



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



2025
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 (*Appointed on 23 June 2025*)
Mr. Wong Tai Wai David (*Ceased on 23 June 2025*)

SANCTIONS OVERSIGHT COMMITTEE

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

AUTHORISED REPRESENTATIVES

Mr. Gao Yue
Mr. Yeung Kwong Wai, *HKICPA, AICPA, CFA*

JOINT COMPANY SECRETARIES

Ms. Ngan Ka Wai
Mr. Yeung Kwong Wai, *HKICPA, AICPA, CFA*

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 ADVISERS

As to Hong Kong laws:
King & Wood Mallesons
13/F Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

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 BANKS

Industrial and Commercial Bank of China Limited
Jinjiang Branch
Bank of China Limited Jinjiang Branch

STOCK CODE

2569

WEBSITE

www.Insoftb.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 2025 (the **“Period”**), the Group reached a significant milestone by successfully listing the Company’s shares (the **“Shares”**) on the Main Board of the Hong Kong Stock Exchange (the **“Stock Exchange”**) on 27 March 2025 (the **“Listing Date”**) (the **“Listing”**). This Listing has enhanced the Group’s corporate image and brand strength, expanded its market share in the hygienic disposables industry both domestically and internationally, and supported the execution of its business strategies and principal objectives. It has positioned the Group for sustainable growth, further solidifying its leadership in the hygienic disposables sector in China and abroad, ultimately aiming to create long-term value for our shareholders (the **“Shareholders”**). Following the Listing, the Group successfully raised net proceeds of approximately HK\$85.1 million (the **“Net Proceeds”**). Details regarding the utilization of the Net Proceeds are disclosed in the **“Financial Review”** section of this report.

Throughout the Period, our Group experienced steady and orderly growth in production and operations. Revenue increased by approximately RMB109.6 million or 33.2% from approximately RMB329.7 million for the six months ended 30 June 2024 (the **“Preceding Period”**) to approximately RMB439.3 million for the Period. Profit for the Period increased by approximately RMB5.7 million or 23.0% to approximately RMB30.5 million for the Period (The Preceding Period: approximately RMB24.8 million). Detailed analysis was set out in the **“Financial Review”** section of this report.

Our revenue is generated through two main business segments: (i) contract manufacturing of baby care products as an Original Design Manufacturer (ODM) to business customers (the **“Contract Manufacturing Business”**); and (ii) branded product business to manufacture, market, and sell products under our own brands in the PRC (the **“Brand Product Business”**), which contributed approximately 60.3% (The Preceding Period: approximately 55.9%) and approximately 28.5% (The Preceding Period: approximately 32.1%) of total revenue for the Period, respectively.

In our Contract Manufacturing Business, we primarily manufacture and sell baby care products as ODM to business customers, including independent retailers and baby care brand owners. Our products are branded for export from the PRC to various countries in Eurasia. We serve major business customers, including top-tier Russian children’s goods retailers and international brands, customising products to their specifications. During the Period, our revenue from this segment increased by approximately RMB80.4 million or 43.6% to approximately RMB264.8 million, compared to approximately RMB184.4 million for the Preceding Period. The increased demand in the Russian market has positively influenced sales since the last quarter of 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

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, this segment achieved a revenue increment of approximately RMB19.5 million or 18.4%, reaching approximately RMB125.4 million (The Preceding Period: approximately RMB105.9 million).

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.

During the Period, the Group established four new production lines at the Jinjiang Production Facilities, comprising one baby care production line and three feminine care production lines (the “**New Production Lines**”). As of the date of this report, all New Production Lines are in the trial production phase. In line with the planned use of the Net Proceeds, in 2025, in addition to the New Production Lines, the Group intends to establish two additional baby care production lines and one new nonwoven fabric production line. Additionally, the Group has commenced construction of a new production base on our owned properties in Shishi City, Quanzhou, Fujian Province. This project is at an early stage, with the specific production lines and intended uses still under planning. We believe that our overall scale has fostered strong manufacturing capabilities, enabling ongoing cost optimization and allowing for rapid and effective responses to evolving customer requirements.

Prospect

We remain committed to our mission in providing comprehensive and essential hygiene solutions tailored to meet consumer needs at every life stage and for various occasions, guided by a business philosophy centered on “health business with medical professionalism”.

While anticipating challenges such as potential fluctuations in international market demand and a global decline in fertility rates, the Group is dedicated to adapting its strategies to mitigate risks. Key strategic initiatives include: (i) reinforcing the strength and scale of our baby care category while expanding the feminine care category; (ii) increasing brand awareness and accelerating the D2C presence; (iii) expanding into attractive product categories; (iv) driving accretive product innovation; and (v) continuously improving operational efficiencies.

In addition, our robust supply chain and vertically integrated operations provide us with the agility needed to respond to market changes effectively. The Group’s robust supply chain and vertically integrated operations provide the agility necessary to respond effectively to market changes. The ongoing development of existing and expanded factories and production lines positions the Group for sustained growth and success.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Revenue of the Group increased by approximately RMB109.6 million or 33.2% from approximately RMB329.7 million for the Preceding Period to approximately RMB439.3 million for the Period. This increase was primarily due to a combination of effects of the following factors:

- *Contract Manufacturing Business:* Revenue increased from approximately RMB184.4 million for the Preceding Period to approximately RMB264.8 million for the Period. This growth was primarily driven by the increase in sales revenue to the Group's largest Russian top-tier customer (the "**Russian Top-tier Customer**"), which increased by approximately RMB74.9 million to approximately RMB189.3 million for the Period (The Preceding Period: approximately RMB114.4 million). This growth was attributable to the heightened demand in the Russian market, which positively impacted sales since the last quarter of 2024. Notably, within the revenue from the Russian Top-tier Customer, revenue from contract manufacturing baby care products increased by approximately RMB72.4 million during the Period.
- *Branded Product Business:* Revenue increased from approximately RMB105.9 million for the Preceding Period to approximately RMB125.4 million for the Period, representing an increase of approximately RMB19.5 million or 18.4%, mainly as a result of continuous increase in the sales volume of sanitary pants due to the Group's efforts put on online sales, as well as the successful launch of a new feminine care branded product during the Period.
- *Nonwoven fabric and others:* Revenue grew from approximately RMB39.4 million for the Preceding Period to approximately RMB49.1 million for the Period, representing an increase of approximately RMB9.7 million or 24.6%. The increase was primarily attributed to the rising market demand on nonwoven fabric.

Cost of Sales

Cost of sales of the Group increased by approximately RMB68.0 million or 30.3% from approximately RMB224.1 million in the Preceding Period to approximately RMB292.1 million in the Period due to increase in direct materials costs from approximately RMB191.7 million in the Preceding Period to approximately RMB256.9 million in the Period, an increase of approximately RMB65.2 million or 34.0%, which was generally in line with the increase in overall sales volume.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

Total gross profit increased by approximately RMB41.6 million or 39.4% from approximately RMB105.6 million in the Preceding Period to approximately RMB147.2 million in the Period, with gross profit margin improving from approximately 32.0% to approximately 33.5%. The increase was attributable to the following factors:

- *Contract Manufacturing Business:* Gross profit increased from approximately RMB56.3 million for the Preceding Period to approximately RMB83.9 million for the Period, with stable gross profit margin at approximately 30.5% and approximately 31.7% for the Preceding Period and for the Period, respectively. The slight improvement in gross profit margin was primarily attributable to reduced purchase costs of major raw materials.
- *Branded Product Business:* Gross profit increased from approximately RMB47.3 million for the Preceding Period to approximately RMB60.3 million for the Period, with gross profit margin improving from approximately 44.7% for the Preceding Period to approximately 48.1% for the Period, 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 RMB2.0 million for the Preceding Period to approximately RMB3.1 million for the Period, with gross profit margin remaining stable at approximately 5.0% for the Preceding Period and approximately 6.2% for the Period. The slight increase in gross profit margin was mainly due to lower purchase costs of major raw materials.

Other income

Other income decreased from approximately RMB3.3 million for the Preceding Period to approximately RMB2.2 million for the Period, which was mainly due to the decrease in sales of scrap materials from approximately RMB1.7 million for the Preceding Period to approximately RMB0.7 million for the Period.

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB36.7 million or approximately 76.6%, from approximately RMB47.9 million in the Preceding Period to approximately RMB84.6 million in the Period, mainly due to (i) the increase in online sales and promotion expenses by approximately RMB28.5 million or 90.2% to approximately RMB60.1 million in the Period (The Preceding Period: approximately RMB31.6 million). During the Period, the Group put significant effort on promoting its product throughout different online platforms to increase its market shares and promote new products. Additionally, higher services charge and commission were incurred during the Group's promotion placed during public holidays in the PRC; and (ii) the increase in distribution and declaration fee by approximately RMB6.2 million or 48.4% to approximately RMB19.0 million in the Period (The Preceding Period: approximately RMB12.8 million), which was generally in line with growth in D2C sales and oversea sales of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative and other operating expenses

Administrative and other operating expenses increased by approximately RMB4.6 million or approximately 23.4%, from approximately RMB19.7 million in the Preceding Period to approximately RMB24.3 million in the Period. This increase was primarily driven by the increase in consultancy fee by approximately RMB2.8 million or 466.7% to RMB3.4 million in the Period (The Preceding Period: approximately RMB0.6 million), which mainly attributable to consultancy fee of approximately RMB2.1 million incurred for financial analysis and enterprise management consultancy services provided to the Group.

Listing expenses

Listing expenses decreased by approximately RMB3.3 million or 40.2% from approximately RMB8.2 million for the Preceding Period to approximately RMB4.9 million for the Period, which was due to the completion of the Listing on 27 March 2025.

Finance costs

Finance costs increased by approximately RMB0.5 million or 166.7%, from approximately RMB0.3 million for the Preceding Period to approximately RMB0.8 million for the Period, which was mainly due to the increase in average balance of interest-bearing borrowings as at 30 June 2025.

Income tax expenses

Income tax expenses increased by approximately RMB0.4 million or 6.8% from approximately RMB5.9 million for the Preceding Period to approximately RMB6.3 million for the Period; whereby the effective tax rate decreased from approximately 19.2% for the Preceding Period to approximately 17.1% for the Period, which were primarily due to the non-recurring Listing expenses of approximately RMB8.1 million and approximately RMB4.9 million incurred for the Preceding Period and the Period, respectively, which was not tax deductible.

Profit attributable to the owners of the Company

As a result of the foregoing, profit attributable to owners of the Company increased by approximately RMB5.7 million or 23.0% from approximately RMB24.8 million for the Preceding Period to approximately RMB30.5 million for the Period.

Inventories

The inventory balance increased by approximately RMB5.6 million or 12.0% from approximately RMB46.7 million as at 31 December 2024 to approximately RMB52.3 million as at 30 June 2025. The increase in balance was primarily attributable to the increase in balance of finished goods by approximately RMB10.4 million, which enables the Group to maintain sufficient inventory to support online sales, ensuring a significantly shortened delivery lead time.

MANAGEMENT DISCUSSION AND ANALYSIS

Trade and other receivables

Trade and other receivables decreased by approximately RMB16.0 million or 8.1% from approximately RMB198.3 million as at 31 December 2024 to approximately RMB182.3 million as at 30 June 2025, in which balance of trade and bills receivables (net off loss allowances) decreased by approximately RMB37.6 million or 25.7% to approximately RMB108.5 million as at 30 June 2025 (31 December 2024: approximately RMB146.1 million). Decrease in balance of trade and bills receivables was primarily attributable to the decrease in revenue from customers who were granted longer credit terms near the end of the Period.

Conversely, balance of other receivables increased by approximately RMB21.6 million or 41.4% from RMB52.2 million as at 31 December 2024 to approximately RMB73.8 million as at 30 June 2025, primarily attributable to the (i) increase in prepayment to suppliers of approximately RMB16.2 million; (ii) increase in receivables from digital platforms of approximately RMB6.1 million; (iii) increase in receivable for distribution service fees of approximately RMB2.3 million, which was partially offset by (iv) the decrease in prepaid listing expenses of approximately RMB2.6 million.

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

During the last quarter of FY2024, 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), we entered into commodity futures contracts. As at 30 June 2025, the Group had no outstanding commodity futures contracts (31 December 2024: approximately RMB1.3 million). The Group also recognized realised loss for such financial assets of approximately RMB2.0 million in the Period (The Preceding Period: Nil).

As at 30 June 2025, the Group held forward currency contracts with full deposits paid at notional amount of approximately Canadian dollar ("CAD") 3,425,000 (equivalent to approximately RMB18,111,000), forward rate of CAD1.36 per United States dollar 1 and maturity date on 16 July 2025 (31 December 2024: Nil). The Group recognized unrealised gain for such financial assets of approximately RMB0.1 million (The Preceding Period: Nil). Details of the financial assets at FVPL are set out in Note 13 to the unaudited condensed consolidated financial statements in this report.

As at 30 June 2025, amount due from brokers for commodity future contracts was approximately RMB3.9 million (31 December 2024: approximately RMB3.2 million), which were repayable on demand upon request from the Group.

Trade and other payables

Trade and other payables increased by approximately RMB30.6 million or 16.0% from approximately RMB191.1 million as at 31 December 2024 to approximately RMB221.7 million as at 30 June 2025, in which balance of trade and bills payables increased by approximately RMB39.5 million or 34.4% to approximately RMB154.2 million as at 30 June 2025 (31 December 2024: approximately RMB114.7 million). Increase in balance of trade and bills payables was primarily attributable to higher procurement recorded towards the end of the Period.

Conversely, balance of other payables decreased from approximately RMB76.4 million as at 31 December 2024 to approximately RMB67.5 million as at 30 June 2025, primarily attributable to the (i) decrease in payables for distribution service fees of approximately RMB10.5 million; (ii) decrease in accrued listing expenses of approximately RMB5.1 million; which was partially offset by (iii) the increase of contract liabilities of approximately RMB8.1 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources and Capital Structure

As at 30 June 2025, the Group had bank balances and cash (including non-pledged bank deposits) of approximately RMB165.4 million as compared to approximately RMB26.7 million as at 31 December 2024.

As at 30 June 2025, the Group had total interest-bearing borrowings of approximately RMB75.0 million (31 December 2024: approximately RMB33.0 million), and all interest-bearing borrowings are either due within one year or with a clause in the loan agreements that gave the lenders an overriding right to demand repayment without notice or with notice period of less than 12 months at their sole discretion. Details of the interest-bearing borrowings are set out in Note 16 to the unaudited condensed consolidated financial statements in this report.

The gearing ratio of the Group as at 30 June 2025 was approximately 15.7% compared to approximately 9.6% as at 31 December 2024. Gearing ratio is calculated based on the sum of interest-bearing borrowings divided by total equity at the end of the respective year. Increase in gearing ratio as at 30 June 2025 was primarily attributable to increase in amount of interest-bearing borrowings as at 30 June 2025.

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.

Employee and remuneration policy

As at 30 June 2025, the Group had a total of 326 employees (30 June 2024: 277 employees). During the Period, the total staff costs amount to approximately RMB13.5 million (The Preceding Period: approximately RMB12.1 million), representing an increase of approximately RMB1.4 million or 11.6%. 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 2025 and 2024. For the Period, the total amount contributed by the Group to the Defined Contribution Plans in the PRC was approximately RMB2.3 million (The Preceding Period: approximately RMB1.6 million).

MANAGEMENT DISCUSSION AND ANALYSIS

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 2025.

Charge on the Group's assets

As at 30 June 2025, the Group's interest-bearing borrowings and bills payables are secured by charges over the following assets of the Group:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Leasehold land	20,244	20,467
Investment properties	44,204	44,210
Pledged bank deposits	43,566	29,421
	108,014	94,098

Contingent liabilities

At 30 June 2025 and 31 December 2024, the Group had no contingent liabilities.

Commitments

As at 30 June 2025, the Group had capital expenditure commitments and commitments under leases of approximately RMB14.7 million (31 December 2024: approximately RMB21.0 million) and approximately RMB0.8 million (31 December 2024: approximately RMB0.3 million), respectively. Details are set out in Note 20 to the unaudited condensed consolidated financial statements in this report.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

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 2025, the net proceeds had been applied as follows:

	Adjusted net proceeds HK\$'000	Amount utilised HK\$'000	Amount unutilised HK\$'000
Acquire machineries for establishing additional babycare and feminine care product production lines	24,860	–	24,860
Acquire machineries for establishing additional nonwoven fabric production lines	22,136	–	22,136
Enhance branding, marketing and promotion activities of the Group	14,558	–	14,558
Upgrade warehouse and investment in IT infrastructure of the Group	15,069	–	15,069
General working capital	8,514	–	8,514
	85,137	–	85,137

At 30 June 2025, unutilised net proceeds of approximately HK\$85.1 million were deposited into a licensed bank in Hong Kong.

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 2025, 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 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 Number of Company's issued Shares held (L) ⁽¹⁾ share capital (%)	
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 2025, 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

Since the Listing Date 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.

Communication with Shareholders

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

Use of proceeds from the Listing

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

Sufficiency of public float

Based on information that is publicly available to the Company and within the knowledge of the Directors, since the Listing Date and up to the date of this 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 since the Listing Date and up to the date of this report.

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 Rules Governing the Listing of Securities on the Stock Exchange (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.

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.

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

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 2025 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, 26 August 2025

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

For the six months ended 30 June 2025

	Note	Six months ended 30 June	
		2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue	4	439,316	329,678
Cost of sales		(292,092)	(224,054)
Gross profit		147,224	105,624
Other income	5	2,238	3,253
Selling and distribution expenses		(84,638)	(47,898)
Administrative and other operating expenses		(24,253)	(19,655)
Reversal of (Provision for) loss allowance on trade receivables, net		1,994	(1,966)
Changes in fair value of investment properties		(6)	(274)
Finance costs	6	(781)	(275)
Listing expenses	6	(4,931)	(8,172)
Profit before tax	6	36,847	30,637
Income tax expenses	7	(6,312)	(5,874)
Profit for the period		30,535	24,763
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)	(3)
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange difference on consolidation/combination		(4)	(127)
Total other comprehensive loss for the period		(2,494)	(130)
Total comprehensive income for the period		28,041	24,633
Earnings per share	8		
Basic (RMB cents)		3.46	3.30
Diluted (RMB cents)		3.46	3.30

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

	Note	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Non-current assets			
Intangible assets		167	–
Investment properties	10	44,204	44,210
Property, plant and equipment	11	205,209	180,299
Right-of-use assets		38,287	38,878
Deposits paid for acquisition of property, plant and equipment and right-of-use assets		38,088	24,911
		325,955	288,298
Current assets			
Inventories		52,349	46,722
Trade and other receivables	12	182,344	198,300
Financial assets at fair value through profit or loss ("FVPL")	13	18,240	1,303
Pledged bank deposits		43,566	29,421
Cash and cash equivalents		165,380	26,698
		461,879	302,444
Current liabilities			
Trade and other payables	14	221,675	191,095
Amount due to the Controlling Shareholder	15	–	6,300
Interest-bearing borrowings	16	75,000	33,000
Lease liabilities		305	316
Income tax payable		4,713	6,382
		301,693	237,093
Net current assets		160,186	65,351
Total assets less current liabilities		486,141	353,649

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

	Note	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Non-current liabilities			
Lease liabilities		46	191
Deferred tax liabilities		7,898	7,947
		7,944	8,138
NET ASSETS		478,197	345,511
Capital and reserves			
Issued capital	17	93	9
Reserves		478,104	345,502
TOTAL EQUITY		478,197	345,511

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the Company							Total equity RMB'000
	Share capital RMB'000	Reserves					Total reserves RMB'000	
		Share premium RMB'000	Capital reserve RMB'000	Translation reserve RMB'000	Statutory reserve RMB'000	Accumulated profits 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)
Total 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 (Note 17(d))	61	(61)	–	–	–	–	(61)	–
Issue of shares pursuant to the Global Offering (Note 17(e))	23	119,186	–	–	–	–	119,186	119,209
Transaction costs attributable to issue of shares (Note 17(e))	–	(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 CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the Company							Total equity RMB'000
	Share capital RMB'000	Reserves					Total reserves RMB'000	
		Share premium RMB'000	Capital reserve RMB'000	Translation reserve RMB'000	Statutory reserve RMB'000	Accumulated profits RMB'000		
At 1 January 2024 (Audited)	–*	–	1	(1,279)	12,925	71,344	82,991	82,991
Profit for the period	–	–	–	–	–	24,763	24,763	24,763
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	–	–	–	(3)	–	–	(3)	(3)
<i>Item that may be reclassified subsequently to profit or loss</i>								
Exchange difference on combination	–	–	–	(127)	–	–	(127)	(127)
Total other comprehensive loss for the period	–	–	–	(130)	–	–	(130)	(130)
Total comprehensive income for the period								
	–	–	–	(130)	–	24,763	24,633	24,633
Transactions with owners								
<i>Contributions and distributions</i>								
Issue of shares (Note 17(a))	9	–	–	–	–	–	–	9
Issue of shares pursuant to Reorganisation (as defined in Note 1) (Note 17(b))	–*	–	(1)	–	–	–	(1)	(1)
Waiver of amount due to the Controlling Shareholder (Remark)	–	–	207,284	–	–	–	207,284	207,284
Appropriation to statutory reserve	–	–	–	–	4,219	(4,219)	–	–
Total transactions with owners	9	–	207,283	–	4,219	(4,219)	207,283	207,292
At 30 June 2024 (Unaudited)	9	–	207,284	(1,409)	17,144	91,888	314,907	314,916

Remark: On 31 March 2024, the amount due to the Controlling Shareholder (as defined in Note 1) of approximately RMB207,284,000 was waived and credited to the capital reserve under equity upon execution of a deed of waiver by the Controlling Shareholder.

* Represents amount less than RMB1,000.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
OPERATING ACTIVITIES		
Profit before tax	36,847	30,637
Adjustments for:		
Amortisation of intangible assets	69	219
Depreciation of property, plant and equipment	9,423	8,445
Depreciation of right-of-use assets	591	587
Changes in fair value of investment properties	6	274
Unrealised gain on changes in fair value of financial assets at FVPL, net	(129)	–
Finance costs	781	275
Interest income	(789)	(382)
Loss on disposal of property, plant and equipment, net	5	–
(Reversal of) Provision for loss allowance of trade receivables, net	(1,994)	1,966
Operating cash flows before changes in working capital	44,810	42,021
Changes in working capital:		
Inventories	(5,627)	3,260
Trade and other receivables	19,454	(62,938)
Trade and other payables	30,787	(5,481)
Cash generated from (used in) operations	89,424	(23,138)
Income tax paid	(8,031)	(12,247)
Net cash from (used in) operating activities	81,393	(35,385)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
INVESTING ACTIVITIES		
Interest received	789	382
Change in pledged bank deposits	(14,145)	4,776
Payment for purchase of intangible assets	(236)	–
Payment for purchase of property, plant and equipment	(50,049)	(10,492)
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	(81,746)	(5,334)
FINANCING ACTIVITIES		
Proceeds from issue of shares	119,209	9
Payment for transaction costs attributable to issue of shares	(14,564)	–
Inception of interest-bearing borrowings	63,000	20,000
Repayment of interest-bearing borrowings	(21,000)	(10,000)
Repayment of lease liabilities (including financing components)	(164)	(159)
Interest paid	(773)	(262)
Repayment to the Controlling Shareholder, net	(6,535)	(15,652)
Net cash from (used in) financing activities	139,173	(6,064)
Net increase (decrease) in cash and cash equivalents	138,820	(46,783)
Cash and cash equivalents at the beginning of the reporting period	26,698	63,000
Effect of foreign exchange rate, net	(138)	141
Cash and cash equivalents at the end of the reporting period	165,380	16,358

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. GENERAL INFORMATION

Soft International Group Ltd. (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability on 22 November 2023, and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 27 March 2025 (the “Listing”). The address of the Company’s registered office is 89 Nexus Way, Camana Bay, Grand Cayman KY1-9009, Cayman Islands. The Company’s principal place of business in Hong Kong is situated at Room 1910, 19/F., C C Wu Building, 302-304 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 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”).

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2025 (the “Interim Financial Statements”) have been prepared in accordance with IAS Standard (“IAS”) 34 “*Interim Financial Reporting*” issued by the International Accounting Standards Board (the “IASB”) and the applicable disclosure provisions 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 2024, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the IFRS Accounting Standards (“IFRS”) 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 2024 (the “Annual Financial Statements”).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

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 issued by IASB 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 IAS 21

Lack of Exchangeability

The adoption of the amendments in the current period does not have any significant impact on the Group's 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 Group's 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 2025 and 2024, as the Group manages its business as a whole as the manufacturing and sales of hygienic disposables and nonwoven fabrics. The executive directors of the Company, being the chief operating decision-makers of the Group, regularly review the internal financial reports on the same basis for the purposes of allocating resources and assessing performance of the Group.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

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	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Russia	206,058	127,442
The PRC	175,081	159,369
Southeast Asia (Note)	29,959	20,067
The United States of America	13,452	–
Others	14,766	22,800
	439,316	329,678

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 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 2025 and 2024 are as follows:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Sales of hygienic disposables and nonwoven fabrics		
Customer A	189,280	114,392

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

4. REVENUE

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue from contracts with customers within IFRS 15		
At a point in time		
Sales of hygienic disposables		
– Babycare	251,284	180,403
– Feminine care	119,725	97,846
– Adult incontinence	14,895	8,775
– Others	3,961	3,240
	389,865	290,264
Sales of nonwoven fabrics and others	49,451	39,414
	439,316	329,678

Note: The revenue recognised for the six months ended 30 June 2025 which was included in the contract liabilities at the beginning of the reporting period were approximately RMB16,633,000 (*six months ended 30 June 2024: RMB12,993,000*) (*Note 14(c)*).

5. OTHER INCOME

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Government grants (<i>Note</i>)	412	530
Interest income	789	382
Rental income	231	270
Sales of scrap materials	733	1,680
Sundry income	73	391
	2,238	3,253

Note: Government grants represent various form of subsidies granted to the Group by the local government authorities in 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 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 2025

6. PROFIT BEFORE TAX

This is stated after charging:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Finance costs		
Interest on interest-bearing borrowings	773	262
Interest on lease liabilities	8	13
	781	275
Staff costs (including directors' emoluments)		
Salaries, discretionary bonus, allowances and other benefits in kind	11,157	10,486
Contributions to defined contribution plans	2,326	1,568
	13,483	12,054
Other items		
Amortisation of intangible assets (charged to "selling and distribution expenses")	69	219
Cost of inventories (Note (a))	292,092	224,054
Depreciation of property, plant and equipment (charged to "cost of sales", "selling and distribution expenses" and "administrative and other operating expenses", as appropriate)	9,423	8,445
Depreciation of right-of-use assets (charged to "cost of sales" and "administrative and other operating expenses", as appropriate)	591	587
Direct operating expenses arising from investment properties that generate rental income	200	198
Exchange loss, net	520	8
Fair value loss on financial assets at FVPL, net (charged to "administrative and other operating expenses") (Note 13)	1,869	–
Listing expenses	4,931	8,172
Loss on disposal of property, plant and equipment, net	5	–
Research and development expenses (Note (b))	11,871	11,704

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

6. PROFIT BEFORE TAX (CONTINUED)

Notes:

- (a) Cost of inventories included approximately RMB13,974,000 (*six months ended 30 June 2024: RMB13,427,000*) 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 2025.
- (b) During the six months ended 30 June 2025 and 2024, the Group carried out several research and development projects for (i) enhancement of the existing products quality and production efficiency and (ii) development of new products (together, the "Research and Development Activities"). Having considered the enhancement to the existing products' quality and production efficiency cannot be clearly quantified and the technical feasibility for the completion of new projects are uncontrollable, the costs incurred in the Research and Development Activities are recognised in the profit or loss as incurred during the six months ended 30 June 2025 and 2024.

7. TAXATION

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Current tax		
PRC Enterprise Income Tax ("PRC EIT")	6,362	5,764
Deferred taxation		
Changes in temporary differences	(50)	110
Total income tax expenses for the period	6,312	5,874

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 2025 and 2024.

The Group's entities established in the PRC are subject to the PRC EIT at a statutory rate of 25% during the six months ended 30 June 2025 and 2024 except for 嬰舒寶(中國)有限公司 (Insoftb (China) Co., Ltd.*) ("Insoftb China") which has been recognised as High and New Technology Enterprise (the "HNTE") since December 2020 and is entitled to a preferential tax rate of 15% during the six months ended 30 June 2025 and 2024. The entitlement of the HNTE is subject to renewal by the tax bureau in 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

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	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit:		
Profit for the period attributable to owners of the Company,		
used in basic earnings per share calculation	30,535	24,763
Number of shares:		
Weighted average number of ordinary shares for the purpose of		
calculating basic earnings per share	882,597	750,000

For the six months ended 30 June 2025 and 2024, the weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share were on the basis as if the Reorganisation and the Capitalisation Issue (as defined in Note 17(d)) had been effective on 1 January 2024.

There were no dilutive potential ordinary shares during the six months ended 30 June 2025 and 2024, and therefore, diluted earnings per share is the same as the basic earnings per share.

9. DIVIDENDS

During the six months ended 30 June 2025 and 2024, no dividends have been declared or paid by the Company.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

10. INVESTMENT PROPERTIES

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
At fair value		
At the beginning of the reporting period	44,210	44,161
Changes in fair value	(6)	49
At the end of the reporting period	44,204	44,210

The Group's investment properties consist of leasehold land and buildings located in 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 20(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 19 to the Interim Financial Statements.

At 30 June 2025, the Group's investment properties with carrying amount of approximately RMB44,204,000 (31 December 2024: RMB44,210,000) were pledged to secure banking facilities of the Group (Note 16).

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group has addition of property, plant and equipment of approximately RMB22,609,000 (six months ended 30 June 2024: RMB14,100,000) and construction-in-progress of approximately RMB11,735,000 (six months ended 30 June 2024: Nil).

During the six months ended 30 June 2025, the Group disposed of property, plant and equipment with net carrying value of approximately RMB11,000 (six months ended 30 June 2024: Nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

12. TRADE AND OTHER RECEIVABLES

		At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
	Note		
Trade receivables			
From third parties		112,173	151,926
Less: Loss allowances		(4,469)	(6,463)
	12(a)	107,704	145,463
Bills receivables	12(b)	810	641
Other receivables			
Amount due from brokers for commodity futures contracts		3,897	3,155
Prepaid distribution service fees to a related company	12(c)	2,322	–
Prepaid listing expenses		–	2,562
Prepaid promotion expenses	12(d)	10,999	11,138
Prepayment to suppliers		20,145	3,897
Deposits paid to digital platforms		3,452	2,960
Receivables from digital platforms	12(e)	11,990	5,933
Value-added tax and other tax recoverables		13,353	13,331
Other prepayment, deposits and receivables		7,672	9,220
		73,830	52,196
		182,344	198,300

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

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 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Within 30 days	29,280	53,078
31 to 60 days	24,927	44,752
61 to 90 days	28,589	39,932
91 to 180 days	9,050	5,173
181 to 365 days	13,458	2,476
Over 1 year	2,400	52
	107,704	145,463

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 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Not yet due	84,510	132,524
Past due:		
Within 30 days	2,148	3,494
31 to 60 days	1,940	2,793
61 to 90 days	1,104	4,044
91 to 180 days	9,999	1,105
181 to 365 days	6,453	1,451
Over 1 year	1,550	52
	23,194	12,939
	107,704	145,463

The Group normally grants credit terms up to 180 days (31 December 2024: up to 90 days) from the date of issuance of invoices.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

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 the PRC and had maturities of less than six months.

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

At 30 June 2025, the amount of approximately RMB2,322,000 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 2025, the amount of approximately RMB10,999,000 (31 December 2024: RMB11,138,000) represented the promotion expenses prepaid to certain marketing agents for the promotion on digital platforms. The amount was expected to be recognised in profit or loss within one year.

12(e) 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

For the six months ended 30 June 2025

13. FINANCIAL ASSETS AT FVPL

	Note	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Financial assets at FVPL			
Commodity futures contracts on raw material	13(a)	–	1,303
Forward currency contracts	13(b)	18,240	–
		18,240	1,303
Six months ended 30 June			
		2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Fair value changes recognised in profit or loss for the reporting period:			
Commodity futures contracts on raw material			
– Realised loss, net		(1,998)	–
Forward currency contracts			
– Unrealised gain, net		129	–
		(1,869)	–

13(a) Commodity futures contracts on raw material

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 2025, the Group had no outstanding commodity futures contracts on raw material (31 December 2024: commodity futures contracts on raw material with underlying nominal values of RMB18,613,000).

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 19 to the Interim Financial Statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

13. FINANCIAL ASSETS AT FVPL (CONTINUED)

13(b) Forward currency contracts

At 30 June 2025, the Group held forward currency contracts with full deposits paid at notional amount of approximately Canadian dollar ("CAD") 3,425,000 (equivalent to approximately RMB18,111,000), forward rate of CAD1.36 per United States dollar 1 and maturity date on 16 July 2025. The forward currency contracts are classified as held for trading and not qualified under hedge accounting and the fair value of forward currency contracts at 30 June 2025 was determined with reference to the quoted forward exchange rates for the remaining contractual maturity, by the same bank, which are observable at the end of the reporting period.

The fair value of forward currency contracts was categorised into the Level 1 fair value hierarchy as defined in IFRS 13 "Fair value measurement" as detailed in Note 19 to the Interim Financial Statements.

14. TRADE AND OTHER PAYABLES

	Note	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Trade payables to third parties	14(a)	42,335	61,184
Bills payables	14(b)	111,835	53,483
Other payables			
Contract liabilities – receipts in advance	14(c)	30,648	22,560
Salary payables		2,063	1,440
Other tax payables		466	869
Accruals and other payables		24,251	23,420
Payables for purchase of property, plant and equipment		10,041	12,569
Payables for distribution service fees			
– to a related company	14(d)	–	9,509
– to third parties		36	993
Accrued listing expenses		–	5,068
		67,505	76,428
		221,675	191,095

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

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 2024: up to 60 days).

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

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Within 30 days	22,457	28,119
31 to 60 days	8,708	27,918
61 to 90 days	2,661	2,247
Over 90 days	8,509	2,900
	42,335	61,184

14(b) Bills payables

At 30 June 2025, the bills payables were interest-free, guaranteed by banks in the PRC and had maturities of less than six months. The Group's bills payables were secured by pledged bank deposits of approximately RMB39,338,000 (31 December 2024: RMB23,693,000).

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 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
At the beginning of the reporting period	22,560	20,189
Additions	24,721	22,560
Revenue recognised (Note 4)	(16,633)	(20,189)
At the end of the reporting period	30,648	22,560

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

14. TRADE AND OTHER PAYABLES (CONTINUED)

14(c) Contract liabilities (Continued)

The contract liabilities of approximately RMB30,648,000 at 30 June 2025 (31 December 2024: RMB22,560,000), 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 RMB30,648,000 at 30 June 2025 (31 December 2024: RMB22,560,000), allocated to the unsatisfied performance obligations are expected to be recognised as revenue in one year or less when the obligations are performed.

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

At the end of the reporting period, the amount was payable to a related company, Zhihua. The amount due was unsecured, interest-free and repayable in accordance with a credit period of 30 days granted to the Group.

15. AMOUNT DUE TO THE CONTROLLING SHAREHOLDER

At 31 December 2024, the amount due of approximately RMB6,300,000 was non-trade in nature, unsecured, interest-free and repayable on demand. On 15 March 2025, the amount due was fully settled.

16. INTEREST-BEARING BORROWINGS

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Secured and guaranteed bank loans		
– Fixed-rate bank loans	10,000	10,000
– Variable-rate bank loans	22,000	23,000
	32,000	33,000
Unsecured and unguaranteed bank loans		
– Variable-rate bank loans	43,000	–
	75,000	33,000
Carrying amounts of the above bank loans are repayable (Note):		
– On demand or less than 1 year	58,000	15,000
– 1 to 2 years	2,000	2,000
– 2 to 3 years	15,000	16,000
Amounts shown under current liabilities	75,000	33,000

Note: At 30 June 2025, the interest-bearing borrowings of approximately RMB32,000,000 (31 December 2024: RMB33,000,000), with a clause in the loan agreements that gave the lenders an overriding right to demand repayment without notice or with notice period of less than 12 months at their sole discretion, were classified as current liabilities even though the directors of the Company did not expect that the lenders would exercise their rights to demand repayment. The amounts due were presented based on scheduled repayment dates set out in the loan agreements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

16. INTEREST-BEARING BORROWINGS (CONTINUED)

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

	At 30 June 2025 % (Unaudited)	At 31 December 2024 % (Audited)
Fixed-rate bank loans	2.00	2.00 – 3.50
Variable-rate bank loans	2.51 – 3.35	2.80 – 3.35

At 30 June 2025, the secured interest-bearing borrowings were collectively secured by:

- (a) corporate guarantee provided by subsidiaries of the Group;
- (b) leasehold land with a net carrying amount of approximately RMB20,244,000 (31 December 2024: RMB20,467,000);
- (c) investment properties of approximately RMB44,204,000 (31 December 2024: RMB44,210,000) (Note 10); and
- (d) pledged bank deposits of approximately RMB4,228,000 (31 December 2024: RMB5,728,000).

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

17. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.0001 each		
At 1 January 2024 (Audited)	38,000,000	380
Increase (Note (c))	3,762,000,000	–
At 31 December 2024, 1 January 2025 (Audited) and 30 June 2025 (Unaudited)	3,800,000,000	380

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For the six months ended 30 June 2025

17. SHARE CAPITAL (CONTINUED)

	Number of shares	Amount HK\$'000	Equivalent to RMB approximately RMB'000
Issued and fully paid:			
At 1 January 2024 (Audited)	1	—*	—*
Issue of shares (<i>Note (a)</i>)	899,999	9	9
Issue of shares pursuant to the Reorganisation (<i>Note (b)</i>)	100,000	1	—*
Sub-divided (<i>Note (c)</i>)	99,000,000	—	—
At 31 December 2024 and 1 January 2025 (Audited)	100,000,000	10	9
Issue of shares pursuant to the Capitalisation Issue (<i>Note (d)</i>)	650,000,000	65	61
Issue of shares pursuant to the Global Offering (<i>Note (e)</i>)	250,000,000	25	23
At 30 June 2025 (Unaudited)	1,000,000,000	100	93

Notes:

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

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

- (c) Pursuant to the resolution of the Company's shareholders dated 6 May 2024, the Company subdivided each of its then existing issued and unissued ordinary share with a par value of HK\$0.01 each into 100 shares with a par value of HK\$0.0001 each. Accordingly, the authorised and issued share capital of the Company becomes HK\$380,000 divided into 3,800,000,000 shares and HK\$10,000 divided into 100,000,000 shares with a par value of HK\$0.0001 each, respectively.

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

17. SHARE CAPITAL (CONTINUED)

Notes: (Continued)

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

18. RELATED PARTY TRANSACTIONS

The Group had the following related party transactions during the six months ended 30 June 2025 and 2024.

(a) Related party transactions of the Group

Transactions among the group entities have been eliminated by consolidation/combination and are not disclosed. During the six months ended 30 June 2025 and 2024, the Group had the following significant transactions with related parties. In the opinion of the directors of the Company, they are under normal commercial terms that are fair and reasonable and in the best interests of the Group.

Name of the related party	Nature of the transaction	Six months ended 30 June	
		2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
福建省晉江市對外貿易有限公司 (Fujian Province Jinjiang City Foreign Trade Co., Ltd.*) ("Jinjiang Foreign Trade") (Note (a))	Agency fee for import and export services	—	124
Zhihua	Provision of distribution services	7,447	9,438

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

* The English name is translated for identification purpose only.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

18. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Salaries, allowances, discretionary bonus, and other benefits in kind	1,255	596
Contributions to defined contribution plans	187	46
	1,442	642

(c) Balances with related parties

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Amount due to the Controlling Shareholder (Note 15)	—	6,300
Prepaid (Payables for) distribution services fees to a related company (Notes 12(c) and 14(d))		
Zhihua	2,322	(9,509)

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For the six months ended 30 June 2025

19. FAIR VALUE MEASUREMENTS

(a) Assets/liabilities measured at fair value

Fair value hierarchy

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

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 30 June 2025 (Unaudited)				
<i>Recurring fair value measurement</i>				
Financial assets at FVPL				
– Forward currency contracts	18,240	–	–	18,240
Investment properties	–	–	44,204	44,204

At 31 December 2024 (Audited)

Recurring fair value measurement

Financial assets at FVPL				
– Commodity futures contracts on raw materials	1,303	–	–	1,303
Investment properties	–	–	44,210	44,210

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

For the six months ended 30 June 2025

20. COMMITMENTS

(a) Capital expenditure commitments

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Contracted but not provided for net of deposits paid for acquisition of property, plant and equipment	14,670	20,972

(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 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Within one year	415	255
More than one year but less than two years	378	37
	793	292