INDUSTRY OVERVIEW

The information in the section below has been partly derived from various publicly available government sources, market data providers and other independent third party sources. In addition, this section and elsewhere in the document contains information extracted from the Ipsos Report, for the inclusion in this document. We have no reason to believe that such information is false or misleading in any material respects or that any fact has been omitted that would render such information false or misleading in any material respects. The information has not been independently verified by our Directors, the Sole Sponsor, the [REDACTED], the [REDACTED] or any of their respective directors, affiliates, advisers, officers or representatives or any party involved in the [REDACTED], other than Ipsos with respect to the information contained in the Ipsos Report and no representation is given as to its fairness, correctness and accuracy. Accordingly, you should not place undue reliance on such information or statistics.

The information extracted from the Ipsos Report reflects estimates of market conditions based on samples, and is prepared primarily as a market research tool. References to Ipsos should not be considered as the opinion of Ipsos as to the value of any security or the advisability of investing in our Group. Our Directors believe that the sources of information extracted from the Ipsos Report are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information.

SOURCE AND RELIABILITY OF THE INFORMATION

We have commissioned Ipsos, an independent market research company, to analyse and report on the industry development and competitive landscape of the textile dyeing and finishing industry in China for the period from 2014 to 2024 at a fee of HK$746,000. Ipsos is an independent market research company and is one of the largest research companies in the world, employing approximately 16,600 personnel worldwide across 88 countries. Ipsos conducts research on market profiles, analysis on market size, share and segmentation, distribution and value analysis, competitor tracking and corporate intelligence.

Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Ipsos Report, various official government publications and other publications.

In compiling the Ipsos Report, Ipsos obtained and gathered data and intelligence by (i) conducting desk research covering government and regulatory statistics, industry reports and analyst reports, industry associations, industry journals and other online sources and data from the research database of Ipsos; (ii) performing client consultation to obtain background information of our Group; and (iii) conducting primary research by interviewing key stakeholders and industry experts. This methodology has guaranteed a full circle/multi-level information sourcing process, where information gathered was able to be cross-referenced to ensure accuracy and reliability.

The following assumptions are used in the Ipsos Report: (i) it is assumed that the global economy remains in steady growth across the period from 2019 to 2024; and (ii) the external environment is assumed to have no shocks, such as financial crises or natural disasters, that will influence the demand and supply of textile dyeing and finishing industry in China and Jiangsu province from 2019 to 2024.

Our Directors confirmed that, as at the Latest Practicable Date, after taking reasonable care, there had been no material adverse change in the market information since the date of the Ipsos Report which may qualify, contradict or have an impact on the information in this section.
OVERVIEW OF THE TEXTILE APPAREL INDUSTRY IN CHINA

The textile apparel industry involves several processes, from the spinning of yarn and fibre to apparel manufacturing. Textile dyeing and finishing service providers constitute the mid-stream part of the process flow of textile apparel manufacturing. They provide dyed and printed fabrics to apparel brand owners. The services provided by textile dyeing and finishing service providers generally include the process of adding colours, patterns, functions and textures to greige fabrics before the dyed and printed fabrics are manufactured into apparel. Depending on the types of greige fabrics to be dyed and customers’ requests, the textile dyeing and finishing process generally includes pre-treatment, dyeing and/or printing and finishing.

China plays an important role in the global textile and apparel market, from raw material production to apparel manufacturing. As at the end of 2018, China’s global share of textiles export value was approximately 37.6%, according to the WTO. The mature and complete industry value chain in China supported its output to the global market.

The apparel retail market in China also experienced growth from 2014 to 2018, supporting the demand for textile dyeing and finishing services in China. The graph below sets forth the total retail sale value of apparel in China from 2014 to 2018 and forecast from 2019 to 2024:

Note: The apparel retail market includes apparel, shoes, hats and other textile-related products.
Sources: National Bureau of Statistics of China* (中华人民共和国國家統計局), Ipsos research and analysis

The total retail sale value of apparel in China experienced an overall increase from 2014 to 2018, increasing from approximately RMB1,256.3 billion in 2014 to approximately RMB1,370.7 billion in 2018 at a CAGR of approximately 2.2%. The increase in the total retail sale value of apparel retail market in China can be explained by (i) the increase in the disposable income; (ii)
increasing popularity of online retailing; and (iii) the increasing concept of personalisation. The total retail sale value increased at a slower pace since 2015 due to the economic slowdown in China, affecting the spending on apparel. In particular, the economic slowdown and persistent decline in the Chinese stock and consumer markets resulted in a drop in the retail sale value of apparel in China in 2018. During the forecast period, the total retail sale value is expected to increase at a faster rate, which is supported by (i) the continuous urbanisation progress; and (ii) the increasing population of middle class. The total retail sale value is expected to increase from approximately RMB1,402.0 billion in 2019 to approximately RMB1,913.0 billion in 2024 at a CAGR of approximately 6.4%.

OVERVIEW OF THE TEXTILE DYEING AND FINISHING INDUSTRY

During the 2000s, due to the opportunities arising from China’s membership of the WTO, the textile dyeing and finishing industry in China continued to show a strong upward trend. The textile dyeing and finishing industry has experienced substantial development in coastal provinces, gradually forming five major industry clusters in Zhejiang province, Jiangsu province, Guangdong province, Fujian province and Shandong province. These provinces have sufficient fresh water sources to facilitate the development of the textile dyeing and finishing industry. The table below sets forth the percentage of the total production volume of printed and dyed fabrics in China by province from 2014 to 2018:

<table>
<thead>
<tr>
<th>The five major industry clusters</th>
<th>Percentage of total production volume of dyed and printed textiles in China (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shandong province</td>
<td>2014: 5.6, 2015: 5.4, 2016: 5.7, 2017: 5.5, 2018: 5.5</td>
</tr>
</tbody>
</table>

Note: Percentage may not sum up to 100% due to rounding

Sources: China Dyeing and Printing Association* (中國印染行業協會), National Bureau of Statistics of China* (中華人民共和國國家統計局), Ipsos research and analysis

Jiangsu province has been a significant location for the production of dyed and printed fabrics in China. According to the China Dyeing and Printing Association* (中國印染行業協會), Jiangsu province was the second largest province in China in terms of the production volume of dyed and printed fabrics since 2013, replacing the place of Fujian province. In 2018, Jiangsu province ranked second place after Zhejiang province, accounting for approximately 12.7% of the total production volume of dyed and printed fabrics in China.

Business model

The business model of textile dyeing and finishing service providers in China can be segmented into two types: ordinary manufacturing and contract manufacturing.
Within the ordinary manufacturing model, textile dyeing and finishing service providers procure raw materials and sell dyed and printed fabrics after processing. The price of the dyed and printed fabrics generally includes the processing fee and the costs of raw materials. After consideration of the latest fashion trends and market preferences, fabrics are processed in accordance with service providers’ in-house designs and production technologies. Dyed and printed fabrics are then sold to customers.

Within the contract manufacturing model, textile dyeing and finishing service providers themselves are generally not responsible for the procurement and costs of raw materials, such as greige fabric. Instead, key raw materials are generally coordinated and supplied by customers. Since service providers are only responsible for processing, the price of the dyed and printed fabrics represents the processing fee of dyed and printed fabrics. The fabrics are processed in accordance with customers’ requirements, with specific product features and types of raw materials. Dyed and printed fabrics are then sold to customers.

The majority of service providers are engaged in both the ordinary and contract manufacturing business models, although some service providers may focus more on one type of business model than the other. In China, there are approximately 515 textile dyeing and finishing service providers which majorly engage in ordinary manufacturing, while there are approximately 1,200 service providers which primarily focus on contract manufacturing. The table below summarises the respective key features of the service providers who majorly engage in ordinary and contract manufacturing business models:

<table>
<thead>
<tr>
<th>Business model</th>
<th>Target customers</th>
<th>Product development capability</th>
<th>Bargaining power</th>
<th>Approximate gross profit margin</th>
<th>Approximate number of service providers in China</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary manufacturing</td>
<td>High-end and international apparel brand owners</td>
<td>Strong product development capability</td>
<td>Relatively strong</td>
<td>10 to 30%</td>
<td>515</td>
</tr>
<tr>
<td>Contract manufacturing</td>
<td>Mass market and local apparel brand owners</td>
<td>Relatively weak product development capability</td>
<td>Relatively weak</td>
<td>2 to 15%</td>
<td>1,200</td>
</tr>
</tbody>
</table>

Notes:
1. There are exceptional cases where a textile dyeing and finishing service provider does not possess all the features of a particular business model but is still being classified into that model based on the definitions.
2. Gross profit margin represents the general range of gross profit margin that the service providers have under a respective business model. There are exceptional cases where a textile dyeing and finishing service provider has a gross profit margin that is higher or lower than the range specified in the particular model.

Source: Ipsos research and analysis

Service providers who primarily focus on ordinary manufacturing are generally perceived to possess a higher level of competitiveness in the market. Their product development capability is required to be strong in order to cater to the needs of high-end and international apparel brand owners. In addition, in order to develop and manufacture new products constantly, the service providers who primarily focus on ordinary manufacturing need to possess high level of dyeing technique and research and development capability for product development. Given that service providers who primarily focus on ordinary manufacturing possess strong product development capabilities and adequate production technology, their bargaining power with customers is generally higher than service providers whose primary business model is contract manufacturing. The dyed and printed fabrics processed by service providers primarily focusing on ordinary manufacturing are generally perceived to be more value-added, resulting in a higher gross profit margin.
Market value of textile dyeing and finishing industry in China and Jiangsu province

The graph below sets forth the market value of the textile dyeing and finishing industry in China and Jiangsu province from 2014 to 2018 and forecast from 2019 to 2024:

![Graph showing market value of textile dyeing and finishing industry in China and Jiangsu province from 2014 to 2018 and forecast from 2019 to 2024.]

**China**

The market value of the dyeing and finishing industry in China increased from approximately RMB374.6 billion in 2014 to approximately RMB432.0 billion in 2018 at a CAGR of approximately 3.6%. The increase in market value during the historical period can be explained by an increase in the average selling price of dyed and printed fabrics from textile dyeing and finishing service providers. From 2014 to 2018, the production volume of dyed and printed fabrics decreased at a CAGR of approximately (2.2)% while the market value experienced an increasing trend. This illustrates that the average selling price of dyed and printed fabrics increased, offsetting the impact of the drop in production volume.

During the forecast period from 2019 to 2024, the market value is expected to increase from approximately RMB439.0 billion in 2019 to approximately RMB514.8 billion in 2024 at a CAGR of approximately 3.2%. While a slower pace of growth is forecasted due to the softening demand of dye and printed textile due to the business uncertainty brought by the prolonged U.S.-China trade war, the market value growth will be supported by the transition of industry towards the production of more advanced functional dyed and printed fabrics. Given the increasing operation costs and tightening environmental regulations, it is anticipated that industry consolidation will continue with small, less efficient and more polluting textile dyeing and finishing service providers exiting the market.

**Jiangsu province**

The market value of the textile dyeing and finishing industry in Jiangsu province experienced robust growth from approximately RMB44.4 billion in 2014 to approximately RMB54.7 billion in 2018 at a CAGR of approximately 5.4%. Since 2013, Jiangsu province has become the second largest province in China in terms of the production volume of dyed and printed fabrics. Following the positive industry trend in China, the market value of textile dyeing and finishing industry in Jiangsu province experienced a robust increase during the historical period.

During the forecast period from 2019 to 2024, it is expected that the market value in Jiangsu province will increase at a slower rate at a CAGR of approximately 4.1%. The market value in Jiangsu province is expected to increase at a slower rate compared to the historical period, while

Sources: China Dyeing and Printing Association* (中國印染行業協會), Ipsos research and analysis

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*This document is in draft form. The information contained in it is in draft form, incomplete and subject to change and must be read in conjunction with the section headed “Warning” on the cover of this document.*
still growing at a faster rate compared to that of the whole textile dyeing and finishing industry in China during the forecast period. It is expected that the waste emission reduction controls in Jiangsu province, especially in Taihu Lake (太湖) region, would be stricter than the general national standard. Hence, it is anticipated that the industry in Jiangsu province will experience a technological transformation with the upgrade of production facilities and reduction in emissions to comply with the Environmental Protection Tax Law* (環境保護稅法) that took effect since 1 January 2018.

KEY DRIVERS AND OPPORTUNITIES

Reduction of outdated production facilities and excess production capacity

Government-led measures to reduce outdated production facilities and excess production capacity within the textile dyeing and finishing industry in China help avoid fierce price competition among service providers whilst facilitating industrial upgrading. According to the Notice on Effectively Conducting the Work of Formulating the Goal and Plan for Eliminating Outdated and Excess Capacity in Key Industries during the “13th Five-Year Plan” Period* (工業和信息化部關於做好“十三五”期間重點行業淘汰落後和過剩產能目標計劃制訂工作的通知) published by the MIIT in September 2014, the textile dyeing and finishing industry is a target industry required to reduce outdated production capacity given the high energy usage and pollution emissions. Although the reduction measures may negatively affect individual textile dyeing and finishing service providers, at an overall industry level the impact is likely to be positive over the medium to long term for several reasons. Firstly, lower-tier and highly polluting textile dyeing and finishing service providers will be suspended thus improving the image of the industry. Secondly, a smaller number of service providers may reduce price competition and thus increase the average selling price of dyed and printed fabrics, thus improving the profitability of innovative service providers.

Increasing application of automation equipment

The increasing utilisation of automation equipment in the textile dyeing and finishing industry mitigates the impact of rising operating costs due to the reduction in the number of workers and therefore lower labour costs. In addition, the increasing application of automation equipment can effectively increase production efficiency and product quality.

THREATS AND CHALLENGES

Tightening environmental regulations

Given the fact that the textile dyeing and finishing industry is chemically intensive in nature and is a significant emitter of pollutants in China, it is observed that the PRC government has continued to pass new policies and tighten existing regulations in order to reduce pollutant emissions from the industry. The new policies and tightening environmental regulations have, therefore, led to increasing operating costs and the rise in capital investment to textile dyeing and finishing service providers. Textile dyeing and finishing service providers in China are not only required to adopt environmentally friendly dyes and auxiliaries, generally incurring higher costs than regular dyes and auxiliaries, they are also required to install environmentally friendly machines and equipment so as to comply with the regulations. Such equipment acquisition requires a large capital investment, which may not be financially feasible for smaller scale service providers. With the Environmental Protection Tax Law* (環境保護稅法) that came into effect on 1 January 2018, service providers are also required to bear an additional cost for pollutant discharge tax payment. As a result, the tightened environmental regulations and policies are expected to pose challenges due to the rising operation costs in the textile dyeing and finishing industry, potentially hindering the short-term growth of the industry.
ENTRY BARRIERS

High initial capital commitment

New entrants to the textile dyeing and finishing industry need to make a large initial capital investment in production equipment and waste treatment plants. The textile dyeing and finishing process consists of a multi-stage production process requiring various types of machines and equipment. Given the tightening environmental regulations, textile dyeing and finishing service providers are required to invest and perform proper treatment on waste generated from the production process in order to ensure that emissions meet regulatory requirements. As a result of the high required investment in production machinery and waste treatment plants, new entrants may be deterred from entering the market.

High regulatory barriers to entry

New entrants need to comply with national and provincial environmental regulations or specifications and obtain the necessary permits. There are major regulations and specifications related to the industry at the national level and provincial governments may set out further detailed regulations. For example, Jiangsu provincial government published the Application Method of Waste Discharge Permit in Jiangsu Province (Trial)* (江蘇省排污證發放管理辦法(試行)) in 2015, detailing the application of discharge permits in Jiangsu province. To meet the aforementioned requirements, new entrants to the textile dyeing and finishing industry may need to commit a large initial investment to comply with relevant.

FINAL PRODUCT AND RAW MATERIAL PRICE ANALYSIS

Average price of dyed and printed fabrics manufactured in China

The graph below sets forth the average price of dyed plain weave fabrics and corduroy fabrics in China from 2014 to 2018 and forecast from 2019 to 2024:

Note: The above figures reflect a general price trend of dyed plain weave fabrics and corduroy fabrics in the industry. The average prices and price trend of dyed plain weave fabrics and corduroy fabrics of a textile dyeing and finishing service provider may be deviated from the industry average and trend due to the difference/changes in service provider’s product portfolio. The prices of dyed fabrics are varied depending on the product specifications and the targeted market. For instance, the price of dyed plain weave fabrics and dyed corduroy fabrics generally ranges from RMB5 to RMB60 per metre.

Sources: China National Textile And Apparel Council* (中國紡織工業聯合會), Ipsos research and analysis
INDUSTRY OVERVIEW

Dyed plain weave fabrics and corduroy fabrics are two of the major types of final products in the textile dyeing and finishing industry in China. The price of dyed plain weave fabrics and corduroy fabrics in China experienced an overall increase from 2014 to 2018, at CAGRs of approximately 0.2% and 0.7%, respectively. The overall increase in prices of dyed plain weave fabrics and corduroy fabrics was mainly attributed to (i) the overall improvement in quality of dyed and printed fabrics credited to the enhanced level of textile dyeing and finishing technology and employment of advanced equipment; and (ii) the rising costs of raw materials, especially for the rising cost of textile dye in the textile dyeing and finishing industry in China.

During the forecast period, the prices of dyed plain weave fabrics and corduroy fabrics are expected to increase during 2019 and 2024, at CAGRs of approximately 2.7% and 2.9%, respectively. The price of final products in the textile dyeing and finishing industry in China is expected to be driven under the consideration of the continuous increase in the raw material costs and operating costs led by the expected rise in research and development investment on sewage treatment facilities by service providers to comply with the continuous tightening environmental regulations in China during the forecast period.

Price trend of major raw materials

The table below sets forth the price of major raw materials used in the textile dyeing and finishing industry in China from 2014 to 2018 and forecast from 2019 to 2024:

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Greige fabric (RMB/metre)</td>
<td>6.2</td>
<td>5.7</td>
<td>5.5</td>
<td>5.8</td>
<td>5.7</td>
<td>5.4</td>
<td>5.5</td>
<td>5.6</td>
<td>5.8</td>
<td>5.9</td>
<td>6.1</td>
<td>(2.1)%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Industrial steam (RMB/tonne)</td>
<td>182.3</td>
<td>175.9</td>
<td>170.6</td>
<td>196.6</td>
<td>208.9</td>
<td>213.5</td>
<td>217.8</td>
<td>222.1</td>
<td>226.6</td>
<td>231.1</td>
<td>235.7</td>
<td>3.5%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Textile dye (RMB/tonne)</td>
<td>37,683.5</td>
<td>33,459.1</td>
<td>37,841.9</td>
<td>37,146.6</td>
<td>45,887.5</td>
<td>50,429.7</td>
<td>53,837.5</td>
<td>54,914.2</td>
<td>57,659.9</td>
<td>60,542.9</td>
<td>63,570.1</td>
<td>5.0%</td>
<td>2.3%</td>
</tr>
</tbody>
</table>

Notes:
2. The price trend of industrial steam refers to the price trend of industrial steam in Jiangsu province.
3. Textile dye refers to the common types of dye used in textile dyeing and finishing, such as reactive dyes, disperse dyes and acid dyes.

Source: Ipsos research and analysis

The price of greige fabric in China from 2014 to 2018 experienced an overall decrease at a CAGR of approximately (2.1)% due to the decrease in the global price of cotton. During the forecast period, the price of greige fabric is expected to increase, at a CAGR of approximately 2.5% from 2019 to 2024. The price of greige fabric is expected to be continuously affected by the change of supply and demand for cotton in the future, resulting in the change of the cotton price. Given the consideration that the inventory burden of cotton has been reduced due to large-scale destocking carried out in the past few years, the price of cotton, as well as the price of greige fabric, are expected to gently increase given the stable demand from the downstream industry (i.e. textile dyeing and finishing industry) during the forecast period.

The price of industrial steam from 2014 to 2018 increased at a CAGR of approximately 3.5% due to recovery of coal price since 2016. Due to the government measures on limiting import volume of coal and elimination of backward production capacities, the price of coal as well as the price of industrial steam increased since 2016. Given the expected stable supply of coal, the price of the industrial steam is expected to increase steadily from 2019 to 2024 at a CAGR of approximately 2.0%.
The price of textile dye from 2014 to 2018 increased at a CAGR of approximately 5.0% due to the decreased supply of textile dye. During the forecast period, the price of textile dye is expected to increase at a CAGR of approximately 2.3% from 2019 to 2024. It is expected that the price of textile dye will continue to be driven by the increasing research and development investment in the production of textile dye due to the tightening environmental regulations in China, while the soft demand from the downstream industry might occur due to the uncertainty brought by the U.S.-China trade war, offsetting the increase in the price of textile dye. In particular, the price of textile dye in 2019 is expected to record robust growth rate of approximately 23.5% from 2018 to 2019. The estimated sharp increase in the price of textile dye can be explained by a serious explosion occurred in Xiangshui Ecology Chemical Industrial Park* in Jiangsu province in March 2019, resulting in the closure of the industrial park. The accident not only lowered the supply of textile dye in Jiangsu province, but also triggered a series of government reform and regulations, including but not limited to, posting restrictions on new projects initiated by the textile dye manufacturers and related chemical enterprises and reducing the number of industrial parks that are dedicated for the industry. The strengthen government control is, therefore, expected to continue maintaining a lower level of production capacity of the textile dye manufacturing industry in Jiangsu province, as well as the whole PRC.

**COMPETITIVE LANDSCAPE**

The textile dyeing and finishing industry in China is considered fragmented. The top five textile dyeing and finishing service providers accounted for a market share of approximately 6.3% in 2018, with the remainder of the market consisting of a large number of small and medium size service providers. The industry is currently experiencing consolidation as evidenced by the decrease in number of textile dyeing and finishing service providers from approximately 1,842 in 2014 to approximately 1,715 in 2018. The decline in the number of service providers is partially due to the stricter environmental regulations implemented in China, which increased operation costs and prohibited certain service providers, whilst discouraging potential new entrants to the industry.

The market value of the textile dyeing and finishing industry in China increased at a CAGR of approximately 3.6% from 2014 to 2018. With the expectation that the market value will grow at a CAGR of approximately 3.2% in the forecast period, it can be concluded that the textile dyeing and finishing industry in China is a mature market. In the future, it is anticipated that the industry will transition towards the production of more high-end dyed and printed fabrics.

**Top five textile dyeing and finishing service providers in China in 2018**

The top five textile dyeing and finishing service providers in China recorded a total revenue of approximately RMB27,309.0 million in 2018, accounting for approximately a total 6.3% share of the market value in China. The estimated revenue of the top five textile dyeing and finishing service providers ranges from approximately RMB7,391.9 million to approximately RMB4,014.4 million, accounting for approximately 1.7% to 0.9% share of the market value. In terms of revenue, Company A was the largest textile dyeing and finishing service provider in both China and Jiangsu province. Company A recorded revenue of approximately RMB7,391.9 million in 2018, accounting for approximately 1.7% share of the market value in China and approximately 13.5% share of the market value in Jiangsu province.

In 2018, our Group ranked third in terms of revenue among the textile dyeing and finishing service providers in Jiangsu province. By recording approximately RMB861.5 million of revenue in 2018, our Group accounted for approximately 0.2% share of the market value in China and approximately 1.6% share of the market value in Jiangsu province in 2018.
Top five textile dyeing and finishing service providers in Jiangsu province in 2018

The table below sets forth the top five textile dyeing and finishing service providers in Jiangsu province in 2018:

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>Revenue (RMB million)</th>
<th>Market share</th>
<th>Key service scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Company A</td>
<td>7,391.9</td>
<td>13.5%</td>
<td>Provision of integrated services of man-made fibre manufacturing, dyeing and finishing</td>
</tr>
<tr>
<td>2</td>
<td>Company B</td>
<td>1,444.6</td>
<td>2.6%</td>
<td>Provision of integrated services of weaving, dyeing, finishing and apparel manufacturing and retailing</td>
</tr>
<tr>
<td>3</td>
<td>Our Group</td>
<td>861.5</td>
<td>1.6%</td>
<td>Provision of specialised services of dyeing and finishing</td>
</tr>
<tr>
<td>4</td>
<td>Company C</td>
<td>820.9</td>
<td>1.5%</td>
<td>Provision of integrated services of spinning, weaving, dyeing and finishing</td>
</tr>
<tr>
<td>5</td>
<td>Company D</td>
<td>772.3</td>
<td>1.4%</td>
<td>Provision of integrated services of weaving, dyeing and finishing</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>43,413.6</td>
<td>79.4%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>54,704.8</td>
<td>100.0%</td>
<td></td>
</tr>
</tbody>
</table>

Notes:
1. Percentages may not sum up to 100% due to rounding.
2. Some totals may not correspond with the sum of the separate figures due to rounding.
3. Revenue is derived from the companies’ financial reports and estimations based on publicly available data and interviews with industry participants. The estimated revenue represents the respective companies’ revenue in calendar year of 2018.

Source: Ipsos research and analysis

Factors of competition

Compliance with environmental regulations and policies

Given the increasingly strict environmental regulations, textile dyeing and finishing service providers are required to pay higher sewage and pollution emission charges, and thus being environmentally friendly can lower service provider’s operation costs in the long term. In addition, international apparel brand owners are increasingly concerned about product safety and environmental issues in their supply chains. Hence, service providers who comply with environmental regulations are more competitive since they are able to be suppliers of international apparel brand owners.

Product development capability

It is important for service providers to closely follow rapidly changing fashion trends in order to develop dyed and printed fabrics which correspond to customer demand. Service providers who possess strong capabilities in product development are generally more competitive as they are able to quickly respond to the demands of a changing market. For example, the demand for functional textiles has increased and the dyeing and printing of functional fabrics requires higher product development capabilities. This is because functional textiles generally formed by blended greige fabrics which necessitate a more complex dyeing and printing process than standard greige fabrics.

Competitive advantages of our Group

According to Ipsos, our Group ranked third among textile dyeing and finishing service providers in Jiangsu province in 2018 in terms of revenue. Our Group recorded revenue of approximately RMB861.5 million in 2018 and thus accounted for approximately 0.2% share of the market value in China and approximately 1.6% share of the market value in Jiangsu province.

Please refer to “Business — Competitive strengths” in this document for a detailed discussion of our Group’s competitive strengths.