zhihua") which is controlled by Mr. Gao Yue, an executive director of the Company. The amount was expected to be recognised in profit or loss within one year.

12(d) Prepaid promotion expenses

At 30 June 2026, the amount of approximately RMB21,633,000 (*31 December 2025: RMB19,776,000*) represented the promotion expenses prepaid to certain marketing agents for (i) the promotion on digital platforms and (ii) endorsement services expenses for the promotion of one of the product brands of the Group.

At 30 June 2026, the amount of Nil (*31 December 2025: RMB1,333,000*) was expected to be recognised in profit or loss more than twelve months after the end of the reporting period. The Group classified these prepaid promotion expenses as current as it expects to realise them in its normal operating cycle.

12(e) Prepayment to suppliers

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

12(f) Receivables from digital platforms

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

* *The English name is translated for identification purpose only.*

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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13. FINANCIAL ASSETS AT FVPL

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Financial assets at FVPL		
Commodity futures contracts on raw material	–	2,234
	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fair value changes recognised in profit or loss for the reporting period:		
Commodity futures contracts on raw material		
– Realised loss, net	(7,093)	(1,998)
Forward currency contracts		
– Unrealised gain, net	–	129
	(7,093)	(1,869)

At the end of the reporting period, the fair value of the commodity futures contracts on raw material was determined with reference to the prices quoted by the financial institutions. At 30 June 2026, the Group had no outstanding commodity futures contracts on raw material (31 December 2025: RMB31,913,000).

The fair value of commodity futures contracts on raw material was categorised into the Level 1 fair value hierarchy as defined in IFRS 13 "Fair value measurement" as detailed in Note 17 to the Interim Financial Statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

14. TRADE AND OTHER PAYABLES

		At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
	Note		
Trade payables to third parties	14(a)	60,986	36,776
Bills payables	14(b)	101,883	119,067
Other payables			
Contract liabilities – receipts in advance	14(c)	21,373	41,794
Salary payables		2,546	2,384
Other tax payables		697	1,033
Accruals and other payables		22,154	23,360
Payables for purchase of property, plant and equipment		28,296	10,973
Payables for distribution service fees to third parties		–	454
		75,066	79,998
		237,935	235,841

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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14. TRADE AND OTHER PAYABLES (CONTINUED)

14(a) Trade payables

The trade payables were unsecured, interest-free and with normal credit terms up to 60 days (*31 December 2025: up to 60 days*).

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

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Within 30 days	41,664	27,595
31 to 60 days	18,233	5,582
61 to 90 days	76	493
Over 90 days	1,013	3,106
	60,986	36,776

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

14. TRADE AND OTHER PAYABLES (CONTINUED)

14(b) Bills payables

At 30 June 2026, the bills payables were interest-free, guaranteed by banks in Chinese Mainland of the PRC and had maturities of less than six months. The Group's bills payables were secured by the following:

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Pledged bank deposits	23,083	50,687
Leasehold land	19,799	20,022

14(c) Contract liabilities

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

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
At the beginning of the reporting period	41,794	22,560
Additions	13,989	41,794
Revenue recognised (Note 4)	(34,410)	(22,560)
At the end of the reporting period	21,373	41,794

The contract liabilities of approximately RMB21,373,000 at 30 June 2026 (31 December 2025: RMB41,794,000), represented the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period. The Group expects the transaction price of approximately RMB21,373,000 at 30 June 2026 (31 December 2025: RMB41,794,000), allocated to the unsatisfied performance obligations are expected to be recognised as revenue in one year or less when the obligations are performed.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

15. INTEREST-BEARING BORROWINGS

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Secured and guaranteed bank loans		
– Variable-rate bank loans	20,000	20,000
Unsecured and unguaranteed bank loans		
– Variable-rate bank loans	–	20,000
	20,000	40,000
Carrying amounts of the above bank loans are repayable:		
– On demand or less than 1 year	20,000	40,000
Amounts shown under current liabilities	20,000	40,000

The ranges of effective interest rates on the Group's bank loans are as follows:

	At 30 June 2026 %	At 31 December 2025 %
	(Unaudited)	(Audited)
Variable-rate bank loans	1.50	1.51-3.40

At 30 June 2026, the secured interest-bearing borrowings were collectively secured by:

- (a) corporate guarantee provided by subsidiaries of the Group;
- (b) investment properties of approximately RMB44,199,000 (31 December 2025: RMB44,199,000) (Note 10); and

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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16. RELATED PARTY TRANSACTIONS

The Group had the following related party transactions during the six months ended 30 June 2026 and 2025.

(a) Related party transactions of the Group

Transactions among the group entities have been eliminated by consolidation and are not disclosed. During the six months ended 30 June 2026 and 2025, the Group had the following significant transactions with related parties. In the opinion of the directors of the Company, they are under normal commercial terms that are fair and reasonable and in the best interests of the Group.

Name of the related party	Nature of the transaction	Six months ended 30 June	
		2026	2025
		RMB'000 (Unaudited)	RMB'000 (Unaudited)
Zhihua	Provision of distribution services	11,756	7,447

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

	Six months ended 30 June	
	2026	2025
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Salaries, allowances, discretionary bonus, and other benefits in kind	2,608	1,255
Contributions to defined contribution plans	114	187
	2,722	1,442

(c) Balances with related parties

	At	At
	30 June	31 December
	2026	2025
	RMB'000 (Unaudited)	RMB'000 (Audited)
Prepaid distribution services fees to a related company (Note 12(c))		
Zhihua	5,998	4,812

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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17. FAIR VALUE MEASUREMENTS

(a) Assets/liabilities measured at fair value

Fair value hierarchy

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

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 30 June 2026 (Unaudited)				
<i>Recurring fair value measurement</i>				
Investment properties	–	–	44,199	44,199
At 31 December 2025 (Audited)				
<i>Recurring fair value measurement</i>				
Financial assets at FVPL				
– Commodity futures contracts on raw materials	2,234	–	–	2,234
Investment properties	–	–	44,199	44,199

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

(b) Assets/liabilities not measured at fair value

The management of the Group estimates the fair value of its assets and liabilities measurement of amortise cost using the discounted cash flows analysis. The management of the Group considers that the carrying amounts of assets and liabilities recorded at amortised cost in the Interim Financial Statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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18. COMMITMENTS

(a) Capital expenditure commitments

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Contracted but not provided for net of deposits paid for acquisition of property, plant and equipment	49,134	18,152

(b) Commitments under leases

The Group as lessor

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

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Within one year	378	402
More than one year but less than two years	—	183
	378	585

19. COMPARATIVE FIGURES

Conforming to current period's presentation, fair value loss on financial assets at FVPL, net of approximately RMB1,869,000 for the six months ended 30 June 2025 that was previously included in administrative and other operating expenses has been reclassified and presented as separate item in the unaudited condensed consolidated statement of profit or loss and other comprehensive income. The revised presentation reflects more appropriately the nature of these items. These reclassifications have no effect on the reported financial position, results or cash flows of the Group.