Application Proof of

Softcare Limited
樂舒適有限公司

(the "**Company**")

(Incorporated in the Cayman Islands with limited liability)

WARNING

The publication of this Application Proof is required by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Securities and Futures Commission (the "**Commission**") solely for the purpose of providing information to the public in Hong Kong.

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Softcare Limited
樂舒適有限公司

(Incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per [REDACTED], plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal Value	**:**	**US$0.0001 per Share**
[REDACTED]	**:**	**[REDACTED]**

***Joint Sponsors,* [REDACTED]**

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The **[REDACTED]** (for themselves and on behalf of the other **[REDACTED]**) may, with our consent, reduce the number of **[REDACTED]** being offered under the **[REDACTED]** and/or the indicative **[REDACTED]** range below that stated in this document at any time prior to the morning of the last day for lodging applications under the **[REDACTED]**. In such a case, notices of the reduction in the number of **[REDACTED]** being offered under the **[REDACTED]** and/or the indicative **[REDACTED]** range will be published on the website of the Stock Exchange at **www.hkexnews.hk** and on the website of the Company at **www.softcarehome.com** not later than the morning of the last day for lodging applications under the **[REDACTED]**. See "Structure of the **[REDACTED]**" and "How to Apply for **[REDACTED]**" for further details.

The obligations of the **[REDACTED]** under the **[REDACTED]** are subject to termination by the **[REDACTED]** (for themselves and on behalf of the other **[REDACTED]**) if certain grounds arise prior to 8:00 a.m. on the **[REDACTED]**. See "**[REDACTED]**—Hong Kong **[REDACTED]** Arrangements—**[REDACTED]**—Grounds for Termination." It is important that you refer to that section for further details.

Share certificates issued in respect of the **[REDACTED]** will only become valid at 8:00 a.m. on the **[REDACTED]**, provided that the **[REDACTED]** has become unconditional in all respects (including the **[REDACTED]** Agreements not having been terminated in accordance with their terms) at any time prior to 8:00 a.m. on the **[REDACTED]**.

Prior to making an investment decision, prospective investors should consider carefully all the information set forth in this document, including but not limited to the risk factors set forth in "Risk Factors" in this document.

The **[REDACTED]** have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The **[REDACTED]** are being offered and sold (a) in the United States solely to **[REDACTED]** in reliance on **[REDACTED]** or another available exemption from registration requirements under the U.S. Securities Act and (b) outside the United States in offshore transactions in reliance on **[REDACTED]** No **[REDACTED]** of the **[REDACTED]** will be made in the United States.

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We have adopted a fully electronic application process for the **[REDACTED]**. We will not provide printed copies of this document to the public in relation to the **[REDACTED]**.

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IMPORTANT

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***This summary aims to give you an overview of the information contained in this document. Since it is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to invest in the* [REDACTED].**

***There are risks associated with any investment. Some of the particular risks in investing in the* [REDACTED] *are set out in "Risk Factors." You should read that section carefully before you decide to invest in the* [REDACTED].**

OUR VISION

To be a consistent leader in the Emerging Markets and bring quality of life to every family.

OVERVIEW

We are an international hygiene product corporation principally engaged in the development, manufacturing and sales of baby and feminine hygiene products, including baby diapers, baby pants, sanitary pads and wet wipes, focusing on the fast-growing Emerging Markets, including Africa, Latin America and Central Asia. According to the Frost & Sullivan Report, in terms of sales volume in 2023, (i) we ranked first in both the baby diapers market and the sanitary pads market in Africa, with a market share of 20.0% and 14.0%, respectively; and (ii) we ranked first in the baby diapers market in each of Ghana, Kenya, Côte d'Ivoire, Senegal, Cameroon and Tanzania and first in the sanitary pads market in each of Senegal, Kenya and Tanzania. Leveraging our globalized operational strategies implemented for over 15 years, we have become a leading corporation in the hygiene product industry in various countries in Africa as well as a key player in the Emerging Markets. Through building our overseas management team and recruiting local talent, which allow us to optimize the human resources by collaboration, we have achieved multinational operations with high operational efficiency.

Upholding our "Consumer-oriented" philosophy, we focus on developing products that cater to the diversified needs of the local markets and strive to satisfy the ever-changing market demand by rapidly updating our products.

According to surveys conducted by Frost & Sullivan, largely attributable to the quality and accessibility of our products, our *Softcare*, *Maya* and *Cuettie* brands are the favorite baby diapers and baby pants brands among the respondents, with a strong brand recognition rate of 89.0% and the highest repeat purchase rate of 95.7%, and our *Softcare*, *Veesper* and *Clincleer* brands are the favorite sanitary pads brands among the respondents, with a strong brand recognition rate of 95.4% and the highest repeat purchase rate of 92.0%.

The table below sets forth details of our brands and products.

	Year ended December 31, 2023					
Product category	**Sales volume**	**Revenue**	**Market share in Africa**	**Market share in Africa**	**Brands**	**Product images**
	(pieces in millions)	*(US$ in millions)*	*(by sales volume)*	*(by revenue)*		
Baby diapers	3,713.6	324.0	20.0% (First in Africa)	17.2% (Second in Africa)	Softcare GOLD, Softcare SPACE, Softcare PREMIUM SOFT, Veesper, Maya, Cuettie	
Sanitary pads	1,332.5	61.7	14.0% (First in Africa)	10.5% (Second in Africa)	Softcare, Softcare Model, Softcare Smart, Veesper, ClinCleer	
Baby pants	137.5	13.0	–	–	Softcare GOLD, Cuettie	
Wet wipes	1,231.6	12.6	–	–	Softcare, Veesper	

The development of our Group can be traced back to the international trading of hygiene products by Sunda Group in 2009. Sunda Group transformed into an integrated corporation with sales and manufacturing capabilities in 2018. In order to establish a separate platform for the hygiene product business for the benefit of our long-term development, we have undergone a reorganization. Please refer to "History, Reorganization and Corporate Structure—Reorganization" for details.

We have established a widespread and deeply penetrating sales network covering over 30 countries across Africa, Latin America and Central Asia, which we believe sets us apart from other international and local brands. As of September 30, 2024, we had 18 sales branches in 12 countries, and an extensive sales network covering over 2,500 wholesalers, distributors, supermarkets and other retailers in total. Leveraging our extensive sales network, we achieved rapid growth during the Track Record Period. In 2023, our sales volume of baby diapers and sanitary pads reached 3,713.6 million and 1,332.5 million pieces, representing a rapid year-on-year increase by 24.0% and 39.1%, respectively. In the nine months ended September 30, 2024, our sales volume of baby diapers and sanitary pads reached 3,036.2 million and 1,230.4 million pieces, respectively, representing a period-on-period increase at 9.4% and 24.0%, respectively.

The map below shows the locations of our production plants and the geographical coverage of our sales.

Our sales coverage during the Track Record Period and up to the Latest Practicable Date (including Ghana, Senegal, Côte d'Ivoire, Benin, Kenya, Tanzania, Uganda, Zambia, Cameroon, Peru, El Salvador, Kazakhstan and other countries)

Our production plants as of September 30, 2024 (including Ghana, Kenya, Senegal, Tanzania, Zambia, Cameroon, Uganda and Benin)

In 2018, we began localized manufacturing of baby diapers, baby pants, sanitary pads and wet wipes in Ghana. Since then, we have established an efficient and stable global supply chain system centered on international manufacturing. According to the Frost & Sullivan Report, we have the most production plants in Africa among hygiene product manufacturers, and we ranked first in both the baby diapers market and the sanitary pads market in Africa in terms of production volume in 2023. As of September 30, 2024, we had eight production plants and 44 production lines in Africa, with a total designed production capacity of 5,578.4 million pieces of baby diapers, 352.1 million pieces of baby pants, 2,568.6 million pieces of sanitary pads and 6,227.0 million pieces of wet wipes per annum.

During the Track Record Period, our revenue and net profit recorded significant growth. Our revenue increased significantly by 28.6% from US$319.9 million in 2022 to US$411.4 million in 2023. Our net profit increased significantly by 251.7% from US$18.4 million in 2022 to US$64.7 million in 2023. For the nine months ended September 30, 2024, we recorded revenue of US$334.4 million, representing a period-on-period increase of 7.2%, and we recorded net profit of US$72.3 million, representing a period-on-period increase of 54.1%.

The Emerging Markets that we target are characterized by fast population growth and consumption upgrade, which indicate great potential for long-term economic growth and provide us with favorable market opportunities. According to the Frost & Sullivan Report, the baby and feminine hygiene product market of the Emerging Markets such as Africa and Latin America have the greatest growth potential globally. The number of births in Africa has been growing at a globally highest CAGR of 1.5% from 2019 to 2023, and its demographic structure, with over 50% of its population under the age of 20, shows considerable growth potential. According to the Frost & Sullivan Report, the new birth population in Africa, Latin America and Central Asia in 2023 was 47.0 million, 10.1 million and 1.9 million, representing 57.1%, 12.3% and 2.3% of the global new birth population in 2023, respectively. The Emerging Markets have seen sustained growth in the market penetration rates of baby and feminine hygiene products, with considerable room for further growth compared to developed countries. For example, in 2023, the market penetration rate of baby diapers and baby pants in Africa was 22.7%, lower than the market penetration rates of baby diapers and baby pants in the European, North American and Chinese markets, ranged from around 70% to 86%, and the market penetration rate of sanitary pads in Africa was 30.8%, lower than the market penetration rates of sanitary pads in the European, North American and Chinese markets, which ranged from around 35% to 80%.

OUR BRANDS AND PRODUCTS

We offer a variety of baby and feminine hygiene products under various brands, including our core brand *Softcare*, as well as *Veesper*, *Maya*, *Cuettie* and *Clincleer*. Each brand caters to a distinct consumer group. This multi-brand strategy allows us to effectively meet the needs of diverse consumer segments, expanding our overall consumer base. *Softcare*, our core brand, is positioned as a mid-premium brand, targeting middle to high-end consumers with higher spending power looking for high quality products. *Softcare* started as a baby diapers and sanitary pads brand, and subsequently extended to cover other hygiene product categories, including baby pants and wet wipes in 2018. During the Track Record Period, the majority of our revenue was attributable to *Softcare* products. After years of development, *Softcare* has become a trusted household brand for baby and feminine hygiene products in many African countries with a leading market position.

Our products include baby diapers, baby pants, sanitary pads and wet wipes. During the Track Record Period, baby diapers were the main source of our revenue. The table below sets forth a breakdown of our revenue by product category for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total
	(US$ in thousands, except percentages)							
					(unaudited)			
Baby diapers	250,651	78.4	323,964	78.7	245,910	78.8	251,899	75.3
Sanitary pads	43,079	13.5	61,731	15.0	46,457	14.9	58,121	17.4
Baby pants	17,396	5.4	13,046	3.2	9,946	3.2	14,002	4.2
Wet wipes	8,772	2.7	12,628	3.1	9,539	3.1	10,415	3.1
Total	**319,898**	**100.0**	**411,369**	**100.0**	**311,852**	**100.0**	**334,437**	**100.0**

OUR MARKETS

Africa is our core market. We first commenced sales of hygiene products in Africa back in 2009. Since then, we have continuously expanded our business to many African countries and have gained a strong foothold in Africa. During the Track Record Period, our sales reached over 30 African countries across Western Africa, Eastern Africa and Middle Africa.

The table below sets forth a breakdown of our revenue by location of our customers for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	Revenue	%	Revenue	%	Revenue	%	Revenue	%
	(US$ in thousands, except percentages)							
					(unaudited)			
Western Africa:								
Ghana	72,880	22.8	73,768	17.9	56,454	18.1	48,592	14.5
Senegal	35,934	11.2	44,540	10.8	34,031	10.9	33,952	10.2
Côte d'Ivoire	29,024	9.1	42,049	10.2	30,990	9.9	32,788	9.8
Benin	3,747	1.2	5,988	1.5	4,411	1.4	3,340	1.0
Others	23,563	7.3	30,946	7.5	23,339	7.5	26,427	7.8
Sub-total	165,148	51.6	197,291	47.9	149,225	47.8	145,099	43.3
Eastern Africa:								
Kenya	60,357	18.9	70,216	17.1	52,547	16.8	67,264	20.1
Tanzania	29,122	9.1	34,636	8.4	25,737	8.3	30,970	9.3
Uganda	24,553	7.7	30,715	7.5	23,079	7.4	28,061	8.4
Zambia	31,385	9.8	33,253	8.1	26,397	8.5	20,399	6.1
Others	2,927	0.9	2,978	0.7	2,168	0.7	5,628	1.7
Sub-total	148,344	46.4	171,798	41.8	129,928	41.7	152,322	45.6
Middle Africa:								
Cameroon	5,015	1.6	35,403	8.6	27,745	8.9	23,101	6.9
Others	1,028	0.3	1,709	0.4	1,192	0.4	7,945	2.4
Sub-total	6,043	1.9	37,112	9.0	28,937	9.3	31,046	9.3
Latin America:								
Peru	363	0.1	5,168	1.3	3,762	1.2	5,931	1.8
Central Asia:								
Kazakhstan	–	–	–	–	–	–	39	–[1]
Total	**319,898**	**100.0**	**411,369**	**100.0**	**311,852**	**100.0**	**334,437**	**100.0**

Note:

(1) Less than 0.1%.

OUR SALES CHANNELS

We sell our products through various sales channels, primarily consisting of wholesalers, distributors, supermarkets and other retailers. This combination of diverse sales channels enables us to reach a broader consumer base and penetrate the local markets more effectively. We generally enter into standard sales agreements with our customers, which outline the terms of our buyer-seller relationship. We recognize revenue when the control of our products is transferred to our customers.

The table below sets forth a breakdown of our revenue by sales channel for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
	(US$ in thousands, except percentages)							
					(unaudited)			
Wholesalers	191,223	59.8	266,488	64.8	202,144	64.8	215,108	64.3
Distributors	106,084	33.2	127,141	30.9	96,595	31.0	106,771	31.9
Supermarkets and other retailers	9,613	3.0	11,563	2.8	8,535	2.7	10,840	3.2
Others[1]	12,978	4.0	6,177	1.5	4,578	1.5	1,718	0.6
Total	**319,898**	**100.0**	**411,369**	**100.0**	**311,852**	**100.0**	**334,437**	**100.0**

Note:

(1) Others primarily include customers who purchase products from us on a one-off basis and with whom we have not entered into any written sales agreement.

OUR COMPETITIVE STRENGTHS

We believe that the following strengths contribute to our robust market position, ensuring our success and distinguishing us from our competitors:

- We are a leading corporation of baby and feminine hygiene products in the Emerging Markets and benefit from enormous market growth opportunities;
- We have extensive experience in developing sales channels in the Emerging Markets and have established a deeply penetrating, mature and stable sales network. We are well positioned to replicate our success in new markets;
- We have developed a strong brand matrix and can satisfy consumer needs through product differentiation strategies;
- Empowered by localized production plants and a global supply chain system, we possess strong manufacturing capabilities to provide cost-efficient and high quality products;
- Our professional, systemized and digitized management system enhances our management efficiency, enabling us to continuously replicate our success in new markets; and
- We have a visionary management team and corporate culture of continuous learning and growing.

OUR STRATEGIES

We plan to implement the following strategies:

- Consolidating our leading market position and continuously expanding our business to new markets with new product offerings;
- Continuously building our brand image, enhancing brand recognition and winning the confidence of consumers;
- Strengthening our sales network in the Emerging Markets and enhancing our ability to further expand our sales network;
- Increasing supply chain stability, production efficiency and digital operation capabilities; and
- Maintaining the innovative spirit of learning organization and progressively implementing talent localization.

OUR CUSTOMERS AND SUPPLIERS

Our customers primarily consist of wholesalers, distributors, supermarkets and other retailers. In 2022, 2023 and the nine months ended September 30, 2024, (i) our revenue derived from our largest customer amounted to US$4.8 million, US$5.2 million and US$5.0 million, representing 1.5%, 1.3% and 1.5% of our total revenue, respectively; and (ii) our revenue derived from our five largest customers amounted to US$16.7 million, US$20.1 million and US$18.4 million, representing 5.2%, 4.9% and 5.5% of our total revenue, respectively.

Our suppliers primarily consist of suppliers of raw materials. In 2022, 2023 and the nine months ended September 30, 2024, (i) our purchases from our largest supplier amounted to US$25.2 million, US$31.0 million and US$31.3 million, representing 9.2%, 12.8% and 16.3% of our total purchases, respectively; and (ii) our purchases from our five largest suppliers amounted to US$94.1 million, US$102.0 million and US$94.5 million, representing 34.3%, 42.2% and 49.4% of our total purchases, respectively.

COMPETITIVE LANDSCAPE

According to the Frost & Sullivan Report, the hygiene product industry has been continuously growing, especially in the Emerging Markets. Emerging Markets are economies primarily located in Africa, Latin America and Central Asia, characterized by robust economic growth and a young, widely dispersed population. We compete primarily with other baby and female hygiene product providers that sell to the Emerging Markets. Both the baby diapers market and the sanitary pads market in Africa demonstrate a high degree of brand concentration.

SUMMARY OF FINANCIAL INFORMATION

Selected Information from Consolidated Statements of Profit or Loss

	Year ended December 31,		Nine months ended September 30,	
	2022	2023	2023	2024
	(US$ in thousands)			
			(unaudited)	
Revenue	**319,898**	**411,369**	**311,852**	**334,437**
Cost of sales	(246,365)	(267,621)	(209,066)	(215,964)
Gross profit	**73,533**	**143,748**	**102,786**	**118,473**
Profit for the year/period	**18,390**	**64,680**	**46,909**	**72,282**

During the Track Record Period, we generated revenue from the manufacturing and sale of baby and feminine hygiene products including baby diapers, baby pants, sanitary pads and wet wipes. Our revenue grew steadily throughout the Track Record Period. In 2022, 2023 and the nine months ended September 30, 2023 and 2024, our revenue was US$319.9 million, US$411.4 million, US$311.9 million and US$334.4 million, respectively.

Our revenue growth during the Track Record Period was primarily attributable to: (i) our continued efforts in deepening the reach of our sales network within our existing markets, across Africa and into other Emerging Markets globally. In terms of existing markets where we maintain a leading position, we continued to increase our penetration from capital cities to other urban districts and further into rural areas, while also exporting our products to countries surrounding these regions. In Africa, we gradually expanded our footprints from Western and Eastern Africa to Middle Africa. Globally, we expanded into Latin America and Central Asia; and (ii) an increase in demand for our products, as a result of (a) a growth in market demands of hygiene products attributable to factors including large population, economic advancement, increased urbanization, rising education level of our target markets; (b) our enhanced brand recognition as we dedicated marketing and promotional efforts; and (c) the optimization of our product offerings appealing to the differentiated target consumer groups. On the other hand, our revenue could be adversely affected by the fluctuation in foreign exchange rates during the Track Record Period.

Our profit for the year was US$18.4 million and US$64.7 million in 2022 and 2023, respectively. Our net profit margin increased from 5.7% in 2022 to 15.7% in 2023, primarily due to (i) an improvement in our gross profit margin, mainly as a result of a decrease in market prices of our major raw materials, partially offset by (ii) the foreign exchange losses incurred in 2023, reflecting a devaluation of certain African currencies against US dollars. Our profit for the period was US$46.9 million and US$72.3 million in the nine months ended September 30, 2023 and 2024, respectively. Our net profit margin increased from 15.0% in the nine months ended September 30, 2023 to 21.6% in the nine months ended September 30, 2024, primarily due to (i) an improvement in our gross profit margin, mainly as a result of a decrease in market prices of our major raw materials; and (ii) a decrease in foreign exchange losses.

For detailed analysis of our results of operations, see "Financial Information—Description of Selected Items of our Consolidated Statements of Profit or Loss" in this document.

Selected Items in Our Consolidated Statements of Financial Position

	As of December 31,		As of September 30,
	2022	2023	2024
	(US$ in thousands)		
			(unaudited)
Non-current assets	60,986	53,463	68,651
Current assets	183,947	191,224	176,424
Current liabilities	215,526	155,416	85,511
Non-current liabilities	6,657	3,873	3,809
Net assets	22,750	85,398	155,755

For further details, see "Financial Information—Discussion of Major Items of Consolidated Statements of Financial Position."

Selected Items in Our Consolidated Statements of Cash Flows

	Year ended December 31,		Nine months ended September 30,	
	2022	2023	2023	2024
	(US$ in thousands)			
			(unaudited)	
Net cash generated from operating activities	13,575	95,977	84,623	76,119
Net cash (used in)/generated from investing activities	(51,061)	(10,874)	(1,871)	3,540
Net cash generated from/(used in) financing activities	58,555	(75,601)	(65,576)	(74,878)
Net increase in cash and cash equivalents	21,069	9,502	17,176	4,781
Cash and cash equivalents at beginning of year/period	554	21,725	21,725	30,439
Effect of foreign exchange rate changes	102	(788)	(1,179)	563
Cash and cash equivalents at end of year/period	21,725	30,439	37,722	35,783

For further details, see "Financial Information—Liquidity and Capital Resources."

Key financial ratios

	Year ended/As of December 31,		Nine months ended/As of September 30,
	2022	2023	2024
			(unaudited)
Gross profit margin[(1)]	23.0%	34.9%	35.4%
Net profit margin[(2)]	5.7%	15.7%	21.6%
Return on equity[(3)]	80.8%	75.7%	N/A[(7)]
Return on total assets[(4)]	7.5%	26.4%	N/A[(7)]
Current ratio[(5)]	0.9	1.2	2.1
Quick ratio[(6)]	0.3	0.5	0.8

Notes:

(1) Gross profit margin is calculated based on gross profit for the period divided by revenues for the period and multiplied by 100%.

(2) Net profit margin is calculated based on the profit for the period divided by total revenue and multiplied by 100%.

(3) Return on equity is calculated based on the profit for the period divided by the shareholders' equity as of the end of the period and multiplied by 100%.

(4) Return on total assets is calculated based on the profit for the period divided by total assets at the end of the period and multiplied by 100%.

(5) Current ratio is calculated based on the total current assets divided by the total current liabilities as of the end of the period.

(6) Quick ratio is calculated based on the total current assets minus inventories divided by the total current liabilities as of the end of the period.

(7) The ratios are not presented for incomplete years.

For further details, see "Financial Information—Key Financial Ratios."

DIVIDENDS

On January 12, 2024, our subsidiary, Softcare Kenya declared and paid an interim dividend of US$353,000 to its then shareholder, Century BVI. On December 23, 2024, our Company declared interim dividends of US$35.0 million to its shareholders. Save as the above, no dividends have been paid or declared by the Group during the Track Record Period.

[REDACTED] EXPENSES

Based on the [**REDACTED**] of the indicative [**REDACTED**] range and assuming the [**REDACTED**] is not exercised, we estimate that our [**REDACTED**] will be approximately HK$[**REDACTED**] million, which constitute approximately [**REDACTED**]% of the gross proceeds from the [**REDACTED**]. Our total [**REDACTED**] consist of (i) [**REDACTED**]-related fees and expenses (including [**REDACTED**] commissions, Stock Exchange trading fee, and SFC transaction levy and AFRC transaction levy) of HK$[**REDACTED**] million; and (ii) [**REDACTED**] expenses of HK$[**REDACTED**] million, including (a) fees payable to Joint Sponsors, legal advisors and Reporting Accountants of HK$[**REDACTED**] million and (b) other fees and expenses of HK$[**REDACTED**] million). During the Track Record Period, we incurred [**REDACTED**] of US$[**REDACTED**] million, all of which was recognized in our consolidated statements of profit or loss in the nine months ended September 30, 2024. As of September 30, 2024, we recorded US$[**REDACTED**] million as deferred issue costs under other receivables, deposits and prepayments in our consolidated statements of financial position, to be accounted for as a deduction from equity upon the [**REDACTED**]. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. Our Directors do not expect such expenses to materially impact our results of operations in 2025.

[REDACTED] STATISTICS

	Based on an [REDACTED] of HK$[REDACTED]	**Based on an [REDACTED] of HK$[REDACTED]**
Market capitalization of our Shares[(1)]	HK$[**REDACTED**] million	HK$[**REDACTED**] million
Unaudited pro forma adjusted net tangible assets attributable to equity shareholders of our Company per Share[(2)]	HK$[**REDACTED**]	HK$[**REDACTED**]

Notes:

(1) The calculation is based on the assumption that [**REDACTED**] Shares is expected to be in issue immediately following the completion of the [**REDACTED**], assuming that the [**REDACTED**] is not exercised and without taking into account the Shares which may be issued upon the exercise of any options which may be granted under the [**REDACTED**] Share Option Scheme and the [**REDACTED**] Share Option Scheme.

(2) The unaudited pro forma adjusted net tangible assets attributable to equity shareholders of our Company per Share is calculated after the adjustment referred to in "Unaudited Pro Forma Financial Information" in Appendix II to this document and on the basis of [**REDACTED**] Shares in issue immediately following the completion of the [**REDACTED**], assuming that the [**REDACTED**] is not exercised and without taking into account the Shares which may be issued upon the exercise of any options which may be granted under the [**REDACTED**] Share Option Scheme and the [**REDACTED**] Share Option Scheme.

[**REDACTED**]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the [**REDACTED**] of the stated range of the [**REDACTED**] of between HK$[**REDACTED**] and HK$[**REDACTED**] per [**REDACTED**]) and that the [**REDACTED**] is not exercised, we estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] million from the [**REDACTED**] after deducting the [**REDACTED**] and other estimated expenses in connection with the [**REDACTED**]. In line with our strategies, we intend to use our [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used to expand our overall production capacity and upgrade our production lines;

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used for marketing and promotion activities in Africa, Latin America and Central Asia;

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used for strategic acquisitions of businesses in the hygiene product industry;

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used for upgrading our CRM system and gradually implementing it across our operations in various countries;

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used for engaging management consulting firms for conducting analysis on new markets and new products and providing advices on strategy execution and corporate management; and

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used for working capital and general corporate purposes.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

After the Track Record Period, we have continued to expand our business into more countries. We commenced sales of products in El Salvador since November 2024. We will endeavor to ramp up our sales in El Salvador and penetrate into more countries in the future.

Our Directors confirm that, as of the date of this document, there has been no material adverse change in the financial condition or prospects of our Group since September 30, 2024, being the date of the latest reporting period of the reviewed consolidated financial statements as set out in the Review Report in Appendix IB to this document, and there has been no event since September 30, 2024 that would materially affect the information as set out in the Accountants' Report included in Appendix IA and the Review Report included in Appendix IB to this document.

OUR CONTROLLING SHAREHOLDERS

Immediately upon completion of the [**REDACTED**], without taking into account any Shares which may be issued upon exercise of any options which may be granted under the [**REDACTED**] Share Option Scheme and the [**REDACTED**] Share Option Scheme and assuming the [**REDACTED**] Option is not exercised, Century BVI will directly hold approximately [**REDACTED**]% of the issued share capital of our Company. Century BVI is a company wholly owned by Sunda Enterprise. Sunda Enterprise is owned as to 51% by Chaoyuet Holding, which in turn is wholly owned by Mr. Shen, and 49% by Haoyue Investment, which in turn is wholly owned by Ms. Yang. Mr. Shen and Ms. Yang are spouses. Mr. Shen and Ms. Yang will control the exercise of more than 30% of the voting power at general meetings of our Company through Chaoyuet Holding, Haoyue Investment, Sunda Enterprise and Century BVI upon [**REDACTED**]. Accordingly, Mr. Shen, Ms. Yang, Chaoyuet Holding, Haoyue Investment, Sunda Enterprise and Century BVI constitute a group of our Controlling Shareholders under the Listing Rules. For further details of our Controlling Shareholders, see "Relationship with our Controlling Shareholders."

CONNECTED TRANSACTIONS

We have entered into certain transactions which would constitute continuing connected transactions for our Company under the Listing Rules upon the [**REDACTED**]. We have applied for, and the Stock Exchange [has granted] us, a waiver from strict compliance with certain requirements set out in Chapter 14A of the Listing Rules for certain continuing connected transactions. For details of such continuing connected transactions and the waiver, see "Connected Transactions."

RISK FACTORS

Our business and the [**REDACTED**] involve certain risks as set out in "Risk Factors" in this document. You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks we face include:

- We may not be able to manage our business as a whole effectively as our business covers multiple countries;

- Our business depends on market recognition of our brands. Any damage to our reputation or one or more of our brands may materially and adversely affect our business and results of operations;

- Failure to compete with local and global competitors in new and existing markets and channels effectively may materially and adversely affect our business and results of operations;

- Our business and future growth prospects rely on consumer demand for our products. Any shift in consumer demand, or any unexpected situation with a negative impact on consumer demand, may materially and adversely affect our business and results of operations;

- Our plan to expand our sales and distribution network into new markets may not be successful, which could materially and adversely affect our business and results of operations; and

- Changing economic, social, political and geopolitical conditions could materially and adversely impact our business and financial results.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in "Glossary of Technical Terms" in this document.

"Accountants' Report"	the accountants' report for the years ended December 31, 2022 and 2023 of our Company, the text of which is set out in Appendix IA to this document;
"AED"	United Arab Emirates dirham, the lawful currency of the United Arab Emirates;
"AFRC"	Accounting and Financial Reporting Council;
"Articles of Association" or "Articles"	the amended and restated articles of association of our Company, conditionally adopted on [●], 2025 and will come into effect upon [**REDACTED**], a summary of which is set out in "Appendix III—Summary of the Constitution of the Company and Cayman Islands Company Law" to this document, as amended, supplemented or otherwise modified from time to time;
"associate(s)"	has the meaning ascribed to it under the Listing Rules;
"Audit Committee"	the audit committee of our Board;
"Board" or "Board of Directors"	the board of Directors;
"business day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business;
"BVI"	the British Virgin Islands;
"CAGR"	compounded annual growth rate;

[**REDACTED**]

"Century BVI"	CENTURY INDUSTRIAL LTD, a company incorporated in the BVI with limited liability on May 27, 2015, which is wholly owned by Sunda Enterprise and one of our Controlling Shareholders;

"Century Mauritius"	Century (mauritius) international limited, a company incorporated in the Republic of Mauritius with limited liability on April 15, 2016, which is ultimately controlled by Mr. Shen and Ms. Yang;
"Chaoyuet Holding"	Chaoyuet Holding Limited, a company incorporated in the BVI with limited liability on December 30, 2022, which is wholly-owned by Mr. Shen, our ultimate Controlling Shareholder and one of our Controlling Shareholders;
"China", the "PRC" or "Mainland China"	the People's Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires, references in this document to "China" and the "PRC" do not apply to Taiwan, the Macau Special Administrative Region of the PRC and Hong Kong;
"close associate(s)"	has the meaning ascribed to it under the Listing Rules;
"Colline"	Colline Limited, a company incorporated in Hong Kong with limited liability on February 24, 2023 and an indirect wholly-owned subsidiary of our Company;
"Companies Act" or "Cayman Companies Act"	the Companies Act (As Revised), Cap. 22 of the Cayman Islands;
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time;
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
"Company" or "our Company"	Softcare Limited (樂舒適有限公司) (formerly known as Sunda International Limited), an exempted company incorporated in the Cayman Islands with limited liability on February 17, 2022;
"connected person(s)"	has the meaning ascribed to it under the Listing Rules;
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules;

"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Century BVI, Sunda Enterprise, Chaoyuet Holding, Haoyue Investment, Mr. Shen and Ms. Yang; and a Controlling Shareholder shall mean each or any of them;
"COVID-19"	a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus 2;
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會);
"Deed of Indemnity"	the deed of indemnity dated [●], 2025 and executed by our Controlling Shareholders in favor of our Company (for ourselves and as trustee for our subsidiaries), see "Appendix IV—Statutory and General Information—E. Other Information—1. Tax and other indemnities" for details;
"Deed of Non-competition"	the deed of non-competition dated [●], 2025 and executed by our Controlling Shareholders in favor of our Company (for ourselves and as trustee for our subsidiaries), see "Relationship with Our Controlling Shareholders" for details;

[**REDACTED**]

"Director(s)"	the director(s) of our Company;
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time;
"ESG"	environmental, social and governance;
"Exchange Participant(s)"	a person: (a) who, in accordance with the Listing Rules, may trade on or through the Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Stock Exchange as a person who may trade on or through the Stock Exchange;

"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to a serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon No. 8 or above is replaced with Typhoon Signal No. 3 or below;

[**REDACTED**]

"Frost & Sullivan"	Frost & Sullivan Limited, a global market research and consulting company, which is an Independent Third Party;
"Frost & Sullivan Report"	an independent market research report commissioned by us and prepared by Frost & Sullivan for the purpose of this document;
"GHS"	Ghanaian cedi, the lawful currency of Ghana;

[**REDACTED**]

"Group", "our Group", "our", "we" or "us"	our Company and all of our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be);
"Guangdong Twyford"	Guangdong Twyford International Holding Co., Ltd (廣東特福國際控股有限公司), a company established in the PRC with limited liability on November 10, 2023, a company which is owned as to approximately 48.45% by Keda Industrial, 30.88% by Sunda Company and 20.67% in aggregate by other shareholders including certain Directors and our senior management members and a connected person of our Company;

"Guangzhou Sunda"	Guangzhou Sunda Trading Co., Ltd. (廣州市森大貿易有限公司), a company established in the PRC with limited liability on February 23, 2004, a company ultimately controlled by Mr. Shen and Ms. Yang;
"Guangzhou Sengong"	Guangzhou Sengong Trading Co., Ltd. (廣州森供貿易有限公司) (formerly known as Guangzhou Sunda Supply Chain Management Co., Ltd. (廣州森大供應鏈管理有限公司)), a company established in the PRC with limited liability on December 10, 2021 and an indirect wholly-owned subsidiary of our Company;
"Guangzhou Qixin"	Guangzhou Qixin Trading Co., Ltd. (廣州祁新貿易有限公司), a company established in the PRC with limited liability on December 15, 2022 and an indirect wholly-owned subsidiary of our Company;
"Guangzhou Wofei"	Guangzhou Wofei Supply Chain Management Co., Ltd. (廣州沃非供應鏈管理有限公司), a company established in the PRC with limited liability on March 28, 2023 and an indirect wholly-owned subsidiary of our Company;
"Guide"	The Guide for New Listing Applicants, as published by the Stock Exchange on November 29, 2023 and effective on January 1, 2024, as amended or supplemented or otherwise modified from time to time;
"Haoyue Investment"	Haoyue Investment Limited, a company incorporated in the BVI with limited liability on November 29, 2024, which is wholly-owned by Ms. Yang, our ultimate Controlling Shareholder and one of our Controlling Shareholders;

[**REDACTED**]

"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited;

[**REDACTED**]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC;
"Hong Kong dollar(s)" or HKD" or "HK$"	Hong Kong dollars(s), the lawful currency of Hong Kong;

DEFINITIONS

[**REDACTED**]

"IFRS"	International Financial Reporting Standards;
"Independent Third Party(ies)"	party or parties, who or which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not connected with our Company or our connected persons;

[**REDACTED**]

[**REDACTED**]

"IOSCO MMOU"	the International Organization of Securities Commissions Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information;
"IOSCO MMOU Countries"	countries or regions whose statutory securities regulator is a full signatory to the IOSCO MMOU;

[**REDACTED**]

"Kazakhstan"	Republic of Kazakhstan;
"Keda Industrial"	Keda Industrial Group Co., Limited (科達製造股份有限公司), a joint stock limited liability company incorporated in the PRC on December 11, 1996 which is listed on the Shanghai Stock Exchange (stock code: 600499) and SIX Swiss Exchange AG (stock code: KEDA);
"KES"	Kenyan shilling, the lawful currency of Kenya;
"Kewor"	KEWOR LIMITED (科沃有限公司), a company incorporated in Hong Kong with limited liability on December 16, 2021 and an indirect wholly-owned subsidiary of our Company;
"KZT"	Kazakh Tenge, the lawful currency of Kazakhstan
"Latest Practicable Date"	January 19, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication;

[**REDACTED**]

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time;
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange;
"Mauritius"	the Republic of Mauritius;

"Memorandum of Association" or "Memorandum"	the amended and restated memorandum of association of our Company, conditionally adopted on [●], 2025 and will come into effect upon [**REDACTED**], a summary of which is set out in "Appendix III—Summary of the Constitution of the Company and Cayman Islands Company Law" to this document, as amended, supplemented or otherwise modified from time to time;
"Mr. Shen"	Mr. Shen Yanchang (沈延昌), our chairman, a non-executive Director, one of our ultimate Controlling Shareholders and spouse of Ms. Yang;
"Ms. Yang"	Ms. Yang Yanjuan (楊艷娟), a non-executive Director, one of our ultimate Controlling Shareholders and spouse of Mr. Shen;
"New Operating Companies"	including Softcare Ghana, Softcare Kenya, Softcare Senegal and Softcare Tanzania;
"Nomination Committee"	the nomination committee of our Board;
"Non-IOSCO MMOU Countries"	countries or regions whose statutory securities regulator is not a full signatory to the IOSCO MMOU;
"OAPI"	African Intellectual Property Organization (the Organisation Africaine de la Propriété Intellectuelle);

[**REDACTED**]

DEFINITIONS

"OVANA"	OVANA, an exempted company incorporated in the Cayman Islands with limited liability on January 11, 2023 and owned as to 32% by Mr. Luo Jichao, 12% by Mr. Wang Dajiang, 8% by Mr. Ding Zhen, 8% by Mr. Zhou Renwei, 8% by Mr. Hu Dongming, 8% by Mr. Chen Chaobo, 8% by Mr. Zhang Jianfeng, 8% by Mr. Li Ruiqin and 8% by Mr. Yue Jie. Save for Mr. Luo Jichao (our executive Director) and Mr. Zhou Renwei (our non-executive Director), all other shareholders of OVANA are existing or former senior management members of the Remaining Sunda Group;

[**REDACTED**]

"Panama"	the Republic of Panama;
"[**REDACTED**] Share Option Scheme"	the [**REDACTED**] share option scheme conditionally approved and adopted by our Company on [●], 2025, the principal terms of which are summarized in "Appendix IV—Statutory and General Information—D. Share Incentive Schemes—2. [**REDACTED**] Share Option Scheme";
"PRC Legal Advisors"	Commerce & Finance Law Offices, our legal advisors as to PRC laws in connection with the [**REDACTED**];

"[**REDACTED**] Share Option Scheme"	the [**REDACTED**] share option scheme conditionally approved and adopted by our Company on January 15, 2025, the principal terms of which are summarized in "Appendix IV—Statutory and General Information—D. Share Incentive Schemes—1. [**REDACTED**] Share Option Scheme";
"Predecessor Companies"	including Sunda Ghana, Sunda Kenya, Sunda Senegal, Sunda Tanzania, Softcare Cameroon, Softcare (U) Uganda, Softcare Zambia, and Softcare Benin, each as a "Predecessor Company". Save for Softcare Cameroon, Softcare (U) Uganda, Softcare Zambia and Softcare Benin, all of the other Predecessor Companies did not form part of our Group after the completion of the Reorganization;
"Price Determination Date"	the date, expected to be on or around [**REDACTED**], on which the [**REDACTED**] is determined by our Company and the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) for the purpose of the [**REDACTED**];
"Principal Share Registrar"	Conyers Trust Company (Cayman) Limited;

[**REDACTED**]

"Remaining Sunda Group"	Sunda Group excluding our Group;
"Remuneration Committee"	the remuneration committee of our Board;
"Renminbi" or "RMB"	the lawful currency of the PRC;
"Reorganization"	the reorganization of our Group in preparation of the [**REDACTED**], details of which are set out in "History, Reorganization and Corporate Structure—Reorganization" in this document;
"Review Report"	the report on review of interim financial information for the nine months ended September 30, 2024 of our Company, the text of which is set out in Appendix IB to this document;

[**REDACTED**]

"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局);
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong;
"Senbai Hengyi"	Senbai Hengyi Limited, a company incorporated in the BVI with limited liability on March 3, 2021, and an employee share incentive platform of Sunda Group to hold Share Incentive Awards on under the Share Incentive Scheme;
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time;
"Share(s)" or "Ordinary Share(s)"	ordinary share(s) with a par value of US$0.0001 each in the share capital of our Company, which are to be traded in Hong Kong dollars and [**REDACTED**] on the Main Board;
"Shareholder(s)"	holder(s) of our Share(s);
"Softcare Benin"	SOFTCARE BENIN LIMITED (formerly known as SUNDA BENIN LIMITED), a company incorporated in Benin with limited liability on October 11, 2021 and a Predecessor Company which became an indirect wholly-owned subsidiary of our Company pursuant to the Reorganization;
"Softcare BVI Holdco"	Softcare Fm Limited (formerly known as Sunda Fm Limited), a company incorporated in the BVI with limited liability on April 26, 2022 and a direct wholly-owned subsidiary of our Company;
"Softcare Cameroon"	SOFTCARE CAMEROON LIMITED, a company incorporated in Cameroon with limited liability on July 18, 2022 and a Predecessor Company which became an indirect wholly-owned subsidiary of our Company pursuant to the Reorganization;
"Softcare Côte d'Ivoire"	SOFTCARE LIMITED CÔTE D'IVOIRE, a company incorporated in Côte d'Ivoire with limited liability on October 18, 2022 and an indirect wholly-owned subsidiary of our Company;

"Softcare Dubai Holdco"	SENBAI HOLDINGS FZCO, a company incorporated in Dubai Airport Freezone, Dubai, UAE on August 22, 2022 and an indirect wholly-owned subsidiary of our Company;
"Softcare El Salvador"	SOFTCARE EL SALVADOR, LTDA. DE C.V., a company incorporated in El Salvador with limited liability on July 3, 2024 and an indirect wholly-owned subsidiary of our Company;
"Softcare Ghana"	SOFTCARE FM MANUFACTURING LIMITED COMPANY (formerly known as SUNDA FM MANUFACTURING LIMITED COMPANY), a company incorporated in Ghana with limited liability on December 21, 2020 and an indirect wholly-owned subsidiary of our Company;
"Softcare Impex Uganda"	SOFTCARE IMPEX LIMITED (formerly known as BEST CARE IMPEX LIMITED), a company incorporated in Uganda with limited liability on August 12, 2022 and an indirect wholly-owned subsidiary of our Company;
"Softcare Kazakhstan"	SOFTCARE KZ LLP, a limited liability partnership registered in Kazakhstan on June 19, 2024 and an indirect wholly-owned legal entity of our Company;
"Softcare Kenya"	SOFTCARE KENYA COMPANY LIMITED, a company incorporated in Kenya with limited liability on December 10, 2021 and an indirect wholly-owned subsidiary of our Company;
"Softcare Mauritius Holdco"	Softcare FM (MU) Limited (formerly known as Sunda FM Holdings Limited), a company incorporated in the Republic of Mauritius with limited liability on March 6, 2023 and an indirect wholly-owned subsidiary of our Company;
"Softcare Panama Holdco"	Softcare S.A., a company incorporated in Panama with limited liability on May 13, 2024 and an indirect wholly-owned subsidiary of our Company;

"Softcare Peru"	SOFTCARE PERU COMPANY S.R.L, a company incorporated in Peru with limited liability on December 27, 2023 and an indirect wholly-owned subsidiary of our Company;
"Softcare Senegal"	SOFTCARE SN COMPANY LIMITED, a company incorporated in Senegal with limited liability on February 2, 2022 and an indirect wholly-owned subsidiary of our Company;
"Softcare Tanzania"	DOWEICARE TECHNOLOGY LIMITED, a company incorporated in Tanzania with limited liability on December 16, 2021 and an indirect wholly-owned subsidiary of our Company;
"Softcare (U) Uganda"	SOFTCARE (U) LTD (formerly known as GENERAL WARES (U) LTD and GENERAL WARES (U)-SMC LTD), a company incorporated in Uganda with limited liability on March 5, 2020 and a Predecessor Company which became an indirect wholly-owned subsidiary of our Company pursuant to the Reorganization;
"Softcare Zambia"	SOFTCARE INDUSTRIAL ZAMBIA LIMITED (formerly known as SUNDA INDUSTRIAL ZAMBIA COMPANY LIMITED), a company incorporated in Zambia with limited liability on November 26, 2019 and an indirect wholly-owned subsidiary of our Company;

[**REDACTED**]

"State Council"	the State Council of the PRC (中華人民共和國國務院);
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited;
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules;
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules;

"Sunda Company"	Sunda Group Co., Limited, a company incorporated in Hong Kong with limited liability on September 18, 2019 which was owned as to approximately 38.64% by Senbai Hengyi and 61.36% by Sunda Holding which became an wholly-owned subsidiary of Sunda Enterprise since December 12, 2024;
"Sunda Enterprise"	SUNDA ENTERPRISE LIMITED, an exempted company incorporated in the Cayman Islands with limited liability on July 2, 2024 and owned as to 51% by Chaoyuet Holding and 49% by Haoyue Investment, one of our Controlling Shareholders;
"Sunda Ghana"	SUNDA GHANA LIMITED, a company incorporated in Ghana with limited liability on November 10, 2017 and a Predecessor Company which did not form part of our Group after completion of the Reorganization;
"Sunda Group"	Sunda Enterprise, Guangzhou Sunda, our Company and their respective subsidiaries from time to time;
"Sunda Holding"	Sunda Holding Limited, a company incorporated in Hong Kong with limited liability on March 26, 2021 and an immediate holding company of Sunda Company prior to the Reorganization;
"Sunda Kenya"	SUNDA (KENYA) INDUSTRIAL COMPANY LIMITED, a company incorporated in Kenya with limited liability on December 19, 2017 and a Predecessor Company which did not form part of our Group after completion of the Reorganization;
"Sunda Senegal"	SUNDA (SN) LIMITED, a company incorporated in Senegal with limited liability on October 16, 2019 and a Predecessor Company which did not form part of our Group after completion of the Reorganization;
"Sunda Tanzania"	KEDS TANZANIA COMPANY LIMITED, a company incorporated in Tanzania with limited liability on March 16, 2016 and a Predecessor Company which did not form part of our Group after completion of the Reorganization;

"Sunmart Trading Dubai"	Sunmart Trading FZCO, a company incorporated in Dubai Airport Freezone, Dubai, UAE with limited liability on December 5, 2022 and an indirect wholly-owned subsidiary of our Company;
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time;
"Tanzania"	the United Republic of Tanzania;
"Track Record Period"	the period comprising the years ended December 31, 2022 and 2023 and the nine months ended September 30, 2024;
"TZS"	Tanzanian shilling, the lawful currency of Tanzania;
"UAE"	the United Arab Emirates;
"UGX"	Ugandan shilling, the lawful currency of Uganda;

[**REDACTED**]

"United States" or "U.S."	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia;
"US$", "USD" or "$"	U.S. dollars, the lawful currency of the United States;
"US cent"	U.S. cent, the lawful currency of the United States;
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;
"VAT"	the value-added tax;
"XAF"	Central African CFA franc, the lawful currency of the following six countries: Cameroon, Central African Republic, Chad, Republic of the Congo, Equatorial Guinea and Gabon;

"XOF" or "FCFA"	West African CFA franc, the lawful currency of the following eight countries which make up the West African Economic and Monetary Union: Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo;
"ZMW" or "K"	Zambian Kwacha, the lawful currency of Zambia

Unless the content otherwise requires, reference to "2022" or "2023" in this document refers to our financial year ended December 31 of such year.

Certain amounts and percentage figures included in this document were subjected to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be arithmetic aggregation of the figures preceding them.

The English translation of the Chinese names of the PRC entities, enterprises, nationals, facilities and regulations in this document is for identification purposes only. To the extent that there is any inconsistency between the Chinese names of PRC entities, enterprises, nationals, facilities and regulations and their English translations, the Chinese names shall prevail.

This glossary of technical terms contains terms used in this document in connection with us and our business. Some of these terms may not correspond to standard industry meanings or usage of such terms.

"ASP"	average selling price;
"CIP"	carriage and insurance paid to. This is an international trade term that states that the seller is responsible for arranging and paying for the carriage and insurance of the goods to a specified destination;
"CRM system"	customer relationship management system;
"Central Asia", "Eastern Africa", "Latin America", "Middle Africa", "Northern Africa", "Southern Africa" and "Western Africa"	have the meanings ascribed to them under the United Nations publication "Standard Country or Area Codes for Statistical Use" originally published as Series M, No. 49 and now commonly referred to as the M49 standard;
"Emerging Markets"	According to the International Monetary Fund's World Economic Outlook, economies are classified into "Advanced Markets" and "Emerging Markets." Emerging Markets are economies primarily located in Africa, Latin America, and Central Asia, characterized by robust economic growth and a young, widely dispersed population. Further details are set out in "Industry Overview—Overview of Hygiene Product Industry in the Emerging Markets—Definition and Characteristics of the Emerging Markets;
"FMCG"	fast-moving consumer goods, which refers to products consumed in people's daily lives and are characterized by quick turnover and frequent consumption;
"ISO"	International Organization for Standardization;
"KOL"	key opinion leader;
"OEM"	original equipment manufacturing, whereby products are manufactured in accordance with a customer's specifications for sale under the customer's brand;
"POS system"	point of sale system;

"SAP"	superabsorbent polymer;
"SKU"	minimum stock keeping unit, a unique identifier for each distinct product that can be purchased; and
"SRM system"	supplier relationship management system.

FORWARD-LOOKING STATEMENTS

We have included in this document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This document contains certain forward-looking statements and information relating to our Company and its subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim," "anticipate," "believe," "could," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "seek," "should," "will," "would" and the negative of these words and other similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- general political and economic conditions, including those related to the jurisdictions where we operate;
- our operations and business prospects;
- our business and operating strategies and our ability to implement such strategies;
- our ability to develop and manage our operations and business;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- competition for, among other things, capital, technology and skilled personnel;
- our ability to control costs;
- our dividend policy;
- changes to regulatory and operating conditions in the industry or in the world and geographical markets in which we operate; and
- all other risks and uncertainties described in "Risk Factors."

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to the cautionary statements in this section.

In this document, statements of or references to our intentions or those of our Directors are made as of the date of this document. Any such information may change in light of future developments.

Investment in our Shares involves various risks. You should carefully consider the following information about risks, together with other information contained in this document, including our historical financial information and related notes, before you decide to purchase our Shares. The following is a description of what we consider to be our material risks. If any of the circumstances or events described below actually arises or occurs, our business, results of operations, financial conditions and prospects could be materially and adversely affected. In any such case, the market price of our Shares could decline, and you may lose all or part of your investment. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-Looking Statements" of this document.

There are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry; (ii) risks relating to doing business in the countries in which we have operations; and (iii) risks related to the [**REDACTED**].

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We may not be able to manage our business as a whole effectively as our business covers multiple countries.

We have operations across multiple regions and countries, primarily in Africa, Latin America and Central Asia. As of September 30, 2024, we had production plants in eight countries and employees working in 14 countries. During the Track Record Period, our products were sold to customers located in over 30 countries. Pursuant to our expansion plan, our business may be further expanded to other countries.

Managing a multinational business poses a number of challenges. For example, we are subject to various laws and regulations of a wide range of countries, with which we must constantly keep ourselves updated. We may face legal consequences if we fail to comply with such laws and regulations. When formulating business strategies, we need to take into account the situations of a wide range of countries, such as their economic, geopolitical and social conditions, market trend, consumer habits, competitive landscape, customs, culture and languages, with which we may not be entirely familiar and updated despite our efforts, making it difficult to make accurate and effective decisions and predictions. We may face difficulties in effectively managing a large pool of staff who speak different languages and come from different cultural background, as well as coordinating different teams and departments under a complex organizational structure. As our business grows, we may face even more challenges. If we are not able to manage our business as a whole effectively, our business, financial performance and future prospects may be adversely and materially affected.

For further details, see "—Risks Relating to Doing Business in the Countries in Which We Have Operations" below.

Our business depends on market recognition of our brands. Any damage to our reputation or one or more of our brands may materially and adversely affect our business and results of operations.

All of our products are branded and marketed under our own brands, including *Softcare, Veesper, Maya, Cuettie* and *Clincleer*. Our continued success and growth depend significantly on our ability to protect and promote our brands in our existing markets and new markets. The reputation of our Group and our brands form the foundation of our relationships with consumers, customers as well as suppliers. If we fail to promote our brands or protect our brand image, or if we fail to properly supervise the distribution of our products by our sales channels, or if such sales channels fail to comply with our sales policies or abuse our brand, the market recognition of our brands may deteriorate, which in turn may adversely affect our sales performance and profitability. We have adopted various measures to protect our brands. For example, our trademarks have been or are being registered; we regularly monitor the market and communicate with our sales channels to identify any potential counterfeit products; and we have included confidentiality terms in the employment contracts with our key management and research and development employees. However, we cannot assure you that these measures will be effective in protecting our brands.

Further, the success of our business depends on our ability to continuously promote our brands and offer quality products that are attractive to consumers, and our business can suffer if our marketing plans or product initiatives do not have the desired effect to attract consumers. As technologies, industry trends and consumer preferences continue to change, we must also make continuous efforts to develop new products, achieve a diversified mix of products and refine the approach we market and sell our products. For example, it is increasingly common for KOLs or ordinary consumers to share their user experience of different kinds of consumer products on social media platforms, which could potentially influence how our products may be perceived by the public.

Market changes bring new opportunities as well as challenges to our sales and marketing abilities. If we fail to formulate suitable sales and marketing strategies in response to market changes, our brand recognition, market share and results of operations may be materially and adversely affected. The process of developing new brands and products and formulating marketing plans may be time consuming and incur research and development and marketing expenses. Further, there is no guarantee that the new brands and products will be well received by consumers, in which case our financial performance may not meet our expectation. There is also no guarantee that we will not face any defamation, libel or misinformation against us from our competitors or other third parties, which could damage our brand image and reputation. Our results of operations or cash flows could also be negatively impacted if our Group or any of our brands suffers substantial reputational harm due to any significant product recall, product-related litigation or defects in our products. Any of the above could have an adverse effect on our business, financial condition and results of operations.

Failure to compete with local and global competitors in new and existing markets and channels effectively may materially and adversely affect our business and results of operations.

According to Frost & Sullivan, the baby and feminine hygiene products industry is highly competitive. We face strong competition in our existing markets as well as new markets which we may expand into in the future. Some of our existing and potential competitors are large-scale local players or multi-national conglomerates with ample business resources, financial resources and industry experience. We compete with them in many aspects, such as brand recognition, diversity of product offerings, design, quality, prices, marketing strategies, sales and distribution network and supply chain management.

Our competitors may have greater financial, technical and marketing resources, greater industry experience, stronger brand recognition, broader sales and distribution network and larger consumer base than we do, enabling them to promote their brands and products more effectively and maintain stronger market positions. Some competitors may have a cost advantage by producing inferior quality products under poor quality control, which may not be properly regulated in certain countries as the industry standards are still developing. In addition, it is difficult for us to accurately predict the timing and scale of our competitors' activities or whether new competitors will emerge. If we are unable to maintain our competitive strengths and compete successfully against our competitors and any new industry entrants in the future, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our business and future growth prospects rely on consumer demand for our products. Any shift in consumer demand, or any unexpected situation with a negative impact on consumer demand, may materially and adversely affect our business and results of operations.

We operate in an industry which is subject to constant changes in consumer demand and trends. Our success depends on our ability to identify and respond to such changing consumer demand and trends, develop new and attractive products in a timely manner, and successfully promote such new products to consumers. Consumers' willingness to purchase our products may fluctuate as a result of changes in economic conditions, disposable income, technology, lifestyle and availability of new competing products. We cannot assure you that there will be continuous consumer demand for our products. For example, consumers may have growing expectation of product design and product performance, which we may not be able to satisfy. New technologies and inventions may emerge in the future to provide better baby and feminine hygiene products, in which case our products may be phased out. If we fail to anticipate and respond appropriately to changing consumer demand and trends, our business and results of operations may be materially and adversely affected.

Further, consumer demand for our products may be affected by general economic conditions in any local markets and other factors, such as consumer confidence in future economic conditions, consumer sentiment, the availability and cost of consumer credit, level of unemployment and tax rates. Unfavourable economic conditions may lead consumers to delay or reduce purchases of our products or replace our products with cheaper substitutes, in which case consumer demand for our products may not grow as we expect. Any fluctuation in consumer demand for our products may have an adverse effect on our business and results of operations.

Our plan to expand our sales and distribution network into new markets may not be successful, which could materially and adversely affect our business and results of operations.

As our business grows, we may expand our sales and distribution network to cover new markets. For example, we have recently expanded into Kazakhstan and El Salvador, and we plan to sell our products to other countries in the future. However, we may not have sufficient knowledge about and understanding of the new markets to successfully promote our products. The social custom, consumer spending patterns, consumer preferences and business environment of the new markets may be highly different from our existing markets, such that the sales and marketing strategies that we currently rely on may not be successful in the new markets. The existing competitors in the new markets may have better understanding of the local markets, more business resources and stronger market positions. If we fail to gather sufficient market information and formulate effective sales and marketing strategies, we may not be able to promote our brands and products in the new markets as successful as we expect, and our business and results of operations may be materially and adversely affected.

Any quality issues related to our products may damage our reputation and sales and we may also face product liability claims as a result.

The success of our business depends on our ability to consistently deliver products with high quality and reliability. Maintaining consistent product quality depends significantly on the effectiveness of our quality control measures. However, we cannot assure you that our quality control measures will prove to be effective at all times, or that our employees and other third parties involved in our operations will fully adhere to our quality control policies and guidelines, or that we will be able to identify any defects in our quality control measures and resolve the issues in a timely manner. If the quality of our products deteriorates or is perceived to be dissatisfactory for any reason, we may face customer complaints, product returns, cancellations of orders and decline in sales. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material product returns or recalls, complaints, claims or legal proceedings related to product quality. However, we cannot assure you that we will not experience any material product quality issue in the future. There is also no guarantee that consumers will not experience allergic reactions or other undesirable outcomes for reasons unrelated to our product quality, such as due to their personal health issues or improper use of our products. These incidents may lead to negative publicity and loss of consumer confidence. Moreover, if any defect or adverse effect of our products results in personal injury, we may face product liability claims or product recalls, resulting in financial losses and reputational damage. Any quality issues related to our products may have a material and adverse effect on our business, results of operations and prospects.

Our business results depend on our ability to manage disruptions in our supply chain and production process.

Our raw materials are procured from multiple countries and regions globally, including the United States, Japan, South Korea and the PRC, and are transported to our production plants, which are currently located in eight different countries in Africa. Our supply chain and production process are susceptible to disruptions caused by natural disasters or accidents, such as adverse weather, fires, explosions, storms, earthquakes, floods, heatwaves, droughts, pestilence, acts of God, civil unrest, riots, strikes, acts of terrorism, military conflicts, wars, outbreaks of epidemics, power and water suspension, disruptions to air, sea or land transportation, technical or mechanical issues and electronic system failures. These natural disasters or accidents can cause damage to goods and production facilities as well as injuries or casualties to our staff, delay in delivery of raw materials or finished products and delay in production schedule, which in turn can result in significant financial losses. Disruptions may also occur due to man-made factors, such as human errors, misconduct or breach of contracts by third parties or by our staff. Any of these incidents could adversely affect the costs and stability in supply of raw materials, impair our productivity, disrupt our operations, and affect our sales performance. The outbreak of any severe epidemic disease may also damage the global economy and affect the global supply chain. If any of the abovementioned incidents happen and if we are unable to respond timely and effectively, our business and results of operations may be materially and adversely affected.

Changes in supply, quality and costs of raw materials and other necessary supplies or services may impact our business and results of operations.

Our raw materials primarily consist of SAP, fluff pulp, non-woven fabrics, elastics materials, disinfectants, fragrances and packaging materials. Our cost of materials for production, which primarily includes purchase costs of our raw materials, as well as custom duties and freight and transportation costs directly related to these purchases and changes in inventories in the respective periods. In 2022, 2023 and the nine months ended September 30, 2024, our cost of materials for production represented 88.2%, 86.0% and 84.9% of our total cost of sales, respectively. We are subject to fluctuation in the prices of raw materials, as well as other necessary supplies or services, due to factors beyond our control, such as inflation, fluctuations in currency exchange rates, transportation costs, changes in economic conditions and changes in the supply of and demand for such raw materials. We may not be able to offset all increase in cost of raw materials by raising the prices of our products, in which case our profit margin will decrease. Additionally, we may lose our competitive advantage if the prices of our products rise significantly. This in turn could result in loss of sales and customers. In such cases, our business, financial condition and results of operations may be materially and adversely affected.

We cannot assure you that our suppliers will continue to supply raw materials that are consistent with our standards or applicable regulatory requirements. We may fail to detect any sub-standard raw materials supplied to us, which could harm our brands, cause consumer dissatisfaction and lead to product liability claims. If our suppliers are unable to satisfy our requirements or if they significantly increase the prices of raw materials, we may have to seek alternative suppliers. We cannot assure you that our suppliers will continue to supply raw materials to us in a stable and reliable manner and will not terminate cooperation with us due to commercial, geopolitical or other reasons. We may not be able to find suitable suppliers that can provide raw materials at comparable quality and prices or at all. Should this situation arise, we may be exposed to an increase in cost of raw materials, a decline in the quality of our raw materials, or a shortage of raw materials, which may adversely affect our cost of sales or product quality. Any of these risks that materialize could materially and adversely affect our business, financial condition and results of operations.

We may not be able to efficiently manage our inventory risks.

Our business requires us to manage a large volume of inventory effectively. We rely on our forecasts of demand for various products to make purchasing and production decisions and to manage our inventory. Demand for our products, however, may fluctuate from time to time due to factors unpredictable or out of our control, such as new competitive products, new market prices, product defects, changes in consumer spending patterns, changes in consumer needs and preferences, birth rates and economic conditions. It may be difficult to accurately forecast demand and determine appropriate stock levels of products or raw materials. If we fail to manage our inventory effectively, we may be subject to a heightened risk of inventory obsolescence, a decline in inventory values, or significant inventory write-offs in the case of over-estimation of consumer demand, or increased costs due to urgent procurement and production in the case of under-estimation of consumer demand. If we fail to meet consumer demand or deliver our products to our customers in a timely manner, our reputation and customer relationships may be damaged. In addition, if we have to sell our products at a lower price in order to reduce inventory level, or if we have to pay higher prices to our suppliers for urgent procurement or extra wages for our workers for urgent production, our profit margin might be negatively affected. Any of the above may materially and adversely affect our business, financial condition and results of operations.

We are subject to risks relating to warehousing and logistical issues.

Our raw materials and finished products are stored temporarily in warehouses owned or leased by us before they are used for production or delivered to our customers. If our inventories are not properly stored at suitable conditions, their quality and shelf-life may be adversely affected, which may result in inventory obsolescence or defective products, and in turn we may suffer damage to our reputation and face product liability. We may sustain loss and damage of inventories due to unpredictable factors, such as theft, fire and flood. While we maintain property-related insurance that covers financial losses we may sustain as a result of accidents in line with local industry practices, if accidents actually happen, the actual financial losses may exceed the insurance coverage, and we may also suffer damage and loss of customers due to failure to supply our products as promised. We cannot assure you that we will be able to maintain sufficient warehouses for storing our inventory, or that our warehouses will not face any disruptions, which could affect our sales and product delivery. Any inadequate supervision or management of our warehouses could also affect our operation and lead to potential losses.

Further, we procure external logistics services for the delivery of raw materials and finished products, which may involve long-distance sea transportation, and therefore may be affected by factors beyond our control, such as port congestion, natural disasters and maritime accidents. Depending on the terms of agreements with our suppliers and customers, we may bear the risks of loss or damage of goods during transportation. We cannot guarantee that we will not experience any delivery delay or disruption, poor handling of goods, loss of goods or other accidents during the delivery process, which could materially and adversely affect our business and results of operations. In addition, transportation costs could be affected by various factors, such as fluctuation in oil prices and costs of vehicles. Due to the relatively limited logistics resources in the markets where we operate, there can be no guarantee in the quality and stability in supply of logistics services. These factors could lead to increases in our operation costs, adversely affecting our business and financial performance.

We may face inadequate production capacity issue, which could hinder our capabilities to satisfy consumer demand and growth prospects.

As of September 30, 2024, we had eight production plants in eight different countries in Africa. See "Business—Our Production Facilities." We cannot assure you that our current production capacity will be able to meet the demand for our products in the future. As our business grows, we may need to expand our production capacity by building additional production lines, upgrading existing production lines as well as building new production plants. See "Business—Our Production Facilities—Our Production Expansion Plan." We cannot assure you that our production expansion plan will be successfully implemented on time or at all, or our production capacity after expansion will be adequate to cope with our potential business growth. We may face various difficulties which could delay our expansion plan or increase the relevant costs, such as:

- failure to raise sufficient funds to establish the new production plants and maintain working capital for ongoing operation;
- failure to obtain regulatory approvals from the relevant government authorities according to our expected timetable or at all;
- failure to find suitable sites for establishing new production plants according to our expected timetable;
- shortage or delay in supply of building materials, machinery and equipment, or increased costs of such items;
- shortage of workers and suitable management personnel, or increased wage levels;
- unforeseeable factors affecting the construction progress and resulting in delay in completion of the new production plants; and

- failure to accurately forecast the market demand, resulting in excessive or insufficient production capacity.

Failure to expand our production capacity could hinder our capabilities to satisfy consumer demand and growth prospects. Even if we are able to expand our production capacity, any decrease in consumer demand in the future could result in excess in our production capacity and adversely affect our profitability. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

If our business relationship with the Remaining Sunda Group is terminated or otherwise changes, our business operations and financial performance may be adversely affected.

We have business relationship with the Remaining Sunda Group in various aspects of our business operations. For example, during the Track Record Period, we procured certain spare parts, integrated support services, IT services and power supply services from the Remaining Sunda Group or its associates. During the Track Record Period, we sold certain spare parts to the Remaining Sunda Group. We plan to continue such transactions with the Remaining Sunda Group after [**REDACTED**]. See "Financial Information—Related Party Transactions" and "Connected Transactions" for further details.

Our Group and the Remaining Sunda Group are currently ultimately controlled by Mr. Shen and Ms. Yang. However, there is no guarantee that Mr. Shen and Ms. Yang will continue to maintain such controlling interest in both our Group and the Remaining Sunda Group in the future. There is also no guarantee that the business interests of the Remaining Sunda Group will be aligned with our business interests, or that our business relationship with the Remaining Sunda Group will not be terminated or deteriorate. If the Remaining Sunda Group decides not to continue the abovementioned transactions with our Group in the future, we may need to find alternative suppliers, which may be time consuming, costly and disruptive to our business operations, in which case our business operations and financial performance may be adversely affected.

We may not be able to adequately protect our intellectual property rights, which could materially and adversely affect our business.

Our principal intellectual property rights include the registered trademarks *Softcare*, *Maya*, *Veesper*, *Cuettie* and *Clincleer*. Our trademarks are valuable assets that support our brands and consumers' perception of our products.

We have existing and pending trademark registrations for our brands in various jurisdictions. However, we cannot assure you that our pending trademark applications will be approved. Third parties may also oppose our trademark applications, or otherwise challenge our use of the trademarks, which may affect our reputation or even hinder our use of the relevant trademarks. They may also claim against us for infringement of intellectual property rights, and if they succeed, we may need to make compensations to them, which may adversely affect our financial position. There is also no guarantee that we will be able to register our trademarks in the new markets which we may expand into in the future. If our trademarks are successfully challenged by third parties or if we fail to register our trademarks in the new markets, we could be forced to rebrand our products in those jurisdictions, which could result in the loss of brand recognition and could require us to devote resources to advertising and marketing new brands.

We cannot guarantee that counterfeiting and imitation would not occur or, if it does occur, that we would be able to detect and address the problem effectively. We may not have adequate legal remedies to protect ourselves from any imitation of our product design and marketing slogan by third parties. Any occurrence of counterfeiting or imitation could adversely affect our reputation and brand names, lead to loss of income and loss of consumer confidence in our brands, which may in turn adversely affect our business and results of operations.

There is no assurance that the Excluded Businesses will properly use and protect our trademarks and will not compete with us.

The Remaining Sunda Group, which is controlled by our Controlling Shareholders, owns, among others, the businesses of manufacturing and sale of baby and feminine hygiene products in Nigeria and Guinea (the "**Excluded Businesses**"), which does not form part of our Group's business. See "Relationship with Our Controlling Shareholders" for further details.

The Excluded Businesses use certain trademarks, such as *Softcare* and *Maya*, for its products. The ownership of such trademarks has been or is being transferred from the Remaining Sunda Group to our Group. In consideration of the Remaining Sunda Group agreeing to transfer such trademarks to our Group, we [have entered] into a trademark licensing framework agreement with Sunda Enterprise (for itself and on behalf of the members of the Remaining Sunda Group), pursuant to which we have granted a non-transferable license to the Remaining Sunda Group to use such trademarks in Nigeria and Guinea for the purpose of the Excluded Businesses for a period up to December 31, 2027. See "Connected Transactions" for details. We have included certain terms in the trademark licensing framework agreement to ensure proper use and protection of such trademarks. However, there is no guarantee that the Remaining Sunda Group will perform its obligations strictly in accordance with the trademark licensing agreement. We cannot assure you that the Remaining Sunda Group will not inadvertently or otherwise damage, abuse or fail to adequately protect such trademarks. For example, there may be counterfeiting or imitation of such trademarks by third parties. If the Remaining Sunda Group fails to take appropriate actions to prevent such incidents from happening or tackle them if they happen, the image of such brands in Nigeria, Guinea and even worldwide may be adversely affected. There may also be allegation, whether with merit or not, from third parties that the use of such trademarks by the Remaining Sunda Group has infringed their rights, which may also adversely affect the image of such brands worldwide if the Remaining Sunda Group fails to react appropriately.

Further, while our Controlling Shareholders (for themselves and on behalf of Sunda Group) have undertaken that they will not compete with our Group pursuant to the Deed of Non-Competition, there is no guarantee that the Remaining Sunda Group will honor their undertakings, or that the Remaining Sunda Group or its sales channels will not sell the Remaining Sunda Group's products outside Nigeria and Guinea to our markets. If any of the above risks materializes, our reputation, business and financial performance may be adversely affected.

We are subject to risks in relation to our sales channels.

Our products are sold through our sales channels, including wholesalers, distributors, supermarkets and other retailers, which resell our products to consumers. The competition for reliable sales channels is intense in our industry. Our arrangements with our sales channels may not be as attractive as those offered by our competitors which have greater business and financial resources, which may affect our sales channels' willingness to continue to partner with us. Our relationships with sales channels could potentially be affected by factors such as breach of contract by either party, accidents that disrupt our supply of products, sales performance of our sales channels, profitability in selling our products, as well as other factors beyond our control. Although we believe we have maintained good relationships with our sales channels and our relationships with sales channels were generally not affected by such factors during the Track Record Period, we cannot assure you that we will be able to maintain our relationships with our sales channels in the future. Finding replacement sales channels may be time-consuming and any delay may be disruptive and costly to our business. If any of our sales channels reduces purchasing of our products or terminates the business relationship with us and we cannot identify other sales channels as a replacement, we may experience a decline in our sales performance.

There is no guarantee that our sales channels will have the ability to effectively distribute our products to consumers on their own or through sub-tier sales channels. The volume of products purchased from us by our sales channels may not accurately reflect the actual consumer demand. We generally have no control over sub-tier sales channels and have limited knowledge about their sales performance and inventory level. Our measures in managing risks such as channel stuffing and cannibalization may not be sufficient or effective. While we generally require full payment from our sales channels before or upon delivery and only grant credit terms to them on a case-by-case basis, we cannot assure you that our sales channels will settle our invoices on time or at all.

Due to the large number of our sales channels, it is difficult for us to monitor all their practices. There is no guarantee that our sales channels will at all times comply with our sales agreements. If any of our sales channels fails to distribute our products to their customers in a timely manner, or carry out actions which are inconsistent with our sales agreements, it may affect our future sales and damage our reputation. Further, our measures in preventing cannibalization among our sales channels may not be effective. Any adverse competition or cannibalization among our sales channels may have an adverse impact on the stability of our sales and distribution network and the retail prices of our products, which may have a material and adverse effect on our business and results of operations.

We may not be able to retain or promptly recruit senior management members or other key personnel required for our operations, in particular, for new markets.

The composition and continued commitment of our management team has been a key element of our success and ability to operate effectively. Our future success is also significantly dependent upon the continued service of our key executives and other personnel who make up our management team, and our ability to attract and retain personnel who have the necessary experience and expertise. Further, as our business continues to grow, we may need to recruit additional staff with relevant knowledge, language skills and experience to carry out our expansion plan in new markets as well as our plan to launch new products. However, we cannot guarantee that we will be able to recruit suitable staff, or that our remuneration packages and working environment are competitive enough to attract and retain talent. If we experience any material changes to the composition of our management team, we may not be able to recruit suitable or qualified replacements, and we may have to incur additional expenses to recruit and train new personnel, which could disrupt our business and limit our ability to grow. If we lose our senior management or key personnel to our competitors, our competitiveness, operations and our ability to grow may be adversely affected.

Any failure to obtain, maintain or renew any of the requisite licenses and permits required for our business could materially and adversely affect our business and results of operations.

We are subject to the regulatory regime in each of the countries in which we have operations and are required to obtain various kinds of licences and permits in accordance with the local laws and regulations. See "Business—Licenses and Permits" for details. Certain licenses we hold are subject to periodic renewal. If we fail to maintain or renew one or more of our licenses after their expiry in a timely manner, our operations could be affected and we may face penalties for failure to do so. In addition, given the constant evolution of laws and regulations governing our business, it might become increasingly onerous for us to comply with such evolving laws and regulations, and any non-compliance may expose us to liability. In case of any non-compliance, we may have to incur monetary expenses and divert substantial management time and resources to resolving any deficiencies. We may also experience negative publicity arising from such deficiencies. Furthermore, as we continue to develop and expand our business, we may need to obtain additional licenses in our existing places of business as well as our target new markets, and we cannot assure you that we will be able to obtain such licenses on time or at all. If we fail to do so, our business and results of operations may be materially and adversely affected.

Our information technology systems may encounter malfunction, unexpected system failure, interruption or security breaches.

We rely on information technology systems in various aspects of our operations, such as to process and fulfill customer orders, manage sales and distribution channels, analyze sales data, communicate with customers, suppliers and other business partners, manage supply chain, monitor inventory level, process, transmit and store electronic and financial information, and manage human resources and administrative matters. These information technology systems may be susceptible to damage, disruptions or shutdowns due to software failures, hardware failures, power outages, computer viruses, cyberattacks, human errors or other accidents. Any material disruptions to our systems, or the systems of our service providers, could disrupt our ability to manage our operations. We may also have to incur substantial costs in repairing or replacing these systems, and if we fail to effectively resolve the issues in a timely manner, our business, financial condition and results of operations maybe materially and adversely affected.

We are subject to various risks relating to third-party payments.

During the Track Record Period, certain of our customers settled their payments with us through third-party payors (the "**Third-party Payment Arrangement**"). See "Business—Third-party Payment Arrangement" for details. In 2022, 2023 and the nine months ended September 30, 2024, the relevant payments in aggregate amounted to US$93.3 million, US$82.5 million and US$4.4 million, representing approximately 29.2%, 20.1% and 1.3% of our revenue, respectively. We had not been subject to any disputes or complaints with respect to the Third-party Payment Arrangement during the Track Record Period and up to the Latest Practicable Date. As of September 30, 2024, our Group had principally ceased all Third-party Payment Arrangement, save for certain customers who were unable to completely cease Third-party Payment due to practical difficulties but had each provided a designation letter to us confirming certain details of the Third-party Payment Arrangement.

We are subject to various risks relating to the Third-party Payment Arrangement. For example, we may face potential disputes with or claims from third-party payors for the return of funds as they are not contractually indebted to us, as well as potential claims from their liquidators. If any such claims are brought against us, we may have to spend significant financial and managerial resources to defend such claims, and we may suffer significant financial losses if we fail to do so. We also face potential money laundering risks as we have limited knowledge about the source and purpose of the funds utilized by the third-party payors. We cannot assure you that we will not be liable to any penalties or other legal consequences or investigation or enquiry by any government authorities in relation to money laundering or other compliance issues associated with the third-party payors or the Third-party Payment Arrangement. Any of these risks may materially and adversely affect our reputation, business, financial condition and results of operations.

We are subject to credit risks related to our trade receivables.

We enter into contractual arrangements with different counterparties in the ordinary course of our business. We generally require full payment from our customers before or upon delivery and only grant credit terms to a limited number of customers on a case-by-case basis. In 2022, 2023 and the nine months ended September 30, 2024, our trade receivables turnover days were four days, five days and four days, respectively. As of December 31, 2022 and 2023 and September 30, 2024, we had recorded impairment losses for trade receivables in the sum of US$0.2 million, US$0.2 million and US$0.2 million, respectively. We cannot assure you that all of our counterparties are creditworthy and will not default on us in the future. We also cannot assure you that our efforts in monitoring the payment performance of our counterparties can mitigate such credit risks.

Our business strategies and expansion plan may not be successful.

We plan to expand our business through enhancing our production capacity by building new production plants and new production lines. We also plan to acquire businesses in the hygiene product industry. We expect to incur substantial capital expenditures in respect of such expansion plan. See "Business—Our Strategies" and "Future Plans and [**REDACTED**]" for details.

Our expansion plan involves a number of risks and uncertainties, including but not limited to:

- The actual capital expenditures for our expansion plan may be significantly higher than our estimation due to reasons such as inflation, increase in construction costs, increase in purchase costs of machinery and equipment, or inaccurate estimation;

- It is estimated that the construction of new production plants and purchase of additional machinery and equipment will increase our depreciation expenses in the future, which may adversely affect our financial performance;

- Our expansion plan contemplates a rapid pace of expansion. It may place significant pressure on our management and divert their time and attention, which may affect the overall management of our Group;

- The economic conditions, laws and regulations, government policies, consumer preferences, local customs as well as languages in the countries that we plan to expand into may be highly different from the countries in which we have operations. We may not be able to adapt to the business environment of these countries and operate successfully;

- We may not be able to obtain the requisite approvals from the relevant government authorities in a timely manner or at all;

- We may not be able to recruit and train sufficient workers and management personnel to operate our new production plants or new production lines in a timely manner or at all, or they may not have the suitable knowledge and experience that we look for;

- We have limited experience in acquisitions. We may not be able to find suitable acquisition targets. The process of acquisitions may be time-consuming. There is no guarantee that we will be able to detect potential issues of the acquisition targets, such as title defects, inaccurate financial information or hidden liabilities, in which case we could suffer significant financial losses; and

- The new markets that we plan to expand into may not be as profitable as we expect. We may over-estimate the consumer demand for our products and under-estimate the intensity of competition in these markets. We cannot assure you that the costs of our expansion plan can be recovered by any future revenue growth or at all.

Any of these risks and uncertainties may adversely affect our expansion plan, which in turn may adversely affect our business and results of operations.

Our efforts in developing and investing in research and development may not generate expected outcomes.

We make continuous research and development efforts to understand the market needs, develop new product offerings and improve our production efficiency. Consumer needs and preferences are constantly evolving and our competitors launch new products with new technologies or designs from time to time. If we fail to develop new products that meet the ever-changing market demand and industry standards, we may lose our competitive advantage and we may not be able to maintain our market share and profitability. We cannot assure you that our research and development efforts will generate expected outcomes. We may not be able to catch up with the latest development of the market trend. Our existing brands and products may become less popular in the future and our new product offerings may not be as successful and well received as we expect. We may also lag behind the market in improving our production craftsmanship or enhancing our production efficiency, which in turn may adversely affect our competitiveness in the long run. Any of these risks may materially and adversely affect our business, financial condition and results of operations.

We may require additional funding to finance our operations and development plans, which may not be available on terms acceptable to us or at all, and if we are unable to raise funds, the value of your investment in us may be negatively impacted.

To support our business growth, we may need to secure additional funding to finance our operations and development plan. There can be no assurance that we will be able to secure funding on terms acceptable to us or in a timely manner, or at all. If our internally generated capital resources are insufficient to finance our capital expenditure and future plans, we may have to seek additional financing from third parties, including banks, joint venture partners and other strategic investors. We may also consider raising funds through the issuance of new Shares, which would lead to the dilution of our existing Shareholders' interests in our Company. If we are unable to obtain financing in a timely manner, at a reasonable cost and on acceptable terms, we may be forced to delay our development plans, or downsize or abandon such plans, which may adversely affect our business, financial condition and results of operations, as well as our future prospects.

Our results of operations may fluctuate due to seasonality, and the results for any period in a year are not necessarily indicative of full-year results.

We have experienced, and expect to continue to experience, seasonal fluctuations in our business. We generally experience higher sales of baby diapers and baby pants during rainy seasons in Africa, as consumers tend to use these products more frequently to maintain hygiene and dryness in humid weather and tend to stock up these products due to inconvenience of transportation during rainy seasons. In light of such seasonal pattern of the demand for our baby diapers and baby pants, our results of operations are likely to continue to fluctuate due to seasonality, and thus the results for any period in a year are not necessarily meaningful, nor can these comparisons be relied upon in assessing or predicting our future financial performance in a particular year or period.

We recorded net current liabilities during the Track Record Period.

As of December 31, 2022, 2023 and September 30, 2024, we recorded net current liabilities of US$31.6 million, net current assets of US$35.8 million and net current assets of US$90.9 million, respectively. We recorded net current liabilities as of December 31, 2022 primarily due to the significant borrowings recorded as of December 31, 2022 arising from capital needs for the one-off acquisition of assets as part of the Reorganization. See "Financial Information—Net Current (Liabilities)/Assets" for details. Our net current liabilities position may expose us to liquidity risks and there is no assurance that we will not record net current liabilities in the future. If we record net current liabilities, our working capital for business operations may be constrained. If we fail to generate sufficient revenue from our operations or if we fail to maintain sufficient cash and financing resources, we may not have sufficient cash flows to fund our business operations and capital expenditure, and our business and financial position may be adversely affected.

We may not be able to recover our deferred tax assets, which may adversely affect our financial condition in the future.

We are required to make judgments, estimates and assumptions about the carrying amounts of our deferred tax assets. As of December 31, 2022 and 2023 and September 30, 2024, we had deferred tax assets of US$7.4 million, US$8.8 million, and US$8.7 million, respectively. For details of our deferred tax assets, see Note 26 of the Accountants' Report set out in Appendix IA to this document. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. This requires significant judgment on the tax treatments of certain transactions and also an assessment on the probability, timing and adequacy of future taxable profits available for the deferred tax to be recovered. The estimates and associated assumptions are based on historical experience and other relevant factors. As a result, actual results may differ from these accounting estimates. The realization of deferred income tax assets depends primarily on our estimate of whether sufficient future profits will be available. If sufficient future taxable profits are not expected to be generated or if taxable profits are lower than expected, we may fail to recover our deferred tax assets, which may have a material adverse effect on our financial condition in the future.

We may not be able to fulfill our obligation in respect of contract liabilities, which may adversely affect our results of operations, liquidity and financial position.

Our contract liabilities are primarily advance payments from customers and sales rebates. As of September 30, 2024, we had contract liabilities of US$7.2 million. There is no assurance that we will be able to fulfill our obligations in respect of contract liabilities. If we fail to honor our obligations under our contracts with customers, the amount of contract liabilities will not be recognized as revenue, and our customers may also require us to refund the prepayments they have made, which may in turn adversely affect our liquidity position. In addition, if we fail to honor our obligations under our contracts with customers, it may also adversely affect our relationship with such customers, which may in turn affect our results of operations in the future. As a result, our results of operations, liquidity and financial position may be materially and adversely affected.

Grant of options under the share option schemes may affect our results of operations and dilute the Shareholders' percentage of ownership of our Company.

Our Company has granted options under the [**REDACTED**] Share Option Scheme for the purpose of recognizing the contribution of certain eligible participants and incentivizing them in the future. The fair value of the options at the date on which they were granted with reference to the valuer's valuation will be charged as share-based compensation, which may materially and adversely affect our results of operations.

The exercise of options granted under the [**REDACTED**] Share Option Scheme and options that may be granted under the [**REDACTED**] Share Option Scheme will result in the dilution to the percentage of ownership of the Shareholders and the net asset value per Share.

See "Appendix IV—Statutory and General Information—D. Share Incentive Schemes" for further details.

We were not in full compliance with the PRC laws and regulations related to social insurance and housing provident funds.

During the Track Record Period and up to the Latest Practicable Date, we did not make full contributions to social insurance and housing provident funds for our employees in accordance with the relevant PRC laws and regulations. The shortfall amount of social insurance and housing provident funds contributions is estimated to be US$0.9 million, US$0.5 million and US$0.2 million for 2022, 2023 and the nine months ended September 30, 2024, respectively.

As advised by our PRC Legal Advisors, according to the relevant PRC laws and regulations: (i) with respect to social insurance, the relevant authorities may order us to pay the shortfall amount within the prescribed time period with a late charge at the daily rate of 0.05% on the shortfall amount, and if and only if we fail to do so, they may impose a maximum fine equivalent to three times the shortfall amount; and (ii) with respect to housing provident funds, the relevant authorities may order us to pay the shortfall amount within the prescribed time period, and they may apply to a competent court for enforcement of the shortfall amount if we fail to do so within the prescribed time period. See "Business—Employees—Social Insurance and Housing Provident Funds." If we are requested to pay up the shortfall amount or otherwise penalized by the relevant authorities, our financial condition and results of operations may be materially and adversely affected.

We had not completed registration with relevant authorities for one of our leased properties, and may be required to relocate as a result of potential title defects of the leased property.

As of the Latest Practicable Date, we had not registered the lease agreement for one of our leased properties with the relevant competent authorities in accordance with applicable PRC regulations. The leased property is used primarily as office premise by a subsidiary of our Group. As advised by our PRC Legal Advisors, failure to register the lease agreement would not affect the validity of such lease agreement. However, if we and the landlord fail to register such lease agreement within the prescribed time period by the relevant competent authorities, we may be subject to a fine of RMB1,000 to RMB10,000 for such unregistered lease agreement. As of the Latest Practicable Date, we had not been subject to any administrative penalties by the relevant competent authorities. Furthermore, as of the Latest Practicable Date, the lessor of the same leased property was unable to provide a valid ownership certificate or other sufficient ownership documents evidencing its right to lease the property to us. Any dispute or claim in relation to the title of the leased property, including any litigation involving allegations of illegal or unauthorized use of the leased property, could require us to relocate. See "Business—Properties."

Any negative publicity or misconduct regarding our Group, Directors, employees, brand ambassadors or KOLs engaged to promote our products could materially and adversely affect our business.

Our image is sensitive to the public's perception of us as a business in entirety, which includes not only the quality, safety and competitiveness of our products, but also our corporate culture and the people through whom our Group is presented to the public, including our Directors, employees, brand ambassadors or KOLs engaged to promote our products.

However, we cannot guarantee that none of our Group, Directors, employees, brand ambassadors or KOLs will commit any misconduct and get involved in any incident that is perceived negatively by the public. We also cannot guarantee that our brand ambassadors or KOLs will remain popular or their image will remain positive and suitable for our brands and products. Further, we cannot guarantee that no one will, intentionally or incidentally, distribute information about us that may result in negative perception of us by the public. Any negative publicity about our Group, Directors, employees, brand ambassadors or KOLs, regardless of veracity, could damage our reputation and lead to potential loss of consumer confidence. Any of above may materially and adversely affect our business, financial condition, results of operations, reputation and prospects.

We may be involved in claims, disputes and legal proceedings in our ordinary course of business.

From time to time, we may be involved in claims, disputes and legal proceedings in our ordinary course of business. These may concern issues relating to, among others, breach of contract, employment or labor disputes. In particular, we are subject to potential product liability claims if our products are alleged to have failed to meet relevant health and safety or other laws and regulations, or are alleged to have caused health or safety issues. If we fail in defending against any such claims, we may be subject to substantial damages to compensate the claimants. Any claims, disputes or legal proceedings initiated by us or against us, with or without merit, may result in substantial costs and diversion of resources and may materially harm our reputation. Furthermore, claims, disputes or legal proceedings against us may be due to defective supplies sold to us by our suppliers, who may not be able to indemnify us in a timely manner, or at all, for any costs that we incur as a result of such claims, disputes and legal proceedings.

If we fail to maintain adequate internal controls, we may not be able to effectively manage our business and may experience errors or information lapses affecting our business. We may not be able to detect or prevent fraud, corruption or other misconduct committed by our employees or third parties.

Our success depends on our ability to effectively manage various aspects of our operations and minimize our risks through adequate internal controls. As we continue to expand, we will need to modify and improve our financial and managerial controls, reporting systems and procedures and other internal controls and compliance procedures to meet our evolving business needs. If we are unable to improve our internal controls, they may become ineffective and adversely affect our ability to manage our business and cause errors or information lapses that affect our business. Our efforts in improving our internal controls may not result in eliminating all risks. If we are not successful in discovering and eliminating weaknesses in our internal controls, our ability to effectively manage our business may be affected.

Misconduct committed by our employees, customers, suppliers or other third parties, such as fraud, corruption, bribery, failure to comply with sanctions programs administered by the U.S. Office of Foreign Assets Control, the EU, or any other relevant sanctions authorities, unauthorized business transactions, breach of our policies and procedures, or any illegal acts, may be difficult to detect or prevent. Specifically, due to the regional socio-economic circumstances, several of our geographic markets and export destinations were rated with below-average Corruption Perception Indices in 2023 by Transparency International, which reflects a relatively high level of anti-corruption risks for businesses operating in these areas. Such misconduct could subject us to financial loss and penalties imposed by government authorities while seriously damaging our reputation and our business relationships with our business partners.

There is no guarantee that our internal control system can detect and prevent fraud, corruption or other misconduct committed by our employees or third parties effectively and promptly, or at all. Therefore, we are subject to the risk that fraud, corruption or other misconduct may have previously occurred but remain undetected, or may occur in the future. This may materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO DOING BUSINESS IN THE COUNTRIES IN WHICH WE HAVE OPERATIONS

Changing economic, social, political and geopolitical conditions could materially and adversely impact our business and financial results.

During the Track Record Period, our revenue was generated from Africa, Latin America and Central Asia. Our business is therefore subject to constantly changing economic, social, political and geopolitical conditions in different countries.

Some of these countries are considered to be less developed and have less stable economic and social conditions. Any uncertain economic or social conditions may adversely impact consumer demand for our products or cause our customers and other business partners to suffer financial hardship, which in turn could materially and adversely impact our business. These countries may have less developed infrastructure and lower education level, which may give rise to inherent difficulties in doing businesses there, in terms of transportation, communication, and recruitment of suitable staff.

The political relationships between these countries may affect the prospects of our relationship with third parties, such as customers and suppliers. Any political tensions, import tariffs and trade frictions between these countries could adversely affect the costs and stability in supply of raw materials and the sales performance of our products. Any acts of terrorism or military conflicts can adversely affect the local economy and consumer sentiment, and may result in damage to our production facilities and inventory and casualties to our staff. As geopolitical risks continuously increase and structurally escalate, some of the jurisdictions in which we operate may fall under arms embargoes, or house persons designated on entity lists, under the sanctions programs administered by the U.S. Office of Foreign Assets Control, the EU, or any other relevant sanctions authorities. Any failure in screening our counter-parties could potentially result in a non-compliance with the relevant sanctions programs.

Additionally, protectionism trade policies emerging around the world and ongoing trade disputes between different countries may further affect the costs and stability in supply of raw materials.

Any of these risks may materially and adversely affect our business, prospects, financial condition and results of operations.

Fluctuations in exchange rates could result in foreign currency exchange losses.

We may face fluctuations in exchange rates between the U.S. dollar and other currencies that we use or receive in the course of our business, including but not limited to Western African CFA franc, Central African CFA franc, Ghanaian cedi, Tanzanian shilling, Kenyan shilling, Zambian kwacha, Ugandan shilling, Peruvian Sol, Renminbi, Hong Kong dollar, Euro and United Arab Emirates dirham. Our business is subject to such uncertainties relating to exchange rates and may be materially and adversely affected correspondingly. In addition, the [**REDACTED**] from the [**REDACTED**] will be received in Hong Kong dollars. As a result, any fluctuations in the exchange rates between the Hong Kong dollar and any other currencies relevant to our business may result in the decrease in the value of our [**REDACTED**] from the [**REDACTED**]. Any of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of our Shares and dividends (if any) in foreign currency terms.

There are uncertainties regarding the interpretation and enforcement of laws, rules and regulations of different countries.

We have business operations in multiple countries. Our operations are governed by the laws and regulations of different countries, including but not limited to environmental protection and health and safety laws and regulations, which vary from country to country.

The legal systems of these different countries may be fundamentally different. For example, Ghana's legal system is broadly based on English common law, whereas Senegal has a civil law system broadly based on French law. Additionally, some laws and regulations are constantly changing and some laws and regulations may be principle-oriented which may require detailed interpretations by the enforcement bodies to apply and enforce and thus may cause the uncertainties in the course of the interpretation and enforcement. Some legal systems may also be based in part on government policies and internal rules, some of which may not be published on a timely basis or at all, and some of which may have a retroactive effect.

Government control of currency conversion, shortage of foreign currency and restrictions on the remittance of revenue out of the countries in which we operate may limit our ability to pay dividends or utilize our revenue effectively and affect the value of your investment.

During the Track Record Period, we generated revenue, and received payments, from customers in various countries in their local currency. The governments of these countries impose control on the convertibility of their local currency into foreign currency. Under the foreign exchange controls currently in force in these countries, approval from relevant banks or competent government authorities where applicable, may be required where the local currency is to be converted into foreign currency and remitted out of these countries. We may not be able to obtain foreign currency in the quantity or at the timing we desire, if at all. Even if we are able to do so, we may not be able to obtain approval for remittance of funds outside these countries. Furthermore, there can be no assurance that new regulations will not be promulgated in these countries or other countries in which we have or may have operations in the future which have the effect of further restricting the remittance of funds into or out of such countries.

If the foreign exchange controls prevent us from obtaining sufficient foreign currency, or if there are shortages of foreign currency on the market, our subsidiaries in the affected countries may not be able to satisfy our foreign currency-denominated obligations, such as payments to raw material suppliers, or pay dividends in foreign currency, which in turn may affect our Company's ability to pay dividends and affect the value of your investment in our Company.

Payment of dividends is subject to restrictions under the laws and regulations of the countries in which we operate.

Our Company is a holding company incorporated in the Cayman Islands. Our revenue is generated mainly through our operating subsidiaries in Africa, Latin America and Central Asia. As a result, the availability of funds to pay dividends to our Shareholders depends upon the dividends received from our subsidiaries. Whether our subsidiaries are able to pay dividends is subject to various factors, such as the relevant laws and regulations, the constitutional documents of our subsidiaries, the relevant accounting standards and the financial performance of our subsidiaries. As a result, our operating subsidiaries may not be able to pay us dividends, which in turn could adversely impact our ability to pay dividends to our Shareholders.

Investors may experience difficulties in effecting service of legal process and enforcing judgments against us and our Directors and management.

Our Company is incorporated under the laws of the Cayman Islands. We conduct a significant portion of our operations in Africa, Latin America and Central Asia and a significant portion of our non-current assets are located in Africa, Latin America and Central Asia. In addition, a majority of our Directors and senior management reside outside Hong Kong, and most of their assets are located outside Hong Kong. As a result, it may be difficult or impossible for you to effect service of process within Hong Kong upon these individuals, or to bring an action against us or against these individuals in Hong Kong in the event that you believe your rights have been infringed under the Hong Kong laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and the various countries in which we have operations may render you unable to enforce a judgment against our assets or the assets of our Directors and senior management.

Further, our corporate affairs are governed by our Memorandum and Articles of Association as well as the Cayman Companies Act and the common law of the Cayman Islands. The rights of shareholders to take action against the Directors, the rights of minority shareholders to institute actions and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in Hong Kong and other jurisdictions. These differences could mean that the remedies available to the Company's minority Shareholders may be different from those they would have under the laws of Hong Kong or other jurisdictions. See "Appendix III—Summary of the Constitution of the Company and Cayman Islands Company Law" for further information.

Our global transfer pricing model may be subject to challenges raised by tax authorities in different countries.

Our Company's tax position may be subject to be reviewed or possibly challenged by the relevant government authorities in the jurisdictions in which we have operations; we may also receive ordinary-course inquiries from the relevant tax authorities from time to time. The relevant tax laws, regulations or policies may also be subject to possible changes from time to time. There can be no assurance that our Company will not be found to be operating in breach of the relevant tax and transfer pricing laws and regulations, or that such laws will not be modified, which, as a result, may require changes to our Company's tax and transfer pricing arrangements. Any determination of income reallocations or modifications of the relevant tax and transfer pricing laws and regulations could result in an income tax assessment and other relevant charges on the portion of income deemed to be derived from the taxing jurisdiction that so reallocates the income or modifies its relevant tax and transfer pricing related laws. Any of these factors may materially and adversely affect our Company's financial position and results of operations.

It may be difficult for the Hong Kong regulators to obtain information or call for regulatory assistance in certain countries in which we generated revenue where circumstances necessitate in the course of overseeing us as a [REDACTED] company by the regulations in Hong Kong.

Our Directors and us, which will be regulated by the SFO and other applicable laws and regulations in Hong Kong upon the [**REDACTED**], shall be required to provide the SFC with all information relating to our business that is necessary for its investigation of our affairs as may be required under Hong Kong laws or regulations. Among the countries where we generated revenue during the Track Record Period, Liberia, Sierra Leone, Rwanda, Mozambique, Burundi, the Democratic Republic of the Congo, Madagascar, Gambia, Zimbabwe, Mauritania, Guinea, South Sudan and Somalia are Non-IOSCO MMOU Countries and have not signed any regulatory cooperation agreement or memorandum of understanding with the SFC or the Stock Exchange. See "Business—Our Compliance with Rule 8.02A of the

Listing Rules." Therefore, it may be difficult for the Hong Kong regulators to obtain information or call for regulatory assistance in the Non-IOSCO MMOU Countries where circumstances necessitate in the course of overseeing us as a [**REDACTED**] company by the regulations in Hong Kong.

Our revenue generated from the Non-IOSCO MMOU Countries accounted for a relatively small portion of our total revenue during the Track Record Period. As we continue to grow our operations and further expand our presence into other jurisdictions, we expect the contributions of the Non-IOSCO MMOU Countries to remain insignificant in the future. Nevertheless, we will continuously monitor our local business operations and business expansion in the Non-IOSCO MMOU Countries on an ongoing basis. In the event the contributions of our business in the Non-IOSCO MMOU Countries grow significantly, we will take steps with respect to access to the books and records of our operating entities in the Non-IOSCO MMOU Countries and fully cooperate with all regulatory requests in order to facilitate the Stock Exchange and the SFC's access to information of these operating entities. Our Directors believe these measures are adequate and effective in ensuring full compliance with Rule 8.02A of the Listing Rules.

We may be subject to filings and other requirements from the CSRC or other PRC regulatory authorities for the [REDACTED] and the [REDACTED] of our Shares on the Stock Exchange and any further capital raising activities.

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "Overseas Listing Trial Measures") which came into effect on March 31, 2023. The Overseas Listing Trial Measures along with the relevant supporting guidelines have comprehensively improved and reformed the existing regulatory regime for overseas offering and listing of PRC domestic companies' securities and will regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities. Any such domestic company that is deemed to conduct overseas offering and listing activities shall file with the CSRC in accordance with the Overseas Listing Trial Measures.

If we are required to file with the CSRC within the specific time limit in accordance with the Overseas Listing Trial Measure, any failure to complete the CSRC filing may affect the [**REDACTED**] and the [**REDACTED**] and may subject us to sanctions by the CSRC. Furthermore, such failure may adversely affect our ability to finance the development of our business and may have an adverse effect on our business and financial condition.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our Shares, and there can be no assurance that an active market would develop, specially taking into account that certain of our existing Shareholders may be subject to a lock-up period, and the liquidity and [REDACTED] of our Shares may be volatile.

Prior to completion of the [**REDACTED**], there has been no public market for our Shares. There can be no guarantee that an active trading market for our Shares will develop or be sustained after completion of the [**REDACTED**]. The [**REDACTED**] is the result of negotiations between our Group and the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]), which may not be indicative of the price at which our Shares will be [**REDACTED**] following completion of the [**REDACTED**]. The [**REDACTED**] of our Shares may drop below the [**REDACTED**] at any time after completion of the [**REDACTED**].

In addition, the [**REDACTED**] and trading volume of our Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the market price of the shares of other companies engaging in similar business may affect the [**REDACTED**] and trading volume of our Shares. In addition to market and industry factors, the price and trading volume of our Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers and customers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Stock Exchange have experienced price volatility in the past, and it is possible that our Shares may be subject to changes in price not directly related to our performance.

Raising additional capital may cause dilution to our Shareholders and may restrict our operations.

The [**REDACTED**] of the [**REDACTED**] is higher than the net tangible asset value per Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution in pro forma consolidated net tangible asset value. There can be no assurance that if we were to immediately liquidate after the [**REDACTED**], any assets will be distributed to Shareholders after the creditors' claims. To expand our business, we may consider raising additional capital. If we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a Shareholder. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, limitations on our ability to make certain types of investments, or declaring dividends.

Future sales or perceived sales of substantial amounts of our Shares in the public market could have a material adverse effect on the price of our Shares and our ability to raise additional capital in the future.

The [**REDACTED**] of our Shares could decline as a result of future sales of a substantial number of our Shares or other securities relating to our Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution of their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the Shares.

Certain facts, forecasts and statistics in this document obtained from official government sources relating to the global economy and the industry and countries in which we have operations may not be fully reliable.

Certain facts, forecasts and statistics in this document relating to the global economy and the industry and countries in which we have operations are obtained from official government publications that we believe are reliable. However, we cannot guarantee the quality or reliability of these sources. Neither we, the Joint Sponsors, the [**REDACTED**], the [**REDACTED**], nor our or their respective directors, employees, agents, affiliates or advisors have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions obtained from these sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics in this document relating to the global economy and the industry and countries in which we have operations may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. As such, no representation as to the accuracy of such facts, forecasts and statistics obtained from official government sources is made. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon.

Dividends declared prior to the [REDACTED] will not be distributed to investors in the [REDACTED] and other new Shareholders after the [REDACTED].

On December 23, 2024, our Company declared dividend of US$35.0 million cash dividends to its shareholders. We expect that all of the cash dividends will be paid to such shareholders before [**REDACTED**]. Other than the dividend, our accrued consolidated retained earnings before the [**REDACTED**] will be shared among our existing shareholders and new shareholders. See "Financial Information—Dividends." However, no assurance can be given that dividends declared, dividends of similar amounts or at similar rates will be paid in the future or that dividends will be paid at all. Therefore, the abovementioned dividends should not be used as reference for our dividend policy, nor as a basis to forecast the amount of dividends payable in the future.

Our historical dividends may not be indicative of our future dividend policy, and we cannot assure you that we will declare and distribute any amount of dividends in the future. If we do not pay dividends in the foreseeable future after the [REDACTED], you must rely on price appreciation of our Shares for a return on your investment.

Our historical dividends may not be indicative of our dividend policy in the future. We cannot assure you when and in what form dividends will be paid on our Shares after the [**REDACTED**]. The declaration and distribution of dividends is at the complete discretion of our Board, and our ability to pay dividends or make other distributions to our Shareholders is subject to various factors, including our business and financial performance, capital and regulatory requirements and general business conditions. We may not be able to have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. As a result of the above, we cannot assure you that we will make/can make dividend payments on our Shares in the future. See "Financial Information—Dividend Policy."

If we retain most, or all, of our available funds and any future earnings after the [**REDACTED**] to fund the development plan, we may not expect to pay any cash dividends in the foreseeable future. Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions (if any) received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our Board. Therefore, you may not be able to rely on an investment in our Shares as a source for any future dividend income.

You should read the entire document carefully, and we strongly caution you not to place any reliance on any information contained in press articles and/or other media regarding us, our business, our industry or the [REDACTED].

You are strongly advised to read the entire document carefully and are cautioned against placing any reliance on the information in any press article or any other media coverage which contains information not disclosed or not consistent with the information included in this document.

Prior to the completion of the [**REDACTED**], there may be press and media coverage regarding our Group and the [**REDACTED**]. Our Directors would like to emphasize to prospective investors that we do not accept any responsibility for the accuracy or completeness of such information, and such information is not sourced from or authorized by our Directors or our management team. Our Directors make no representation as to the appropriateness, accuracy, completeness and reliability of any information or the fairness or appropriateness of any forecast, view or opinion expressed by the press or other media regarding our Group or our Shares. In making decisions as to whether to invest in our Shares, prospective investors should rely only on the financial, operational and other information included in this document.

Future sales or perceived sales of our Shares in the public market by existing Shareholders following the [REDACTED] could materially and adversely affect the price of our Shares.

Future sales or perceived sales of our Shares by our existing Shareholders after the [**REDACTED**] could result in a significant decrease in the prevailing [**REDACTED**] of our Shares. Only a limited number of the Shares will be available for sale or issuance immediately after the [**REDACTED**] due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our Shares in the public market or the perception that these sales may occur could significantly decrease the prevailing [**REDACTED**] of our Shares and affect our ability to raise equity capital in the future.

Our Controlling Shareholders have substantial control over our Company and their interests may not be aligned with the interests of the other Shareholders.

Immediately upon completion of the [**REDACTED**], without taking into account any Shares which may be issued upon exercise of any options which may be granted under the [**REDACTED**] Share Option Scheme and the [**REDACTED**] Share Option Scheme and assuming the [**REDACTED**] Option is not exercised, our Controlling Shareholders will be interested in approximately [**REDACTED**]% of our total issued share capital. Our Controlling Shareholders will have significant influence on us on various important corporate actions requiring the approval of Shareholders, such as mergers and acquisitions, disposal of assets, election of Directors, and timing and amount of dividends and other distributions (if any). Control by our Controlling Shareholders of a substantial percentage of our Shares may limit your ability to influence the outcome of decisions requiring the approval of Shareholders. There may be a conflict between the interests of our Controlling Shareholders and your interests. If our Controlling Shareholders cause us to pursue strategic objectives that are in conflict with your interests, you may be left in a disadvantaged position.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as "anticipate", "believe", "could", "going forward", "intend", "plan", "project", "seek", "expect", "may", "ought to", "should", "would" or "will" and similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved, and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend to update or otherwise revise the forward-looking statements in this document to the public, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

In preparation for the [**REDACTED**], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 the Listing Rules, an issuer must have sufficient management presence in Hong Kong and, in normal circumstances, at least two of the issuer's executive directors must be ordinarily resident in Hong Kong.

Since our core operations are primarily based and conducted in Africa, we do not, and for the foreseeable future will not, have executive Directors who are ordinarily resident in Hong Kong for the purpose of satisfying Rule 8.12 of the Listing Rules. Our Group's business operations, management headquarters, senior management and assets are primarily based outside Hong Kong, and it would be practically difficult and commercially unnecessary for us to relocate our two executive Directors to Hong Kong, or to appoint additional executive Directors solely for the purpose of satisfying Rule 8.12 of the Listing Rules. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with Rule 8.12 of the Listing Rules subject to, among others, the following conditions:

(a) pursuant to Rule 3.05 of the Listing Rules, we have appointed two authorized representatives, namely Mr. Luo Jichao (羅繼超) ("**Mr. Luo**"), our executive Director and chief executive officer, and Mr. Lung Shei Kei (龍瑞麒) ("**Mr. Lung**"), our chief financial officer and joint company secretary, who will act as our Company's principal channel of communication with the Stock Exchange. Mr. Lung is ordinarily resident in Hong Kong. Each of our authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and/or email (where available). Each of our authorized representatives is authorized to communicate on our behalf with the Stock Exchange. Our Company has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance and Mr. Lung Shei Kei has also been authorized to accept service of legal process and notices in Hong Kong on behalf of our Company;

(b) both of our authorized representatives have means to contact all our Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. Our Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required. Each of our Directors has provided his/her respective mobile phone number, facsimile number and/or e-mail address (where available) to our authorized representatives. In the event that a Director expects to travel, he/she will endeavor to provide the phone number of the place of his/her accommodation to our authorized representatives or maintain an open line of communication via his/her mobile phone; and each of our Directors and authorized representatives has provided his/her mobile number, office phone number, facsimile number and/or e-mail address (where available) to the Stock Exchange;

(c) pursuant to Rule 3A.19 of the Listing Rules, we have appointed Soochow Securities International Capital Limited as our compliance advisor (the "**Compliance Advisor**"), which shall have access at all times to our authorized representatives, Directors, senior management and other officers of our Company, and will act as an additional channel of communication between the Stock Exchange and us; and

(d) meetings between the Stock Exchange and our Directors could be arranged through our authorized representatives or the Compliance Advisor, or directly with our Directors within a reasonable time frame. We will promptly inform the Stock Exchange of any changes of our authorized representatives and/or the Compliance Advisor.

JOINT COMPANY SECRETARIES

According to Rules 3.28 and 8.17 of the Listing Rules and Chapter 3.10 of the Guide, the secretary of an issuer must be a person who has the requisite knowledge and experience to discharge the functions of the company secretary and is either (i) a member of the Hong Kong Chartered Governance Institute, a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong) or a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong); or (ii) an individual who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of a company secretary.

According to Note 2 to Rule 3.28 of the Listing Rules and Chapter 3.10 of the Guide, in assessing "relevant experience", the Stock Exchange will consider the individual's:

(a) length of employment with the issuer and other issuers and the roles they played;

(b) familiarity with the Listing Rules and other relevant law and regulations including the SFO, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

We have appointed Mr. Lung and Ms. Lin Qin ("**Ms. Lin**") as our joint company secretaries. See "Directors and Senior Management—Joint Company Secretaries" for their biographies. Mr. Lung is a certified public accountant of the Hong Kong Institute of Certified Public Accountants, and therefore meets the qualification requirements under Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules. While Ms. Lin does not possess the formal qualifications required of a company secretary, not meeting all requirements under Rules 3.28 and 8.17 of the Listing Rules.

The following arrangements have been, or will be, put in place to assist Ms. Lin in acquiring the qualifications and experience required under Rule 3.28 of the Listing Rules and Chapter 3.10 of the Guide:

(a) Mr. Lung will work closely with Ms. Lin to jointly discharge the duties and responsibilities as the joint company secretaries of the Company and to assist Ms. Lin to acquire the relevant experience as required under the Listing Rules for an initial period of three years from the [**REDACTED**], a period which should be sufficient for Ms. Lin to acquire the relevant experience as required under the Listing Rules;

(b) the Company will ensure that Ms. Lin continues to have access to the relevant training and support in relation to the Listing Rules and the duties required for a company secretary of an issuer listed on the Stock Exchange. Furthermore, both Ms. Lin and Mr. Lung will seek advice from our Company's Hong Kong legal and other professional advisors as and when required. Ms. Lin also undertakes to take no less than 15 hours of relevant professional training in each financial year of the Company; and

(c) at the end of the three-year period, the qualifications and experience of Ms. Lin and the need for on-going assistance of Mr. Lung will be further evaluated by our Company. The Company will then endeavor to demonstrate to the Stock Exchange's satisfaction that Ms. Lin, having had the benefit of the assistance of Mr. Lung for the immediately preceding three years, has acquired the relevant experience (within the meaning of Note 2 to Rule 3.28 of the Listing Rules) such that a further waiver from Rules 3.28 and 8.17 of the Listing Rules will not be necessary. Our Company understands that the Stock Exchange may revoke the waiver if Mr. Lung ceases to provide assistance to Ms. Lin during the three-year period or if there are material breaches of the Listing Rules by our Company.

We have applied for and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules. The waiver is valid for an initial period of three years from the [**REDACTED**]. Before the end of such three-year period, the qualifications and experience of Ms. Lin and the need for ongoing assistance of Mr. Lung will be further evaluated by our Company. We will liaise with the Stock Exchange to enable it to assess whether Ms. Lin, having benefited from the assistance of Mr. Lung for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Rules 3.28 and 8.17 of the Listing Rules and decide whether a further waiver will be necessary.

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which would constitute continuing connected transactions for our Company under the Listing Rules upon the [**REDACTED**]. We have applied for, and the Stock Exchange [has granted] us, a waiver from strict compliance with certain requirements set out in Chapter 14A of the Listing Rules for certain continuing connected transactions. For details of such continuing connected transactions and the waiver, see "Connected Transactions."

[**REDACTED**]

[REDACTED]

[REDACTED]

[**REDACTED**]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Luo Jichao (羅繼超)	Room 2203 Building 8 Yunshan Shiyi No. 4 Yasong Street Nansha District, Guangzhou Guangdong Province PRC	Chinese
Mr. Zhao Yongqiang (趙永強)	Room 3-402 Building 25 Xinhua Lianjin Yuan No. 6 Wulidian West Road Tongzhou District Beijing PRC	Chinese
Non-executive Directors		
Mr. Shen Yanchang (沈延昌)	Room 609 Building B No. 609 Tianhe North Road Tianhe District, Guangzhou Guangdong Province PRC	Chinese
Ms. Yang Yanjuan (楊艷娟)	Room 609 Building B No. 609 Tianhe North Road Tianhe District, Guangzhou Guangdong Province PRC	Chinese
Mr. Zhou Renwei (周仁偉) *(formerly known as Zhou Jun (周軍))*	Room 1202, Qiaohong Guanghua Building No. 86 Tianhe North Road Guangzhou Guangdong Province PRC	Chinese

Independent non-executive Directors

Ms. Lou Aidong (婁愛東)	Room 502, Unit 2, No. 2 Building No. 66 Anli Road Chaoyang District Beijing PRC	Chinese
Mr. Gao Jianming (高建明)	Flat C, 36/F, Block 7 28 Sham Mong Road Kowloon Hong Kong	Chinese
Mr. Xu Jing (徐景)	Flat C, Floor 39, Tower 5A 28 Sham Mong Road Kowloon Hong Kong	Chinese

See "Directors and Senior Management" in this document for further details of our Directors.

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	CITIC Securities (Hong Kong) Limited 18/F, One Pacific Place 88 Queensway Hong Kong
	GF Capital (Hong Kong) Limited 27/F, GF Tower 81 Lockhart Road Wanchai Hong Kong

[**REDACTED**]

[REDACTED]

Legal advisors to our Company	*As to Hong Kong and United States laws:* **Sidley Austin** Level 39, Two International Finance Centre 8 Finance Street Central Hong Kong *As to Cayman Islands laws:* **Conyers Dill & Pearman** 29th Floor One Exchange Square 8 Connaught Place Central Hong Kong *As to PRC laws:* **Commerce & Finance Law Offices** 12-15th Floor, China World Office 2 No. 1 Jianguomenwai Avenue Beijing 100004 PRC

Legal advisors to the Joint Sponsors and the [REDACTED]	*As to Hong Kong and United States laws:* **Herbert Smith Freehills** 23rd Floor, Gloucester Tower 15 Queen's Road Central Hong Kong *As to PRC laws:* **JunHe LLP** 28/F, GDH BCC No. 21 Zhujiang West Road Zhujiang New Town Tianhe District Guangzhou PRC
Auditors and Reporting Accountants	**Deloitte Touche Tohmatsu** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 35/F, One Pacific Place 88 Queensway Hong Kong
Industry Consultant	**Frost & Sullivan Limited** Unit 3006, 30/F Two Exchange Square 8 Connaught Place Central Hong Kong

[REDACTED]

CORPORATE INFORMATION

Registered office	**Conyers Trust Company (Cayman) Limited** Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters	5WA 219 Second Floor 5 West A Dubai Airport Freezone United Arab Emirates
Principal place of business in Hong Kong	31/F, Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
Company's website	**www.softcarehome.com** *(Information on this website does not form part of this document)*
Joint company secretaries	**Mr. Lung Shei Kei (龍瑞麒)** 31/F, Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong **Ms. Lin Qin (林芹)** 39/F, CITIC Plaza No. 233 Tianhe North Road Guangzhou PRC

CORPORATE INFORMATION

Authorized representatives	**Mr. Luo Jichao (羅繼超)** Room 2203 Building 8 Yunshan Shiyi No. 4 Yasong Street Nansha District, Guangzhou Guangdong Province PRC
	Mr. Lung Shei Kei (龍瑞麒) 31/F, Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
Audit Committee	Mr. Xu Jing (徐景) *(Chairman)* Mr. Zhou Renwei (周仁偉) Ms. Lou Aidong (婁愛東)
Remuneration Committee	Ms. Lou Aidong (婁愛東) *(Chairman)* Mr. Shen Yanchang (沈延昌) Mr. Gao Jianming (高建明)
Nomination Committee	Mr. Shen Yanchang (沈延昌) *(Chairman)* Ms. Lou Aidong (婁愛東) Mr. Gao Jianming (高建明)
Compliance advisor	**Soochow Securities International Capital Limited** Level 17, Three Pacific Place 1 Queen's Road East Hong Kong

[**REDACTED**]

Principal banks	**China CITIC Bank Corporation Limited** Floor 50, CITIC Plaza 233 Tianhen Road North Guangzhou PRC
	Citibank N.A. Dubai Cibank N.A. UAE Oud Metha Tower P.O. Box 749 Sheikh Rashid Road Dubai United Arab Emirates
	Citibank N.A. Hong Kong Branch 21/F, Citi Tower One Bay East, 83 Hoi Bun Road Kwun Tong, Kowloon Hong Kong
	Nanyang Commercial Bank (China) Limited Guangzhou Branch Floor 32, Central Tower No. 5 Xiancun Road Pearl River New Town Tianhe District, Guangzhou PRC
	Stanbic Bank Ghana Ltd Stanbic Heights 215 South Liberation Link Airport City ACCRA Ghana
	Ecobank Senegal KM 05 Avenue Cheikh Anta Diop Dakar Senegal
	E. Sun Bank (China) Co. Ltd. Guangzhou Branch No. 4101-4106, Central Tower No. 5 Xiancun Road Tianhe District, Guangzhou City PRC
	Stanbic Bank Uganda Ltd Floor 11, Short Tower 17 Hannington Road Crested Towers Kampala Uganda

Certain information and statistics presented in this section and elsewhere in this document are derived from official government publications, other publicly available sources as well as from the Frost & Sullivan Report, a market research report prepared by Frost & Sullivan, an independent market research and consulting company that was commissioned by us. We believe that the sources of the information in this section and elsewhere in this document are appropriate sources for such information and reasonable care has been taken in extracting and reproducing such information. The information from official government sources has not been independently verified by us or the Joint Sponsors, the* [REDACTED]*, the* [REDACTED]*, the* [REDACTED]*, the* [REDACTED] *and the* [REDACTED] *or any of our or their respective directors, officers, or representatives, and no representation is given as to its accuracy.

SOURCES OF INFORMATION

We commissioned Frost & Sullivan to analyze and prepare a report regarding the baby diapers, sanitary pads and baby pants industry in the Emerging Markets. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York that offers industry research and market strategies and provides growth consulting and corporate training. We agreed to pay a commission fee of US$166,000 to Frost & Sullivan based on arm's length negotiation. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report. We have also referred to certain information in the "Summary", "Risk Factors", "Business" and "Financial Information" sections to provide a more comprehensive presentation of the industry in which we operate.

In preparing the Frost & Sullivan Report, Frost & Sullivan conducted both primary and secondary research and relied on various sources. The primary research was conducted via interviews with key industry experts and leading industry participants. The secondary research involved analysis of market data obtained from several publicly available data sources. The market projections in the Frost & Sullivan Report are based on the following key assumptions: (i) the overall social, economic and political environment in the Emerging Markets is expected to remain stable during the forecast period; (ii) the economic and industrial development in the Emerging Markets is likely to maintain a steady growth in the forecast period; (iii) related industry key drivers are likely to drive the growth of the baby diapers, baby pants and sanitary pads market in the Emerging Markets in the forecast period; and (iv) there is no extreme force majeure or industry regulation which may affect the Emerging Markets dramatically or fundamentally. The surveys quoted in this document were conducted by Frost & Sullivan in December 2024 in respect of (i) baby diapers and baby pants brands in Africa, covering over 1,200 parent respondents located in Ghana, Senegal, Côte d'Ivoire, Kenya, Tanzania and Cameroon; and (ii) sanitary pads brands in Africa, covering over 1,200 female respondents located in Ghana, Senegal, Côte d'Ivoire, Kenya, Tanzania and Cameroon, respectively.

OVERVIEW OF HYGIENE PRODUCT INDUSTRY IN THE EMERGING MARKETS

Definition and Characteristic of the Emerging Markets

According to the International Monetary Fund's World Economic Outlook, economies are classified into "Advanced Markets" and "Emerging Markets." Emerging Markets are economies primarily located in Africa, Latin America and Central Asia, characterized by robust economic growth and a young, widely dispersed population. The industrial market scale in the Emerging Markets is typically small, and most countries in the Emerging Markets have a limited degree of indigenous industrialization, leading to a reliance on imports for essential goods. Additionally, the Emerging Markets are actively pursuing regional economic integration to foster further development.

Emerging Markets are distinguished by a youthful population structure, reflected in their expansive population pyramids with wide bases and narrow tops. This demographic feature translates into a substantial supply of low-cost labor, providing a robust foundation for economic development. There is a wealth of investment opportunities, encompassing infrastructure development, manufacturing modernization and service sector expansion. These industries are growing rapidly and serve as a significant impetus for global economic growth.

Furthermore, Emerging Markets are often characterized by a scarcity of materials due to low levels of indigenous industrialization, leading to a reliance on trade to import essential goods. Africa exemplifies this, with a high demand for a wide range of products, from large-scale items such as steel and machinery to smaller goods like smartphones and handicrafts, as well as daily necessities including baby diapers and plastic items.

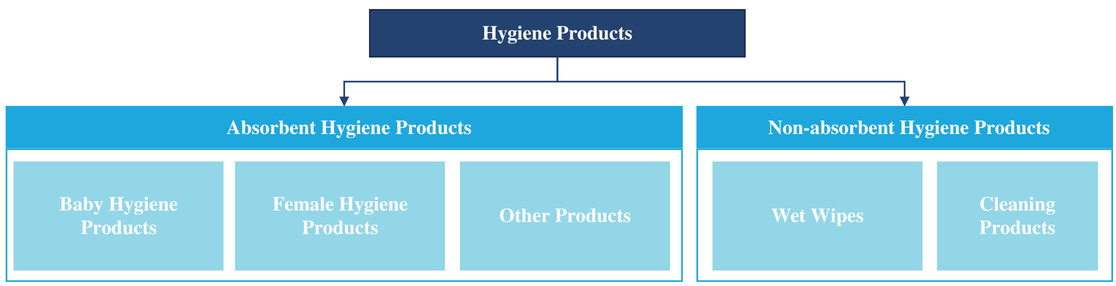
In addition to these challenges, Emerging Markets are actively pursuing regional economic integration, enhancing economic cooperation with other countries and increasing the degree of trade liberalization. These efforts are expected to create more market opportunities and investment spaces for businesses, fostering a more conducive environment for growth and development.

Definition and Classification of Hygiene Products

Hygiene products refer to various technologically advanced chemical products used in daily life that come into direct or indirect contact with the human body, and are used for physiological and hygiene health care purposes, such as antibacterial or antimicrobial effects.

Absorbent hygiene products are designed for direct contact with the human body and are primarily made from highly absorbent materials. They are one-time disposable hygiene products used to collect human excretions. This category includes baby hygiene products, female hygiene products and other products.

Baby hygiene products refer to products designed for infants and newborns for their hygiene needs, suitable for their sensitive skin. Baby hygiene products include, among others, baby diapers and baby pants. Female hygiene products refer to products used for mensuration, vaginal discharge and other bodily functions. Female hygiene products include sanitary pads, tampons, pantyliners and other cleansing products. Wet wipes refer to small disposable cloths treated with a cleansing agent, used specially for personal hygiene. They are also known as wet towels, moist towelettes or disposable wipes.



Market Size and Growth of Baby Diapers, Baby Pants and Sanitary Pads Industry in the Emerging Markets and Other Major Regions

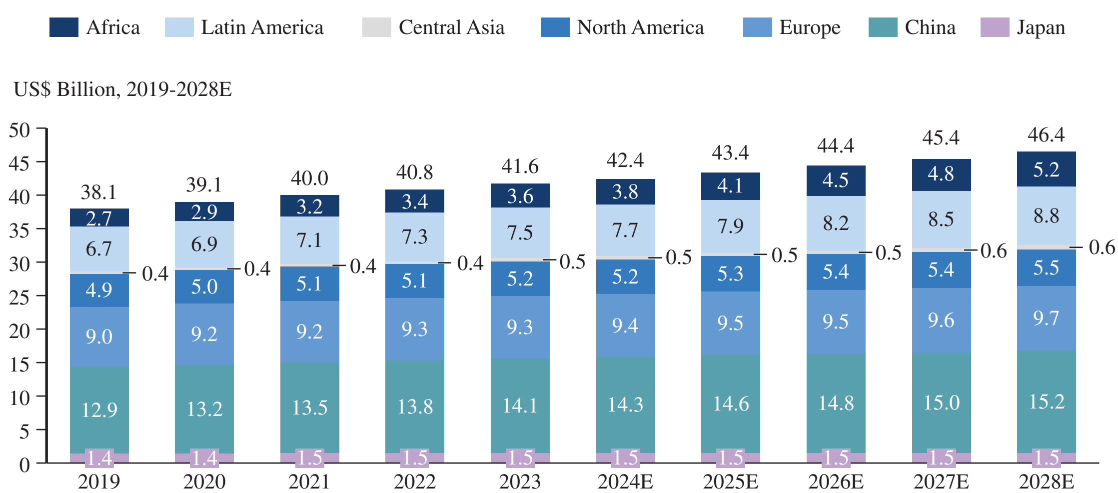
The market size of baby diapers, baby pants and sanitary pads in the Emerging Markets has seen a steady growth. In Africa, the market size has experienced a growth from US$2.7 billion in 2019 to US$3.6 billion in 2023, representing a CAGR of 6.7%. This upward trend is projected to continue, with the market size anticipated to reach US$5.2 billion in 2028 at a CAGR of 8.0%. In Latin America, the market size for these products has risen from US$6.7 billion in 2019 to US$7.5 billion in 2023 at a CAGR of 2.8%. It is expected that this growth will persist, with the market size forecasted to expand to US$8.8 billion by 2028 at a CAGR of 3.1%. The Central Asian market has seen an increase from US$0.4 billion in 2019 to US$0.5 billion in 2023 at a CAGR of 4.6%. This growth is expected to continue, with the market size predicted to grow to US$0.6 billion by 2028 at a CAGR of 5.0%.

The market size of baby diapers, baby pants and sanitary pads in other major regions saw a steady rise from 2019 to 2023, with North America growing from US$4.9 billion to US$5.2 billion at a CAGR of 1.4%, Europe from US$9.0 billion to US$9.3 billion at a CAGR of 0.9%, China from US$12.9 billion to US$14.1 billion at a CAGR of 2.2%, and Japan from US$1.4 billion to US$1.5 billion at a CAGR of 0.6%.

The following chart illustrates the market size of baby diapers, baby pants and sanitary pads in the Emerging Markets and other major regions from 2019 to 2023, and the forecast period from 2024 to 2028:

Market Size of Baby Diapers, Baby Pants and Sanitary Pads in the Emerging Markets and Other Major Regions

	Africa	Latin America	Central Asia	North America	Europe	China	Japan
CAGR 2019-2023	6.7%	2.8%	4.6%	1.4%	0.9%	2.2%	0.6%
CAGR 2023-2028E	8.0%	3.1%	5.0%	1.1%	0.8%	1.5%	0.3%

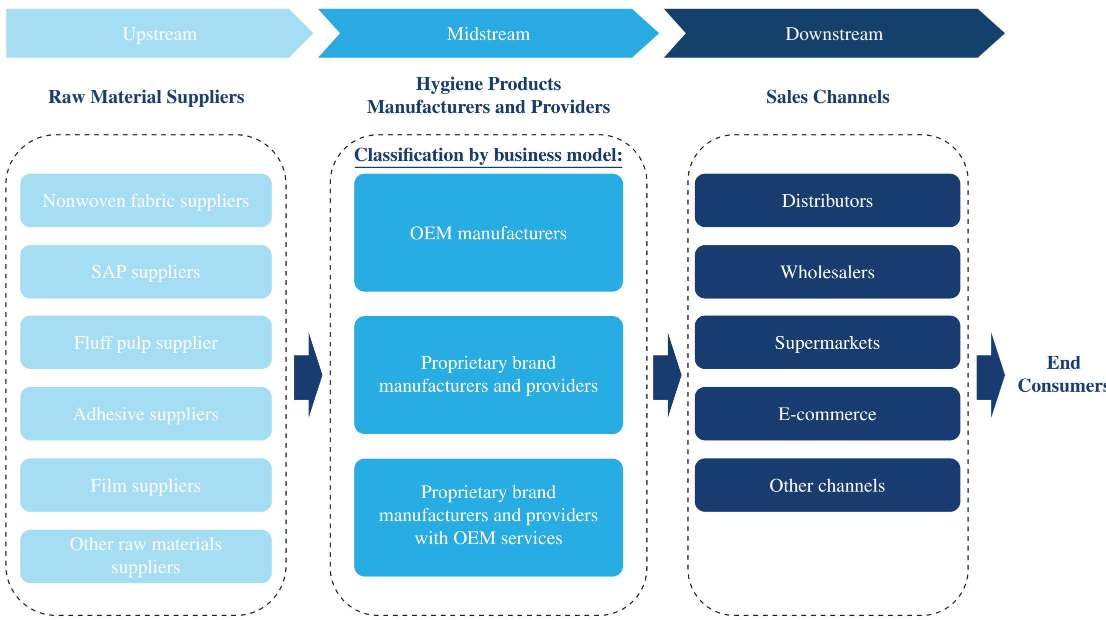


Note: The market size refers to the consumer market size based on retail sales.

Source: Frost & Sullivan Report

Value Chain Analysis of Hygiene Products Industry in the Emerging Markets

The value chain of hygiene products industry in the Emerging Markets includes upstream, midstream and downstream players, as illustrated in the graph below.



Upstream Players

Upstream players primarily consist of raw material suppliers, including nonwoven fabric, SAP, fluff pulp, adhesive, film and other essential suppliers. With technological advancements, nonwoven fabric and polymeric superabsorbent resin have become mainstream raw materials. Suppliers are concentrated in East Asian countries such as China and Japan, while fluff pulp suppliers are concentrated in the United States. Midstream companies that can secure stable supplies of upstream raw materials, particularly during global crises, gain a distinct competitive edge. Also, the economies of scale and cost advantages of upstream raw material production have a crucial impact on reducing production costs for midstream companies.

Midstream Players

Midstream players encompass manufacturers and providers, categorized by type, business model and geographical presence. The industry distinguishes between two types of players: single players and integrated players. Single players are further categorized into proprietary brand providers and OEM manufacturers. Proprietary brand providers focus on product design and development, consumer needs analysis and brand positioning, while OEM manufacturers concentrate on the actual production process. Integrated players are entities that offer both proprietary brand manufacturing and OEM services, combining research, development, production and marketing under one entity.

Downstream Players

Downstream players refer to sales channels, including wholesalers, distributors, supermarkets, e-commerce and other channels. A wholesaler is an intermediary that buys and sells goods to profit from the price difference. They are mainly found in urban wholesale markets, serving customers such as downstream wholesalers and local retailers, but typically lack distribution and delivery services. A distributor refers to a customer who purchases goods from the midstream of the supply chain and possesses marketing capabilities, professional sales teams and delivery vehicles to sell products. Supermarkets are customers responsible for covering the supermarket channel. E-commerce includes third-party e-commerce platforms and brand-owned e-commerce platforms. Other channels include customers such as government procurement direct sales customers and corporate procurement direct sales customers.

Market Drivers of Hygiene Products Industry in the Emerging Markets

Advancement of Sales Networks and Supply Chains: The development of global supply chains and logistics networks for baby diapers and sanitary pads brands enables more efficient sales to remote and rural areas in Emerging Markets, increasing product accessibility, expanding potential markets and ensuring that products can arrive on time. Enhanced sales networks also reduce costs and improve the availability of products during peak demand periods.

Increased Product Awareness: With the continuous improvement in the quality of the population in Emerging Markets, the increasingly effective dissemination of information and the widespread expansion of brand marketing, consumer awareness of baby diapers and sanitary pads in Emerging Markets has gradually increased. This heightened awareness manifests in several ways. First, more consumers are learning about the types, performance and usage of baby diapers and sanitary pads through educational and informational channels. Second, major brands are using various marketing strategies, such as television advertising, in-store promotions and celebrity endorsements, to deepen consumer understanding and trust in their products. Last, as consumers pay more attention to product quality and safety, they are more inclined to choose high-quality baby diapers and sanitary pads. All these factors collectively enhance consumer demand for baby diapers and sanitary pads, creating greater market.

Consumption Upgrade: With economic development and the rise in per capita income in Emerging Markets, consumers are increasingly focused on enhancing their living standards. This shift is notably seen in the hygiene products sector, particularly for baby diapers and sanitary pads, where there is a noticeable preference for high-quality products. These products are sought after for their superior comfort, enhanced absorption features and the use of gentle, skin-friendly materials. This growing willingness among consumers to purchase in products that offer these advantages is driving up demand for higher-quality personal care items.

Population Growth and Urbanization: Emerging market countries typically exhibit a triangular demographic structure characterized by a high proportion of young individuals and elevated birth rates. This demographic pattern significantly amplifies the demand for baby diapers, as the increasing number of infants and toddlers necessitates a steady supply of these products. As the populations in these countries continue to expand, the corresponding rise in the number of young children perpetuates the growth trajectory of the diaper market. This phenomenon reflects broader socioeconomic trends, where youthful populations drive consumption patterns and create sustained demand for essential childcare products, ensuring that the baby diapers market experiences continuous and robust growth. Meanwhile, the acceleration of urbanization means more women are moving into cities, where lifestyle and consumption habits are changing and improving, making it easier for them to access and purchase hygiene products. With higher health awareness and purchasing power, the market demand for hygiene products is increasing. Furthermore, the urban environment provides better access to education and healthcare services, which can lead to more informed decisions regarding menstrual hygiene. The concentration of retail outlets and e-commerce platforms in urban areas also ensures that women have a wider variety of products to choose from, catering to different needs and preferences. Additionally, urbanization can lead to better waste management practices, addressing concerns related to the disposal of hygiene products.

Future Trends of Hygiene Products Industry in the Emerging Markets

Increasing Consumer Brand Awareness: As income levels rise, consumers increasingly pursue well-established brands. These well-known brands, which offer higher-quality, safer and more environmentally friendly products, gain greater respect and are chosen by a growing number of discerning consumers. This shift in consumer preference reflects a heightened demand for products that not only meet functional needs but also align with values such as safety, quality and sustainability. As a result, reputable brands that prioritize these aspects are more likely to capture and retain consumer loyalty in the competitive market.

Heightening Consumer Demand for Product Quality: With the improvement of living standards, consumers increasingly focus on the quality of sanitary pad and diaper products. Their demands in various aspects of the product such as healthiness, safety and performance are gradually increasing. Customers are increasingly concerned about whether these products are made from skin-friendly materials, have superior absorbency and are leak-proof. In addition, consumers are concerned about breathability, comfort and environmental friendliness. These elevated requirements are driving manufacturers to continuously improve their products and adopt more advanced technologies and materials to meet consumer expectations and ensure the health and comfort of users.

Enhancing Levels of Product Innovation and Differentiation: To attract consumers, brands will continuously introduce innovative products and improve the functions, such as more breathable, comfortable and eco-friendly baby diapers and sanitary pads, as well as products with additional features like antibacterial and hypoallergenic properties. As market competition intensifies, hygiene product companies will differentiate their products through innovative designs, customized services and pricing strategies to meet the needs of various consumer groups.

Increasing Importance of Supply Chain Stability: The importance of supply chain stability is increasing to ensure production compliance and quality consistency for baby diapers and sanitary pads products. A robust and reliable supply chain is essential for maintaining a steady supply of products and upholding high-quality standards, which is critical for meeting consumer expectations. Consequently, companies are investing more in supply chain management, optimizing logistics, and building strong partnerships with suppliers. These efforts enhance their resilience and efficiency in the marketplace, ensuring they can consistently deliver products that meet the stringent demands of discerning consumers.

Entry Barriers of Hygiene Products Industry in the Emerging Markets

Sales Channel Access Complexity: Hygiene products, being FMCG, heavily rely on sales channels for sales. For new entrants aiming to establish themselves in the hygiene products market, the lack of access to or leverage on local distributor resources presents a significant challenge. Local distributors play a crucial role in the FMCG industry by connecting manufacturers with retailers and ultimately with consumers. They have established networks, relationships and logistical capabilities that are essential for the successful sales of products. Without access to these local distributor resources, new entrants face obstacles in effectively getting their hygiene products to market. This limitation can impede their ability to compete with established brands that have already established strong relationships with local distributors and built a reliable sales network.

Brand Barrier: Brand plays a significant role in the development of the hygiene product industry in Emerging Markets. Establishing a strong brand image and recognition requires time, labor and capital investment. Brand building typically involves advertising campaigns and establishing enterprise image. Utilizing multiple channels, including internet media, social media and traditional media, for brand promotion not only focuses on product marketing but also creates a positive brand image. The competition in the market is relatively intense, and companies with strong brand power are often better able to attract and retain customers.

Production Localization Capacity: In Emerging Markets, populations are relatively dispersed. Apart from a few populous countries, most countries have smaller populations, covering large areas with sparse populations. The population is distributed in a grid-like pattern and exhibits high mobility, complicating local business promotion and further hindering product penetration. Additionally, these countries generally have lower average education levels, which may affect the local workforce's ability to manage production. These factors lead to high local operational costs and place high demands on corporate management capabilities. International companies find it challenging to leverage economies of scale and meet consumer needs in a grid-like population scenario. The ability of companies to build local production based on the local population layout and education level is particularly important.

Supply Chain Integration Ability: Supply chain globalization enables enterprises to purchase raw materials from lower-cost regions, and in the process enterprises establish cooperation with multiple suppliers to ensure adequate supply of raw materials, which is the key to improving production efficiency and controlling costs. Moreover, global supply chain enables enterprises to flexibly adjust supply chain according to market demand and supply situation, which enhances the resilience of supply chain. Ability to establish a stable raw material supply chain and ensure high-quality raw material sources is one of the entry barriers in the industry. A well established supply chain management ensures stable production and timely delivery, which are crucial for building a reputation and customer trust.

OVERVIEW OF BABY DIAPERS INDUSTRY IN THE EMERGING MARKETS

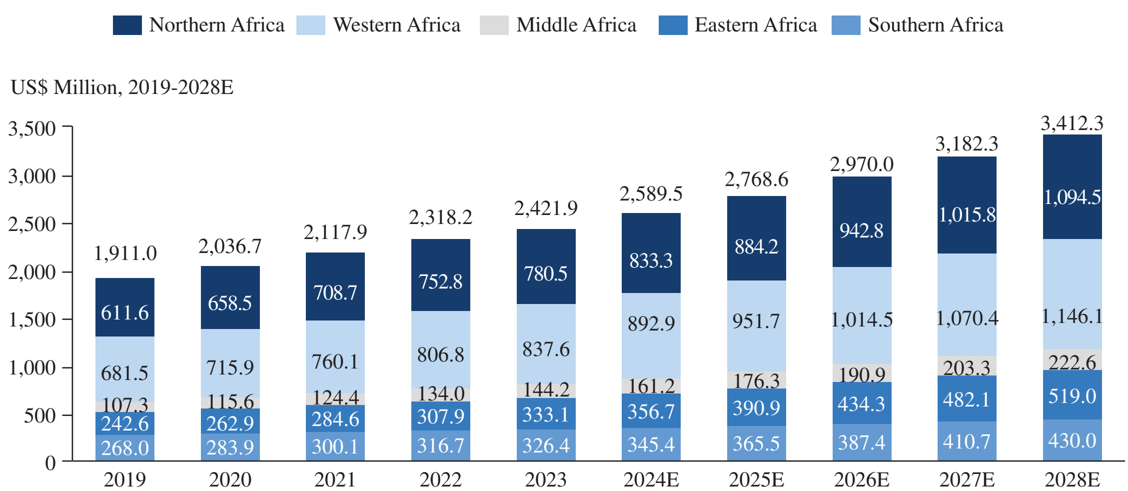
Market Size and Growth of Baby Diapers Industry in the Emerging Markets

The market size of baby diapers in Africa increased from US$1,911.0 million in 2019 to US$2,421.9 million in 2023 with a CAGR of approximately 6.1%, and is expected to grow to US$3,412.3 million in 2028 with a CAGR of approximately 7.1%. Africa can be further categorized into various regions, which include Northern Africa, Western Africa, Middle Africa, Eastern Africa and Southern Africa. Northern Africa, Middle Africa and Eastern Africa have seen faster growth rates from 2019 to 2023, which is attributed to the higher population base and increased penetration of diaper products in these regions. The market size of baby diapers in Eastern Africa increased from US$242.6 million in 2019 to US$333.1 million in 2023 with a CAGR of 8.2%, and is expected to reach US$519.0 million in 2028 with a CAGR of 9.3%. The baby diapers market in Middle Africa increased from US$107.3 million in 2019 to US$144.2 million in 2023, with a CAGR of 7.7%, and it is expected to reach US$222.6 million in 2028, with a CAGR of 9.1%.

The following chart illustrates the market size of baby diapers in Africa by region from 2019 to 2023, and for the forecast period from 2024 to 2028:

Market Size of Baby Diapers in Africa, by Region

	Northern Africa	Western Africa	Middle Africa	Eastern Africa	Southern Africa
CAGR 2019-2023	6.3%	5.3%	7.7%	8.2%	5.1%
CAGR 2023-2028E	7.0%	6.5%	9.1%	9.3%	5.7%



Note: The market size refers to the consumer market size based on retail sales.

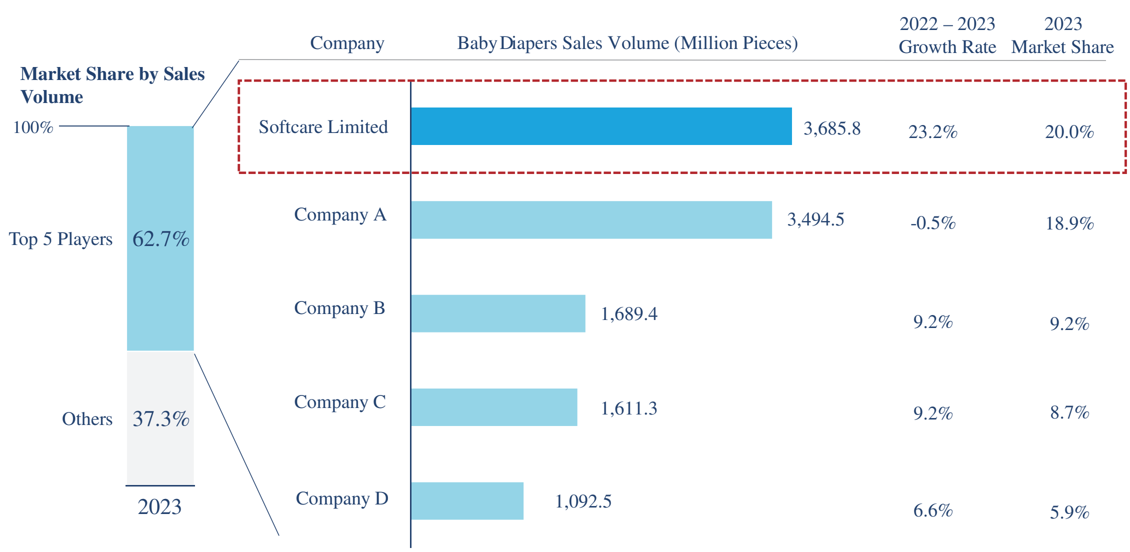
Source: The World Bank, Frost & Sullivan Report

The market size of baby diapers in Latin America reached US$4.3 billion in 2019 and grew to US$4.8 billion by 2023 at a CAGR of 2.5%. It is forecasted to expand to US$5.5 billion by 2028 at a CAGR of 2.7%. Regarding the Central Asia market, it stood at US$0.3 billion in 2023 and is anticipated to increase to US$0.3 billion by 2028.

Competitive Landscape of Baby Diapers Industry in Africa

The baby diapers market in Africa demonstrates a high degree of brand concentration. Alongside the strong presence of premium international brands, early entrants that established local manufacturing facilities and tailored their products and branding to align with local preferences are also widely favored by consumers. According to surveys conducted by Frost & Sullivan, our *Softcare*, *Maya* and *Cuettie* brands are the favorite baby diapers and baby pants brands among the respondents, with a strong brand recognition rate of 89.0% and the highest repeat purchase rate of 95.7%. Our brands are chosen by the respondents as their favorite baby diapers and baby pants brands primarily because, among others, the products of our brands have good quality and are easy to access in their countries.

The Company ranked first in baby diapers industry in Africa in terms of sales volume in 2023. The Company had the highest growth rate between 2022 and 2023 among the top five baby diapers industry players in Africa.



Notes:

1) Company A, founded in 1837 and headquartered in the U.S., is a globally recognized multinational FMCG company and one of the world's largest producers of household goods, selling its products in more than 180 countries and territories, and employing approximately 110,000 people worldwide. Listed on the NYSE, Company A is included in the Dow Jones Industrial Average and the S&P 500, and has been named to the Fortune 500 for consecutive years.

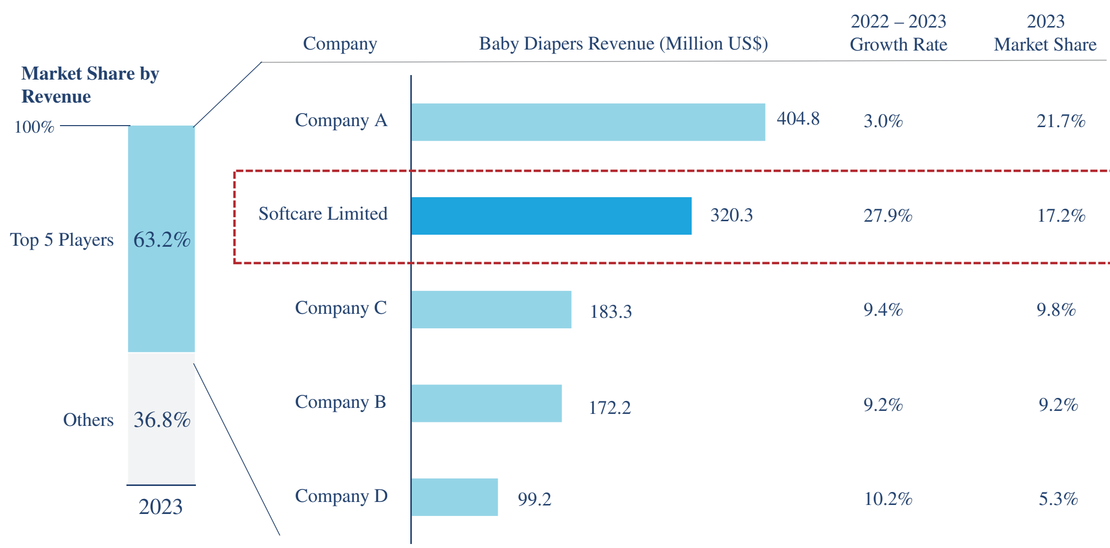
2) Company B, established in 1937 in Turkey, excels in hygiene products and paper. Known for its sanitary pads and diaper brands, Company B emphasizes sustainability, innovation and quality.

3) Company C, founded in 1872 and headquartered in the U.S., is the world's second-largest manufacturer of household and personal care products and the world's largest producer of tissue paper. Listed on the NYSE and a constituent of the S&P 500, Company C operates manufacturing facilities in nearly 35 countries, sells its products in more than 175 countries, and employs more than 42,000 people, and has been listed on the list of Fortune 500 for consecutive years.

4) Company D, established in 1999 in China, focuses on the production and global sales of hygiene products, including baby diapers and sanitary pads.

Source: Frost & Sullivan Report

The Company was a top five player in the baby diapers industry in Africa in terms of revenue in 2023. It is estimated that the top five industry players captured 63.2% of total revenue of the market in 2023. The Company had the highest growth rate between 2022 and 2023 among the top five baby diapers industry players in Africa.



Notes:

1) The companies' revenues are calculated based on the ex-factory price, which refers to the price at which manufacturers deliver goods to the sales channels. The ex-factory price is typically slightly lower than the retail price, which is the price directly charged to end consumers. Market share calculated with ex-factory price is generally in line with the industry norms.

2) Company A, founded in 1837 and headquartered in the U.S., is a globally recognized multinational FMCG company and one of the world's largest producers of household goods, selling its products in more than 180 countries and territories, and employing approximately 110,000 people worldwide. Listed on the NYSE, Company A is included in the Dow Jones Industrial Average and the S&P 500, and has been named to the Fortune 500 for consecutive years.

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Source: Frost & Sullivan Report

OVERVIEW OF SANITARY PADS INDUSTRY IN THE EMERGING MARKETS

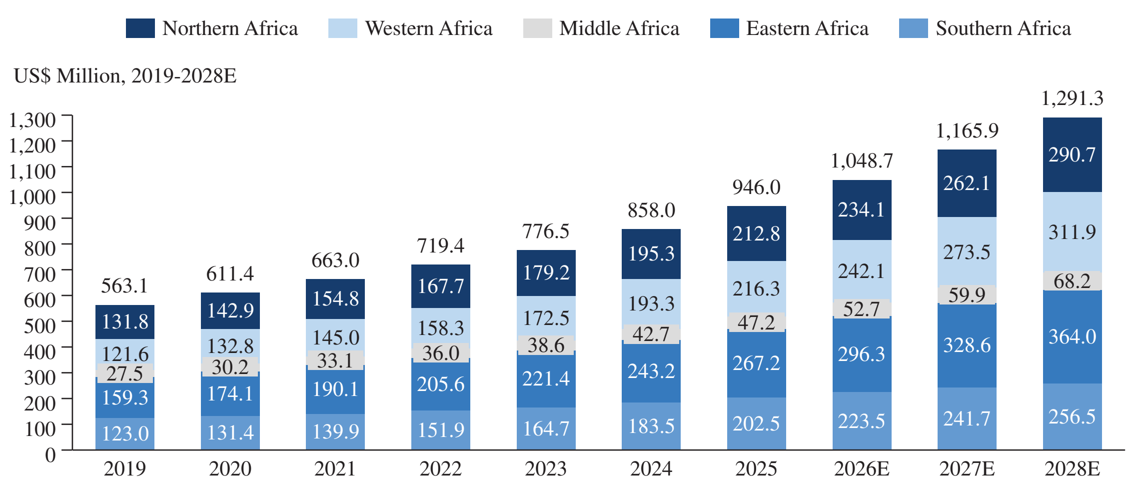
Market Size and Growth of Sanitary Pads Industry in the Emerging Markets

The market size of sanitary pads in Africa increased from US$563.1 million in 2019 to US$776.5 million in 2023 at a CAGR of 8.4%. It is projected to grow to US$1,291.3 million in 2028 at a CAGR of 10.7%. In Western Africa, the market size of sanitary pads saw a significant increase from US$121.6 million in 2019 to US$172.5 million in 2023 at a CAGR of 9.1%. This market is expected to reach US$311.9 million by 2028 at a CAGR of 12.6%. In Middle Africa, the sanitary pad market grew from US$27.5 million in 2019 to US$38.6 million in 2023 at a CAGR of 8.8%. It is anticipated to reach US$68.2 million by 2028 at a CAGR of 12.1%.

The following chart illustrates the market size of sanitary pads in Africa by region from 2019 to 2023, and for the forecast period from 2024 to 2028:

Market Size of Sanitary Pads in Africa, by Region

	Northern Africa	Western Africa	Middle Africa	Eastern Africa	Southern Africa
CAGR 2019-2023	8.0%	9.1%	8.8%	8.6%	7.6%
CAGR 2023-2028E	10.2%	12.6%	12.1%	10.5%	9.3%



Note: The market size refers to the consumer market size based on retail sales.

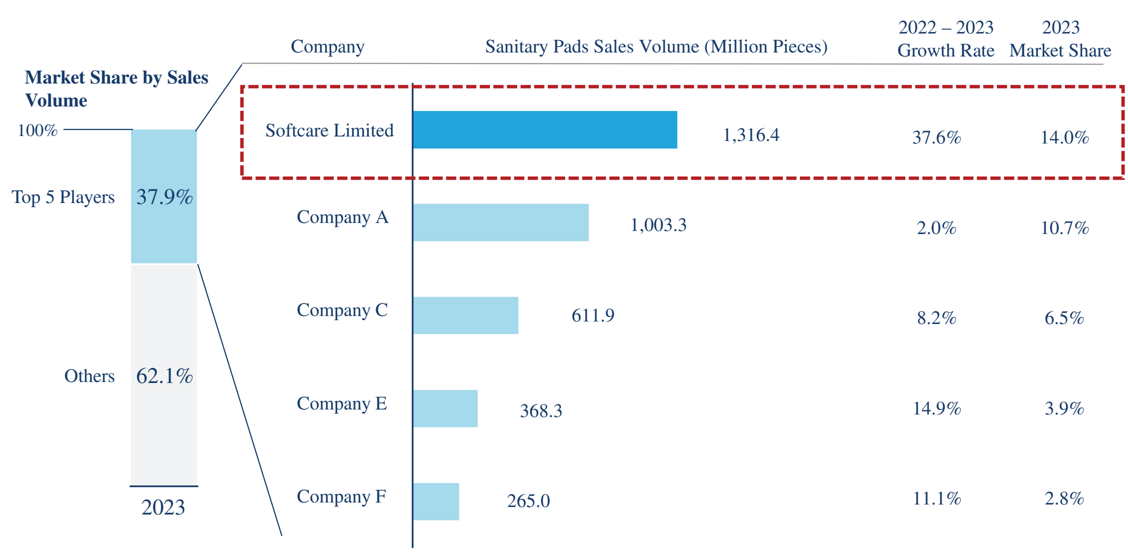
Source: Frost & Sullivan Report

The market size of sanitary pads in Latin America reached US$1.2 billion in 2019 and grew to US$1.3 billion in 2023 at a CAGR of 2.7%. It is expected to expand to US$1.6 billion in 2028 at a CAGR of 3.3%. Regarding the Central Asian market, it stood at US$0.1 billion in 2023 and is anticipated to increase to US$0.2 billion in 2028.

Competitive Landscape of Sanitary Pads Industry in Africa

The sanitary pads market in Africa exhibits a high level of brand concentration. In addition to the strong presence of premium international brands, early entrants that invested in local manufacturing and adapted their products and branding to suit local preferences have gained significant consumer favor. According to surveys conducted by Frost & Sullivan, our *Softcare*, *Veesper* and *Clincleer* brands are the favorite sanitary pads brands among the respondents, with a strong brand recognition rate of 95.4% and the highest repeat purchase rate of 92.0%. Our brands are chosen by the respondents as their favorite sanitary pads brands primarily because, among others, the products of our brands have good quality and are easy to access in their countries.

The Company ranked first in sanitary pads industry in Africa in terms of sales volume in 2023. The Company had the highest growth rate between 2022 and 2023 among the top five sanitary pads industry players in Africa.



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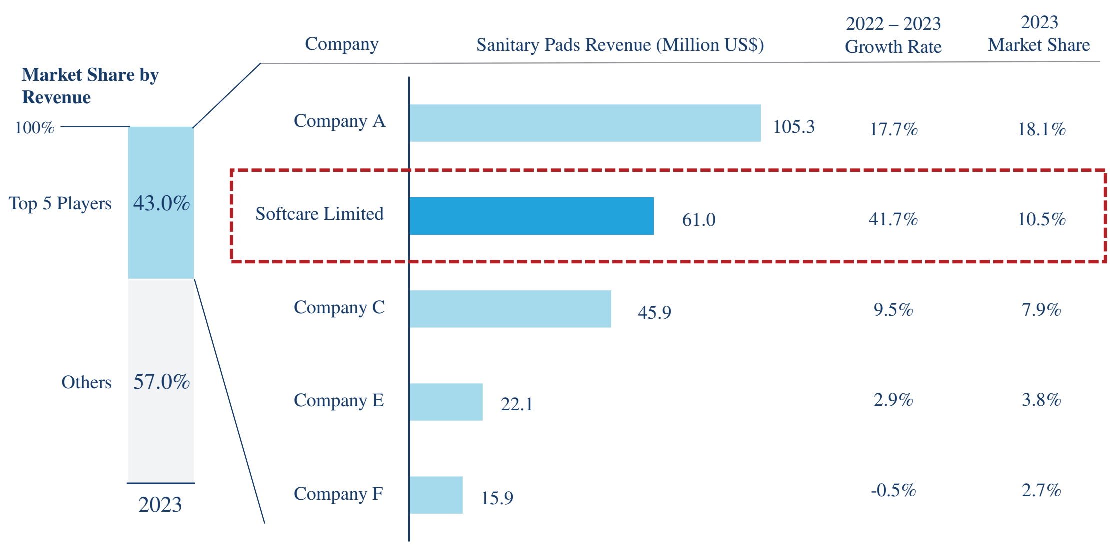
3) Company E, established in 2002 in Ghana, specializes in diaper and sanitary pad manufacturing. It serves the African market, focusing on providing high-quality, affordable products that meet the daily needs of families across the continent.

4) Company F, established in 2003 in the Philippines, is a leading producer of eco-friendly tissue and hygiene products. It offers a comprehensive range of items, including sanitary pads and baby diapers, with a focus on comfort and superior absorption.

Source: Frost & Sullivan Report

The Company was a top five player in the sanitary pads industry in Africa in terms of revenue in 2023. It is estimated that the top five industry players captured 43.0% of total revenue of the market in 2023. The Company had the highest growth rate between 2022 and 2023 among the top five sanitary pads industry players in Africa.



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Source: Frost & Sullivan Report

OVERVIEW OF BABY PANTS INDUSTRY IN THE EMERGING MARKETS

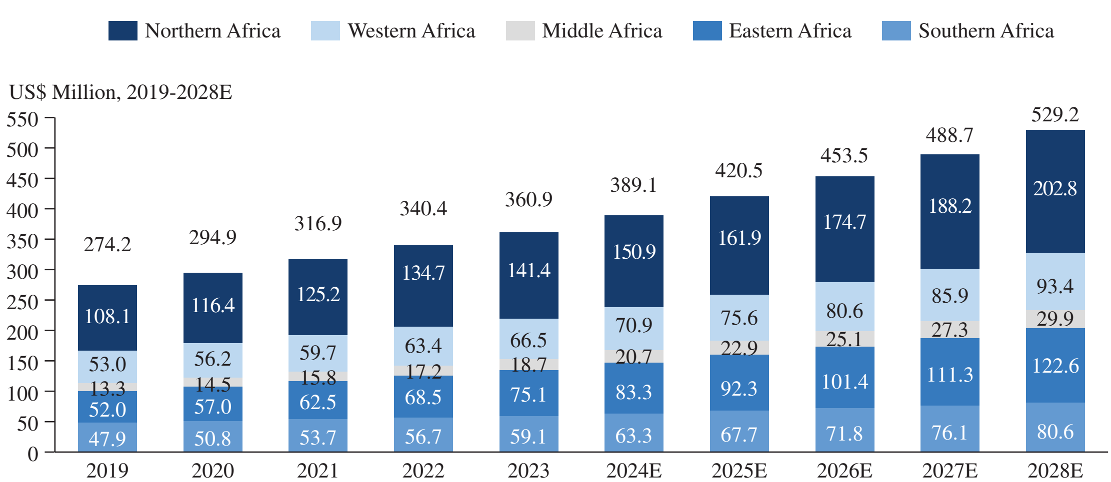
Market Size and Growth of Baby Pants Industry in the Emerging Markets

The African baby pants market has experienced significant growth, increasing from US$274.2 million in 2019 to US$360.9 million in 2023, with a CAGR of 7.1%. It is anticipated to reach US$529.2 million in 2028, maintaining a CAGR of 8.0%. Eastern Africa's market has seen a substantial increase, growing from US$52.0 million in 2019 to US$75.1 million in 2023, reflecting a CAGR of 9.6%. It is projected to expand to US$122.6 million in 2028, with a CAGR of 10.3%. Middle Africa's market has also shown strong growth, rising from US$13.3 million in 2019 to US$18.7 million in 2023 with a CAGR of 9.0%, and is expected to reach US$29.9 million in 2028, with an accelerated CAGR of 9.8%.

The following chart illustrates the market size of baby pants in Africa by region from 2019 to 2023, and for the forecast period from 2024 to 2028:

Market Size of Baby Pants in Africa, by Region

	Northern Africa	Western Africa	Middle Africa	Eastern Africa	Southern Africa
CAGR 2019-2023	6.9%	5.9%	9.0%	9.6%	5.4%
CAGR 2023-2028E	7.5%	7.0%	9.8%	10.3%	6.4%



Note: The market size refers to the consumer market size based on retail sales.

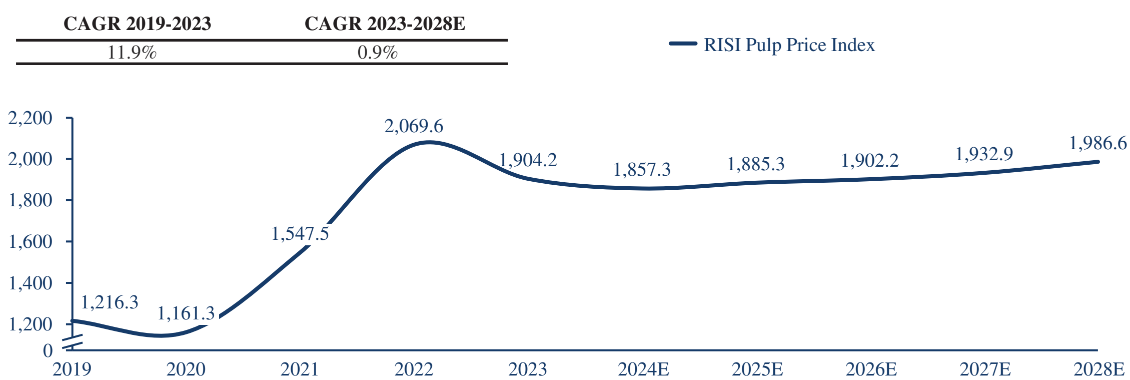
Source: The World Bank, Frost & Sullivan Report

The market size of baby pants in Latin America reached US$1.2 billion in 2019 and grew to US$1.4 billion in 2023 at a CAGR of 3.9%. It is forecasted to expand to US$1.8 billion in 2028 at a CAGR of 4.3%. Regarding the Central Asia market, it stood at US$0.1 billion in 2023 and is anticipated to increase to US$0.1 billion in 2028.

PRICE TREND OF RAW MATERIALS

Fluff pulp, non-woven fabrics and SAP are the key raw materials of our products. The following charts set forth the price trend of these raw materials for the periods indicated.

RISI Pulp Price Index



Source: RISI, Frost & Sullivan Report

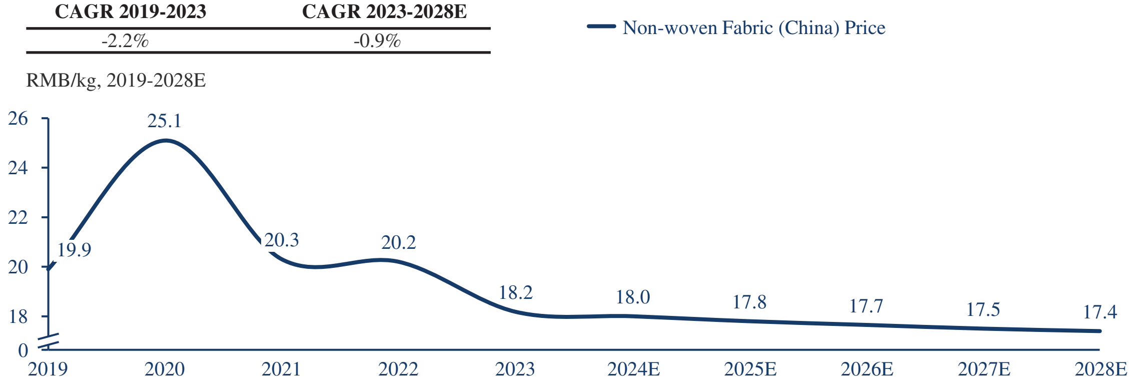
Note:

1. The RISI Pulp Price Index is a fluff pulp price index published by RISI (Resource Information Systems, Inc.), used to measure price changes in the global fluff pulp market. RISI is a company specializing in market information related to wood and fluff pulp, providing market data, price trends, and analysis on wood, paper, and related products. This index is widely used to track fluctuations in fluff pulp prices (particularly paper pulp), helping industry participants understand market dynamics.

The RISI pulp price index have historically been volatile. In 2022, the index surged to a peak of approximately 2,069.6, then fell back to 1,904.2 in 2023, and is estimated to continue to fall in 2024. For the global fluff pulp market supply and demand balance to improve as well as the domestic market control policies etc., it is expected that in the next 5 years the price of fluff pulp will be stabilized, and may grow slowly at a CAGR of 0.9% from 2023 to 2028, with an average index of 1,986.6 by 2028.

Non-woven Fabric (China) Price

CAGR 2019-2023	CAGR 2023-2028E
-2.2%	-0.9%

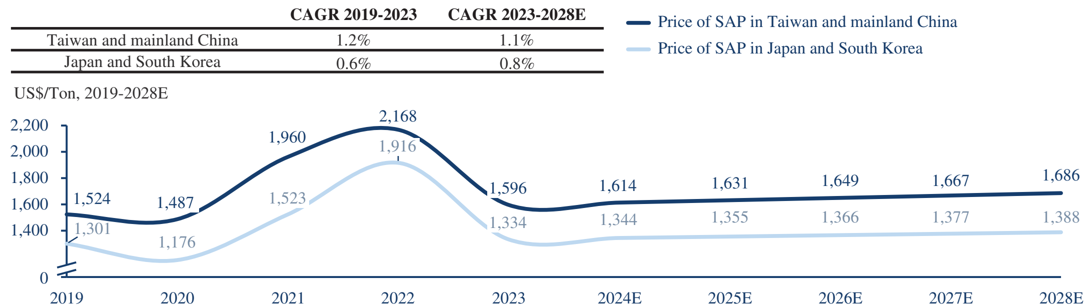


Source: China Technical Textiles Industry Association, Frost & Sullivan Report

From 2019 to 2023, the price of non-woven fabric in China experienced significant fluctuations. The outbreak of the COVID-19 pandemic in early 2020 led to a surge in demand for masks, resulting in a supply shortage of non-woven fabric. As production capacity expanded in 2021, the price of non-woven fabric declined. With the end of the pandemic and a sharp decline in non-woven fabric exports in 2023, China's domestic price of non-woven fabric showed a sharp decrease. Currently, the supply of non-woven fabric exceeds demand, and it is expected that the price will continue to decrease at a CAGR of -0.9% from 2023 to 2028.

SAP Price

	CAGR 2019-2023	CAGR 2023-2028E
Taiwan and mainland China	1.2%	1.1%
Japan and South Korea	0.6%	0.8%



Source: Frost & Sullivan Report

The average market price of SAP fluctuates significantly due to changes in downstream purchasing demand and the upstream acrylic acid market, with prices rising sharply across the board in 2022 and then falling back quickly to a lower point in 2023. SAP prices are expected to grow relatively steadily over the next five years.

The price of SAP in China is relatively higher compared to Japan and South Korea, influenced by various factors such as (i) demand from the agricultural and pharmaceutical industries in China and (ii) relatively lower production capacity in China and hence smaller economies of scale.

We are an international hygiene product corporation principally engaged in the development, manufacturing and sales of baby and feminine hygiene products, including baby diapers, baby pants, sanitary pads and wet wipes, focusing on the fast-growing Emerging Markets, including Africa, Latin America and Central Asia. During the Track Record Period, our headquarters was located at Dubai, UAE and our principal business operations were located at various countries, including but not limited to, Ghana, Kenya, Senegal, Tanzania, Zambia. We are subject to a variety of laws, and regulations across a number of aspects of our business. This section sets forth a summary of the most significant laws and regulations that are applicable to our current business activities in Dubai, UAE, Ghana, Kenya, Senegal, Tanzania, Zambia and the PRC and also laws and regulations in relation to transfer pricing.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN DUBAI, UAE

Our business is carried out in the UAE through subsidiaries incorporated in the Dubai Airport Free Zone ("**DAFZ**"), one of a number of designated free zones in the emirate of Dubai, which are licensed by the Dubai Airport Free Zone Authority ("**DAFZA**"), and is subject to various legal regulations. Below is an overview of the laws and regulations materially relevant to our business in Dubai, UAE.

Laws and Regulations Relating to Foreign Investment

There are no foreign investment restrictions with respect to companies that are incorporated in one of the many free zones across the UAE, including the DAFZ. This is in contrast to limited liability companies incorporated in the non-free zone areas in the UAE.

Laws and Regulations Relating to Employment

The governing law for the employer-employee relationships of the companies is the Federal Law No. 33 of 2021 (as amended) for the Regulation of Labour Relations ("**Labour Law**").

Whilst DAFZ operates as a free zone with its own regulatory framework, it remains subject to Labour Law for employment matters, unlike the Dubai International Financial Centre and the Abu Dhabi Global Market, which have distinct employment regulations. This means that the rights and obligations of employers and employees within DAFZ are aligned with the overarching provisions of the Labour Law, which sets out the minimum standards for employment terms, including working hours, leave entitlements, end-of-service benefits, termination procedures, and dispute resolution. The Labour Law includes statutory minimum entitlements in respect of various leave types including annual leave, sick leave, maternity leave, parental leave, study leave, bereavement leave and military service leave.

Laws and Regulations Relating to Taxation

Corporate taxation

Corporate tax (the "**CT**") is levied on the worldwide taxable income of resident taxable persons, while non-resident taxable persons would typically only be subject to CT on their UAE source income under certain circumstances. CT is imposed on a taxable person's taxable income at the standard rate of 9%, provided the first AED375,000 is subject to tax at 0%.

The Federal Decree-Law No. 47 of 2022 (the "**CT Law**") applies to all taxable persons in the UAE, which includes resident and non-resident persons. A resident person includes among others (a) a juridical person that is incorporated under the applicable legislation of the UAE (including a free zone), (b) a foreign juridical person that is effectively managed and controlled in the UAE or (c) a natural person who conducts a business or business activity in the UAE. A non-resident person would only constitute a taxable person where it either has a permanent establishment in the UAE, derives state sourced income or otherwise has a nexus in the UAE (which currently only includes foreign companies that own UAE immovable property).

Taxation of Free Zone Persons

A juridical person incorporated, established or otherwise registered in a UAE based free zones (including branches of foreign companies) that meet certain conditions, will be considered as a QFZP and will be eligible for a 0% CT rate on its qualifying income. All other non-qualifying income of a FZ Person remains taxed at the standard rate of 9%.

Withholding tax

The CT Law currently imposes a withholding tax ("**WHT**") rate of 0% on state sourced income derived by a non-resident person. As such, any payments made from a UAE source to a non-resident person would not be subject to any WHT in the UAE.

Value-added tax

Value-added tax ("**VAT**") is imposed at 5% (unless otherwise exempt or zero rated) on every taxable supply of goods and services in the UAE by a taxable person (i.e. a person registered or obligated to register for VAT), and on the import of concerned goods or concerned services in the UAE, as defined in Federal Decree-Law No. 8 of 2017 on VAT.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN GHANA

Our business in Ghana is subject to various legal regulations. Below is an overview of the laws and regulations materially relevant to our business in Ghana.

Laws and Regulations Relating to Manufacturing of Hygiene Products

Food and Drugs Authority

The Public Health Act, 2012 (Act 851) (the "**Public Health Act**") consolidates the law relating to public health. The scope of the Public Health Act extends to the regulation of food, drugs, medical cosmetics, devices, household chemicals and herbal products.

The Food and Drugs Authority (the "**FDA**") (under the control and supervision of the Ministry of Health) is the national regulatory body responsible for the regulatory control of the manufacturing, importation, exportation, distribution, sale and advertisement of food, drugs, cosmetics, medical devices and household chemical substances as enshrined in the Public Health Act.

The Public Health Act requires a company that produces food, drugs, cosmetics, medical devices or household chemical substances to comply with the requirements including: (a) register its premises with the FDA; (b) register each food, drug, cosmetic, medical device and household chemical substance with the FDA; and (c) obtain the prior approval of the FDA to advertise its products. Our products fall within the category of cosmetic and medical device.

Ghana Standards Authority

The Ghana Standards Authority (the "**GSA**") empowered by the Ghana Standards Authority Act, 2022 (Act 1078) operates a product certification marks scheme in accordance with the Ghana Standards (Certification Mark) Rules, 1970 (L.I. 662) as amended (the Standards Certification Rules) which provides third party product certification services to companies and suppliers. Companies that conform to product and practice relevant standards are granted licenses or certificates to use the standard mark (certification mark) on the products. The certification mark requires determination of conformity of products to Ghana standards through product sampling, testing and assessment of the factory quality management system.

Laws and Regulations Relating to Environmental Protection

Manufacturing operations in Ghana are subject to the Environmental Protection Agency Act, 1994 (Act 490) and the Environmental Assessment Regulations, 1999 (L.I. 1652) (the "**EPA Regulations**"). The EPA Regulations consolidate all laws in relation to environmental protection and require all manufacturing companies to comply with the requirements including:

(a) register with, and obtain an environmental permit from, the Environmental Protection Agency (the "**EPA**") for the project; (b) submit an environmental report to the EPA annually; and (c) submit an environmental management plan to the EPA every three years.

Laws and Regulations Relating to Foreign Investment and Foreign Exchange

Foreign investment

Under the Ghana Investment Promotion Centre Act, 2013 (Act 865) (the "**GIPC Act**"), non-Ghanaians may invest and participate in the operation of enterprises in Ghana. Where the enterprise is to be wholly owned by a foreigner, there must be an investment of foreign capital of at least US$500,000 or its equivalent in capital goods by way of equity capital.

Foreign exchange

Ghana operates a floating exchange rate system. The Foreign Exchange Act, 2006 (Act 723) has abolished exchange controls at the transactional level. However, payments between residents and non-residents must be done through licensed dealer banks. In addition, transfers must be accompanied with supporting documentation of the details of the transaction if such payments exceed US$10,000 per annum.

It is therefore permitted to make remittances and transfer dividends and profits offshore (through licensed dealer banks and appropriate supporting documentation).

Laws and Regulations Relating to Employment

Employment regulation

Employer-employee relationships are regulated by the 1992 Constitution and the Labour Act, 2003 (Act 651) (the "**Labour Act**"). Remuneration is based on the principle of equal work for equal pay. The statutory deductions are social security as required by the National Pensions Act, 2008 (Act 766) and income tax under the Income Tax Act, 2015 (Act 896) (as amended) (the "**Income Tax Act**").

Pensions

Under the National Pensions Act, (Act 766), a company (as an employer) is required to:

(a) (i) register with the Social Security and National Insurance Trust (the "**SSNIT**") and (ii) (on behalf of each employee and on a monthly basis) deduct an amount equal to 5.5% of (and from) the monthly salary of each of its employees, add a matching contribution of 13% to each employee's salary, and remit 13.5% (of the total contribution of 18.5%) to the SSNIT within 14 days from the end of each month;

(b) establish an occupational pension scheme (either as a stand-alone or under a multi-employer scheme) for the benefit of its employees. The company has to appoint a corporate trustee or an internal board of trustees (who must be registered by the National Pensions Regulatory Authority (the "**NPRA**")) to manage the scheme. The trustee(s) is/are then required to, among others, register the scheme with the NPRA, appoint a fund manager (registered by the NPRA) to manage the investment of the funds of the scheme, and appoint a custodian (registered by the NPRA) to receive the remittances to the scheme on behalf of the trustee and hold the funds and assets of the scheme. The company must remit 5% of the total contribution of 18.5% (referred to under (a) above) to the custodian for the scheme, within 14 days from the end of each month, on behalf of each employee.

Expatriate employees

Under the Immigration Act of Ghana, 2000 (Act 573) (the "**Immigration Act**"), a work permit and residence permit are required for a foreign national to engage in gainful employment in Ghana. Permits are obtainable from the Ghana Immigration Service (the "**GIS**"). Assistance may be provided by the GIPC where the entity is registered with the GIPC.

Further, a company is required to notify the GIS about expatriate employees it engages and who cease to work for the company and file the required annual returns (no later than 14 days after the first day of January in each year) in respect of its expatriate employees.

Health and safety of employees

The Factories, Offices and Shops Act, 1970 (Act 328) (the "**Act**") provides for the registration of factories, the health, welfare and safety of persons employed in factories, offices and shops and related matters. Under the Act, a factory is required to be registered with the Factories Inspectorate. A certificate issued upon registration expires on 31 December of the year in which it was issued and is subject to renewal.

It is also a requirement to notify the chief inspector of the Factories Inspectorate of any accidents or deaths, ensure that the factory is properly ventilated, clean, well-lit and generally safe for its employees.

The Fire Precaution (Premises) Regulations, 2003 (L.I. 1724) requires companies to obtain a fire permit in respect of their business premises from the Ghana National Fire Service (the "**GNFS**"). The GNFS inspects the premises, drawings of the premises and considers whether there is a safe and effective means of escape, adequate firefighting equipment and the fire direction and warning system is satisfactory before it issues a fire permit.

Laws and Regulations Relating to Taxation

The Income Tax Act regulates income tax in Ghana. The Ghana Revenue Authority (the "**GRA**") is the umbrella tax regulatory authority.

Income tax in Ghana is payable on income accruing in or deriving from Ghana. For non-residents, the tax is levied on income which has a source in Ghana. For non-residents with permanent establishments, tax is levied on income that is connected with the permanent establishment.

Value-added tax of 15%, National Health Insurance Levy of 2.5%, GETFund Levy of 2.5% and COVID-19 Levy of 1% are levied on the supply of goods and services in Ghana (other than exempt goods and services) and the importation of goods and the supply of any imported service (other than certain exempt goods and services).

Withholding tax (ranging from 3% to 20%) is charged on payments made to residents and non-residents which have a source in Ghana.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN KENYA

Our business in Kenya is subject to various legal regulations. Below is an overview of the laws and regulations materially relevant to our business in Kenya.

Laws and Regulations Relating to Manufacturing of Hygiene Products

Kenya Bureau of Standards

Each product in Kenya is subject to a Kenyan Standard, which is a technical document approved by the Kenya Bureau of Standards (the "**KEBS**"). Kenyan Standards provide for rules, guidelines or characteristics for products and services and related processes or production methods. If a product is subject to a Kenyan Standard that has already been developed, the person intending to sell it in the Kenyan market is expected to procure that standard at the prescribed fees. However, if there is no standard yet developed, the person may initiate the development of a relevant standard.

A manufacturer or importer is required to subject their goods to the KEBS for standardization which includes testing and certification. Therefore, to the extent that a Kenyan Standard or standardization mark has been gazetted by KEBS for any of the products or product families that a company manufactures and sells in Kenya, it should ensure that (a) the product conforms with that particular Kenyan Standard; (b) it has sent the product for testing or inspection, for the KEBS to confirm that the product complies with that particular Kenyan Standard; and (c) it has affixed the standardization mark to the product.

All manufacturers are required to pay a standards levy on a monthly basis to the KEBS. The standards levy is 0.2% of the manufacturer's monthly turnover excluding value-added tax (VAT) and discounts (if any) and is subject to: (a) a minimum of KES1,000 per month; and (b) a maximum of KES400,000 per annum.

Laws and Regulations Relating to Environmental Protection

The legal requirements of environmental management are set out in the Environmental Management and Coordination Act (Chapter 387 of the Laws of Kenya) (the "**EMCA**"), and enforced by the National Environment Management Authority (the "**NEMA**"). Processing and manufacturing entities must obtain an environmental impact assessment license (the "**EIA**") from the NEMA before commencement of their business.

The EMCA requires the owner of premises or the operator of a project to take all reasonable measures to mitigate any undesirable effects not contemplated when obtaining the EIA license and submit an environmental audit report on those measures to the NEMA annually or as the NEMA may, in writing, require.

Laws and Regulations Relating to Foreign Investment and Foreign Exchange

Foreign investment

There is no mandatory requirement for foreign companies to be registered locally in order to invest in Kenya. However, foreign investors may opt to incorporate a subsidiary or register a branch in Kenya, for operational reasons or management of their investments. There is no specific license required for a foreign investor to invest in Kenya.

Foreign exchange

There are currently no foreign exchange controls in Kenya and the Kenyan currency is freely tradable with all major world currencies. Banking transactions are required to be conducted through licensed banks in Kenya, and most banks allow customers to operate foreign currency accounts although banks are required to report all transactions in excess of US$10,000, and certain transactions may require the parties to provide supporting documentation to show the purpose of the transaction.

Given the absence of foreign exchange controls in Kenya, foreign entities are free to transfer funds into Kenya and to remit profits and investment proceeds from Kenya, subject to the payment of relevant taxes.

Laws and Regulations Relating to Employment

Employment regulation

The terms and conditions of employment are regulated under the Employment Act (Chapter 26 of the Laws of Kenya) which provides for the minimum terms and conditions of employment.

Statutory contributions

An employer in Kenya is required to make the following statutory remittances contributions:

(a) National Social Security Fund (the "**NSSF**"): A company as an employer is required to be registered with the NSSF and deduct pension contributions from the employee's salary on a monthly basis. Participation in this fund is mandatory and contribution is made by both the employer and the employee. The employee's portion is deducted from his or her salary and the total amount is paid by the employer to NSSF on a monthly basis.

(b) Social Health Insurance Fund (the "**SHIF**"): A company is required to deduct from its employees SHIF contribution and to remit it to the SHIF on a monthly basis.

(c) Industrial training levy: A company is required to contribute a monthly training levy of KES50 per employee per month to the Directorate of Industrial Training.

(d) Housing levy: A company is required to deduct a monthly housing levy of 1.5% of an employee's gross salary whilst also contributing a matching amount at the same rate as the employer.

Health and safety of employees

The Occupational Safety and Health Act (Chapter 236A of the Laws of Kenya) (the "**OSHA**") provides for the safety, health and welfare of workers at the workplace. The National Council for Occupational Safety and Health is the regulatory body overseeing the implementation of OSHA.

The OSHA requires occupiers of a workplace to ensure the safety of workers and proper maintenance of systems and procedures. An occupier is a person in actual occupation of a workplace, whether or not they are the owner, and includes an employer. Every occupier must carry out risk assessments in relation to the health and safety of persons employed and adopt preventive and protective measures. The adopted measures include ensuring the safety conditions of all chemicals, machinery, equipment, tools and process under an occupier's control.

The general requirements for companies to comply with under the OSHA include but not limited to: (a) to register the workplace and obtain a certificate of registration from the Director of Occupational Safety and Health Services; (b) to maintain a safety and health policy statement which must be communicated to all employees.

Work permits

If a company employs any non-Kenyan citizen, then it must apply for and obtain a work permit granting the foreign national the right to engage in employment in Kenya. The Kenya Citizenship and Immigration Act prohibits any person, other than a Kenyan citizen or asylum seeker, from entering or remaining in Kenya for the purposes of employment unless they hold a valid work permit, special pass, residence permit or other authorization granted by the Director of Immigration. It is an offense for a person to employ a foreign national whom the employer knows or has reasonable cause to believe is not authorized to work in Kenya.

Laws and Regulations Relating to Taxation

Taxation in Kenya is source-based, which means that all the income of a person, whether resident or non-resident in Kenya, which accrued in or was derived from Kenya for a particular year of income will be taxable in Kenya. Income not accrued or derived in Kenya is not taxable in Kenya except for income of a business partly conducted in Kenya and partly outside Kenya is wholly taxable in Kenya. The tax regulatory authority in Kenya is the Kenya Revenue Authority (the "**KRA**").

Corporate taxation

Deemed resident in Kenya for tax purposes is required to pay corporate tax at the rate of thirty percent (30%).

Withholding tax at a rate of range from 3% to 20% once deducted must be remitted to the KRA within five working days after the deduction was made. A return of the amount of the payment and the amount deducted should be provided to the KRA within the same time period above.

Value-added tax

Value-added tax ("**VAT**") is applicable on taxable supplies (supplies subject to VAT) at the rate of sixteen percent (16%).

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN SENEGAL

Our business in Senegal is subject to various legal regulations. Below is an overview of the laws and regulations materially relevant to our business in Senegal.

Laws and Regulations Relating to Manufacturing of Hygiene Products

Food and Drugs Authority

Law no. 83-71 of 5 July 1983 on the Hygiene Code regulates hygiene conditions in industrial installations, premises and their surroundings. It stipulates that these areas must not be unhealthy in order to protect workers' health and prevent the risk of accidents and illness. The law also provides for periodic medical check-ups for factory staff, enabling work-related health problems to be detected at an early stage and conditions adapted accordingly.

Laws and Regulations Relating to Environmental Protection

Manufacturing activities in Senegal are subject to law no. 2023-15 of 02 August 2023 being the Environmental Code and the Environmental Protection Agency. It is placed under the authority of the Minister for the Environment and Sustainable Development, and is responsible for implementing the government's environmental policy, in particular the protection of nature and people against pollution and nuisance. To this end, it examines and issues the environmental permits required for all projects likely to have a negative impact on the environment, and coordinates the monitoring of environmental and social management plans.

Laws and Regulations Relating to Foreign Investment and Foreign Exchange

Foreign investment

The Investment Law no. 2012-32 dated December 31, 2012 being the Investment Code provides for incentive tax relief, customs in benefits and permits profits to be remitted abroad.

Decree no. 2003-683 of September 5, 2003 has set up the "Agence nationale chargée de la Promotion de l'Investissement et des Grands Travaux (APIX)" (National Agency for Investment Promotion and Major Works) which is an autonomous agency hosted by the Presidency of the Republic. This agency assists the President of the Republic in designing and implementing policies relating to investment promotion and major works.

The Statute of Free Tax Exportation provides certain advantages and incentives to investors. Act no. 2012-32 of December 31, 2012 on the Investment Code sets out and regulates investment in Senegal. It also grants advantages to companies, particularly in terms of tax and customs.

Business relationships between local companies or individuals are regulated mainly by the restated Uniform Act relating General Commercial Law dated 2010 and the Code of Civil and Commercial Obligations. However, the principle of contractual freedom and free enterprise are the main rule. The forms of business that can be set up are sole trader, limited liability company, public limited liability company, economic interest groups, branches of foreign companies, simplified joint stock company and representative office.

Foreign exchange

Senegal is a member of the Western African Economic and Monetary Union (WAEMU/UEMOA) and belongs to the XOF zone in which the transfer of funds is unrestricted. The XOF is the currency of the Union and is linked to the Euro. There are no exchange controls between Senegal and the other countries which belong to the XOF zone, namely Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Togo, and between France.

In general, the transfer of funds for commercial operations is allowed but there may be exchange control restrictions with regard to funds transferred outside the XOF zone and the conversion of currency. If a bank account is opened in the name of a foreign entity and funds are received in foreign currency in that account, then transfers can also be made in that foreign currency without any restriction. This may generally be done by the relevant commercial bank. However, depending on the currency of the bank account and whether the account holder is a resident or non-resident, the ability to convert currency may vary. It is therefore permitted to transfer dividends and profits offshore (through relevant commercial bank and appropriate supporting documentation).

Laws and Regulations Relating to Employment

Employment regulation

Relations between employers and employees are governed by Law 97-17 of 1 December 1997 and its implementing decrees, as well as by Collective Agreements.

Companies employing staff must be registered with Compagnie Sucrière Sénégalaise (the "**CSS**"), to which they are required to pay social security contributions. Social security contributions are borne exclusively by the employer. These contributions are compulsory even for foreign workers, except where they are affiliated to a pension scheme established by foreign legislation.

Register of the employee to the social security fund and Institution de Prévoyance Retraite du Senegal (the "**IPRES**") is the sole responsibility of the employer, who is required to do so within two months of recruitment.

Health and safety of employees

Senegal's 1997 Labour Code lays down clear rules on the health and safety of workers. Employers are responsible for ensuring a safe and healthy working environment for their employees.

Employers must take preventive measures to avoid risks associated with machines, equipment and work processes, by applying appropriate technical solutions, organisational measures and occupational medicine.

Workplaces, machines and installations must be regularly inspected to ensure that they comply with safety standards. In addition, workers' health must be monitored on a regular basis, with medical examinations on recruitment and periodic follow-ups. If a worker has health problems, efforts must be made to assign them to a position compatible with their condition.

Employees must be informed of existing occupational risks and trained in the preventive measures to be adopted. In the event of imminent danger, workers can report the situation and the employer must intervene quickly to guarantee their safety.

Finally, occupational health and safety services are required to ensure the physical and mental protection of workers, and to ensure that working conditions comply with health and safety standards.

Laws and Regulations Relating to Taxation

Tax issues are governed by the General Tax Code (Code General des Impôts), which defines and sets out the various categories of tax applicable to both businesses and individuals and how they are implemented.

The principal taxes are levied in Senegal: (a) income tax on companies and other body corporates is 30%; and (b) value-added tax is 18% for all products and services.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN TANZANIA

Our business in Tanzania is subject to various legal regulations. Below is an overview of the laws and regulations materially relevant to our business in Tanzania.

Laws and Regulations Relating to Manufacturing of Hygiene Products

Tanzania Medicines and Medical Devices Authority

In Tanzania, medicine and medical devices are regulated by the Tanzania Medicines and Medical Devices Authority (the "**TMDA**"). The Tanzania Medicine and Medical Devices Act, Cap. 219 R.E 2021 (the "**TMDA Act**") provides for the efficient and comprehensive regulation and control of safety and quality of medical devices and diagnostics in Tanzania. Menstrual products and diapers fall within the category of medical devices.

It also requires any person who sells, manufactures, distributes or imports medical devices in Tanzania to register with TMDA prior to undertaking any of the aforementioned activities.

Further, the TMDA Act requires registration of premises where manufacturing, selling, supplying or warehousing of the medical devices is undertaken prior to engaging in any of these activities.

Tanzania Bureau of Standards

Manufacturing of baby wipes is regulated by the Tanzania Bureau of Standards (the "**TBS**").

Product standardization is governed by the TBS, a national standards body for Tanzania established by the Government as part of the efforts to strengthen the supportive infrastructure for industry and commerce sectors across the economy in Tanzania. The TBS is empowered by the Standards Act, Cap. 130 and operates a mandatory product certification marks scheme in accordance with the Standards (Tested Products) Regulations of 2009 as amended by the Standards (amendment) (Tested Products) Regulations of 2021, which provides third party product certification services to companies and suppliers. Companies that conform to product and practice relevant standards are granted licenses or certificates to use the TBS Standard Mark (Certification Mark) on the Products.

The certification mark requires determination of conformity of products to Tanzania standards through product sampling, testing and assessment of the factory quality management system. The product quality is continuously monitored through surveillance of the factory's quality management system and testing samples from the factory and open market.

Laws and Regulations Relating to Environmental Protection

In Tanzania, overall mandate on enforcement, compliance, review and monitoring of environmental impact assessment is vested on the National Environment Management Council (the "**NEMC**"), which is an executive agency working directly with the Minister responsible for environment. In its supervisory role, the NEMC has enforced several regulations to ensure environmental management and monitoring for all projects in Tanzania. Accordingly, all environment impact assessments are reviewed by NEMC in line with the Environmental Management Act of 2004 (the "**EMA Act**").

According to the EMA Act, all developers of projects that are in direct coalition with potential environmental destruction are required to undertake an Environmental Impact Assessment (the "**EIA**"). The manufacturer is required to undertake EIA with NEMC and obtain EIA permits with respect of its project sites so as to ensure compliance with the EMA Act. The EIA is granted when the environmental monitoring report indicates that the investor has implemented the mitigation measures and comply with the proposed management plan.

Laws and Regulations Relating to Foreign Investment and Foreign Exchange

Foreign investment

The laws in Tanzania governing financial arrangements are comprehensive, however, the key legislations include (a) the Bank of Tanzania Act of 2006; (b) the Banking and Financial Institutions Act of 2004; (c) the Companies Act; (d) the Foreign Exchange Act of 1992; (e) the Foreign Exchange Regulations of 2022; (f) the Foreign Exchange (Amendment) Regulations of 2023; (g) The Law of Contract Act and (h) the Microfinance Act of 2018.

Foreign exchange

The main act is the Foreign Exchange Act, the Foreign Exchange Regulations of 2022 and the Foreign Exchange (Amendment) Regulations of 2023. The Foreign Exchange Regulations do not provide restrictions when receiving money from abroad.

Laws and Regulations Relating to Employment

Employment regulation

Employer-employee relationships are regulated by the Employment and Labour Relations Act, Cap. 366 (the "**ELRA**"). The ELRA requires contract with employees to be in writing. The minimum remuneration to be paid to employees is based on the Minimum Wage Order, 2022.

Statutory contributions

Contribution to Workers Compensation Fund (the "**WCF**") is payable under the Workers Compensation Act by all employers. The tariff is payable to the WCF by the last day of the following month and is calculated at a flat rate of 0.5% on "gross monthly emoluments". This definition encompasses only cash payments and therefore any non-cash benefits are excluded.

Employers in the private sector are required to contribute to the National Social Security Fund (the "**NSSF**") at the rate of 20% of the employees' gross salary, but with the ability to recover up to half of this amount from the employee (i.e., normally the employer and employee pay 10% each). These contributions are payable monthly by the end of the following month.

Expatriate employees

The Non-Citizens (Employment Regulation) Act, Cap 436 prohibits a non-citizen from engaging in any occupation for reward, profit or non-profit without a valid work permit. Work permits are issued by the Labour Commissioner. A non-citizen will also be required to obtain a residence permit from the Immigration Services Department under the Ministry of Home Affairs as required under the Immigration Act, Cap. 54 (R.E 2016) to reside in Tanzania.

Further, a company is required to notify the Labour Commissioner about the expatriate employees it engages in and who cease to work for the company. There is also a requirement under the Immigration Act, Cap. 56 and its regulations for all employers to submit a return on employment of non-citizens annually between 1 January and 31st March at the Immigration Office.

Laws and Regulations Relating to Taxation

Taxation in Tanzania is primarily governed by the Income Tax Act, Cap. 332 R.E 2019.

Corporate income tax

A company is subject to the corporate income tax at the rate of 30% on the total income generated during the year of income.

Withholding tax

Withholding tax (the "**WHT**") is applicable on certain payments that have a source in Tanzania such as dividends, service fees, paid by resident entities. The WHT rates depend on the nature of the payment and the residence status of the payee. For example, the service fee paid to non-resident persons is subject to the WHT at the rate of 15%, dividend payments to non-resident shareholders are subject to the WHT at the rate of 10%.

Value-added tax

Value-added tax (the "**VAT**") is imposed on taxable supplies and taxable imports and the current standard rate for VAT is 18%.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN ZAMBIA

Our business in Zambia is subject to various legal regulations. Below is an overview of the laws and regulations materially relevant to our business in Zambia.

Laws and Regulations Relating to Manufacturing of Hygiene Products

Zambia Bureau of Standards

The Zambia Bureau of Standards (the "**ZABS**") is a standards regulatory authority established by the Standards Act No. 4 of 2017. With respect to acquiring certification ZABS, the procedure is that the manufacturer or importer submits an application to ZABS, providing product information and documentation. The ZABS conducts laboratory tests to verify the product's compliance with relevant standards. Thereafter, the ZABS inspectors visit the manufacturing site to ensure compliance with good manufacturing practices. If the product meets the standards, the ZABS issues a certificate of conformity. The certified product is then allowed to bear the ZABS mark, indicating compliance with Zambian standards. The ZABS has the power to seize the products of a company in the event of non-compliance with the Standards Certification Rules.

Laws and Regulations Relating to Environmental Protection

Manufacturing operations in Zambia are subject to the Environmental Management Act No. 12 of 2011 and the Environmental Management (Licensing) Regulations 2013 (the "**Licensing Regulations**"). The legislation relating to environmental protection in Zambia require manufacturing companies to comply with the requirements including: (a) conduct an Environmental Impact Assessment for a company's project/activity; (b) develop an Environmental Management Plan; (c) register with Zambia Environmental Management Agency (the "**ZEMA**") and obtain the relevant environmental license.

Laws and Regulations Relating to Foreign Investment and Foreign Exchange

Foreign Investment

An investor can apply for an investment license with the Zambia Development Agency (the "**ZDA**") with businesses operating in the sectors including foreign investments, large-scale businesses, export-oriented businesses, manufacturing and processing businesses, tourism businesses, agricultural businesses and mining businesses.

Foreign exchange

There are currently no foreign exchange control regulations applicable in Zambia. The Investment, Trade and Business Development Act, 2022 (the "**ITBDA**") provides that an investor can, subject to compliance with any other written law, can externalize funds through dividends, principal and loan repayments of any foreign loan, management fees, royalties and other charges in respect of any agreement; the net proceeds of sale or liquidation of a business; or any other liabilities.

Laws and Regulations Relating to Employment

Employment regulation

Employer-employee relationships in Zambia are regulated by the Employment Code Act No. 3 of 2019 (the "**Employment Code**").

Statutory contributions

The statutory contributions for employees in Zambia are as follows:

(a) Under the National Pension Scheme Act (Chapter 256 of the Laws of Zambia), employees are required to contribute 5% of their gross monthly earnings to the National Pension Scheme Authority (NAPSA), while their employers contribute an additional 5%, making the total contribution 10%.

(b) The Income Tax Act (Chapter 323 of the Laws of Zambia) provide for the statutory deduction on the earnings of an employee referred to as 'Pay as You Earn'.

(c) The National Health Insurance Management Authority is a regulatory authority which acts as a national Health Insurance scheme. It was created pursuant to the National Health Insurance Act No. 2 of 2018 whose mandate is to receive, process and pay claims for services rendered by accredited health care providers.

Expatriate employees

The Employment Code prescribes that an employer shall, in filling an employment vacancy, employ a citizen except where a citizen does not posses the skills required for that job or a citizen does not apply for that job. The laws governing the entry into Zambia and departure from Zambia are contained under the Immigration and Deportation Act No 18 of 2010 as well as the Immigration and Deportation (Amendment) Act No 19 of 2016 (the "**Immigration Act**"). A foreigner will need both a work and residence permit.

Health and safety of employees

The Factories Act, (Chapter 441 of the Laws of Zambia) (the "**Factories Act**") and the Occupational Health and Safety Act No. 36 of 2010 and provide laws on the health, welfare and safety of persons employed in factories, offices and shops and related matters. Under the Factories Act, a factory is required to be registered with the Factories Inspectorate. A certificate is issued once the commissioner is satisfied that the regulations have been met.

The local government Administration (Fire Services) Regulations of 1991, SI No. 121 of 1991 and the City Council under the oversight of the Local Government Act (Chapter 281 of the Laws of Zambia) are responsible for the issuance of the fire certificate. A company is required to apply for a fire certificate to be granted pursuant to an inspection on the premises by a representative from the city council. The certificate is to be displayed at the business premises.

Laws and Regulations Relating to Taxation

Taxation

The Income Tax Act regulates income tax in Zambia. The Zambia Revenue Authority is the umbrella tax regulatory authority.

Income tax in Zambia is payable on income accruing in or deriving from Zambia. For non-residents, the tax is levied on income which has a source in Zambia. For non-residents with permanent establishments, tax is levied on income that is connected with the permanent establishment.

Value-added tax of 16% as prescribed under the Value Added Tax Act.

Withholding tax is charged at a rate of 20% with respect to payments to non-residents where payments relate to dividends, interest, royalties, management and consultancy services fees.

Withholding tax is charged at a rate of 15% with respect to payments made to residents where the payments relate to dividends, interest, royalties, management services fees and consultancy services fees.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN PRC

Laws and Regulations Relating to Leasing

The Urban Real Estate Administration Law of the PRC, which took effect on January 1, 1995 with the latest amendment on August 26, 2019, provides that lessors and lessees are required to enter into a written lease contract. Both lessor and lessee are also required to file for registration and record the lease contract with the real estate administration department. Pursuant to Administrative Measures for Commodity Housing Leasing, which took effect on February 1, 2011, if the lessor and lessee fail to go through the registration procedures timely provided that the competent administrative authority ordered to rectify within a time limit, both lessor and lessee may be subject to fines.

Laws and Regulations Relating to Employment

Labor Law and Labor Contract Law

The PRC Labor Law, which became effective on January 1, 1995, and was amended on August 27, 2009 and December 29, 2018, and the PRC Labor Contract Law, which became effective on January 1, 2008 and was amended on December 28, 2012, provide requirements concerning employment contracts between an employer and its employees. Pursuant to the PRC Labor Contract Law, a written labor contract is required when an employment relationship is established between an employer and an employee.

Social insurance and housing provident fund

Pursuant to the Social Insurance Law of the PRC which was promulgated on October 28, 2010 and with effect from July 1, 2011 and latest amended on December 29, employers must provide social insurance and pay or withhold the relevant social insurance premiums for or on behalf of employees. Where an employer fails to pay social insurance premiums in full or on time, the social insurance premium collection agency may order it to pay or make up the balance within a prescribed time limit, and may impose a daily late fee at the rate of 0.05% of the outstanding amount from the due date; if still failing to pay within the time limit prescribed, a fine of one time to three times the amount in default may be imposed on them by the competent administrative department.

Pursuant to the Regulations on the Administration of Housing Provident Fund which was promulgated on April 3, 1999 and amended on March 24, 2002 and March 24, 2019, employers shall timely pay the housing provident fund in full and overdue or insufficient payment shall be prohibited. When enterprises violate those provisions and fail to pay the housing provident fund in full amount as due, the housing provident fund administrative center may order such enterprises to pay up the amount within a prescribed period; if those enterprises still fail to comply with the regulations upon the expiration of the above-mentioned time limit, further application will be made to the People's Court for mandatory enforcement.

Laws and Regulations Relating to Taxation

Enterprise income tax

The PRC enterprise income tax, or EIT, is calculated based on the taxable income determined under the Enterprise Income Tax Law, or the EIT Law, which became effective on January 1, 2008 and was most recently amended on December 29, 2018. The EIT Law imposes a uniform enterprise income tax rate of 25% on all PRC resident enterprises.

Dividend withholding tax

Pursuant to the Arrangement Between the Mainland of the PRC and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income and the Prevention of Fiscal Evasion and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%.

Value-added tax

Pursuant to the Provisional Regulation of China on Value-Added Taxes, as amended in 2017, entities and individuals that sell goods, provide labor services of processing, repairs or maintenance, or sell services, intangible assets or real property in China, or import goods to the PRC, are subject to VAT at a rate ranging from 6% to 17%.

On April 4, 2018, Ministry of Finance ("**MOF**") and State Administration of Taxation ("**SAT**") jointly promulgated the Circular of the Ministry of Finance and the State Administration of Taxation on Adjustment of Value-Added Tax Rates, or Circular 32, which took effect on May 1, 2018. According to Circular 32: (i) for VAT taxable sales or importation of goods originally subject to VAT rates of 17% and 11% respectively, tax rates are adjusted to 16% and 10%, respectively; (ii) for exported goods originally subject to the tax rate of 17% and export tax refund rate of 17%, the export tax refund rate is adjusted to 16%; and (iii) for exported goods and cross-border taxable acts originally subject to the tax rate of 11% and export tax refund rate of 11%, the export tax refund rate is adjusted to 10%. To further reduce VAT, on March 20, 2019, MOF, SAT, and the General Administration of Customs jointly promulgated the Announcement on Relevant Policies for Deepening Value-Added Tax Reform, which took effect on April 1, 2019. According to the announcement: (i) for VAT taxable sales or importation of goods originally subject to VAT rates of 16% and 10%, tax rates are adjusted to 13% and 9%, respectively; (ii) for exported goods originally subject to the tax rate of 16% and export tax refund rate of 16%, the export tax refund rate is adjusted to 13%; and (iii) for exported goods and cross-border taxable acts originally subject to the tax rate of 10% and export tax refund rate of 10%, the export tax refund rate is adjusted to 9%.

LAWS AND REGULATIONS RELATING TO TRANSFER PRICING

Dubai, UAE

Transfer pricing in UAE is governed by the Federal Decree-Law No. 47 of 2022 (the "**CT Law**"), which requires related parties or connected persons to earn their "fair share" of profits based on the arm's length principle. This principle needs to be applied with respect to domestic as well as cross-border controlled transactions.

Taxable persons are required to maintain contemporaneous transfer pricing documentation of their controlled transactions to demonstrate compliance with transfer pricing regulations and maintain the integrity of their corporate tax positions. The Federal Tax Authority United Arab Emirates (the "**FTA**") requires taxable persons to disclose information regarding their transactions and arrangements with related parties and/or connected persons on the transfer pricing disclosure form, together with their corporate tax return.

According to Article 34 of the CT Law, if the result of the controlled transaction does not fall within the arm's length range, the FTA has the authority to adjust the taxable income contained within the tax return to achieve the arm's length result that best reflects the facts and circumstances of the transaction or arrangement.

Ghana

The Income Tax Act provides that "*where an arrangement exists between persons who are in a controlled relationship, the persons shall calculate their income and tax payable according to the arm's length standard*."

The arm's length standard requires affiliates, among other persons, to quantify, characterize, apportion and allocate amounts to be included in or deducted from income to reflect an arrangement that would have been made between independent persons and in accordance with the Transfer Pricing Regulations, 2020 (LI 2412). The GRA may, therefore, make adjustments to arrangements to conform to the arm's length requirements. The GRA is also empowered under the Income Tax Act to recharacterise or disregard transactions which are fictitious or whose form do not reflect their substance.

Kenya

In Kenya, transfer pricing is governed by the Income Tax Act (Cap 470). Specifically, Section 18(3) of the Income Tax Act (Cap 470) mandates that transactions between related parties must be conducted at arm's length. This means that the prices charged in such transactions must be consistent with those that would be agreed upon by unrelated parties in similar circumstances. The Kenya Revenue Authority (the "**KRA**") has the authority to adjust taxable income if prices used in such transactions do not reflect the arm's length principle. Further, the Transfer Pricing Rules 2006 provide guidelines for determining arm's length pricing through methods such as the Comparable Uncontrolled Price (CUP), Resale Price Method, Cost-Plus Method and Profit Split Method. Rule 3(2) of the Transfer Pricing Rules requires taxpayers engaged in controlled transactions to maintain and provide documentation proving compliance with the arm's length standard upon requested by the KRA.

Senegal

In Senegal, transfer pricing is governed by the General Tax Code. Specifically, Article 17 of the General Tax Code requires that transactions between related parties be conducted at arm's length. The regulations stipulate that companies must use appropriate transfer pricing methods, such as the comparable uncontrolled price method, cost-plus method, resale price method, and others, in accordance with the OECD Guidelines.

Additionally, companies are required to maintain comprehensive transfer pricing documentation to justify their pricing methods.

Tanzania

Transfer pricing in Tanzania is governed by the Income Tax Act (the "**ITA**") Tanzania 2004, Tax Administration (Transfer Pricing) Regulations 2018 and Transfer Pricing guidelines 2020, which mandate that transactions between related parties must adhere to the arm's length principle, ensuring terms are comparable to those agreed upon by independent parties under similar conditions.

The regulations cover domestic and cross-border transactions involving goods, services, intangibles and financial arrangements. Taxpayers are required to maintain detailed transfer pricing documentation, including functional, comparability, and economic analyses, and apply recognized methods such as the Comparable Uncontrolled Price (CUP) method, Cost-Plus method or Transactional Net Margin Method (TNMM). The Tanzania Revenue Authority (TRA) is empowered to adjust non-arm's length transactions. These regulations reflect Tanzania's alignment with international standards, such as the OECD Guidelines.

Zambia

In Zambia, transfer pricing is governed by the Income Tax Act (Chapter 323) and the Income Tax (Transfer Pricing) Regulations, Statutory Instrument No. 20 of 2000, which require that transactions between associated persons adhere to the arm's length principle. These regulations apply to controlled transactions between associated persons, including those connected through shareholding, management, control or capital.

The regulations provide five approved transfer pricing methods which taxpayers must apply unless they obtain approval from the Zambia Revenue Authority (ZRA) to use an alternative method. These methods include comparable uncontrolled pricing, resale pricing, cost plus, transactional net margin and transactional profit split. The arm's length principle is central to these rules, with an interquartile range used for determining the appropriate pricing.

OVERVIEW

Our history can be traced back to 2009, when we started our business as an internal business segment of Sunda Group, which was founded by Mr. Shen and Ms. Yang, and commenced the sales of fast-moving hygiene products through Guangzhou Sunda, a former holding company of Sunda Group. For details of Sunda Group, see "Relationship with our Controlling Shareholders—Delineation of Business" to this document. For the biographical details of Mr. Shen and Ms. Yang, see "Directors and Senior Management—Non-executive Directors."

We launched our *Softcare* baby diapers in Ghana in 2009, and extended our brands coverage to include *Maya* in 2010 and *Veesper*, *Cuettie* and *Clincleer* in 2011. Over the years, we have developed into an international hygiene product corporation principally engaged in the development, manufacturing and sales of baby and feminine hygiene products, including baby diapers, baby pants, sanitary pads and wet wipes, focusing on the fast-growing Emerging Markets, including Africa, Latin America and Central Asia.

Since 2018, we launched our production facilities in Africa to manufacture baby and feminine hygiene products under our brands, and gradually developed our business model into its current form that integrates the development, manufacturing and sales of baby and feminine hygiene products. Since then, we have established an efficient and stable global supply chain system centered on international manufacturing. As of September 30, 2024, we had eight production plants located in eight different countries in Africa, including Ghana, Kenya, Senegal, Tanzania, Zambia, Cameroon, Uganda and Benin. We have expanded our business to Latin America in 2020 and Central Asia in 2024.

In order to optimize our corporate structure, and further develop and segregate our business from Sunda Group in preparation for the [**REDACTED**], we underwent the Reorganization pursuant to which our Company became the holding company of our current business and the [**REDACTED**] vehicle of our Group. For details of the Reorganization, see "—Reorganization."

BUSINESS DEVELOPMENT MILESTONES

The following set forth the key milestones of our business development.

Year	Milestone events
2009	We started our business as an internal business segment of Sunda Group and commenced the sales of fast-moving hygiene products through Guangzhou Sunda.
	We launched our *Softcare* baby diapers in Ghana, marking our entry into the Western African market.
2010	We commenced the trading of baby diapers and sanitary pads in Kenya and Tanzania including under the brand of *Clincleer*, expanding our business to the Eastern African market.
	We registered the brand of *Maya*.
2011	We registered the brands of *Veesper* and *Cuettie*.
2018	We achieved our first localized manufacturing of baby diapers, baby pants, sanitary pads and wet wipes in Ghana.
	We commenced our sales of baby pants in Uganda, marking our entry into the market of baby pants.
2019	We commenced production of baby diapers in Kenya.
	We marked our business footprints in the Middle African market by selling our products in the Democratic Republic of the Congo.
	Our sales volume for the year 2019 of baby diapers and sanitary pads achieved 1 billion pieces and 300 million pieces, respectively.
2020	We commenced production of baby pants in Kenya.
	We commenced sales in Peru, marketing our entry into the Latin American market.
	We commenced production of baby diapers in Senegal.
2021	We commenced production of baby diapers in Zambia.

Year	Milestone events
2022	We commenced production of baby diapers in Cameroon, Uganda and Benin.
	We received the People's Choice Quality Awards 2022—Best Baby Diapers and Best Sanitary Pads awarded by Muyz Plus International Co.
2023	We obtained the Membership of the National Technical Committee on Medical Devices granted by the Ghana Standards Authority.
	We obtained the Top 100 Most Loved Brands by Women in Kenya—No.8 granted by BSD Group and Ipsos.
2024	We launched our business in Central Asia after the establishment of our operating entity in Kazakhstan.
	We acquired a parcel of land for the construction of production plant in Peru.
	We further expanded our business coverage in Latin America by commencing sales in El Salvador.
	We obtained the Most Admired Personal Care Brands granted by Brand Africa.
	We obtained the 18th Ghana-Africa Business Awards—Gold Award (International Trade (Export)) granted by the Ministry of Foreign Affairs and Regional Integration, Top Brass Ghana.
	We obtained the 21st Edition Ghana Club 100 Awards—1st Ranked Company in the Manufacturing Sector granted by the Ghana Investment Promotion Centre.

OUR CORPORATE DEVELOPMENTS

Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on February 17, 2022 with an initial authorized share capital of US$50,000 divided into 50,000 Shares with a par value of US$1.00 each. For subsequent shareholding changes of our Company as part of the Reorganization, see "—Reorganization."

Our principal operating subsidiaries

We conducted our business mainly through companies controlled by Sunda Group prior to the Reorganization. Upon completion of the Reorganization, details of which are set out in "—Reorganization" below, our business was carried out through several subsidiaries during the Track Record Period and as of the Latest Practicable Date. Our principal operating subsidiaries comprise our subsidiaries which made a material contribution to our financial results during the Track Record Period and/or are material to our business operation. The principal business activities and the place and date of incorporation or establishment of each of our principal operating subsidiaries are set out below:

Name of company	Place of incorporation or establishment	Principal business activities	Date of incorporation or establishment
Sunmart Trading Dubai. . .	Dubai Airport Freezone, Dubai, UAE	Headquarters of our Group. Procurement and trading of raw materials	December 5, 2022
Softcare Ghana	Ghana	Manufacture and sales of baby and feminine hygiene products, including diapers, sanitary pads and wet wipes	December 21, 2020
Softcare Kenya	Kenya	Manufacture and sales of baby and feminine hygiene products, including diapers, baby pants, sanitary pads and wet wipes	December 10, 2021

Name of company	Place of incorporation or establishment	Principal business activities	Date of incorporation or establishment
Softcare Senegal	Senegal	Manufacture and sales of baby and feminine hygiene products, including diapers, sanitary pads and wet wipes	February 2, 2022
Softcare Tanzania	Tanzania	Manufacture and sales of baby and feminine hygiene products, including diapers, baby pants, sanitary pads and wet wipes	December 16, 2021
Softcare Zambia	Zambia	Manufacture and sales of baby and feminine hygiene products, including diapers, sanitary pads and wet wipes	November 26, 2019

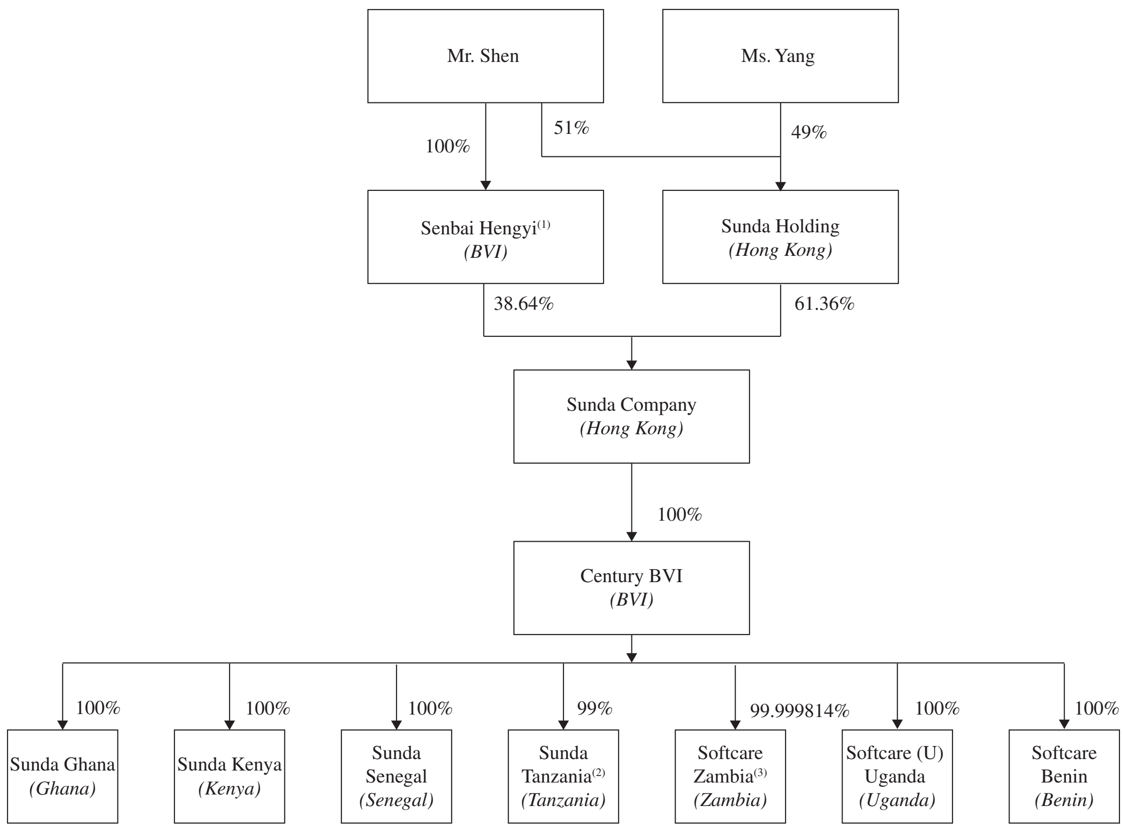
For subsequent material shareholding changes of our principal operating subsidiaries after their incorporation or establishment as part of the Reorganization and during the Track Record Period, see "—Reorganization." Save as disclosed below, our Directors confirm that our Company did not conduct any other major acquisition or disposal during the Track Record Period and up to the Latest Practicable Date.

REORGANIZATION

In preparation for the [**REDACTED**], we underwent the Reorganization pursuant to which our Company became the holding company of our current business and the [**REDACTED**] vehicle of our Group and operated our business independently from the Remaining Sunda Group.

The following chart sets forth a simplified shareholding structure of our Group immediately before the Reorganization:

Simplified shareholding structure of our Group immediately before the Reorganization



Notes:

1. Senbai Hengyi is an employee share incentive platform of Sunda Group established by Mr. Shen to hold the share incentive awards (the "**Share Incentive Awards**") under the share incentive scheme (the "**Share Incentive Scheme**"), part of which had been granted to and held by Mr. Shen as nominee for and on behalf of certain then senior management members and employees of Sunda Group (the "**Share Incentive Scheme Grantees**"). The purpose of the Share Incentive Scheme is to award the Share Incentive Scheme Grantees for their contributions to Sunda Group and to incentivize them to further promote the business development of Sunda Group, in which our Group was an internal business segment prior to the Reorganization. The Share Incentive Scheme involved the grants of Share Incentive Awards to a total of 141 Share Incentive Scheme Grantees. In order to facilitate the management of the Share Incentive Scheme and reduce the administrative burden of registering the individual Share Incentive Scheme Grantees as shareholders, the Share Incentive Scheme Grantees had agreed for Mr. Shen or his designated entity to hold their Share Incentive Awards as nominee for and on their behalf. See "—8. Allotment and issuance of Shares to the Share Incentive Scheme Grantees" for details.

2. The remaining 1% equity interest in Sunda Tanzania was held by Mr. Luo Jichao, our executive Director, as nominee for and on behalf of Century BVI to enable Sunda Tanzania to fulfill the local requirement of having at least two foreign shareholders.

3. The remaining 0.000062%, 0.000062% and 0.000062% equity interests in Softcare Zambia were held by Mr. Han Du, Mr. Shi Zheng and Mr. Liu Jiuxing, respectively, being existing or former employees of Sunda Group, as nominees for and on behalf of Century BVI to enable Softcare Zambia to fulfill the local requirement of having at least two shareholders and for administrative convenience purpose.

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on February 17, 2022 with an initial authorized share capital of US$50,000 divided into 50,000 Shares with a par value of US$1.00 each. On the date of incorporation of our Company, one Share was allotted, issued and credited as fully-paid at par to the initial subscriber, an Independent Third Party, which was then transferred to Century BVI at par on the same date, and 49,999 additional Shares were allotted, issued and credited as fully-paid at par to Century BVI on the same date, following which our Company became wholly owned by Century BVI.

2. Incorporation or establishment of intermediate holding companies

We incorporated or established the following companies as the intermediate holding companies of our Group:

Name of company	Place of incorporation or establishment	Principal business activities	Date of incorporation
Softcare BVI Holdco[1]	BVI	Investment holding	April 26, 2022
Softcare Dubai Holdco[2]	Dubai Airport Freezone, Dubai, UAE	Investment holding	August 22, 2022
Softcare Mauritius Holdco[3]	Mauritius	Investment holding	March 6, 2023
Softcare Panama Holdco[3]	Panama	Investment holding	May 13, 2024

Notes:

1. A direct wholly-owned subsidiary of our Company as of the Latest Practicable Date.

2. Wholly owned by Softcare BVI Holdco and an indirect wholly-owned subsidiary of our Company as of the Latest Practicable Date.

3. Wholly owned by Softcare Dubai Holdco and an indirect wholly-owned subsidiary of our Company as of the Latest Practicable Date.

3. *Incorporation or establishment of our supply chain and trading companies*

Since we were part of Sunda Group prior to our Reorganization, we carried out our procurement of raw materials and trading of products in certain jurisdictions through the local platforms of Sunda Group. To further integrate our group structure to facilitate our business operation and future expansion, the following companies were incorporated or established to perform the supply chain and trading functions of our Group directly in the relevant jurisdictions:

Name of company	Place of incorporation or establishment	Principal business activities	Date of incorporation or establishment
Sunmart Trading Dubai[1]	Dubai Airport Freezone, Dubai, UAE	Headquarters of our Group. Procurement and trading of raw materials	December 5, 2022
Guangzhou Sengong[2]	PRC	Procurement and trading of raw materials	December 10, 2021
Kewor[2]	Hong Kong	Procurement and trading of raw materials and equipment	December 16, 2021
Softcare Impex Uganda[3]	Uganda	Trading of baby diapers, baby pants, sanitary pads and wet wipes	August 12, 2022
Softcare Côte d'Ivoire[4]	Côte d'Ivoire	Trading of baby diapers, sanitary pads and wet wipes	October 18, 2022
Softcare Peru[5]	Peru	Trading of baby diapers, sanitary pads and wet wipes	December 27, 2023

Notes:

1. Wholly owned by Softcare BVI Holdco and an indirect wholly-owned subsidiary of our Company as of the Latest Practicable Date.

2. Wholly owned by Sunda Company at the time of its establishment and an indirect wholly-owned subsidiary of our Company as of the Latest Practicable Date.

3. Owned as to 99% by Century BVI and 1% by Kewor at the time of its incorporation and an indirect wholly-owned subsidiary of our Company as of the Latest Practicable Date.

4. Wholly owned by Softcare Dubai Holdco and an indirect wholly-owned subsidiary of our Company as of the Latest Practicable Date.

5. Owned as to 99% by Softcare Dubai Holdco and 1% by Sunmart Trading Dubai and an indirect wholly-owned subsidiary of our Company as of the Latest Practicable Date.

4. Incorporation of New Operating Companies and acquisition of our business and/or related assets from certain Predecessor Companies

Prior to the Reorganization, certain Predecessor Companies, including Sunda Ghana, Sunda Kenya, Sunda Senegal and Sunda Tanzania, owned our business and/or related assets. In anticipation of the proposed [**REDACTED**], we decided not to acquire the equity interests of such Predecessor Companies primarily because such Predecessor Companies also hold the other businesses and/or related assets covering fast-moving consumer goods including fast-moving chemical products such as laundry detergents, soap, insecticides and mosquito repellents, which do not fall within the scope of our principal business and were therefore delineated from our Group. For details of the delineation of business, see "Relationship with our Controlling Shareholders—Delineation of Business" in this document.

In view of the foregoing and for the purpose of achieving a clear business delineation between the Remaining Sunda Group and our Group, the following New Operating Companies, including Softcare Ghana, Softcare Kenya, Softcare Senegal and Softcare Tanzania, were incorporated to separate the functions and acquire our business and/or related assets from such Predecessor Companies and carry out our business thereafter:

Name of company	Place of incorporation	Name of Predecessor Company from which we acquired our business and/or related assets	Date of incorporation
Softcare Ghana[1]	Ghana	Sunda Ghana[2]	December 21, 2020
Softcare Kenya[1]	Kenya	Sunda Kenya[3]	December 10, 2021
Softcare Senegal[1]	Senegal	Sunda Senegal[4]	February 2, 2022
Softcare Tanzania[5]	Tanzania	Sunda Tanzania[6]	December 16, 2021

Notes:

1. Wholly owned by Century BVI at the time of its incorporation.

2. Sunda Ghana was principally engaged in the manufacturing and sales of laundry detergents, soap and baby and feminine hygiene products prior to the Reorganization. Pursuant to the Reorganization, Sunda Ghana transferred certain assets in respect of our principal business including equipment and inventories to Softcare Ghana at an aggregate consideration of GHS332,224,307 (equivalent to approximately US$51,588,000), which was determined with reference to a valuation report issued by an independent valuer and was fully settled.

3. Sunda Kenya was principally engaged in the manufacturing and sales of laundry detergent, soap, insecticides and mosquito repellents, toothpaste, toothbrushes and baby and feminine hygiene products. Pursuant to the Reorganization, Sunda Kenya transferred certain assets in respect of our principal business including equipment and inventories to Softcare Kenya at an aggregate consideration of approximately KES3,067,235,780 (equivalent to approximately US$26,906,000), which was determined with reference to a valuation report issued by an independent valuer and was fully settled.

4. Sunda Senegal was principally engaged in manufacturing and sales of baby and feminine hygiene products. Pursuant to the Reorganization, Sunda Senegal transferred certain assets in respect of our principal business including equipment and inventories to Softcare Senegal at an aggregate consideration of approximately XOF8,292,012,327 (equivalent to approximately US$14,054,000), which was determined with reference to a valuation report issued by an independent valuer and was fully settled.

5. Owned as to 99% by Century BVI and 1% by Century Mauritius at the time of its incorporation.

6. Sunda Tanzania was principally engaged in the manufacturing and sales of laundry detergents, soap and baby and feminine hygiene products prior to the Reorganization. Pursuant to the Reorganization, Sunda Tanzania transferred certain assets in respect of our principal business including equipment and inventories to Softcare Tanzania at an aggregate consideration of approximately TZS33,586,941,438 (equivalent to approximately US$14,508,000), which was determined with reference to a valuation report issued by an independent valuer was fully settled.

5. *Transfer of equity interests*

As part of our Reorganization, we then acquired the equity interests of (i) supply chain and trading companies including Guangzhou Sengong, Kewor and Softcare Impex Uganda; (ii) New Operating Companies including Softcare Ghana, Softcare Kenya and Softcare Senegal, Softcare Tanzania; and (iii) the Predecessor Companies that carried out our business and/or owned assets related to our business including Softcare Cameroon, Softcare Zambia, Softcare (U) Uganda and Softcare Benin from the Sunda Group:

Date of agreement	Transferor	Transferee	Equity interest	Basis and amount of consideration	Date of settlement
(i) Supply chain and trading companies					
Guangzhou Sengong					
November 25, 2024	Sunda Company	Kewor	100%	RMB24,310,000, which was determined with reference to the valuation amount of net assets of Guangzhou Sengong	December 13, 2024
Kewor					
October 30, 2024	Sunda Company	Softcare BVI Holdco	100%	HK$100,000, which was determined with reference to the paid-up share capital of Kewor	November 13, 2024
Softcare Impex Uganda					
May 2, 2024	Century BVI	Softcare Mauritius Holdco	99%	UGX9,900,000 (equivalent to approximately US$2,624 at the time of settlement), which was determined with reference to the paid-up share capital of Softcare Impex Uganda	May 20, 2024
	Kewor	Softcare Dubai Holdco	1%	UGX100,000 (equivalent to approximately US$27 at the time of settlement), which was determined with reference to the paid-up share capital of Softcare Impex Uganda	May 17, 2024

Date of agreement	Transferor	Transferee	Equity interest	Basis and amount of consideration	Date of settlement
(ii) New Operating Companies					
Softcare Ghana[1]					
January 28, 2024	Century BVI	Softcare Mauritius Holdco	100%	GHS6,000,000 (equivalent to US$437,316 at the time of settlement), which was determined with reference to the stated capital Softcare Ghana	May 20, 2024
Softcare Kenya[2]					
February 29, 2024	Century BVI	Softcare Dubai Holdco	100%	KES100,000,000 (equivalent to approximately US$781,300 at the time of settlement), which was determined with reference to the issued share capital of Softcare Kenya	June 24, 2024
Softcare Senegal[2]					
April 3, 2024	Century BVI	Softcare Dubai Holdco	100%	XOF1,000,000 (equivalent to approximately US$1,639 at the time of settlement), which was determined with reference to the issued share capital of Softcare Senegal	June 26, 2024
Softcare Tanzania[3]					
April 10, 2024	Century BVI	Softcare Dubai Holdco	49%	TZS1,129,940,000 (equivalent to approximately US$422,573 at the time of settlement), which was determined with reference to the issued share capital of Softcare Tanzania	August 7, 2024

Date of agreement	Transferor	Transferee	Equity interest	Basis and amount of consideration	Date of settlement
	Century BVI	Sunmart Trading Dubai	49%	TZS1,129,940,000 (equivalent to approximately US$436,439 at the time of settlement), which was determined with reference to the issued share capital of Softcare Tanzania	June 11, 2024
	Century BVI	Softcare Mauritius Holdco	1%	TZS23,060,000 (equivalent to approximately US$8,763 at the time of settlement), which was determined with reference to the issued share capital of Softcare Tanzania	May 20, 2024
	Century Mauritius	Softcare Mauritius Holdco	1%	TZS23,060,000 (equivalent to approximately US$8,763 at the time of settlement), which was determined with reference to the issued share capital of Softcare Tanzania	May 27, 2024
(iii) Predecessor Companies					
Softcare Cameroon[2, 4]					
January 25, 2024	Kewor	Softcare Dubai Holdco	100%	XAF10,000,000 (equivalent to US$16,393.4 at the time of settlement), which was determined with reference to the issued share capital of Softcare Cameroon	June 26, 2024

Date of agreement	Transferor	Transferee	Equity interest	Basis and amount of consideration	Date of settlement
Softcare Zambia[5]					
February 1, 2024	Century BVI	Softcare Dubai Holdco	99.999814%	ZMW1,614,997 (equivalent to approximately US$61,660.59 at the time of settlement), which was determined with reference to the paid-up capital of Softcare Zambia	August 16, 2024
	Mr. Han Du, Mr. Shi Zheng and Mr. Liu Jiuxing[6]	Softcare Mauritius Holdco	0.000186%	ZMW3, which was determined with reference to the paid-up capital of Softcare Zambia	May 27, 2024
June 15, 2024	Softcare Dubai Holdco	Softcare Mauritius Holdco	0.999814%	ZMW16,147 (equivalent to approximately US$616.49 at the time of settlement), which was determined with reference to the paid-up capital of Softcare Zambia	August 14, 2024
Softcare (U) Uganda[7]					
May 2, 2024	Century BVI	Softcare Mauritius Holdco	99%	UGX356,400,000 (equivalent to US$100,000 at the time of settlement), which was determined with reference to the paid-up share capital of Softcare (U) Uganda	May 20, 2024
	Century BVI	Softcare Dubai Holdco	1%	UGX3,600,000 (equivalent to US$968.4 at the time of settlement), which was determined with reference to the paid-up share capital of Softcare (U) Uganda	June 11, 2024

Date of agreement	Transferor	Transferee	Equity interest	Basis and amount of consideration	Date of settlement
Softcare Benin[2]					
April 19, 2024	Century BVI	Softcare Dubai Holdco	100%	XOF328,970,000 (equivalent to approximately US $541,070 at the time of settlement), which was determined with reference to the paid-up capital of Softcare Benin	November 11, 2024

Notes:

1. Wholly owned by Softcare Mauritius Holdco and an indirect wholly-owned subsidiary of our Company as of the Latest Practicable Date.
2. Wholly owned by Softcare Dubai Holdco and an indirect wholly-owned subsidiary of our Company as of the Latest Practicable Date.
3. Owned as to 49% by Softcare Dubai Holdco, 49% by Sunmart Trading Dubai, and 2% by Softcare Mauritius Holdco and an indirect wholly-owned subsidiary of our Company as of the Latest Practicable Date.
4. Softcare Cameroon was incorporated on July 18, 2022 and wholly owned by Kewor at the time of its incorporation.
5. Owned as to 99% by Softcare Dubai Holdco and 1% by Softcare Mauritius Holdco and an indirect wholly-owned subsidiary of our Company as of the Latest Practicable Date.
6. All being employees of Sunda Group who held the equity interest in Softcare Zambia as nominees for and on behalf of Century BVI to enable Softcare Zambia to fulfill the local requirement of having at least two shareholders.
7. Owned as to 99% by Softcare Mauritius Holdco and 1% by Softcare Dubai Holdco and an indirect wholly-owned subsidiary of our Company as of the Latest Practicable Date.

Our Directors are of the view that (i) all necessary regulatory approvals, permits and licenses required under applicable laws in relation to the transfers of shares, equity interests, business and/or assets above pursuant to the Reorganization have been obtained; and (ii) all transfers of shares, equity interests, assets and/or businesses above pursuant to the Reorganization have complied with all applicable laws in all material respects.

6. Streamlining the shareholding structure of the equity interests of our ultimate Controlling Shareholders in our Company

In order to streamline the shareholding structure of the equity interests held by our ultimate Controlling Shareholders in our Company and segregate our business from the other businesses of Sunda Group, Sunda Company transferred the entire issued share capital in Century BVI to Sunda Enterprise at a consideration of US$5,000,000 on July 25, 2024, which was determined with reference to the issued share capital of Century BVI and was fully settled.

Upon completion of the above share transfers, Century BVI became wholly owned by Sunda Enterprise. Sunda Enterprise is one of our Controlling Shareholders. For details of our Controlling Shareholders, see "Relationship with our Controlling Shareholders" to this document.

7. Share subdivision, surrender of shares and increase in authorized share capital

On January 15, 2025, each of our issued and unissued Shares of US$1.00 each was subdivided into 10,000 Shares of US$0.0001 each. Accordingly, the 50,000 issued Shares of US$1.00 of our Company held by Century BVI were subdivided into 500,000,000 Shares of US$0.0001 each.

On January 15, 2025, a total of 168,260,500 fully paid Shares were surrendered by Century BVI at nil consideration. The surrendered Shares were immediately canceled by our Company.

On January 15, 2025, the authorized share capital of our Company increased from US$50,000 to US$100,000 by the creation of an additional 500,000,000 Shares.

Upon completion of the above, the authorized share capital of our Company became US$100,000 divided into 1,000,000,000 Shares of US$0.0001 each. Century BVI held 331,739,500 Shares and 668,260,500 Shares in the authorized share capital of our Company remained unissued.

8. Allotment and issuance of Shares to the Share Incentive Scheme Grantees

In preparation for the [**REDACTED**] and for the purpose of reflecting the Share Incentive Awards indirectly owned by the Share Incentive Scheme Grantees before the Reorganization at our Company level, on January 15, 2025, an aggregate of 168,260,500 Shares, representing approximately 33.65% of the then issued share capital of our Company, were issued and allotted to nine shareholding vehicles which are owned by nine Share Incentive Scheme Grantees who are existing or former senior management members of our Company or Sunda Group individually and six employee share incentive platforms which are owned by the Share Incentive Scheme Grantees who are existing or former employees of our Company and/or Sunda Group. Our shareholding structure upon completion of such share allotments and issuance and details of each shareholding vehicle and employee share incentive platform are set forth as below:

Name of shareholder	Number of Shares held	Approximately percentage of shareholding
Century BVI	331,739,500	66.35%
Lideal[(1)]	34,476,500	6.90%
Gong Ying[(2)]	8,947,000	1.79%
Changqi[(3)]	5,749,000	1.15%
Zhou Chenxi[(4)]	6,923,000	1.38%
Colcar[(5)]	6,898,500	1.38%
Anthony Holding[(6)]	6,395,500	1.28%
Pamanour[(7)]	7,018,500	1.40%
Yanran[(8)]	4,798,000	0.96%

Name of shareholder	Number of Shares held	Approximately percentage of shareholding
Just Love[9]	5,259,500	1.05%
SHUFEI[10]	14,757,000	2.95%
SHUFAN[11]	12,947,500	2.59%
SHUMEI[12]	16,444,500	3.29%
SHUHAO[13]	5,916,000	1.18%
SHULE[14]	11,444,500	2.29%
SHUSHI[15]	20,285,500	4.06%
Total	**500,000,000**	**100%**[16]

Notes:

1. Lideal Limited ("**Lideal**") is a company incorporated in the BVI with limited liability on December 19, 2022 and is wholly owned by Mr. Luo Jichao, our executive Director.

2. Gong Ying Holding Limited ("**Gong Ying**") is a company incorporated in the BVI with limited liability on December 19, 2022 and is wholly owned by Mr. Wang Dajiang, a former senior management member of Sunda Group.

3. Changqi Holding Limited ("**Changqi**") is a company incorporated in the BVI with limited liability on December 19, 2022 and is wholly owned by Mr. Ding Zhen, a senior management member of the Remaining Sunda Group.

4. Zhou Chenxi Limited ("**Zhou Chenxi**") is a company incorporated in the BVI with limited liability on December 19, 2022 and is wholly owned by Mr. Zhou Renwei, our non-executive Director and a senior management member of the Remaining Sunda Group.

5. Colcar Holding Limited ("**Colcar**") is a company incorporated in the BVI with limited liability on December 19, 2022 and is wholly owned by Mr. Hu Dongming, a senior management member of the Remaining Sunda Group.

6. Anthony Holding Limited ("**Anthony Holding**") is a company incorporated in the BVI with limited liability on December 19, 2022 and is wholly owned by Mr. Chen Chaobo, a former senior management member of Sunda Group.

7. Pamanour Holding Limited ("**Pamanour**") is a company incorporated in the BVI with limited liability on December 19, 2022 and is wholly owned by Mr. Zhang Jianfeng, a former senior management member of the Remaining Sunda Group.

8. Yanran Angel Holding Limited ("**Yanran**") is a company incorporated in the BVI with limited liability on December 19, 2022 and is wholly owned by Mr. Li Ruiqin, a former senior management member of the Remaining Sunda Group.

9. Just Love Holding Limited ("**Just Love**") is a company incorporated in the BVI with limited liability on December 19, 2022 and is wholly owned by Mr. Yue Jie, our senior management member.

10. SHUFEI LIMITED ("**SHUFEI**") is a company incorporated in the BVI with limited liability on April 8, 2024 and is an employee share incentive platform wholly owned by Guangzhou Shufei Enterprise Management Partnership (Limited Partnership) (廣州舒非企業管理合夥企業(有限合夥)), which in turn is owned as to approximately 0.0847% by Mr. Wang Dajiang, a former senior management member of the Remaining Sunda Group as its general partner and approximately 99.9153% by its limited partner, Nanjing Shufei Enterprise Management Partnership (Limited Partnership) (南京舒非企業管理合夥企業(有限合夥)), which in turn is owned as to approximately 76.4906% by Mr. Wang Dajiang as its general

partner and approximately 23.5094% by its limited partners, being 29 existing or former employees of Sunda Group, none of whom owns more than 30% partnership interest in Nanjing Shufei Enterprise Management Partnership (Limited Partnership).

11. SHUFAN LIMITED ("**SHUFAN**") is a company incorporated in the BVI with limited liability on April 8, 2024 and is an employee share incentive platform wholly owned by Guangzhou Shufan Enterprise Management Partnership (Limited Partnership) (廣州舒凡企業管理合夥企業(有限合夥)), which in turn is owned as to approximately 0.0965% by Mr. Luo Jichao, our executive Director as its general partner and approximately 99.9035% by its limited partner, Nanjing Shufan Enterprise Management Partnership (Limited Partnership) (南京舒凡企業管理合夥企業(有限合夥)), which in turn is owned as to approximately 0.1932% by Mr. Luo Jichao as its general partner, and approximately 99.8068% by its limited partners, of which 9.6859% owned Mr. Wang Nan (our senior management member), 9.4375% owned by Mr. Zhang Qi (our senior management member) and 80.6834% owned by 23 existing or former employees of Sunda Group. None of whom owns 30% or more partnership interest in Nanjing Shufan Enterprise Management Partnership (Limited Partnership).

12. SHUMEI LIMITED ("**SHUMEI**") is a company incorporated in the BVI with limited liability on April 9, 2024 and is an employee share incentive platform wholly owned by Guangzhou Shumei Enterprise Management Partnership (Limited Partnership) (廣州舒美企業管理合夥企業(有限合夥)), which in turn is owned as to approximately 0.076% by Mr. Hu Dongming, a senior management member of the Remaining Sunda Group as its general partner and approximately 99.924% by its limited partner, Nanjing Shumei Enterprise Management Partnership (Limited Partnership) (南京舒美企業管理合夥企業(有限合夥)), which in turn is owned as to approximately 0.1521% by Mr. Hu Dongming as its general partner and approximately 99.8479% by its limited partners, being 23 existing or former employees of Sunda Group, none of whom owns more than 30% partnership interest in Nanjing Shumei Enterprise Management Partnership (Limited Partnership).

13. SHUHAO LIMITED ("**SHUHAO**") is a company incorporated in the BVI with limited liability on April 8, 2024 and is an employee share incentive platform wholly owned by Guangzhou Shuhao Enterprise Management Partnership (Limited Partnership) (廣州舒好企業管理合夥企業(有限合夥)), which in turn is owned as to approximately 0.2113% by Mr. Chen Chaobo, a former senior management member of the Remaining Sunda Group as its general partner and approximately 99.7887% by its limited partner, Nanjing Shuhao Enterprise Management Partnership (Limited Partnership) (南京舒好企業管理合夥企業(有限合夥)), which in turn is owned as to approximately 0.4234% by Mr. Chen Chaobo as its general partner and approximately 99.5766% by its limited partners, being 16 existing or former employees of Sunda Group, none of whom owns more than 30% partnership interest in Nanjing Shuhao Enterprise Management Partnership (Limited Partnership).

14. SHULE LIMITED ("**SHULE**") is a company incorporated in the BVI with limited liability on April 9, 2024 and is an employee share incentive platform wholly owned by Guangzhou Shule Enterprise Management Partnership (Limited Partnership) (廣州舒樂企業管理合夥企業(有限合夥)), which in turn is owned as to approximately 0.1092% by Mr. Zhang Jianfeng, a former senior management member of the Remaining Sunda Group as its general partner and approximately 99.8908% by its limited partner, Nanjing Shule Enterprise Management Partnership (Limited Partnership) (南京舒樂企業管理合夥企業(有限合夥)), which in turn is owned as to approximately 0.3755% by Mr. Zhang Jianfeng as its general partner and approximately 99.6245% by its limited partners, being 18 former employees of Sunda Group, none of whom owns more than 30% partnership interest in Nanjing Shule Enterprise Management Partnership (Limited Partnership).

15. SHUSHI LIMITED ("**SHUSHI**") is a company incorporated in the BVI with limited liability on April 8, 2024 and is an employee share incentive platform wholly owned by Guangzhou Shushi Enterprise Management Partnership (Limited Partnership) (廣州舒適企業管理合夥企業(有限合夥)), which in turn is owned as to approximately 0.0616% by Mr. Li Ruiqin, a former senior management member of the Remaining Sunda Group as its general partner and approximately 99.9384% by its limited partner, Nanjing Shushi Enterprise Management Partnership (Limited Partnership) (南京舒適企業管理合夥企業(有限合夥)), which in turn is owned as to approximately 0.1232% by Mr. Li Ruiqin as its general partner and approximately 99.8768% by its limited partners, being 21 existing or former employees of Sunda Group, none of whom owns more than 30% partnership interest in Nanjing Shushi Enterprise Management Partnership (Limited Partnership).

16. Shareholding percentages may not add up to 100% due to rounding.

[REDACTED] Share Option Scheme

To recognize and acknowledge the contribution or potential contribution of certain employees of our Group and to provide them with incentives in order to retain them for the continual operation and development of our Group and to attract and retain or otherwise maintain relationships with the eligible participants whose contributions are or will be beneficial to the long-term growth of our Group, our Company adopted the [**REDACTED**] Share Option Scheme pursuant to which we may grant options of the total number of Shares in issue immediately upon completion of the [**REDACTED**], to eligible participants pursuant to the [**REDACTED**] Share Option Scheme before [**REDACTED**]. See "Appendix IV—Statutory and General Information—D. Share Incentive Schemes—1. [**REDACTED**] Share Option Scheme" for details.

Public Float

Century BVI is our Controlling Shareholder and therefore our core connected person. Accordingly, Shares held by Century BVI will not be counted towards the public float after [**REDACTED**].

Mr. Luo Jichao is our executive Director and therefore our core connected person. Accordingly, Shares held by Lideal (a company wholly owned by Mr. Luo) and SHUFAN (an employee share incentive platform with Mr. Luo acting as its general partner) will not be counted towards the public float after [**REDACTED**].

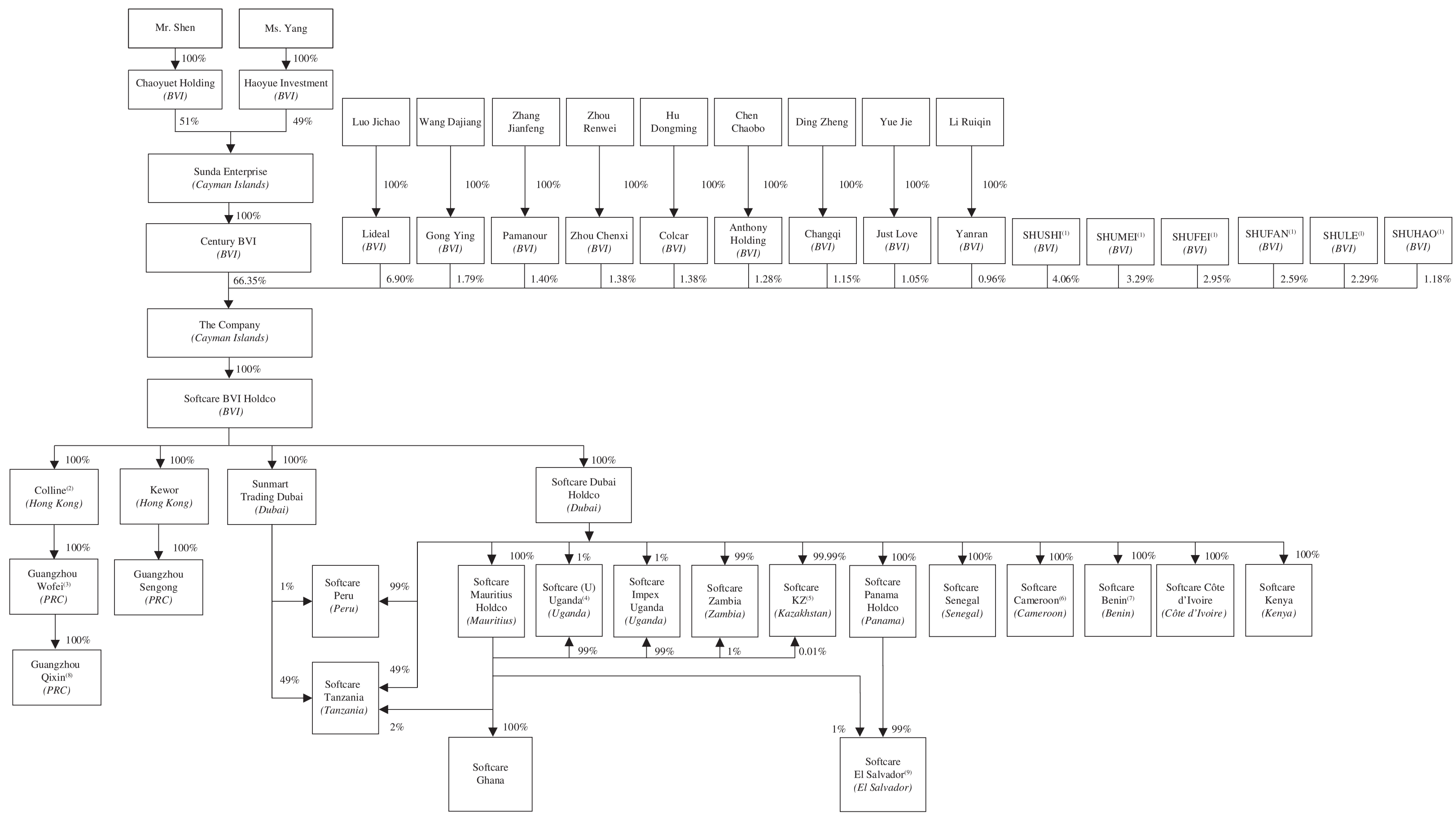
Mr. Zhou Renwei is our non-executive Director and therefore our core connected person. Accordingly, Shares held by Zhou Chenxi (a company wholly owned by Mr. Zhou) will not be counted towards the public float after [**REDACTED**].

SHUFEI, SHUMEI, SHUHAO, SHULE and SHUSHI are neither our core connected persons nor controlled by a core connected person of our Company. Accordingly, Shares held by SHUFEI, SHUMEI, SHUHAO, SHULE and SHUSHI will be counted towards the public float after [**REDACTED**]. Other Shareholders, namely Gong Ying, Changqi, Colcar, Anthony Holding, Pamanour, Yanran and Just Love, are not our core connected persons, and therefore Shares held by each of them will be counted towards the public float after [**REDACTED**].

Upon completion of the [**REDACTED**] and assuming the [**REDACTED**] Option or any options which may be granted under the [**REDACTED**] Share Option Scheme and the [**REDACTED**] Share Option Scheme is not exercised, an aggregate of approximately [**REDACTED**]% of the issued Shares will be counted towards the public float after [**REDACTED**]. As a result, at least 25% of our Company's total issued Shares (excluding treasury shares) will be held by the public upon completion of the [**REDACTED**] in accordance with Rules 8.08(1)(a) of the Listing Rules.

CORPORATE STRUCTURE IMMEDIATELY AFTER THE COMPLETION OF THE REORGANIZATION

The following chart sets forth our corporate structure immediately after the completion of the Reorganization, but before the completion of the [**REDACTED**]:



Notes:

1. An employee share incentive platform, details of which are set forth in "—8. Allotment and issuance of shares to the Share Incentive Scheme Grantees" above.

2. Colline is an investment holding company. For the purpose of streamlining our group structure, Colline became an indirect wholly-owned subsidiary of our Company upon completion of the transfer on December 9, 2024 pursuant to the Reorganization.

3. Guangzhou Wofei is an investment holding company.

4. Softcare (U) Uganda is principally engaged in the manufacturing and sales of baby diapers and baby pants.

5. Softcare KZ is principally engaged in the trading of baby diapers.

6. Softcare Cameroon is principally engaged in the manufacturing and sales of baby diapers, sanitary pads and wet wipes.

7. Softcare Benin is principally engaged in the manufacturing and sales of baby diapers.

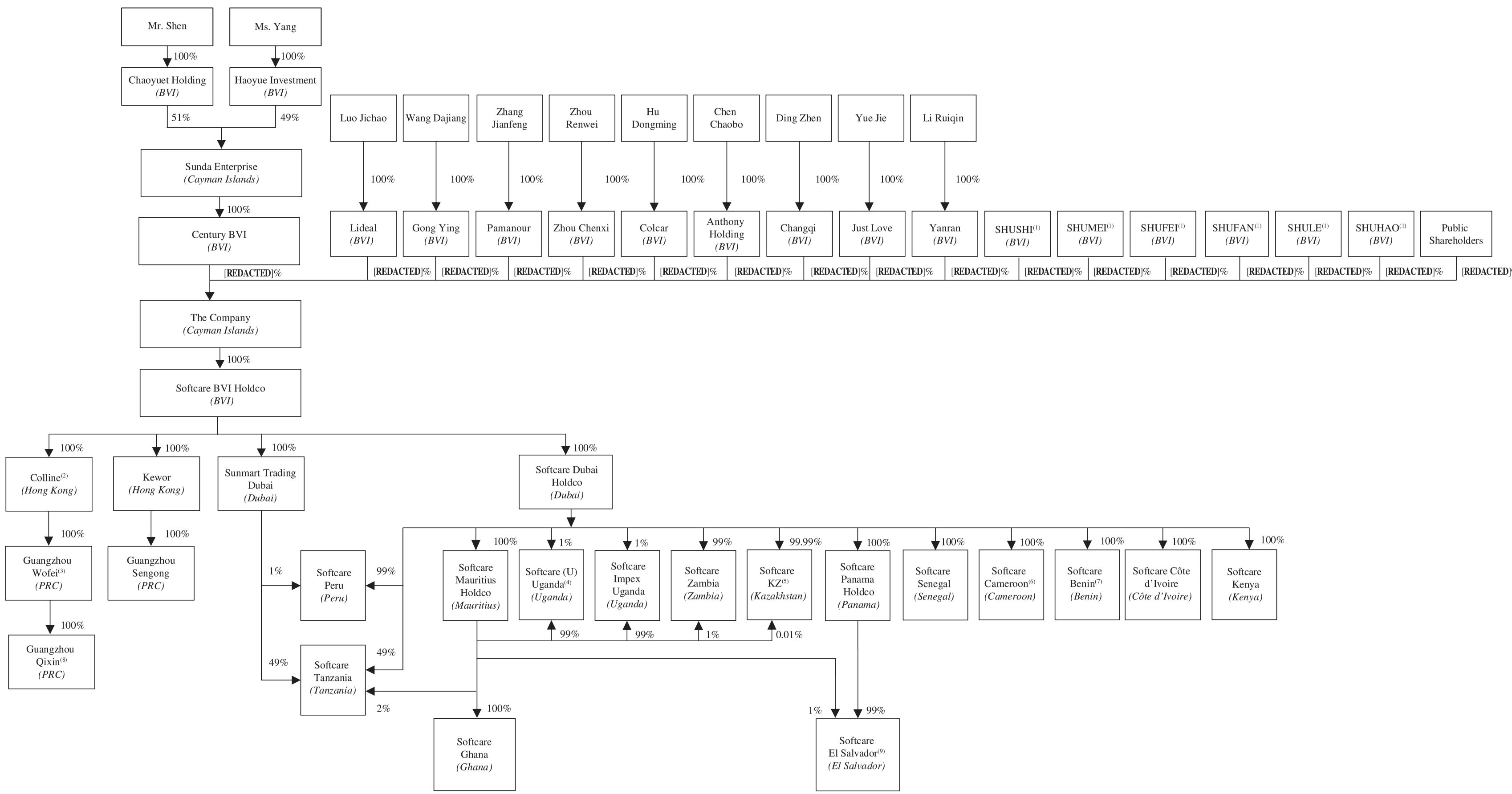
8. Guangzhou Qixin is an investment holding company. For the purpose of streamlining our group structure, Guangzhou Qixin became an indirect wholly-owned company of our Company upon completion of the transfer of Colline.

9. Softcare El Salvador is principally engaged in the trading of baby diapers.

10. Shareholding percentages may not add up to 100% due to rounding.

CORPORATE STRUCTURE IMMEDIATELY AFTER THE COMPLETION OF THE [REDACTED]

The following chart sets forth our corporate structure immediately after the completion of the **[REDACTED]** (assuming the **[REDACTED]** Option is not exercise):



Notes:

1 – 10. Please refer to the notes in "—Corporate Structure Immediately After the Completion of the Reorganization But Before the [**REDACTED**]" above.

PRC REGULATORY REQUIREMENTS

Our PRC Legal Advisors have confirmed that all the equity transfers in respect of the PRC companies in our Group as described above were properly and legally completed and we have obtained all necessary government approvals from relevant PRC regulatory authorities required for the implementation of the Reorganization.

SAFE Circular 37

Pursuant to SAFE Circular No. 37 issued by SAFE on July 4, 2014, and Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment promulgated by SAFE on February 13, 2015 and partially repealed on December 30, 2019, where PRC individual residents conduct investment in offshore special purpose vehicles with legitimate onshore and offshore assets or equities, they must register with the banks where the assets or interests of the domestic enterprise is located with respect to their investments. SAFE Circular No. 37 also requires the PRC residents to file changes to their registration where their offshore special purpose vehicles undergo material events such as the change of basic information including the PRC resident individual shareholder, name and operation period, as well as capital increase or decrease, share transfer or exchange, merger or division.

As advised by our PRC Legal Advisors, each of Mr. Luo Jichao, Mr. Wang Dajiang, Mr. Ding Zhen, Mr. Zhou Renwei, Mr. Hu Dongming, Mr. Chen Chaobo, Mr. Zhang Jianfeng, Mr. Li Ruiqin and Mr. Yue Jie has completed the initial registration procedure for domestic resident making overseas investment on February 23, 2023.

OUR VISION

To be a consistent leader in the Emerging Markets and bring quality of life to every family.

OVERVIEW

We are an international hygiene product corporation principally engaged in the development, manufacturing and sales of baby and feminine hygiene products, including baby diapers, baby pants, sanitary pads and wet wipes, focusing on the fast-growing Emerging Markets, including Africa, Latin America and Central Asia. According to the Frost & Sullivan Report, in terms of sales volume in 2023, (i) we ranked first in both the baby diapers market and the sanitary pads market in Africa, with a market share of 20.0% and 14.0%, respectively; and (ii) we ranked first in the baby diapers market in each of Ghana, Kenya, Côte d'Ivoire, Senegal, Cameroon and Tanzania and first in the sanitary pads market in each of Senegal, Kenya and Tanzania. Leveraging our globalized operational strategies implemented for over 15 years, we have become a leading corporation in the hygiene product industry in various countries in Africa as well as a key player in the Emerging Markets. Through building our overseas management team and recruiting local talent, which allow us to optimize the human resources by collaboration, we have achieved multinational operations with high operational efficiency.

Upholding our "Consumer-oriented" philosophy, we focus on developing products that cater to the diversified needs of the local markets and strive to satisfy the ever-changing market demand by rapidly updating our products.

According to surveys conducted by Frost & Sullivan, largely attributable to the quality and accessibility of our products, our *Softcare*, *Maya* and *Cuettie* brands are the favorite baby diapers and baby pants brands among the respondents, with a strong brand recognition rate of 89.0% and the highest repeat purchase rate of 95.7%, and our *Softcare*, *Veesper* and *Clincleer* brands are the favorite sanitary pads brands among the respondents, with a strong brand recognition rate of 95.4% and the highest repeat purchase rate of 92.0%.

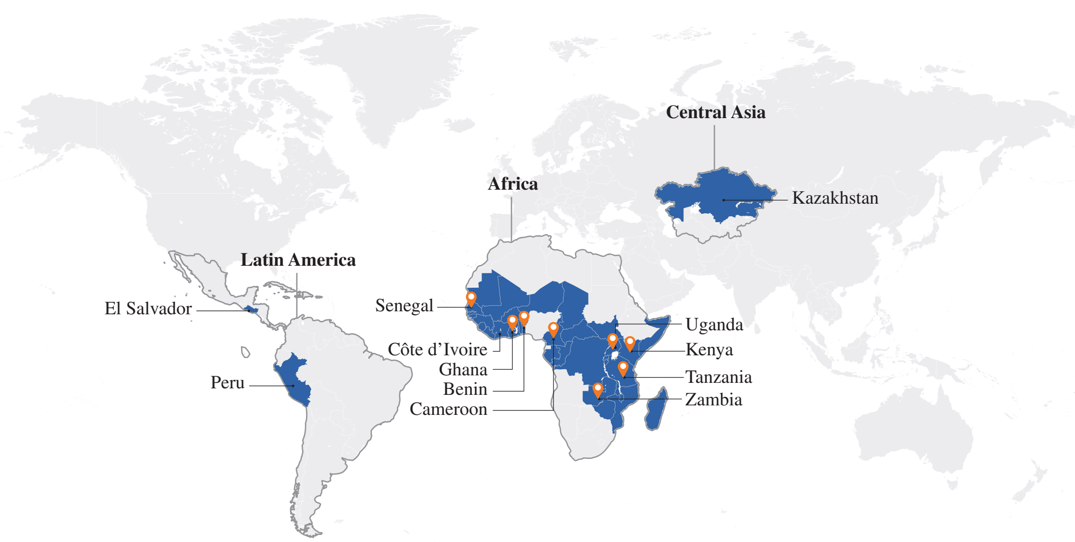
The table below sets forth details of our brands and products.

	Year ended December 31, 2023					
Product category	**Sales volume**	**Revenue**	**Market share in Africa**	**Market share in Africa**	**Brands**	**Product images**
	(pieces in millions)	*(US$ in millions)*	*(by sales volume)*	*(by revenue)*		
Baby diapers	3,713.6	324.0	20.0% (First in Africa)	17.2% (Second in Africa)	Softcare GOLD; Softcare SPACE; Softcare PREMIUM SOFT; Veesper; Maya; Cuettie	
Sanitary pads	1,332.5	61.7	14.0% (First in Africa)	10.5% (Second in Africa)	Softcare; Softcare Model S; Softcare Smart; Veesper; ClinCleer	
Baby pants	137.5	13.0	–	–	Softcare GOLD; Cuettie	
Wet wipes	1,231.6	12.6	–	–	Softcare; Veesper	

The development of our Group can be traced back to the international trading of hygiene products by Sunda Group in 2009. Sunda Group transformed into an integrated corporation with sales and manufacturing capabilities in 2018. In order to establish a separate platform for the hygiene product business for the benefit of our long-term development, we have undergone a reorganization. Please refer to "History, Reorganization and Corporate Structure—Reorganization" for details.

We have established a widespread and deeply penetrating sales network covering over 30 countries across Africa, Latin America and Central Asia, which we believe sets us apart from other international and local brands. As of September 30, 2024, we had 18 sales branches in 12 countries, and an extensive sales network covering over 2,500 wholesalers, distributors, supermarkets and other retailers in total. Leveraging our extensive sales network, we achieved rapid growth during the Track Record Period. In 2023, our sales volume of baby diapers and sanitary pads reached 3,713.6 million and 1,332.5 million pieces, representing a rapid year-on-year increase by 24.0% and 39.1%, respectively. In the nine months ended September 30, 2024, our sales volume of baby diapers and sanitary pads reached 3,036.2 million and 1,230.4 million pieces, respectively, representing a period-on-period increase at 9.4% and 24.0%, respectively.

The map below shows the locations of our production plants and the geographical coverage of our sales.



Our sales coverage during the Track Record Period and up to the Latest Practicable Date (including Ghana, Senegal, Côte d'Ivoire, Benin, Kenya, Tanzania, Uganda, Zambia, Cameroon, Peru, El Salvador, Kazakhstan and other countries)

Our production plants as of September 30, 2024 (including Ghana, Kenya, Senegal, Tanzania, Zambia, Cameroon, Uganda and Benin)

In 2018, we began localized manufacturing of baby diapers, baby pants, sanitary pads and wet wipes in Ghana. Since then, we have established an efficient and stable global supply chain system centered on international manufacturing. According to the Frost & Sullivan Report, we have the most production plants in Africa among hygiene product manufacturers, and we ranked first in both the baby diapers market and the sanitary pads market in Africa in terms of production volume in 2023. As of September 30, 2024, we had eight production plants and 44 production lines in Africa, with a total designed production capacity of 5,578.4 million pieces of baby diapers, 352.1 million pieces of baby pants, 2,568.6 million pieces of sanitary pads and 6,227.0 million pieces of wet wipes per annum.

During the Track Record Period, our revenue and net profit recorded significant growth. Our revenue increased significantly by 28.6% from US$319.9 million in 2022 to US$411.4 million in 2023. Our net profit increased significantly by 251.7% from US$18.4 million in 2022 to US$64.7 million in 2023. For the nine months ended September 30, 2024, we recorded revenue of US$334.4 million, representing a period-on-period increase of 7.2%, and we recorded net profit of US$72.3 million, representing a period-on-period increase of 54.1%.

The Emerging Markets that we target are characterized by fast population growth and consumption upgrade, which indicate great potential for long-term economic growth and provide us with favorable market opportunities. According to the Frost & Sullivan Report, the baby and feminine hygiene product market of the Emerging Markets such as Africa and Latin America have the greatest growth potential globally. The number of births in Africa has been growing at a globally highest CAGR of 1.5% from 2019 to 2023, and its demographic structure, with over 50% of its population under the age of 20, shows considerable growth potential. According to the Frost & Sullivan Report, the new birth population in Africa, Latin America and Central Asia in 2023 was 47.0 million, 10.1 million and 1.9 million, representing 57.1%, 12.3% and 2.3% of the global new birth population in 2023, respectively. The Emerging Markets have seen sustained growth in the market penetration rates of baby and feminine hygiene products, with considerable room for further growth compared to developed countries. For example, in 2023, the market penetration rate of baby diapers and baby pants in Africa was 22.7%, lower than the market penetration rates of baby diapers and baby pants in the European, North American and Chinese markets, ranged from around 70% to 86%, and the market penetration rate of sanitary pads in Africa was 30.8%, lower than the market penetration rates of sanitary pads in the European, North American and Chinese markets, which ranged from around 35% to 80%.

OUR COMPETITIVE STRENGTHS

We are a leading corporation of baby and feminine hygiene products in the Emerging Markets and benefit from enormous market growth opportunities.

We are a leading corporation of baby and feminine hygiene products in Africa. With consumer value at our core, we maintain a strategic focus on long-term development in the Emerging Markets. According to the Frost & Sullivan Report, in terms of sales volume in 2023, (i) we ranked first in both the baby diapers market and the sanitary pads market in Africa, with market shares of 20.0% and 14.0%, respectively; and (ii) we ranked first in the baby diapers market in each of Ghana, Kenya, Tanzania, Senegal, Cameroon and Côte d'Ivoire and first in the sanitary pads market in each of Kenya, Tanzania and Senegal.

According to the Frost & Sullivan Report, we were one of the first international baby and feminine hygiene product brands to enter the African market and establish local production plants. After years of focused development in Africa, we have established first-mover advantages in terms of consumer confidence and sales network. Capable of centralized corporate management, and with a replicable business expansion strategy of "starting with trading, followed by manufacturing" and a successful track record, we have established strong relationships with local business partners.

Facing the Emerging Markets with great potential for growth, we will capitalize on our leading market position, first-mover advantages and centralized corporate management capabilities to continuously expand our business to new countries and develop new products to achieve sustainable growth of our global market share. According to the Frost & Sullivan Report, based on retail sales, (i) the aggregate market size of Africa's baby diapers, baby pants and sanitary pads markets increased from US$2.7 billion in 2019 to US$3.6 billion in 2023 at a CAGR of 6.7%, and is expected to further increase from 2023 to 2028 at a CAGR of 8.0%; (ii) the aggregate market size of Latin America's baby diapers, baby pants and sanitary pads markets increased from US$6.7 billion in 2019 to US$7.5 billion in 2023 at a CAGR of 2.8%, and is expected to further increase from 2023 to 2028 at a CAGR of 3.1%; and (iii) the aggregate market size of Central Asia's baby diapers, baby pants and sanitary pads markets increased from US$0.4 billion in 2019 to US$0.5 billion in 2023 at a CAGR of 4.6%, and is expected to further increase from 2023 to 2028 at a CAGR of 5.0%.

We have extensive experience in developing sales channels in the Emerging Markets and have established a deeply penetrating, mature and stable sales network. We believe we are well positioned to replicate our success in new markets.

In Africa, offline purchase is the main consumption mode and the population is highly dispersed. It takes years to develop and maintain a well-established sales network, which is not easily replaceable. Due to rural-urban disparities and the underdevelopment of transportation network, consumer products can only reach consumers through multiple layers of sales network. After over 15 years of operation focused on the African market, our sales network covers a vast number of wholesale markets, supermarkets and small retailers across different countries. As of September 30, 2024, we had 18 sales branches in 12 countries, and we had over 2,500 customers. According to the Frost & Sullivan Report, in the Emerging Markets, sales network is key to success in the baby and feminine hygiene product industry. According to the Frost & Sullivan Report, our sales network covers all administrative regions in our core operating countries and reaches over 80% of the local population of these countries. We believe our extensive experience in developing sales channels has laid a solid foundation on which our success can be replicated in other Emerging Markets. As the African market is highly dispersed, the individual markets therein are relatively small in scale and it is difficult to achieve economies of scale, our first-mover advantages in developing our sales network has formed an entry barrier in the African market.

Our sales channels primarily include wholesalers, distributors, supermarkets and other retailers. We have established stable relationships with our customers. As of September 30, 2024, we had over 1,300 wholesalers with whom we had established business relationships for one year or more, and over 800 wholesalers with whom we had established business relationships for three years or more. During the Track Record Period, the number of our distributors increased from 257 as of January 1, 2022 to 415 as of September 30, 2024. As of September 30, 2024, we had over 180 distributors with whom we had established business relationships for three years or more.

We have an experienced and diligent sales team, with our top sales management team having multiple years of experience in sales network development. We are gradually implementing a digitized sales channel management system to collect information about the status of stock of products of our sales channels. Our sales network covers over 30 countries, and we have over 14 years of operational experience in four of these countries. We believe our familiarity with the local economic, political and cultural environment and stable relationships with our business partners are not only our competitive strengths but also entry barriers for potential competitors. With years of experience in operating in Africa and the support of our experienced sales team, we believe we are well positioned to replicate our success and develop and maintain our sales network at lower costs.

We have developed a strong brand matrix and can satisfy consumer needs through product differentiation strategies.

We have a diverse product lineup encompassing over 200 SKUs across four product categories in the fields of baby and feminine hygiene products, namely, baby diapers, baby pants, sanitary pads and wet wipes, allowing us to meet the needs of a wide range of consumers. During the Track Record Period, the number of SKUs of our baby diapers increased from 143 as of January 1, 2022 to 224 as of September 30, 2024, and our revenue attributable to baby diapers increased from US$250.7 million in 2022 to US$324.0 million in 2023 at a growth rate of 29.2%. During the Track Record Period, the number of SKUs of our sanitary pads increased from 28 as of January 1, 2022 to 43 as of September 30, 2024, and our revenue attributable to sanitary pads increased from US$43.1 million in 2022 to US$61.7 million in 2023 at a growth rate of 43.3%. Further, our revenue attributable to wet wipes recorded a notable growth by 44.0% from US$8.8 million in 2022 to US$12.6 million in 2023.

As part of our product strategy, we endeavor to provide consumers with a tangible sense of value and we care about how our products are perceived by consumers in every aspect as well as the mental and emotional needs of consumers. We are committed to creating the best user experience for consumers with our skills and experience in manufacturing and quality control. Through optimizing and adjusting the form of our products and the choice of raw materials, we continuously strive to enhance the quality of our products. For example, our baby pants adopt a 360-degree elastic waistband design, making them suitable for more active, crawling and mobile babies, so as to meet specific consumer needs. We have strong capabilities of continuous innovation, as evidenced by our launch of 11 new products during the Track Record Period. We regularly conduct market research and data analysis and leverage our widespread and deeply penetrating sales network to closely monitor the changing consumer preferences.

With long-term planning for our brands and strong brand communication capabilities, we have established a well-organized and comprehensive brand matrix. Using "*Softcare*" as our core brand, we have also developed "*Space*", a premium line extension of "*Softcare*" based on a technology concept, and developed mass-market brands such as "*Maya*" and "*Cuettie*", to cover different market segments. Many of our advertisement slogans have become deeply rooted among consumers, such as "More Care, More Love" for our baby diapers and "So Fit, So Right" for our sanitary pads. We have also enhanced our brand image and brand recognition through various marketing strategies, such as celebrity endorsements, brand building, exposure at retail end sales points and promotion on social media. In 2022, 2023 and the nine months ended September 30, 2024, our revenue attributable to "*Softcare*", our core brand, was US$252.0 million, US$319.4 million and US$263.1 million, representing 78.8%, 77.6% and 78.7% of our total revenue, respectively. *Softcare* has been recognized as one of the Top 15 Brands in the Top 100 Brands Most Loved by Women in Kenya for three consecutive years from 2022 to 2024.

According to surveys conducted by Frost & Sullivan, (i) our *Softcare*, *Maya* and *Cuettie* brands are the favorite baby diapers and baby pants brands among the respondents, with a strong brand recognition rate of 89.0% and the highest repeat purchase rate of 95.7%; (ii) our *Softcare*, *Veesper* and *Clincleer* brands are the favorite sanitary pads brands among the respondents, with a strong brand recognition rate of 95.4% and the highest repeat purchase rate of 92.0%; and (iii) our brands are chosen by the respondents as their favorite baby diapers, baby pants and sanitary pads brands primarily because, among others, our products are good quality and easy to access in our target markets.

Empowered by localized production plants and a global supply chain system, we possess strong manufacturing capabilities to provide cost-efficient and high quality products.

We have established production plants in eight African countries, and our production volume in 2023 amounted to 3,796.8 million pieces of baby diapers and 1,328.0 million pieces of sanitary pads. According to the Frost & Sullivan Report, we have the most production plants in Africa among all hygiene product manufacturers, and we ranked first in the baby diapers market in Africa and first in the sanitary pads market in Africa in terms of production volume in 2023. The Emerging Markets generally have a lower level of industrialization. As a first-mover in localized manufacturing, we benefit from a greatly shortened chain of sales through which we believe our products can reach consumers much faster. As an international enterprise that grew up in the African market, we connect with consumers more effectively through our "Made Here, Sold Here" operation model. We strictly control our production process to ensure the reliability and consistency of our product quality. All of our production plants have obtained ISO 9001 (quality management system), ISO 14001 (environmental management system) and ISO 45001 (occupational health and safety management system) certifications. From time to time, we engage independent laboratories, such as GALAB Laboratories GmbH, SGS S.A., Guangzhou Inspection Testing and Certification Group Co., Ltd, to conduct specific chemical tests on our products to ensure they are free from harmful substances.

We have established a secure and stable global supply chain system, which ensures stable supply of raw materials through global centralized procurement. We have entered into strategic agreements with two leading suppliers of fluff pulp, a key raw material of our products, ensuring the quality and stability of our supply and giving us a cost advantage as a result of our centralized procurement. As for other raw materials, we place purchase orders based on the prices obtained from quarterly tendering in order to control the cost of raw materials. We usually enter into agreements with large shipping companies such as Maersk, Hapag-Lloyd and CMA CGM on a quarterly or yearly basis, which allows us to enjoy more favorable shipping rates and helps us control the cost of transportation of raw materials.

We have established a stringent supplier management system and comprehensive internal standards in selecting raw materials, ensuring that our products are all made using high quality materials. Our major raw material suppliers undergo multiple verification processes, such as sample testing, on-site inspection of production facilities and background and qualification checks, before they are selected as our suppliers, and will be regularly assessed on an ongoing basis. We adopt a vertical management approach with our suppliers, such that our raw materials are purchased through our global procurement department and directly transported to our production plants, increasing our management efficiency and bargaining power.

Our professional, systemized and digitized management system enhances our management efficiency, enabling us to continuously replicate our success in new markets.

Through years of cooperation with large international consulting firms, we constantly learn from advanced management philosophies to establish a professional and systemized management system. As an international enterprise growing up in Africa, we have accumulated extensive experience in relation to multinational management, global localized and dedicated management, business expansion and media communication, forming multiple systemized management tools, and overcoming various challenges, such as global supply chain management, sales network management and production quality management. We have established a professional management system, which connects various types of data, such as procurement, manufacturing and sales. We believe systematical management of the key elements of our products, customers and data improves the accuracy of our decisions and the efficiency of our operations.

Currently, we believe our industry peers in the Emerging Markets generally have relatively limited digitized management capabilities. We have taken the initiatives to implement advanced digitized management tools, achieving efficient management and control of procurement, logistics, production and sales, staying ahead of the industry in the Emerging Markets in terms of management level. For example, we use our CRM system as a centralized sales management platform to better manage our sales channels, enhancing the work efficiency of our sales staff and allowing our products to penetrate the market and reach consumers more effectively. We use our SRM system as a centralized procurement management platform to standardize our procurement procedures, enabling us to manage the entire procurement process in an online and visualized manner and better coordinate with and manage our suppliers. With the support of such information systems, we believe we are able to make management decisions more accurately and effectively.

We have a visionary management team and corporate culture of continuous learning and growing.

Led by our visionary management team, who uphold a high degree of professionalism and possess in-depth industry knowledge and extensive experience, we are able to respond to market changes in a fast and agile manner. Our Chairman has over 27 years of experience in business operation in the Emerging Markets and our Executive Directors on average have 17 years of relevant experience in the FMCG and retail industries. We have 14 management team members who have over 10 years of work experience in Africa, of which two management team members have over 15 years of work experience in Africa. We believe that talent are the most precious assets of our Company. We highly value the recruitment and nurturing of talent and we recruit talent from around the globe with an open-minded attitude. We cultivate talent through our "Help and Guide" training system, and we establish our team of multifaceted and dynamic talent through our online and offline learning system. We adopt a localized staff training strategy and a unified language management approach, and offer on-the-job training opportunities and competitive remuneration packages to our staff, in order to enhance their loyalty and retain talent. As of September 30, 2024, we had 2,553 employees in total, of which 90.5% were hired locally. As of September 30, 2024, approximately 70% of our managerial positions were taken up by experienced local employees, allowing us to connect with the local communities and bond with our local employees.

Upholding the values of "Integrity and Honesty, Pursuit of Excellence, Cooperation for Mutual Benefit, Embracing Changes, Professionalism, and Equality and Respect" inherited from Sunda Group, we have formed a corporate culture of "United and Connected, and Brave and Adventurous" and a corporate environment of "Continuous Learning, and Lifelong Development." Through learning from advanced organization management experience, we have established an efficient operational mechanism among the headquarters of our Group, our business segments and our regional branches, and formed a management system characterized by unified management, regional differentiation and standardization of operation and procedures. We believe this has secured the sustained development of our Group, ensuring the stability of our operations as an international organization and vitalizing our Group.

OUR STRATEGIES

Consolidating our leading market position and continuously expanding our business to new markets with new product offerings

Leveraging our understanding of the Emerging Markets and our proven track record, we plan to expand our business to new countries and regions, upgrade and broaden our existing product offerings, expand our production capacity and provide more consumers in more countries and regions with higher quality products and better user experience.

- **Enhancing production capacity in existing markets:** We target to enhance our production capacity in existing markets in order to satisfy the growing local market demand and export our products to nearby countries, by upgrading existing production lines, building new production lines and building new production plants.

- **Achieving localized manufacturing in new markets:** We target to replicate our success by establishing branches in regions such as Latin America, Central Asia, Northern Africa and Southern Africa to commence sales activities, build production plants and achieve localized manufacturing.

- **Improving product design and introducing new product offerings:** We will regularly enhance the quality and craftsmanship of our products based on parameters such as appearance, thickness, softness, fit, breathability, absorption performance and leak-proof reliability, in order to increase their competitiveness. We will make research and development efforts in respect of new materials, new product structures and new production methods. We will introduce and apply advanced technologies to our products, establish platforms for pilot testing, introduce laboratory equipment (such as microbiological testing equipment), purchase additional hardware such as microbiological testing equipment, increase our research and development efforts and maintain the attractiveness of our products.

- **Expanding product portfolio and focusing on products with great potential to replicate our success:** Leveraging our insights into consumer demand, we plan to closely monitor the market trends and consumer needs and expand our product portfolio to include other personal care and hygiene product categories.

Continuously building our brand image, enhancing brand recognition and winning the confidence of consumers

We endeavor to establish a long-term relationship of trust with consumers to maximize consumer value. Through a series of innovative sales and marketing activities and consumer education programs, we aim to enhance our brand recognition and loyalty as well as enlarge the pool of loyal consumers.

- **Building a localized brand image:** We will formulate localized brand building and marketing strategies based on the specific cultural backgrounds and consumer habits in different regions. We plan to strategically formulate marketing strategies in relation to product differentiation according to the stage of development of different markets. Through vivid brand storytelling and case studies, we will showcase the unique value of our products, strengthen the emotional bond between our brands and consumers, and build a brand image of being responsible, excellent in quality, professional, reliable and innovative. We will partner with celebrities to enhance our brand recognition and loyalty in the local markets. We plan to make use of digital marketing and social media platforms to get a head start in capturing the attention of mobile device users in the Emerging Markets and maintain frequent interactions with the consumers.

- **Conducting consumer education for new markets and new products:** We will conduct comprehensive consumer education, such as providing consumers with scientific and professional product guides, health advice and childcare advice, organizing online and offline seminars, making educational videos and holding social media events. These efforts are aimed to promote our new products and lay a solid foundation for future sales and marketing activities when entering new markets, while also reinforcing and refreshing our brand image of professionalism and high quality.

- **Expanding our brand portfolio through acquisitions:** We plan to strategically acquire other brands to accumulate brand assets. We will focus on identifying acquisition targets which possess reputable brands and strong sale network resources complementary to our business. Through acquisitions, we aim to enter new markets and accumulate brand assets and sales network resources at a fast pace, so as to achieve large-scale and rapid expansion.

Strengthening our sales network in the Emerging Markets and enhancing our ability to further expand our sales network

Due to the high dispersion of consumers in the Emerging Markets, our strategy is to establish a diverse, deeply penetrating and efficient sales network so that our products can cover a broad range of consumers and reach them in a swift manner. On the one hand, we will continue to strengthen our cooperation with wholesalers and distributors and increase the number of our customers in these sales channels. On the other hand, we will continuously introduce new product offerings that cater for specific consumer groups, boost the sales of existing products, and enhance our sales efficiency with a strategic goal to enhance the market penetration rate of our products.

- **Expanding current sales network and strengthening our relationships with key customers:** We will establish long-term strategic partnerships with our distributors and provide them with support on market analysis, sales training and sales and marketing activities. We aim to help our customers reduce transaction costs, enhance inventory turnover rate, increase sales performance and market coverage, and jointly formulate sales strategies and promotion plans, so that we can achieve win-win results.

- **Establishing online sales channels with foresight and strategic planning based on the level of infrastructure development in the Emerging Markets:** With the development of internet infrastructure and logistics systems in the Emerging Markets, e-commerce channels are expected to play an increasingly important role in future retail sales. We will assess the actual status of development of the Emerging Markets and begin establishing online sales channels preemptively. By partnering with e-commerce platforms or building our own online sales channels, we plan to seize the business opportunities of online business-to-business sales that target wholesalers and retailers in preparation for the long-term development of our online sales channels.

- **Further strengthening our sales network to achieve deeply penetrating sales and distribution:** Our extensive sales network allows us to quickly reach our target consumers. In the future, we will continue to strengthen our management and control of our sales channels. We will continue to increase our investment in technology, including implementing an advanced CRM system to conduct monitoring of sales activities of our sales channels and provide our sales channels with customized support and data analysis, which we believe can help our sales channels optimize their sales strategies and product combinations, achieve fast distribution of new products and respond to market needs more promptly.

Increasing supply chain stability, production efficiency and digital operation capabilities

We aim to improve the efficiency and stability of our supply chain through global centralized procurement and industry chain integration. We will endeavor to ensure stable supply of raw materials and timely delivery of products through a series of innovative supply chain management and logistics optimization measures.

- **Strengthening global supply chain cooperation:** We will strengthen our strategic partnerships with leading suppliers around the globe, and ensure stable supply and quality of raw materials and maintain our cost advantage through long-term agreements, centralized procurement by tendering, and product standardization. We also aim to reduce the risks of supply chain disruptions and price fluctuations through supply chain risk management.

- **Strategic planning in upstream industry chain:** We will invest in or cooperate with upstream suppliers of key raw materials in order to ensure the quality and stability of supply of raw materials and reduce production costs.

- **Automation of production facilities and optimization of management procedures:** We will upgrade the technological level of our existing production facilities. Through technological improvement and adjustment of production lines, we aim to achieve production of multiple product categories with multiple specifications, thereby increasing the overall utilization rate of our production capacity. We will introduce automated and smart production lines to increase production efficiency and flexibility, reduce production costs, and increase the consistency of product quality. We will introduce the concept of efficient production and continuously enhance the operational efficiency of our production plants.

- **Increasing investment in digitization:** On top of our existing information systems such as CRM system and SRM system, we plan on further increasing our investment in digitization and smart technologies by purchasing advanced software and hardware, as well as recruiting talent with relevant expertise, in order to further increase our management efficiency in areas such as warehousing, logistics, production and quality. Through smart predictions and optimization algorithms, we believe we can increase the accuracy of our production plans, reduce inventory costs, and improve the overall efficiency of our supply chain.

Maintaining the innovative spirit of "learning organization" and progressively implementing talent localization

Our talent development strategy aims to establish our Group as a learning organization, and attract and nurture talents with innovative spirit and expertise. Building up a team of talents who are professional and adaptive and strive for excellence is the key to our continuous success.

- **Maintaining a learning organization:** We will maintain our corporate culture of continuous learning and innovation by encouraging our employees to learn, innovate and improve their professional skills. We will provide our employees with scientific and comprehensive training and development opportunities and encourage them to be innovative and embrace challenges so as to promote their personal and career development. We will continue to partner with leading global consultancy firms and strive to increase our management efficiency through advanced and modern enterprise management philosophies and skills.

- **Nurturing local talents:** We will focus on nurturing and training local talent and provide them with various job opportunities and managerial positions. We will provide our local employees with skill and management training to enable them to better blend in with our Group's global business network and corporate culture. We strive to nurture and promote young talent by providing them with management training and job opportunities, enabling them to achieve their full potential. We believe our global recruitment efforts will also allow us to adapt to the development of globalized markets with greater flexibility and stability.

OUR BRANDS AND PRODUCTS

We offer a variety of baby and feminine hygiene products under various brands, including our core brand *Softcare*, as well as *Veesper*, *Maya*, *Cuettie* and *Clincleer*. Each brand caters to a distinct consumer group. This multi-brand strategy allows us to effectively meet the needs of diverse consumer segments, expanding our overall consumer base. *Softcare*, our core brand, is positioned as a mid-premium brand, targeting middle to high-end consumers with higher spending power looking for high quality products. *Softcare* started as a baby diapers and sanitary pads brand, and subsequently extended to cover other hygiene product categories, including baby pants and wet wipes in 2018. During the Track Record Period, the majority of our revenue was attributable to *Softcare* products. After years of development, *Softcare* has become a trusted household brand for baby and feminine hygiene products in many African countries with a leading market position.

Our brands and products have won us excellent reputation in many countries. For example, we have received the following awards and recognitions: (i) "People's Choice Quality Awards 2022—Best Baby Diapers and Best Sanitary Pads" granted by Muyz Plus International Co. in 2022; (ii) "No. 8 in the Top 100 Most Loved Brands by Women in Kenya" by BSD Group and Ipsos in 2023; (iii) Membership of the National Technical Committee on Medical Devices granted by Ghana Standards Authority in 2023; (iv) "Consumer Choice Awards Africa 2024—Most Quality Sanitary Pads brand in Tanzania" granted by Consumer Choice Awards Africa in 2024; (v) "Most Admired Personal Care Brands" granted by Brand Africa in 2024; and (vi) "Ghana Club 100 Awards—No. 1 of Ghana's Top 100 Companies (Manufacturing Sector)" granted by Ghana Investment Promotion Centre in 2024. See "—Awards and Recognitions" for further details.

Set forth below is a summary of the strategic market positioning of our brands across different product categories:

Market positioning	Baby diapers	Baby pants	Sanitary pads	Wet wipes
Mid-Premium	Softcare Veesper	Softcare	Softcare Veesper	Softcare Veesper
Middle	Maya	—	—	—
Mass	Cuettie	Cuettie	ClinCleer	—

Our products include baby diapers, baby pants, sanitary pads and wet wipes. During the Track Record Period, baby diapers were the main source of our revenue. The table below sets forth a breakdown of our revenue by product category for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total
	(US$ in thousands, except percentages)							
					(unaudited)			
Baby diapers	250,651	78.4	323,964	78.7	245,910	78.8	251,899	75.3
Sanitary pads	43,079	13.5	61,731	15.0	46,457	14.9	58,121	17.4
Baby pants	17,396	5.4	13,046	3.2	9,946	3.2	14,002	4.2
Wet wipes	8,772	2.7	12,628	3.1	9,539	3.1	10,415	3.1
Total	**319,898**	**100.0**	**411,369**	**100.0**	**311,852**	**100.0**	**334,437**	**100.0**

Baby Diapers

We offer baby diapers in a variety of sizes, designs and features to keep babies dry and fresh. Our baby diapers are designed for newborn babies and up to three-year-old toddlers. They feature an absorbent core made of fluff pulp and SAP, non-woven fabrics, waterproof materials and elastic materials. They have hook-and-loop fasteners that allow for easy fastening.

We offer baby diapers under four brands: *Softcare*, *Maya*, *Veesper* and *Cuettie*. To further differentiate our products and broaden our portfolio, we have launched various product lines under our *Softcare* brand, including *Softcare Gold*, *Softcare Space* and *Softcare Premium Soft*, each with its own special features targeting specific consumer needs and preferences. The number of SKUs of our baby diapers was 224 as of September 30, 2024.

Set forth below are details of our principal baby diapers products:

Brands	Baby diapers	Year of launch	Positioning and features	ASP for the nine months ended September 30, 2024	Product sizes	SKUs
				(US cent per piece)		
Softcare GOLD		2009	• Our core product line of *Softcare* targeting mid-to-high-end consumers • Satisfies multiple needs with high-end performance in terms of absorbency, softness and elastic waistband • High quality at affordable price, being one of the best value-for-money choices on the market	8.8	S, M, L and XL	92
Softcare SPACE		2023	• A premium line extension of *Softcare* • High ratio of SAP for enhanced absorbency • Ultra softness and breathable film with microholes design • Come with smart urine indicator	8.9	S, M, L and XL	24

Brands	Baby diapers	Year of launch	Positioning and features	ASP for the nine months ended September 30, 2024	Product sizes	SKUs
				(US cent per piece)		
Softcare PREMIUM SOFT		2017	• A premium line extension of *Softcare* • Cottony soft and skin-friendly, suitable for sensitive skin • Uses larger waist size for better fit	8.9	S, M, L, XL and XXL	65
Veesper		2020	• Brand for Latin America market • Similar to the *Softcare Premium Soft* line in terms of design and materials	12.0	M, L, XL and XXL	8
Maya		2019	• A mid-end product line • Good value for money	6.3	S, M, L and XL	10
Cuettie		2013	• A mass-market product line • Designed to cover the basic functions of baby diapers • Reasonable quality at affordable price	7.0	S, M, L and XL	25

Baby Pants

Our baby pants are functionally similar to our baby diapers, with the key difference being that baby pants have an elastic waistband that allows them to be pulled up and down like underwear, making them suitable for more active, crawling and mobile babies. Our baby pants are designed for one-year-old infants to five-year-old toddlers, and come in a variety of sizes. They feature an absorbent core made of fluff pulp and SAP, non-woven fabrics, waterproof materials and elastic materials. We offer baby pants under two brands: *Softcare* and *Cuettie*. The number of SKUs of our baby pants was 20 as of September 30, 2024.

Set forth below are details of our principal baby pants products:

Brands	Baby pants	Year of launch	Positioning and features	ASP for the nine months ended September 30, 2024	Product sizes	SKUs
				(US cent per piece)		
Softcare GOLD		2018	• Our core product line of *Softcare* targeting mid-to-high-end consumers • Uses soft back-sheet for better softness	9.4	M, L and XL	18
Cuettie		2020	• A mass-market product line • Reasonable quality at affordable price	7.0	M and L	2

Sanitary Pads

Our sanitary pads offer comfort and confidence to women during their menstruation. The pads feature an absorbent core made of fluff pulp and SAP, along with non-woven fabrics and waterproof materials. The pads come in a variety of designs and specifications, including size, shape, thickness, surface materials and absorption capacity. This variety enables consumers to select the products that match their individual needs and preferences.

We offer sanitary pads under three brands: *Softcare*, *Veesper* and *Clincleer*. We have also launched two product lines in addition to the *Softcare* standard product line, including *Softcare Smart* and *Softcare Model S*, to target different consumer segments. The number of SKUs of our sanitary pads was 43 as of September 30, 2024.

Set forth below are details of our principal sanitary pads products:

Brands	Sanitary pads	Year of launch	Positioning and features	ASP for the nine months ended September 30, 2024	Product sizes	SKUs
				(US cent per piece)		
Softcare	  	2013	• Our core product line targeting mid-to-high-end consumers • Comes in different versions for different needs: day use, night use, normal flow and heavy flow • Strong absorption and cottony soft	4.8	8, 10, 12, 14 and 20 pieces	34
Softcare Model		2024	• A line extension of *Softcare* targeting young working women • Ultra-thin • Top sheet made of fine denier fabrics for extra softness • Uses perforated materials for better fluid channeling and absorption	5.0	8 pieces	1
Softcare Smart		2022	• A line extension of *Softcare* with a young and vibrant image targeting teenagers • Designed to fit the physique of teenagers • Smaller size, suitable for light flow	2.1	12 and 18 pieces	3

Brands	Sanitary pads	Year of launch	Positioning and features	ASP for the nine months ended September 30, 2024	Product sizes	SKUs
				(US cent per piece)		
Veesper		2020	• Brand for the Latin America market • Similar to the *Softcare* sanitary napkins in terms of design and materials	4.4	10 pieces	3
ClinCleer		2010	• A mass-market line • Reasonable quality at affordable price	3.1	10 pieces	2

Wet Wipes

Our wet wipes provide gentle daily cleansing and disinfection and are suitable for babies' skin. They are made of non-woven fabrics and contain purified water, antibacterial substances and aloe essence. Our wet wipes are available in family-sized packs and smaller pocket packs, and are offered under two brands, *Softcare* and *Veesper*. The number of SKUs of our wet wipes was 11 as of September 30, 2024.

Set forth below are details of our principal wet wipes products:

Brands	Wet wipes	Year of launch	Positioning and features	ASP for the nine months ended September 30, 2024	Product sizes	SKUs
				(US cent per piece)		
Softcare		2019	• Suitable for babies' skin • Contains aloe essence and vitamin E for better skin protection • Free of alcohol • Uses 100% purified water • Comes in family-sized packs and smaller pocket packs	1.0	5, 10, 40, 64 and 80 pieces	10
Veesper		2020	• Brand for the Latin America market • Similar to the *Softcare* wet wipes in terms of design and materials	0.7	120 pieces	1

OUR MARKETS

Africa is our core market. We first commenced sales of hygiene products in Africa back in 2009. Since then, we have continuously expanded our business to many African countries and have gained a strong foothold in Africa. During the Track Record Period, our sales reached over 30 African countries across Western Africa, Eastern Africa and Middle Africa. In 2022, 2023 and the nine months ended September 30, 2024, Africa in aggregate accounted for 99.9%, 98.7% and 98.2% of our revenue, respectively. Leveraging our experience and success in Africa, we have expanded our business to Peru in Latin America in 2020, Kazakhstan in Central Asia in 2024 and commenced sales of products in El Salvador in Latin America after the Track Record Period.

The table below sets forth a breakdown of our revenue by location of customers for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	Revenue	%	Revenue	%	Revenue	%	Revenue	%
	(US$ in thousands, except percentages)							
					(unaudited)			
Western Africa:								
Ghana	72,880	22.8	73,768	17.9	56,454	18.1	48,592	14.5
Senegal	35,934	11.2	44,540	10.8	34,031	10.9	33,952	10.2
Côte d'Ivoire	29,024	9.1	42,049	10.2	30,990	9.9	32,788	9.8
Benin	3,747	1.2	5,988	1.5	4,411	1.4	3,340	1.0
Others	23,563	7.3	30,946	7.5	23,339	7.5	26,427	7.8
Sub-total	165,148	51.6	197,291	47.9	149,225	47.8	145,099	43.3
Eastern Africa:								
Kenya	60,357	18.9	70,216	17.1	52,547	16.8	67,264	20.1
Tanzania	29,122	9.1	34,636	8.4	25,737	8.3	30,970	9.3
Uganda	24,553	7.7	30,715	7.5	23,079	7.4	28,061	8.4
Zambia	31,385	9.8	33,253	8.1	26,397	8.5	20,399	6.1
Others	2,927	0.9	2,978	0.7	2,168	0.7	5,628	1.7
Sub-total	148,344	46.4	171,798	41.8	129,928	41.7	152,322	45.6
Middle Africa:								
Cameroon	5,015	1.6	35,403	8.6	27,745	8.9	23,101	6.9
Others	1,028	0.3	1,709	0.4	1,192	0.4	7,945	2.4
Sub-total	6,043	1.9	37,112	9.0	28,937	9.3	31,046	9.3
Latin America:								
Peru	363	0.1	5,168	1.3	3,762	1.2	5,931	1.8
Central Asia:								
Kazakhstan	–	–	–	–	–	–	39	–[1]
Total	**319,898**	**100.0**	**411,369**	**100.0**	**311,852**	**100.0**	**334,437**	**100.0**

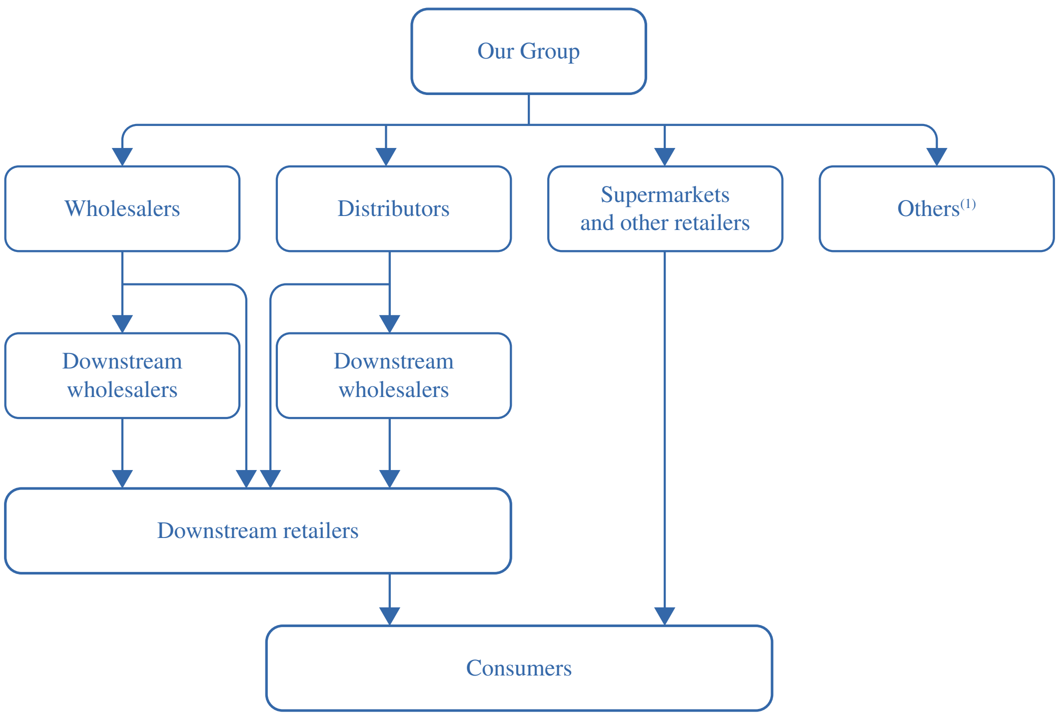
Note:

(1) Less than 0.1%.

SALES CHANNELS

We sell our products through various sales channels, primarily consisting of wholesalers, distributors, supermarkets and other retailers. This combination of diverse sales channels enables us to reach a broader consumer base and penetrate the local markets more effectively. We generally enter into standard sales agreements with our customers, which outline the terms of our buyer-seller relationship. We recognize revenue when the control of our products is transferred to our customers.

The following chart illustrates the typical flow of our products to consumers through various sales channels:



Note:

(1) Others primarily include customers who purchase products from us on a one-off basis and with whom we have not entered into any written sales agreement.

The table below sets forth a breakdown of our revenue by sales channel for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
	(US$ in thousands, except percentages)							
					(unaudited)			
Wholesalers	191,223	59.8	266,488	64.8	202,144	64.8	215,108	64.3
Distributors	106,084	33.2	127,141	30.9	96,595	31.0	106,771	31.9

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
	(US$ in thousands, except percentages)							
					(unaudited)			
Supermarkets and other retailers	9,613	3.0	11,563	2.8	8,535	2.7	10,840	3.2
Others[(1)]	12,978	4.0	6,177	1.5	4,578	1.5	1,718	0.6
Total	**319,898**	**100.0**	**411,369**	**100.0**	**311,852**	**100.0**	**334,437**	**100.0**

Note:

(1) Others primarily include customers who purchase products from us on a one-off basis and with whom we have not entered into any written sales agreement.

Our sales staff are primarily responsible for handling purchase orders, liaising with our sales channels, coordinating with our logistics department to ensure timely delivery of products, and implementing our sales targets and sales strategies. Our sales staff regularly visit our sales channels in order to understand their sales performance, conduct stocktaking at their business places and formulate sales and promotion strategies with them.

We have implemented a CRM system as our centralized sales management platform to better manage our sales channels. The CRM system enables us to monitor the sales activities of our sales channels on a timely basis and provide our sales channels with customized support and data analysis, which can help them optimize their sales strategies and product combinations and respond to the market more promptly. Through our CRM system, our sales channels can have access to the most updated information about our products, prices, promotions and available stock. They can also place orders and manage the delivery process directly on the system, which enhances the efficiency of the overall sales process.

Sales to Wholesalers

Wholesalers are the main sales channel of baby and feminine hygiene products in the Emerging Markets in which we operate. Wholesalers are intermediary customers who engage in buying products on a wholesale basis and selling them to lower-tier wholesalers or retailers to earn a profit. Wholesalers are primarily concentrated in wholesale markets in urban areas, catering to downstream customers consisting mainly of second- and third-tier wholesalers or local retailers. Wholesalers usually have centralized storage and management, and their staff mainly focus on procurement, sales and warehousing. We sell our products to wholesalers who resell our products to their own customers. In 2022, 2023 and the nine months ended September 30, 2024, our revenue derived from wholesalers amounted to US$191.2 million, US$266.5 million and US$215.1 million, representing 59.8%, 64.8% and 64.3% of our total revenue, respectively. As of December 31, 2022 and 2023 and September 30, 2024, we had 2,003, 2,162 and 1,965 wholesalers, respectively.

Set out below are the salient terms of our typical sales agreements with wholesalers:

Duration:	Three years
Minimum purchase amount requirement:	No minimum purchase amount requirement
Sales target and rebate:	No sales target is set for a large majority of wholesalers. Sales targets may be set for certain key wholesalers on a case-by-case basis and rebates are offered upon achievement of the sales targets. There is no penalty for failing to meet the sales targets.
Purchase price:	The purchase price is separately agreed between each wholesaler and us in individual purchase orders. We reserve the right to adjust the purchase price at any time.
Payment and credit terms:	Payment is typically due before or upon delivery. Credit terms may be extended on a case-by-case basis, taking into account factors including creditworthiness and purchase amount. In general, we extend no more than 15 days of credit terms to wholesalers. Payment method includes bank transfer, bank remittance, cheque or other methods approved by us.
Sales restriction:	Certain wholesalers are restricted to sell our products in their designated wholesale markets. There is no restriction on reselling our products to sub-tier sales channels.
Delivery method:	The delivery method is separately agreed in the individual purchase orders. We offer delivery and pick-up options.
Return of goods and refund:	Return of goods or refund is generally not allowed. If there is any quality issue, we will negotiate with the wholesalers about the solutions and may provide replacement of products on a case-by-case basis.
Termination:	The agreement may be terminated by us in the event of, among others, breach of agreement, default in payment or breach of laws and regulations by the wholesaler.

Movement in Number of Wholesalers

The table below sets forth the number of our wholesalers and their movements for the periods indicated:

	Year ended December 31,		Nine months ended September 30,
	2022	2023	2024
Number of wholesalers at the beginning of the period	1,911	2,003	2,162
Number of wholesalers added during the period	667	698	514
Number of inactive wholesalers[(1)] deducted during the period	(575)	(539)	(711)
Number of wholesalers at the end of the period	2,003	2,162	1,965

Note:

(1) For the purpose of the above table, we consider the business relationship with a wholesaler to be inactive when such wholesaler did not contribute to our revenue during the relevant year or period. When calculating the total number of wholesalers at the end of a period, we deduct the number of inactive wholesalers.

Sales to Distributors

Distributors are customers who purchase goods from product manufacturer and provider in the mid-segment of the supply chain and possess robust marketing capabilities, dedicated sales teams, and their own delivery vehicles to effectively and proactively distribute products to the end market. Distributors usually focus on sales of specific types of products and pursue higher inventory turnover rate and timeliness of delivery, and their staff mainly focus on sales, marketing, delivery and customer service. They are usually able to follow the manufacturer's guidelines and responsible for managing and servicing the downstream sales channels within their designated geographical area, ensuring effective product rollout and market coverage. We sell our products to distributors who resell our products to their own customers. Our distributors manage sales, deliveries and customer service within their assigned regions, adhering to our established requirements. We believe that partnering with distributors allows for proactive market development, particularly in more remote areas, leading to more effective product distribution. In 2022, 2023 and the nine months ended September 30, 2024, our revenue derived from distributors amounted to US$106.1 million, US$127.1 million and US$106.8 million, representing 33.2%, 30.9% and 31.9% of our total revenue, respectively. As of December 31, 2022 and 2023 and September 30, 2024, we had 293, 410 and 415 distributors, respectively.

Set out below are the salient terms of our typical sales agreements with distributors:

Duration:	Three years
Minimum purchase amount requirement:	No minimum purchase amount requirement
Sales target and rebate:	No sales target is set for a large majority of distributors. Sales targets may be set for certain key distributors on a case-by-case basis and rebates are offered upon achievement of the sales targets. There is no penalty for failing to meet the sales targets. Moreover, additional rebates will be offered to them if they choose to sell our products exclusively, maintain sufficient vehicles for delivery and/or pick up the purchased goods at our warehouses.
Purchase price:	The purchase price is separately agreed between each distributor and us in individual purchase orders. We reserve the right to adjust the purchase price at any time.
Payment and credit terms:	Payment is typically due before or upon delivery. Credit terms may be extended on a case-by-case basis, subject to creditworthiness. In general, we extend no more than 15 days of credit terms to distributors. Payment method includes bank transfer, bank remittance, cheque or other methods approved by us.
Sales restriction:	Certain key distributors are restricted to sell our products in their designated sales areas. There is no restriction on reselling our products to sub-tier sales channels.
Delivery method:	The delivery method is separately agreed in the individual purchase orders. We offer delivery and pick-up options.
Return of goods and refund: . . .	Return of goods or refund is generally not allowed. If there is any quality issue, we will negotiate with the distributors about the solutions and may provide replacement of products on a case-by-case basis.
Termination:	The agreement may be terminated by us in the event of, among others, breach of agreement, default in payment or breach of laws and regulations by the distributor.

Movement in Number of Distributors

The table below sets forth the number of our distributors and their movements for the periods indicated:

	Year ended December 31,		Nine months ended September 30,
	2022	2023	2024
Number of distributors at the beginning of the period	257	293	410
Number of distributors added during the period	86	131	80
Number of inactive distributors[(1)] deducted during the period	(50)	(14)	(75)
Number of distributors at the end of the period	293	410	415

Note:

(1) For the purpose of the above table, we consider the business relationship with a distributor to be inactive when such distributor did not contribute to our revenue during the relevant year or period. When calculating the total number of distributors at the end of a period, we deduct the number of inactive distributors.

Sales to Supermarkets and Other Retailers

Retail channels are where our products are displayed and sold to end consumers. Our retailer network primarily consists of supermarkets and other retailers, such as gas stations, baby care shops and pharmacies. This diverse range of retailers includes both nationwide or regionwide chains as well as individual stores. By collaborating with supermarkets and other retailers, we are able to increase the visibility of our brands and products and penetrate local markets more effectively. In 2022, 2023 and the nine months ended September 30, 2024, our revenue derived from supermarkets and other retailers amounted to US$9.6 million, US$11.6 million and US$10.8 million, representing 3.0%, 2.8% and 3.2% of our total revenue, respectively. As of December 31, 2022 and 2023 and September 30, 2024, we had 161, 195 and 194 supermarkets and other retailers, respectively.

Set out below are the salient terms of our typical sales agreements with supermarkets and other retailers:

Duration:	One to three years
Minimum purchase amount requirement:	No minimum purchase amount requirement
Sales target and rebate:	No sales target is set for a large majority of supermarkets and other retailers. Sales targets may be set for certain key supermarkets and other retailers on a case-by-case basis and rebates are offered upon achievement of the sales targets. There is no penalty for failing to meet the sales targets.
Purchase price:	The purchase price is separately agreed between each supermarket or other retailer and us in individual purchase orders. We reserve the right to adjust the purchase price at any time.
Payment and credit terms:	Payment is typically due before or upon delivery. Credit terms may be extended on a case-by-case basis, taking into account factors including creditworthiness and purchase amount. In general, the credit terms we extend to supermarkets and other retailers range from 30 to 90 days. Payment method includes bank transfer, bank remittance, cheque or other methods approved by us.
Sales restriction:	In general, no sales restriction is imposed on supermarkets and other retailers.
Delivery method:	The delivery method is separately agreed in the individual purchase orders. We offer delivery and pick-up options.
Return of goods and refund:	Return of goods or refund is generally not allowed. If there is any quality issue, we will negotiate with the supermarkets or retailers about the solutions and may provide replacement of products on a case-by-case basis.
Termination:	In general, the agreement may be terminated by us in the event of, among others, breach of agreement, default in payment or breach of laws and regulations by the supermarket or other retailer.

Management of Sales Channels

We evaluate and select customers as our sales channels based on a variety of criteria, such as their financial status, business experience, sales capabilities, warehousing capabilities, reputation and scale of operation. Potential customers must pass our internal approval procedures before they are selected as our sales channels. We generally enter into standard sales agreements with our sales channels to better manage and standardize our relationship with them. Our standard sales agreements include, among others, anti-corruption terms that our sales channels must strictly comply with. We regularly assess the sales performance of our sales channels and provide them with guidance on products, sales and marketing strategies. In addition, we regularly inspect our sales channels to monitor compliance with our requirements, such as, where applicable, selling within the designated sales territories. If our sales channels fail to comply with our requirements, we will request remedial actions and can terminate our cooperation and cancel any rebate or discount. We do not prohibit our sales channels from reselling our products to their downstream sales channels but we do not have any direct contractual relationships with their downstream sales channels or maintain any control over them.

To minimize the risk of cannibalization among our sales channels, we have implemented the following measures:

- We generally sell our products at uniform prices across different sales channels within the same country, and provide suggested selling prices to our sales channels, so as to ensure standardization of product prices and to prevent extreme competition among them.

- To prevent over-competition among our key distributors, a sales territory is designated in the sales agreement. They are prohibited from selling our products outside their respective designated sales territories.

- We monitor the sales activities of our distributors by regularly conducting site visits to their warehouses and their downstream customers to collect first-hand information from the market. If we become aware of any violation of our requirements, such as engaging in any cross-regional sales, we may cancel any rebate or discount granted to the relevant distributors and terminate our business relationship with them.

We believe that our sales correspond to the actual consumer demand and the risk of channel stuffing is low based on the following reasons:

- We conduct semi-annual stocktaking of our sales channels to monitor their inventory level and prevent channel stuffing. If we notice a significant drop in their sales volumes or if there is an unusually large amount of unsold inventory, we will make enquiries and adopt appropriate measures.

- We generally require full payment before or upon delivery of products and we only grant credit terms to customers on a case-by-case basis subject to their creditworthiness.

- Return of product or refund is generally not allowed. If there is any quality issue, we will negotiate with our customers about the solutions and may provide replacement of products on a case-by-case basis. We consider that our product return policy is in line with the industry practice. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material product returns or recalls, complaints, claims or legal proceedings related to product quality.

- Our sales agreements do not have any minimum purchase amount requirement. While we offer rebates upon achievement of the sales targets set out in the sales agreement, such sales targets are voluntary in nature and there is no penalty for failing to meet them.

To the best of our knowledge, save for the Remaining Sunda Group, all of our wholesalers, distributors, supermarkets and other retailers during the Track Record Period are Independent Third Parties and do not have any other past or present family, business, employment, or financial relationships with us.

According to Frost & Sullivan, the use of wholesalers, distributors, supermarkets and other retailers to distribute baby and feminine hygiene products is a common industry practice in Africa, Latin America and Central Asia.

OUR CUSTOMERS

Our customers primarily consist of wholesalers, distributors, supermarkets and other retailers. In 2022, 2023 and the nine months ended September 30, 2024, (i) our revenue derived from our largest customer amounted to US$4.8 million, US$5.2 million and US$5.0 million, representing 1.5%, 1.3% and 1.5% of our total revenue, respectively; and (ii) our revenue derived from our five largest customers amounted to US$16.7 million, US$20.1 million and US$18.4 million, representing 5.2%, 4.9% and 5.5% of our total revenue, respectively.

The following table sets forth the details of our five largest customers during the Track Record Period:

Year ended December 31, 2022

No.	Customer	Customer type	Background	Principal products/services provided	Year of commencement of business relationship with us	Credit terms	Payment method	Revenue	% of total revenue
								(US$ in thousands)	*(%)*
1	Customer A	Distributor	A distributor of FMCG located in Kenya	Baby diapers, baby pants, sanitary pads and wet wipes	2016	14 days	Bank transfer	4,835	1.5
2	The Remaining Sunda Group	Distributor	An integrated enterprise principally engaged in businesses related to FMCG, building materials and hardware	Baby diapers, baby pants, sanitary pads and wet wipes	N/A(Note)	Repayable on demand	Bank transfer	3,409	1.1
3	Customer B	Distributor	A distributor of FMCG located in Kenya	Baby diapers, baby pants, sanitary pads and wet wipes	2015	Nil	Bank transfer	2,937	0.9
4	Customer C	Wholesaler	A wholesaler of FMCG located in Zambia and the Democratic Republic of Congo	Baby diapers, sanitary pads and wet wipes	2019	Nil	Bank transfer	2,892	0.9
5	Customer D	Wholesaler	A wholesaler of FMCG located in Togo	Baby diapers, baby pants, sanitary pads and wet wipes	2020	Nil	Bank transfer	2,654	0.8
Total								**16,727**	**5.2**

Note:

1. We started our business as an internal business segment of Sunda Group back in 2009. Sunda Group consists of our Group and the Remaining Sunda Group, both of which are ultimately controlled by Mr. Shen and Ms. Yang.

Year ended December 31, 2023

No.	Customer	Customer type	Background	Principal products sold	Year of commencement of business relationship with us	Credit terms	Payment method	Revenue	% of total revenue
								(US$ in thousands)	*(%)*
1	Customer A	Distributor	A distributor of FMCG located in Kenya	Baby diapers, baby pants, sanitary pads and wet wipes	2016	14 days	Bank transfer	5,169	1.3
2	Customer E	Distributor	A distributor of FMCG located in Tanzania	Baby diapers, baby pants, sanitary pads and wet wipes	2020	0 to 7 days	Bank transfer	4,408	1.1
3	Customer B	Distributor	A distributor of FMCG located in Kenya	Baby diapers, baby pants, sanitary pads and wet wipes	2015	Nil	Bank transfer	3,867	0.9
4	Customer F	Wholesaler	A wholesaler of FMCG, plastic bags, metal products and textiles located in Uganda	Baby diapers, baby pants, sanitary pads and wet wipes	2018	0 to 5 days	Bank transfer	3,640	0.9
5	Customer G	Wholesaler	A wholesaler of FMCG located in Zambia	Baby diapers, sanitary pads and wet wipes	2019	0 to 14 days	Bank transfer	2,967	0.7
Total								**20,051**	**4.9**

Nine months ended September 30, 2024

No.	Customer	Customer type	Background	Principal products sold	Year of commencement of business relationship with us	Credit terms	Payment method	Revenue	% of total revenue
								(US$ in thousands)	*(%)*
1	Customer A	Distributor	A distributor of FMCG located in Kenya	Baby diapers, baby pants, sanitary pads and wet wipes	2016	14 days	Bank transfer	5,046	1.5
2	Customer B	Distributor	A distributor of FMCG located in Kenya	Baby diapers, baby pants, sanitary pads and wet wipes	2015	Nil	Bank transfer	3,869	1.2
3	Customer F	Wholesaler	A wholesaler of FMCG, plastic bags, metal products and textiles located in Uganda	Baby diapers, baby pants, sanitary pads and wet wipes	2018	0 to 5 days	Bank transfer	3,721	1.1
4	Customer C	Wholesaler	A wholesaler of FMCG located in Zambia and the Democratic Republic of Congo	Baby diapers, sanitary pads and wet wipes	2019	Nil	Bank transfer	3,206	1.0
5	Customer H	Distributor	A distributor of FMCG located in Mali	Baby diapers and sanitary pads	2021	Nil	Bank transfer	2,581	0.8
Total								**18,422**	**5.5**

Save for the Remaining Sunda Group, all of our five largest customers during the Track Record Period are Independent Third Parties. To the best knowledge of our Directors, save for the Remaining Sunda Group, none of our Directors, their close associates or any Shareholders who owned more than 5% of the share capital of our Company as at the Latest Practicable Date had any interest (direct or indirect) in any of our five largest customers during the Track Record Period.

THIRD-PARTY PAYMENT ARRANGEMENT

Background

During the Track Record Period, certain of our customers (the "**Relevant Customer(s)**") settled their payments (the "**Third-party Payments**") with us through third-party payors (the "**Third-party Payment Arrangement**"). In 2022, 2023 and the nine months ended September 30, 2024, (i) the number of Relevant Customers was 1,520, 1,567 and 270, respectively; and (ii) the aggregate amount of the Third-party Payments was US$93.3 million, US$82.5 million and US$4.4 million, representing approximately 29.2%, 20.1% and 1.3% of our revenue, respectively. No individual Relevant Customer had made any material contribution to our revenue during the Track Record Period.

As of September 30, 2024, our Group had ceased all the Third-party Payment Arrangement, save for certain Relevant Customers who had not completely ceased Third-party Payment due to administrative difficulties but had each provided a designation letter to us confirming (1) the identity of the third-party payors; (2) the third-party payors are authorized to make payment to us on the customer's behalf; (3) in the case of mobile payment, the mobile phone numbers or mobile application accounts of the third-party payors that were or will be used for such payments; (4) that the customer assumes the primary liability of settling the payment arising from their purchase of goods from us; and (5) that the third-party payors shall not and will not request us to refund the payments made and settled on behalf of the customer in connection with the Third-party Payment Arrangement. In view of the minimal percentage of Third-party Payments in terms of our revenue for the nine months ended September 30, 2024, we consider that the cessation of the Third-party Payment Arrangement did not and will not have any material adverse effect on our business, operations and financial results.

During the Track Record Period, (i) we did not proactively initiate the Third-party Payment Arrangement or participate in other similar arrangement; (ii) we did not provide any discount, commission, rebate or other benefit to any of the Relevant Customers or the third-party payors to facilitate or incentivize the Third-party Payment Arrangement; and (iii) the pricing and payment terms of the agreements we entered into with the Relevant Customers were generally in line with other customers.

To the best knowledge of our Directors, the third-party payors designated by the Relevant Customers during the Track Record Period primarily consisted of persons affiliated with the Relevant Customers, such as their beneficial owners, beneficial owners' relatives, employees, and downstream sales channels. To the best knowledge of our Directors, all of the Relevant Customers and the third-party payors are Independent Third Parties and there is no other past or present relationship, including business, trust, employment, financing, family or otherwise, between the Relevant Customers or the third-party payors and us.

To the best knowledge of our Directors and taking into account the advices of our legal advisors, our Directors confirm that the Third-party Payment Arrangement during the Track Record Period was based on bona fide underlying transactions and valid contracts, valid and legally binding and in compliance with the applicable laws and regulations in all material respects, and the risk that our Group would be found obligated to return funds to the Relevant Customers or their designated third-party payors under the Third-Party Payment Arrangement is remote.

To the best knowledge of our Directors, during the Track Record Period and up to the Latest Practicable Date, we had not been the subject of any material disputes, claims, prosecutions, investigations, enquiries, penalties, surcharges or additional tax payments as a result of the Third-party Payment Arrangement.

Reason for Using Third-party Payment Arrangement

To the best knowledge of our Directors, the use of the Third-party Payment Arrangement during the Track Record Period was primarily for the purpose of facilitating the requests of the Relevant Customers who, for various administrative reasons as set out below and for convenience sake, requested payment settlement through third-party payors. For example, some Relevant Customers did not have their own corporate accounts as they would like to avoid the complexity of setting up corporate accounts. They considered it more convenient and flexible to settle payments with us through the accounts of their relatives, employees or other acquaintances. There were some Relevant Customers who instructed their sales staff to settle our payments through the sales staff's personal accounts after the sales staff collected payments from their customers, as they considered it was more convenient to do so instead of arranging the sales staff to transfer the collected payments to such Relevant Customers for onward transfer to us. There were also some Relevant Customers who instructed their downstream sales channels to pay us directly the amounts such Relevant Customers owed us so as to offset the amounts such downstream sales channels owed such Relevant Customers as agreed between them out of convenience.

According to Frost & Sullivan, it is a common commercial practice for wholesalers, distributors and retailers in Africa, Latin America and Central Asia to settle payments through third-party payors out of convenience and flexibility, and it may not be commercially viable for them to completely cease this practice.

Enhanced Internal Control Measures

We have implemented the following enhanced internal control measures to mitigate the risks associated with the Third-party Payment Arrangement:

i. We request our customers not to settle their payments with us through the Third-party Payment Arrangement and we will not accept third-party payments in the future, except in special circumstances where the customers have genuine practical difficulties, which we will consider and approve on a case-by-case basis and request the relevant customers to follow our enhanced internal control requirements below;

ii. For customers who continue to settle their payments with us through the Third-party Payment Arrangement, we make enquiries with them to understand their business practice and ensure that their use of the Third-party Payment Arrangement is supported by genuine reasons;

iii. In addition, when approving any customer who has genuine reasons to use the Third-party Payment Arrangement, we require a designation letter from the customer confirming (1) the identity of the third-party payors; (2) the third-party payors are authorized to make payment to us on the customer's behalf; (3) in the case of mobile payment, the mobile phone numbers or mobile application accounts of the third-party payors that were or will be used for such payments; (4) that the customer assumes the primary liability of settling the payment arising from their purchase of goods from us; and (5) that the third-party payors shall not and will not request us to refund the payments made and settled on behalf of the customer in connection with the Third-party Payment Arrangement. We also require such customers to provide us with payment details, such as time, method, amount and the payor's account number, after they have made the payments to us so that we can confirm the identities of the underlying customers relating to such payments;

iv. We have requested our customers to specify sufficient information in the deposit receipts when settling payments with us through bank deposits so that we can confirm their identities;

v. When accepting third-party payments, we verify the payment details against the information in our system to ensure that such payments were settled through the authorized third-party payors as specified in the designation letters;

vi. We communicate with our customers about our policies on third-party payments, anti-corruption and anti-money laundering. Our standard sales agreements include anti-corruption and anti-money laundering terms allowing us to terminate the agreement and cancel any rebate or discount if the customer engages in any corruption or money-laundering activities; and

vii. We require our employees to reject all payments made by third-party payors that fail to satisfy the abovementioned requirements.

Our Directors, having consulted our internal control consultant (as referred to in the paragraph headed "—Internal Control and Risk Management" in this section below), are of the view that the enhanced internal control measures are effective and adequate and the risks relating to the Third-party Payment Arrangement are properly managed. Based on the above, to the best knowledge of our Directors, our Directors believe that the Third-party Payment Arrangement during the Track Record Period has been recorded completely and accurately in our accounting books and records in all material respects.

PRICING

In determining our prices, we take into account various factors, such as the demand and supply of our products, market position, anticipated market trends, costs of raw materials, production costs, product categories, sales trends, retail prices of similar products, and market conditions in different countries, foreign exchange rates and the expected profit margins for us and our sales channels. As different countries have different purchasing power and market conditions, our selling prices may vary from country to country. We review and adjust our product prices periodically based on these factors and general market conditions.

We generally sell our products at uniform prices across different sales channels within the same country, and provide suggested selling prices to our sales channels, so as to ensure standardization of product prices and to prevent extreme competition among them.

SEASONALITY

Our business is subject to seasonal variations. We generally experience higher sales of baby diapers and baby pants during the rainy season in Africa, as consumers tend to use these products more frequently to maintain hygiene and dryness in humid weather and tend to stock up these products due to the inconvenience of transportation during the rainy season.

RAW MATERIALS

The raw materials used for our production primarily include fluff pulp, non-woven fabrics and SAP, elastic materials, disinfectants, fragrances, as well as packaging materials.

Our baby diapers and baby pants are mainly composed of fluff pulp, non-woven fabrics and SAP. Our sanitary pads are mainly composed of fluff pulp, and to a lesser extent SAP and non-woven fabrics. Our wet wipes are mainly composed of non-woven fabrics. Our raw materials are mainly purchased from the United States, Japan, South Korea and China, and the relevant payments are usually settled in U.S. dollars or Renminbi. In 2022, 2023 and the nine months ended September 30, 2024, our cost of materials for production, which primarily includes purchase costs of our raw materials, as well as custom duties and freight and transportation costs directly related to these purchases and changes in inventories in the respective periods, amounted to US$217.2 million, US$230.1 million and US$183.3 million, representing 88.2%, 86.0% and 84.9% of our total cost of sales, respectively.

Our procurement team is responsible for centralized procurement of raw materials. We usually obtain quotations from multiple suppliers before making purchases. We monitor the price trend of raw materials and review our product prices accordingly. If costs of raw materials significantly increase, we may appropriately adjust our product prices, taking market conditions and the competitiveness of our products into account.

When the raw materials are transported to our production plants, our staff will conduct inspection of the raw materials to ensure that the quantities and quality meet our requirements. After inspection, the raw materials will be stored at our warehouses pending their use for production. After our products are manufactured, they will be stored at our warehouses pending distribution to our customers.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material shortage or delay in the supply of raw materials.

OUR SUPPLIERS

Our suppliers primarily consist of suppliers of raw materials. In 2022, 2023 and the nine months ended September 30, 2024, (i) our purchases from our largest supplier amounted to US$25.2 million, US$31.0 million and US$31.3 million, representing 9.2%, 12.8% and 16.3% of our total purchases, respectively; and (ii) our purchases from our five largest suppliers amounted to US$94.1 million, US$102.0 million and US$94.5 million, representing 34.3%, 42.2% and 49.4% of our total purchases, respectively.

The following table sets forth the details of our five largest suppliers during the Track Record Period:

Year ended December 31, 2022

No.	Supplier	Background	Principal products/services supplied	Year of commencement of business relationship with us	Credit terms	Payment method	Purchase amount	% of total purchases
							(US$ in thousands)	*(%)*
1. . .	Supplier A	A large-scale manufacturer of fluff pulp headquartered in the United States	Fluff pulp	2019	90 days from the date of delivery of goods	Bank transfer	25,168	9.2

No.	Supplier	Background	Principal products/services supplied	Year of commencement of business relationship with us	Credit terms	Payment method	Purchase amount	% of total purchases
							(US$ in thousands)	*(%)*
2. . .	The Remaining Sunda Group	An integrated enterprise principally engaged in businesses related to FMCG, building materials and hardware	(i) Raw materials, spare parts and equipment, (ii) integrated support services, (iii) short-term leases, (iv) information technology services, and (v) licenses of trademarks	N/A*(Note)*	Repayable on demand	Bank transfer	24,619	9.0
3. . .	Supplier B	A supplier of fluff pulp located in the United States	Fluff pulp	2019	60 days from the date of receipt of goods	Bank transfer	17,709	6.5
4. . .	Supplier C	A supplier of SAP located in Korea	SAP	2019	60 days from the date of delivery of goods	Bank transfer	14,749	5.4
5. . .	Supplier D	A supplier of SAP and plastic products located in Taiwan and Mainland China	SAP	2019	30 days from the date of delivery of goods	Bank transfer	11,819	4.3
Total .							**94,064**	**34.3**

Note:

1. We started our business as an internal business segment of Sunda Group back in 2009. Sunda Group consists of our Group and the Remaining Sunda Group, both of which are ultimately controlled by Mr. Shen and Ms. Yang.

Year ended December 31, 2023

No.	Supplier	Background	Principal products/services supplied	Year of commencement of business relationship with us	Credit terms	Payment method	Purchase amount	% of total purchases
							(US$ in thousands)	*(%)*
1 . .	Supplier A	A large-scale manufacturer of fluff pulp headquartered in the United States	Fluff pulp	2019	90 days from the date of delivery of goods	Bank transfer	31,030	12.8
2 . .	The Remaining Sunda Group	An integrated enterprise principally engaged in businesses related to FMCG, building materials and hardware	(i) Raw materials, spare parts and equipment, (ii) integrated support services, (iii) short-term leases, (iv) information technology services, and (v) licenses of trademarks	N/A(Note)	Repayable on demand	Bank transfer	28,118	11.6
3 . .	Supplier E	A supplier of SAP located in Korea	SAP	2022	60 days from the date of delivery of goods	Bank transfer	16,243	6.7
4 . .	Supplier D	A supplier of SAP and plastic products located in Taiwan and Mainland China	SAP	2019	30 days from the date of delivery of goods	Bank transfer	15,770	6.5
5 . .	Supplier F	A manufacturer of non-woven fabrics located in the PRC	Non-woven fabrics	2019	Monthly balance to be settled on the 15th day of the second next month	Bank transfer	10,819	4.5
Total.							**101,980**	**42.2**

Note:

1. We started our business as an internal business segment of Sunda Group back in 2009. Sunda Group consists of our Group and the Remaining Sunda Group, both of which are ultimately controlled by Mr. Shen and Ms. Yang.

Nine months ended September 30, 2024

No.	Supplier	Background	Principal products/services supplied	Year of commencement of business relationship with us	Credit terms	Payment method	Purchase amount	% of total purchases
							(US$ in thousands)	*(%)*
1 . .	Supplier G	A large-scale supplier of fluff pulp headquartered in the United States	Fluff pulp	2023	Payment upon delivery	Bank transfer	31,259	16.3
2 . .	Supplier A	A large-scale manufacturer of fluff pulp headquartered in the United States	Fluff pulp	2019	90 days from the date of delivery of goods	Bank transfer	21,440	11.2
3 . .	The Remaining Sunda Group	An integrated enterprise principally engaged in businesses related to FMCG, building materials and hardware	(i) Raw materials, spare parts and equipment, (ii) integrated support services, (iii) short-term leases, and (iv) information technology services	N/A*(Note)*	Repayable on demand	Bank transfer	19,202	10.0
4 . .	Supplier D	A supplier of SAP and plastic products located in Taiwan and Mainland China	SAP	2019	30 days from the date of delivery of goods	Bank transfer	12,457	6.5
5 . .	Supplier H	A supplier of SAP and chemicals located in Japan	SAP	2021	90 days from the date of delivery of goods	Bank transfer	10,180	5.3
Total.							**94,538**	**49.4**

Note:

1. We started our business as an internal business segment of Sunda Group back in 2009. Sunda Group consists of our Group and the Remaining Sunda Group, both of which are ultimately controlled by Mr. Shen and Ms. Yang.

Save for the Remaining Sunda Group, all of our five largest suppliers during the Track Record Period are Independent Third Parties. To the best knowledge of our Directors, save for the Remaining Sunda Group, none of our Directors, their close associates or any Shareholders who owned more than 5% of the share capital of our Company as at the Latest Practicable Date had any interest (direct or indirect) in any of our five largest suppliers during the Track Record Period.

Salient Terms of Long-term Agreements

We usually obtain price quotations from raw materials suppliers by way of tendering and enter into framework agreements with them for a term of around three months, and we usually place purchase orders with them on a monthly basis. Save for two framework agreements for the supply of fluff pulp as disclosed below, we generally do not enter into long-term agreements with our suppliers.

As of the Latest Practicable Date, we had entered into long-term framework agreements with two large-scale fluff pulp suppliers. We believe that such agreements enable us to secure a stable supply of fluff pulp, which is a key ingredient of our products, at a more competitive price. We consider that there are other alternative suppliers of fluff pulp of comparable quality and prices in the market, and that we do not have any material reliance on the two suppliers. During the Track Record period and up to the Latest Practicable Date, we were not aware of any material breach of such agreements, nor any circumstance that would affect their enforceability.

Set out below are the salient terms of such framework agreements:

Duration:	One year
Minimum purchase amount requirement:	The estimated annual purchase quantity is specified, subject to a 10% permitted variance. If we meet the estimated annual purchase quantity, we will be granted a rebate. There is no penalty if we are unable to meet the estimated annual purchase quantity.
Rebate:	We will receive a rebate based on a fixed percentage of the invoice price if our annual purchase amount reaches a certain level.
Pricing:	The price is determined with reference to an industry monthly index.
Delivery:	The products are delivered to the agreed location on a CIP basis.

Selection and Management of Suppliers

We evaluate and select suppliers based on a number of criteria, such as quality, price, relevant qualifications, craftsmanship, reputation, track record and timeliness of delivery. To ensure product quality, we conduct background and qualification checks, sample testing and on-site inspection of their production facilities. To maintain a stable supply of raw materials and avoid over-reliance, we usually have a few approved suppliers of comparable quality and prices for each raw material type. We regularly review supplier performance and cease procuring from those who fail to meet our requirements.

We have implemented anti-corruption policies requiring our employees to avoid and declare any actual or potential conflict of interest and prohibiting them from receiving any kickbacks. We only engage suppliers that share our ethical values and include anti-corruption terms in our standard agreements with suppliers.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

During the Track Record Period, the Remaining Sunda Group was one of our five largest customers and one of our five largest suppliers. During the same period, we sold baby diapers, baby pants, sanitary pads and wet wipes to the Remaining Sunda Group as our distributor, and we procured, among others, raw materials, spare parts and equipment, integrated support services, short-term leases, information technology services and licenses of trademarks from the Remaining Sunda Group. In 2022, 2023 and the nine months ended September 30, 2024, our revenue generated from the Remaining Sunda Group amounted to US$3.4 million, US$77,000 and nil, respectively, and our purchases from the Remaining Sunda Group amounted to US$24.6 million, US$28.1 million and US$19.2 million, respectively. Our Directors have confirmed that our sales to and purchases from the Remaining Sunda Group during the Track Record Period were not inter-conditional, inter-related or otherwise considered as one transaction, and were conducted in the ordinary course of business and under normal commercial terms.

See "Financial Information—Related Party Transactions" and "Connected Transactions" for further details.

INVENTORY MANAGEMENT

Our inventories primarily consist of raw materials (e.g. fluff pulp, non-woven fabrics and SAP), spare parts, semi-finished products and finished products. The shelf life of our products is typically three years. We conduct stocktaking of our inventories on a daily, monthly and yearly basis in order to maintain accurate records and avoid obsolescence. We have implemented a digital POS system, which enables us to monitor inventory movement, receivables and payables on a centralized and real-time basis. To safeguard our inventories, we have instaled surveillance cameras and arranged security guards to conduct regular patrol at our warehouses. Our warehouses are also instaled with fire safety equipment and drainage system to control any fire or flooding risks.

We make procurement decisions based on a number of factors, including but not limited to sales forecasts, buffer inventory requirements, procurement lead time, production plan and bill of materials. According to Frost & Sullivan, the Emerging Markets are characterized by several unique factors, including scarcity of raw materials, which necessitates imports from overseas, geographically dispersed populations, and underdeveloped local and international logistics infrastructure. According to the same source, these factors usually lead to a relatively lengthy production and procurement cycle for baby and feminine hygiene products manufacturers. Primarily for the above reasons, in 2022, 2023 and the nine months ended September 30, 2024, our inventory turnover days were 140, 152 and 138, respectively, which were generally in line with the industry norms in the Emerging Markets, according to the same source.

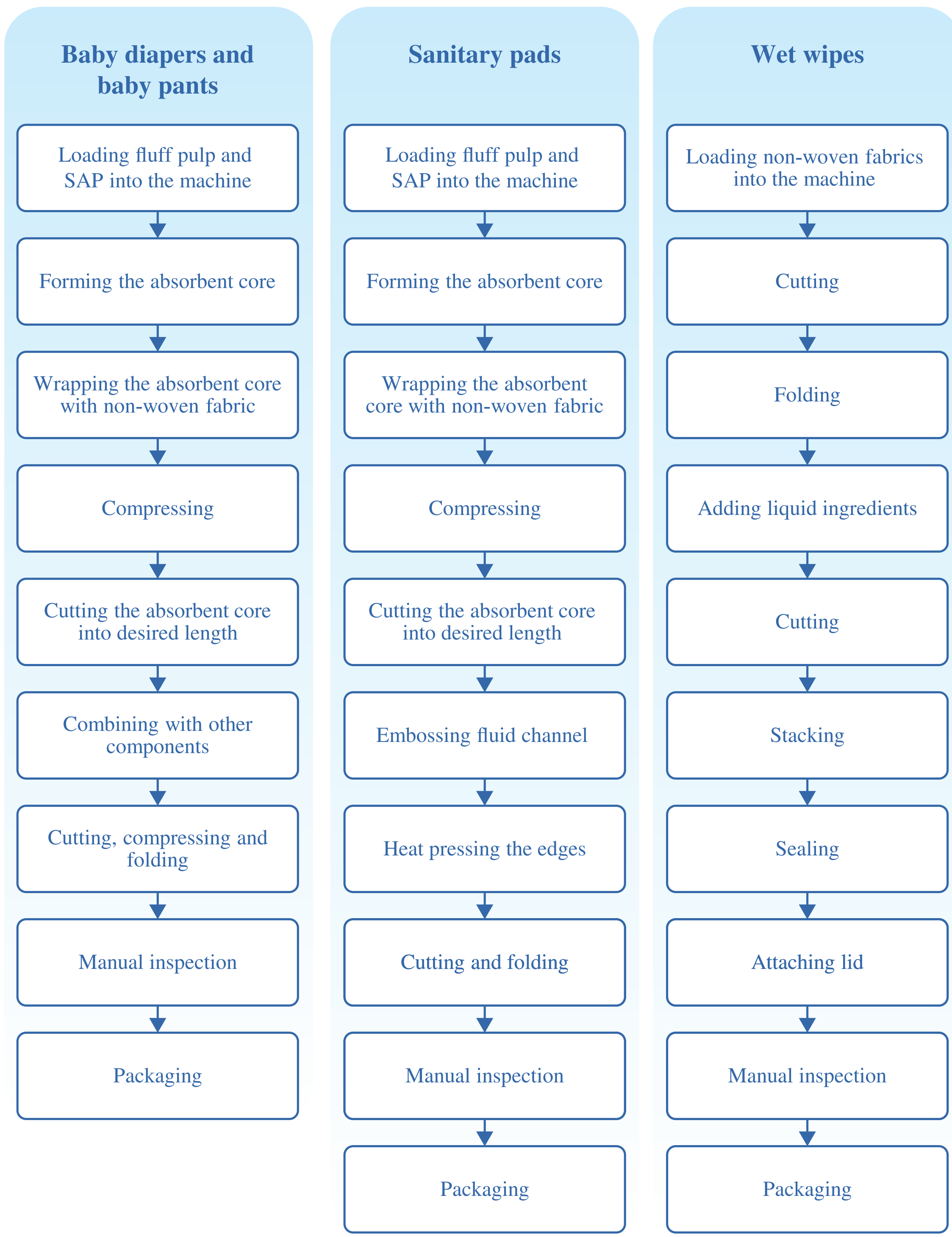
WAREHOUSING AND LOGISTICS

Our production plants are equipped with warehouses for storage of raw materials and finished products. In addition, we also own or lease other warehouses for storage of finished products. We have our own vehicles for transportation of raw materials or finished products. To maintain flexibility, we also procure logistics services from third-party logistics companies and the Remaining Sunda Group to support our logistics needs.

Pursuant to an Integrated Support Services Framework Agreement [entered into] between us and the Remaining Sunda Group, the Remaining Sunda Group agrees to provide us with certain integrated support services, which cover, among others, logistics documentation processing, tracking of logistics status of raw materials procurement, product delivery and warehousing services. Having regard that such services involve multiple jurisdictions and would require considerable capital investment in labor resources and administrative management, we believe this arrangement enables us to leverage the Remaining Sunda Group's long-established business network and extensive labor resources to support our fast-growing business demands, maintain a lower level of capital investment in labor resources and administrative management, focus our capital investment on the production aspect and manage our operations more cost-efficiently and flexibly. See "Connected Transactions" for further details.

OUR PRODUCTION PROCESS

Our products are primarily manufactured in our production plants in Africa, save for a small portion manufactured by OEM supplier pursuant to outsourcing arrangement as discussed below. To enhance production efficiency and maintain quality standards, our production process is largely automated. The general production process of our products is illustrated in the flow charts below:



Outsourcing Arrangement

We adopt a business expansion strategy of "starting with trading, followed by manufacturing" when expanding into a new market. In order to facilitate our expansion to Latin America and Central Asia prior to establishing local production plants in these countries, we have engaged OEM suppliers in China to manufacture some of our branded products ("**Outsourcing Arrangement**") for sale in these regions. We believe that the Outsourcing Arrangement allows us to test the market viability and adapt our product mix and product specifications to local demand and make adjustments quickly, before committing ourselves to establishing production plants in such countries. The OEM suppliers manufacture our products according to our instructions and standards. They do not require production know-how and techniques from us. In deciding whether to outsource the production of such products as compared to manufacturing them in our own production plants in Africa, we take into account a range of factors, such as the specifications and production requirements of such products, whether our production equipment is capable of manufacturing such products, our production capacity, our overall production plan, quality assurance from potential OEM suppliers, the outsourcing costs and our production costs. We consider that there are many alternative OEM suppliers of comparable quality and prices in the market and that we do not have any material reliance on the OEM suppliers engaged by us during the Track Record Period. See "—Our Suppliers—Selection and Management of Suppliers" above in this section for further details about selection of OEM suppliers.

During the Track Record Period, our OEM products manufactured pursuant to the Outsourcing Arrangement were sold to customers in Peru in Latin America and Kazakhstan in Central Asia. In 2022, 2023 and the nine months ended September 30, 2024, based on sales volume, we outsourced the production of (i) nil, 0.1% and 0.4% of our baby diapers; (ii) less than 0.1%, nil and nil of our baby pants; (iii) less than 0.1%, 0.8% and 1.2% of our sanitary pads; and (iv) 2.0%, 7.4% and 6.7% of our wet wipes. In 2022, 2023 and the nine months ended September 30, 2024, our cost of OEM products sold pursuant to the Outsourcing Arrangement amounted to US$0.2 million, US$1.2 million and US$2.6 million, respectively.

Set out below are the salient terms of the Outsourcing Arrangement:

Duration:	The framework agreement typically has a term of not more than one year.
Scope of service:	The OEM supplier is responsible for manufacturing our branded products according to our instructions and standards.
Minimum purchase amount requirement:	No minimum purchase amount requirement. However, an estimated total purchase amount is usually stated in the framework agreement, subject to the actual purchase amount stated in the individual purchase orders.

Pricing:	A per unit price is agreed in the framework agreement.
Payment terms:	We shall settle the payments according to the payment terms as specified in the agreement. Payments are typically due on the 30th day of the next month.
Raw materials procurement:	The OEM supplier is responsible for procurement of raw materials in accordance with our specifications and standards.
Quality standards:	The outsourced products are required to meet our quality standards and are subject to our inspection before they are delivered to us. We reserve the right not to pay for any outsourced products that fail to meet our quality standards.
Confidentiality:	The OEM supplier is forbidden from disclosing any information obtained pursuant to the Outsourcing Arrangement to any third parties.
Termination:	The framework agreement will be terminated upon expiry of its term.

To the best of our knowledge, the OEM suppliers engaged by us under the Outsourcing Arrangement during the Track Record Period are all Independent Third Parties.

OUR PRODUCTION FACILITIES

As of September 30, 2024, we had eight production plants located in eight different countries in Africa, including Ghana, Kenya, Senegal, Tanzania, Zambia, Cameroon, Uganda and Benin, with a total of 44 production lines for manufacturing baby diapers, baby pants, sanitary pads and/or wet wipes. All of our production plants have obtained ISO 9001 (quality management system) and ISO 14001 (environmental management system) certifications. In addition, all of our production plants have obtained ISO 45001 (occupational health and safety management system) certifications.

We own all of our production machinery and equipment, including a variety of core production machines, gluing machines, stacker cranes, batch coding machines and packaging machines. The average life span of our machinery and equipment is 10 years under normal usage and fair wear and tear and their average remaining useful lives were approximately 6.6 years as of September 30, 2024. We regularly carry out inspections and maintenance of our machinery and equipment to prolong their useful life. During the Track Record Period, we did not experience any material or prolonged interruptions to our production process due to machinery or equipment failure.

The table below sets forth certain details of our production plants by geographical location as of September 30, 2024:

	Year of commencement of production	Number of production lines
Ghana	2018	13
Kenya	2019	11
Senegal	2020	5
Tanzania	2018	4
Zambia	2021	3
Cameroon	2022	5
Uganda	2022	2
Benin	2022	1
Total		**44**

Set forth below is a summary of the designed production capacity, actual production volume and utilization rate of our production plants by product types for the periods indicated:

	Year ended December 31,						Nine months ended September 30,		
	2022			2023			2024		
	Designed production capacity[1]	Actual production volume	Utilization rate[2]	Designed production capacity[1]	Actual production volume	Utilization rate[2]	Designed production capacity[1]	Actual production volume	Utilization rate[2]
	(million pieces)	*(million pieces)*	*(%)*	*(million pieces)*	*(million pieces)*	*(%)*	*(million pieces)*	*(million pieces)*	*(%)*
Baby diapers	4,020.7	3,148.3	78.3	4,659.2	3,796.8	81.5	3,807.1	2,993.2	78.6
Baby pants	321.2	180.8	56.3	305.8	119.4	39.0	264.1	168.2	63.7
Sanitary pads	1,664.9	1,025.8	61.6	2,414.1	1,328.0	55.0	1,926.5	1,254.2	65.1
Wet wipes	3,385.3	957.1	28.3	5,006.9	1,272.0	25.4	4,670.3	1,100.6	23.6

Notes:

1. The designed production capacity is the maximum number of pieces of products which can be produced for the relevant period based on the number of production lines that actually operated during the relevant period and the following assumptions: (i) all production lines are operating at full capacity; (ii) there are two shifts per day, with each shift lasting for 10 hours; and (iii) production is scheduled for 26 days per month.

2. The utilization rate is calculated by dividing the actual production volume during the relevant period by the designed production capacity for the same period.

During the Track Record Period, the utilization rates of baby diapers production lines and wet wipes production lines remained relatively stable.

The utilization rate of baby pants production lines decreased from 56.3% in 2022 to 39.0% in 2023, primarily because a baby pants production line in Ghana was temporarily suspended for relocation to Uganda, resulting in a temporary decrease in actual production volume in 2023. For the nine months ended September 30, 2024, the utilization rate of baby pants production lines increased to 63.7% primarily because there was an increase in actual production volume to meet the estimated demand for our products.

The utilization rate of sanitary pads production lines decreased from 61.6% in 2022 to 55.0% in 2023, primarily because there was an increase in the designed production capacity due to installation of new machinery. For the nine months ended September 30, 2024, the utilization rate of sanitary pads production lines increased to 65.1% primarily because there was an increase in actual production volume to meet the estimated demand for our products.

Our Production Expansion Plan

We plan to enhance our overall production capacity and upgrade our production equipment in order to support our business development as detailed below.

- We plan to build a new production plant in each of Ghana, Tanzania, Uganda, Benin, Côte d'Ivoire, Peru, El Salvador, Kazakhstan and Mexico. The new production plants to be built in Ghana, Tanzania and Benin are expected to replace our existing production plants in these countries. We also plan to expand our existing production plants in Senegal, Kenya and Zambia, as well as our future production plant in Peru after its first phase of construction is completed. These 12 production plants are expected to manufacture baby diapers, baby pants, sanitary pads and/or wet wipes. The construction work of these 12 production plants is expected to be completed from 2025 to 2029. The investment amount for the above plan is estimated to be approximately HK$[**REDACTED**] million, of which HK$[**REDACTED**] million is expected to be financed by the [**REDACTED**] from the [**REDACTED**] and the rest by our internal resources.

- We plan to build new production lines at our production plants in Ghana, Senegal, Cameroon, Tanzania, Kenya, Uganda, Zambia, Benin, Peru, El Salvador, Kazakhstan and Mexico from 2025 to 2029. These production lines are expected to be used for manufacturing baby diapers, baby pants, sanitary pads and/or wet wipes. The investment amount for the above plan is estimated to be approximately HK$[**REDACTED**] million, of which HK$[**REDACTED**] million is expected to be financed by the [**REDACTED**] from the [**REDACTED**] and the rest by our internal resources.

- We plan to purchase production equipment for manufacturing ultra-thin baby diapers and sanitary pads for our production plants in Ghana, Kenya, Senegal, Zambia, Peru, Kazakhstan and Mexico from 2025 to 2029. Ultra-thin baby diapers and sanitary pads feature an integrated absorbent core that makes the product thinner, lighter, more breathable and more comfortable. We plan to launch ultra-thin baby diapers and sanitary pads in the above markets in the future in order to satisfy the increasing consumers' expectation and enhance their user experience. The investment amount for the above plan is estimated to be approximately HK$[**REDACTED**] million, which is expected to be financed by the [**REDACTED**] from the [**REDACTED**].

See "Future Plans and [**REDACTED**]" for further details.

QUALITY CONTROL

Quality Control Measures

We have implemented robust quality control measures across our operations to ensure the finished products can meet our high standards, including:

- ***Suppliers***. We only engage suppliers who pass our rigorous evaluation and selection process. This includes assessing their qualifications, craftsmanship, reputation, track record, price, quality and timeliness of delivery. Our quality control staff conduct background checks, sample testing and on-site inspection of their production facilities to verify their capabilities.

- ***Raw materials***. To ensure that the raw materials meet our quality standards, we may engage third-party quality control inspectors to conduct sample checking of raw materials at the countries of origin before shipment, or request the suppliers to provide certificates of analysis for the raw materials supplied by them. In addition, our staff also check the quantities and quality of the raw materials upon receipt at our production plants.

- ***Production process***. We perform regular maintenance of our production equipment and machinery to ensure proper function. Each of our production plants has a quality control supervisor overseeing production. To ensure that the finished products meet our quality standards, our production lines have automatic detection systems to detect defective products, and quality control staff to carry out manual inspections. We also conduct overall sample checks of the finished products before delivery.

- ***Lab testing***. From time to time, we engage third-party testing organizations to test the performance of our products and whether they contain any hazardous substances and skin allergens.

- ***Market feedback***. Our staff regularly collect feedback from our distributors as well as consumers to gauge their satisfaction with our products. We follow up on any quality issues identified with our suppliers to resolve problems.

- ***Internal communication***. We hold regular internal meetings among our quality control, sales and production teams to share information on sales fluctuations, market feedback and any production issues. This ensures prompt identification and reporting of any quality issues to the appropriate personnel for swift resolution.

Quality Control Team

We are committed to producing quality products that meet consumer expectations. Our quality control team is responsible for managing quality, including, among others, formulating internal standards, selecting suppliers, inspecting raw materials and finished products, collecting market feedback and communicating with suppliers. As of September 30, 2024, our quality control team consisted of 17 senior staff, all of whom had tertiary education qualifications, and 139 ordinary staff.

Our products are designed and produced according to our quality standards which are based on relevant national and industry standards. From time to time, we engage independent laboratories, such as GALAB Laboratories GmbH, SGS S.A., Guangzhou Inspection Testing and Certification Group Co., Ltd, to conduct specific chemical tests on our products to ensure they are free from harmful substances.

Product returns and recalls

Our standard sales agreements generally do not allow for product returns or refunds. We may provide replacement of products or refunds in the event of any quality issue on a case-by-case basis. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material product returns or recalls, complaints, claims or legal proceedings related to product quality.

BRANDING AND MARKETING

We have adopted a multi-brand strategy to enrich our brand portfolio, cover a broader range of consumers and mitigate the risk of concentrating on a single brand. Our core brand, *Softcare*, is developed across all product categories, while other brands with distinct market positions target specific consumer segments. We continuously invest in our brands to enhance our brand image and awareness. To increase brand visibility, we carry out various advertising and promotional activities, including:

- Partnering with local celebrities, such as movie stars and singers, as our brand spokespersons to build public confidence in our products. As of September 30, 2024, we partnered with five celebrities as our brand spokespersons in various countries.

- Advertising on television, a traditional and effective medium for promoting our brands and products in Africa, as well as advertising on billboards and vehicles.

- Paying attention to the latest developments of new online media and conducting marketing activities on online platforms, such as Facebook, Instagram and TikTok, to expand the online presence of our brands and products.

- Collaborating with our supermarkets and other retailers to execute in-store promotional campaigns to drive sales.

- Offering special discounts to our sales channels from time to time to drive sales.

RESEARCH AND DEVELOPMENT

We have successfully expanded our product portfolio through continuous research and development efforts. Our research and development team is responsible for developing new products, conducting tests of raw materials and products, analyzing and comparing their performance and enhancing production efficiency. As of September 30, 2024, our research and development team consisted of four staff, all of whom had tertiary education qualifications and relevant industry experience.

Our research and development efforts primarily focus on the following aspects:

- ***Consumer learning***. In order to keep abreast of the latest needs and preferences of consumers, we regularly conduct consumer learning specific to different countries and regions by way of focus group discussions, interviews, and site visits of our customers. The results of consumer learning will support our product design process so that we are able to cater to the different needs of consumers in different regions and develop new products targeting market needs.

- ***New product development***. We continuously expand our product portfolio and improve our product designs to better meet changing consumer needs. When developing new products, we aim to enhance their performance based on parameters such as appearance, thickness, softness, texture, fit, breathability, absorption performance and leak-proof reliability. For example, in 2023, we launched our *Softcare Space* baby diapers, a space-inspired product line featuring high-performance polymer technology and multiple micro-pores for increased breathability and long-lasting dryness.

- ***Conducting tests.*** During our research and development process, we pay attention to the trend of technological development of upstream and downstream industry players, and conduct tests of various kinds of raw materials, such as SAP and non-woven fabrics, in order to analyze and compare their performance, such as absorption speed, absorption capacity, softness, thickness and other aspects. This gives us objective data for choosing the suitable raw materials and developing new formulae and designs. We closely communicate with our suppliers in order that they can understand our needs and produce the suitable raw materials that best suit our new products. Apart from raw materials, we also conduct tests of our existing and prototype products as well as competing products on the market in order to understand the latest market trends and enhance the competitiveness of our products.

- ***Production process optimization***. Our research and development team work with our production team, equipment team, suppliers and equipment companies to optimize over production processes. We believe such efforts help us to improve our production craftsmanship, enhance product pass rate and reduce raw material wastage during production process, thereby reducing our average production cost and enhancing our quality control.

In 2022, 2023 and the nine months ended September 2024, our research and development expenses amounted to US$0.2 million, US$0.3 million and US$0.3 million, respectively.

TRANSFER PRICING ARRANGEMENT

Overview

We have operating entities in multiple jurisdictions, including but not limited to Ghana, Kenya, Senegal, Tanzania, Zambia, Cameroon, Uganda, Benin, Côte d'Ivoire, Peru, Kazakhstan, UAE and China, to carry out our operations. Our operating entities perform different functions, from raw material procurement, production to sales and product distribution.

As of September 30, 2024, we had entered into the following main intra-group transactions (the "**Covered Transactions**"):

(i) Purchase of raw materials

Guangzhou Sengong purchased raw materials for FMCG products such as non-woven fabrics, SAP and packaging materials from third party suppliers in Mainland China and then sold them to another member of our Group outside Mainland China (i.e., Sunmart Trading Dubai).

(ii) Supply of raw materials

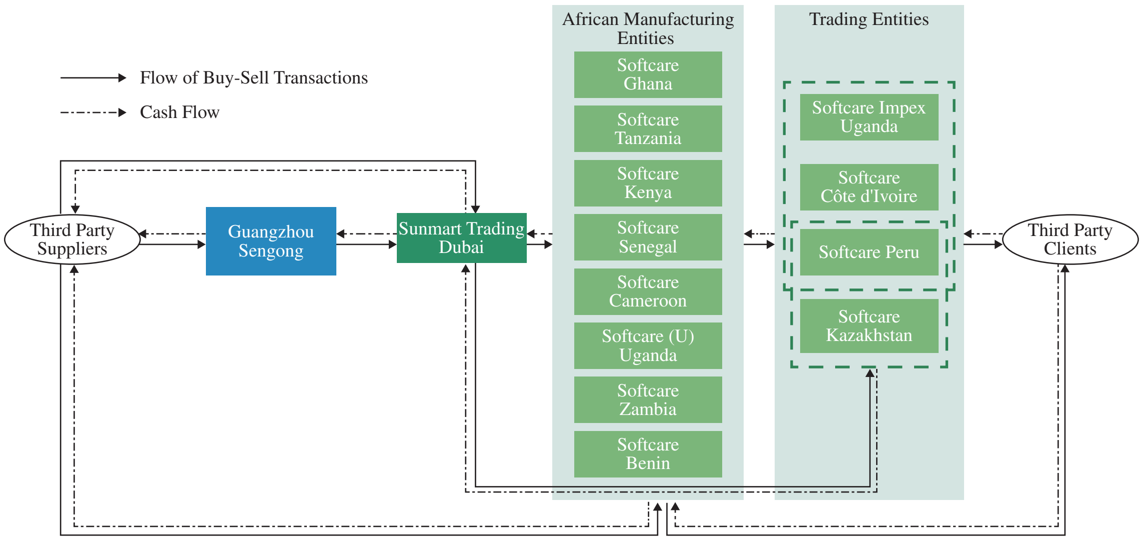
Sunmart Trading Dubai is the headquarters of our Group. It also acted as our Group's centralized procurement platform and was responsible for purchasing raw materials for FMCG products from third-party suppliers in the United States, Japan and South Korea as well as Guangzhou Sengong, for onward sale to other members of our Group incorporated in Africa, namely, Softcare Ghana, Softcare Tanzania, Softcare Kenya, Softcare Senegal, Softcare Cameroon, Softcare (U) Uganda, Softcare Zambia and Softcare Benin (our " **African Manufacturing Entities**").

(iii) Production of finished products with raw materials mainly procured from related parties

Our African Manufacturing Entities mainly procured raw materials from another member of our Group (i.e., Sunmart Trading Dubai) for the production and distribution of finished products such as baby diapers, baby pants, sanitary pads and wet wipes.

(iv) Trading of finished products

Our trading entities in Uganda and Côte d'Ivoire, namely, Softcare Impex Uganda and Softcare Côte d'Ivoire, were responsible for purchasing finished products from our African Manufacturing Entities for onward local sales. Our trading entity in Kazakhstan, namely, Softcare Kazakhstan, purchased finished products from Sunmart Trading Dubai for onward local sales, which were initially manufactured by third-party manufacturers on an OEM basis in Mainland China. Our trading entity in Peru, namely, Softcare Peru, not only purchased finished products from our African Manufacturing Entities, but also purchased finished products from Sunmart Trading Dubai which were initially manufactured by third-party manufacturers on an OEM basis in Mainland China. The abovementioned trading entities are hereinafter referred to as our "**Trading Entities**."



Transfer Pricing Analysis

Since we have Covered Transactions among our operating entities, in preparation for the [**REDACTED**], our Group has engaged an independent transfer pricing tax consultant (the "**Transfer Pricing Consultant**"), to conduct a transfer pricing review and to evaluate the transfer pricing arrangements within our Group during the Track Record Period. According to OECD Transfer Pricing Guidelines, all related party transactions should be transacted in accordance with the arm's length principle. This proposition is adopted by tax administrations around the world, including that of the jurisdictions where the entities of our Group involved in the Covered Transactions operate.

During the review process, the Transfer Pricing Consultant interviewed our Group's management to understand our operations and pricing policies, reviewed the transfer pricing documentation, financial information as well as conducted functional analysis followed by benchmarking analyses by using a third-party information database. When conducting the benchmarking analyses, different qualitative and quantitative searching criteria were used to come up with a set of comparable companies. Qualitative searching criteria is to identify that the operations of the selected companies are comparable to our operation in the Covered Transactions.

Based on the functions performed and the risks borne by the members of our Group in the Covered Transactions, our Directors, together with the Transfer Pricing Consultant, consider that (i) Sunmart Trading Dubai determined the direction of research and development ("R&D"), formulated procurement standards, formulated quality control standards, developed marketing and sales strategies, carried out corresponding control activities, and undertook raw materials procurement and relevant after-sales service functions. In the meantime, Sunmart Trading Dubai assumed significant risks, such as R&D risk, market risk, raw material quality risk and foreign exchange risk. In view of that Sunmart Trading Dubai borne significant functions and risks, it should be categorized as risk-bearing entrepreneur and our Group's centralized procurement platform in the raw material trading transaction, (ii) our African Manufacturing Entities assumed routine functions and the risks for manufacturing and sales activities, and thus should be categorized as routine manufacturers, (iii) our Trading Entities assumed routine functions and risks of distribution activities and thus should be categorized as routine distributors and (iv) Guangzhou Sengong assumed routine functions and risks of raw material trading activities and thus should be categorized as a routine raw material distributor in the raw material trading transaction.

Based on the functional profiles of the involved entities in the Covered Transactions, the Transfer Pricing Consultant performed the corresponding benchmarking analyses by using the transactional net margin method ("**TNMM**") to calculate the arm's length ranges of routine profit margins established by the comparable companies with respect to the Covered Transactions:

Tested Party		Functional Profile	Profit Level Indicator	Comparable companies 2020-2022 Interquartile range(1)			Comparable companies 2021-2023 Interquartile range(2)		
				First Quartile	Median	Third Quartile	First Quartile	Median	Third Quartile
The routine raw material distribution function of Sunmart Trading Dubai			Net Cost Plus Margin	Not Applicable			1.86%	3.33%	5.94%
Our African Manufacturing Entities	Softcare Tanzania(3)	Routine manufacturers	Operating Margin	3.82%	7.64%	11.03%	5.21%	8.39%	11.93%
	Our African Manufacturing Entities except for Softcare Tanzania			3.52%	7.64%	15.53%	4.50%	8.39%	16.22%
Our Trading Entities		Routine distributors	Operating Margin	2.26%	3.93%	5.60%	1.89%	3.94%	6.83%
Guangzhou Sengong		Routine raw material distributor	Net Cost Plus Margin	1.60%	3.25%	5.00%	2.03%	3.36%	4.59%

Notes:

(1) Applicable to 2022

(2) Applicable to 2023 and the nine months ended September 30, 2024

(3) According to Tanzania TP regulations, where the comparability analysis is conducted on more than four comparable data, the arm's length range shall be the data point between thirty-fifth percentile and sixtieth percentiles.

Subsequently, considering a few entities have non-routine contribution to the residual profit, the Transfer Pricing Consultant adopted the profit split method ("**PSM**") to allocate the residual profits in excess of the routine profit margins between the risk-bearing entrepreneur and the entities contributing significantly to the residual profits on a reasonable contribution factor basis.

Upon completion of the abovementioned transfer pricing analyses, the Transfer Pricing Consultant noted that the profit margins of some companies were either higher or lower than the benchmarking results. Taking into consideration the findings identified by the Transfer Pricing Consultant based on the adopted TNMM and PSM, we have made voluntary adjustments to ensure our intra-group transactions align with the arm's length principle. In light of the foregoing, our Directors, together with the Transfer Pricing Consultant, are of the view that the entities of our Group involved in the Covered Transactions were consistent and in compliance with OECD Transfer Pricing Guidelines during the Track Record Period in material aspects. This is on the basis that the estimated tax exposures are not material from our Group's financial aspects.

To the best knowledge of our Directors, we were not aware of any outstanding audit or investigation by any tax authorities in the relevant jurisdictions in relation to our intra-group transactions and transfer pricing arrangements during the Track Record Period and up to the Latest Practicable Date.

We are committed to ensuring that the Covered Transactions will be conducted on an arm's length basis going forward and would take various measures to ensure compliance with the relevant transfer pricing laws and regulations in jurisdictions where we operate. The management of our Group have been monitoring and will continue to closely monitor our transfer pricing arrangements including reviewing the reasonableness of the pricing policies of our intra-group transactions from time to time, and where necessary, appoint a tax advisor to assist in reviewing such transfer pricing arrangements to procure compliance with the arm's length principle and measures to monitor on-going compliance.

Compliance Measures

With a view to ensuring ongoing compliance of the applicable transfer pricing regulations, we have adopted the following measures:

(i) We will engage an external tax consultant to advise on transfer pricing matters annually. We will select the appropriate transfer pricing method and price and profit level indicator and formulate our transfer pricing policies having regard to the external tax consultant's analysis;

(ii) We will provide training to our finance team relating to relevant transfer pricing laws and regulations in the relevant jurisdictions;

(iii) We will monitor the implementation of internal control policy on tax-related matters, including ensuring the intra-group transactions are properly recorded, filed and maintained for inspection to avoid any discrepancy before any filing to the relevant tax authorities;

(iv) The finance controller of our tax department will document and file relevant supporting documents of the value contribution of each entity for risk management purposes, including but not limited to responsibilities planning, correspondence, performance and outcome assessment of relevant work; and

(v) Designating our finance controller and accounting manager to regularly monitor intra-group transactions and report to Mr. Lung Shei Kei, our Chief Financial Officer, to ensure such transactions can satisfy the arm's length principle.

See "Risk Factors—Risks Relating to Doing Business in the Countries in Which We Have Operations—Our global transfer pricing model may be subject to challenges raised by tax authorities in different countries."

OUR COMPLIANCE WITH RULE 8.02A OF THE LISTING RULES

Our business spans over 30 countries, among which Liberia, Sierra Leone, Rwanda, Mozambique, Burundi, the Democratic Republic of the Congo, Madagascar, Gambia, Zimbabwe, Mauritania, Guinea, South Sudan and Somalia are Non-IOSCO MMOU Countries. This may present certain difficulties for the Hong Kong regulators to seek regulatory assistance and information from the statutory securities regulators in such Non-IOSCO MMOU Countries in a readily available manner.

Our business in the Non-IOSCO MMOU Countries, on an aggregate basis, is comparatively insignificant. In 2022, 2023 and the nine months ended September 30, 2024, our sales to customers located in the Non-IOSCO MMOU Countries in aggregate contributed to approximately 2.7%, 2.9% and 6.2% of our total revenue, respectively. As of December 31, 2022 and 2023 and September 30, 2024, we did not have assets in any Non-IOSCO MMOU Country. We will not sell our products to customers located in Guinea (a Non-IOSCO MMOU Country) in the future.

Further, our Company is incorporated in the Cayman Islands. We are headquartered in Dubai, UAE. Both the Cayman Islands and UAE are IOSCO-MMOU Countries. As of the Latest Practicable Date, all of our Group entities were incorporated or established in IOSCO MMOU Countries, and our Group's principal books and records were kept in IOSCO MMOU Countries. Other than the Non-IOSCO MMOU Countries as set out above, all the countries where we generated revenue or had operations during the Track Record Period are IOSCO MMOU Countries.

While we continue to expand globally and enhance our market positions in various countries, we expect the contribution of our business in Non-IOSCO MMOU Countries to remain insignificant in the near future. We will continue to monitor the significance of our business in the Non-IOSCO MMOU Countries and consider appropriate measures to ensure that access to the books and records of our operating entities are available to the Hong Kong regulators.

Based on the foregoing, we believe we are and will be in compliance with Rule 8.02A of the Listing Rules.

INTELLECTUAL PROPERTY

Our intellectual property rights are key to our success and competitiveness. As of September 30, 2024, we were the registered owner of 46 trademarks and one domain name which we consider to be material to our business, and had applied for registration of two trademarks which we consider to be material to our business. For further details, see "Appendix IV—Statutory and General Information—B. Further Information about Our Business—2. Intellectual property rights of our Group."

We [have entered] into a trademark licensing framework agreement with Sunda Enterprise (for itself and on behalf of the members of the Remaining Sunda Group), pursuant to which we have granted a non-transferable license to the Remaining Sunda Group to use some of our trademarks in Nigeria and Guinea for the purpose of the Excluded Businesses (as defined in "Connected Transaction") for a period up to December 31, 2027. We have included certain terms in the trademark licensing framework agreement to ensure proper use and protection of such trademarks. See "Connected Transactions" for details.

We have implemented an internal policy to protect our intellectual property rights which our employees must follow. We regularly monitor the market and communicate with our customers to identify any potential counterfeit products. If we find any counterfeit products, we will report them to the local law enforcement authorities and take appropriate legal action. We have also included confidentiality clauses in the employment contracts with our key management and research and development employees.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any disputes related to the infringement of intellectual property rights which would have a material adverse effect on our business. For risks related to our intellectual property rights, see "Risk Factors—Risks Relating to our Business and Industry—We may not be able to adequately protect our intellectual property rights, which could materially and adversely affect our business."

EMPLOYEES

As of September 30, 2024, we had 2,553 full-time employees (excluding outsourced workers). The following table sets forth the number of our employees by function as of September 30, 2024:

	Number of employees
Senior management	6
Research and development and quality control	160
Marketing and sales	268
Supply chain planning and procurement	37
Production	1,724
Warehousing	219
Finance	118
Integrated management	21
Total	**2,553**

The following table sets forth the number of our employees by geographical location as of September 30, 2024:

	Number of employees
Ghana	795
Kenya	699
Senegal	263
Zambia	198
Uganda	163
Tanzania	150
Benin	77
Cameroon	74
China	68
Côte d'Ivoire	20
Peru	19
Kazakhstan	4
El Salvador	4
UAE	19
Total	**2,553**

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, (i) we did not have any material disputes with our employees; (ii) we did not experience any material difficulties in recruiting and retaining staff; and (iii) no labor union had been established by our employees.

Labor Service Arrangement

Apart from hiring employees through entering into employment contracts with them, we also engage labor service providers which provide workers to work for us based on our requirements (the "**Labor Service Arrangement**"). We do not enter into any employment contract with the relevant workers. As of September 30, 2024, we engaged labor service providers to provide workers to work for us in Kenya, Senegal, Tanzania, Cameroon, Zambia and China primarily for matters such as packaging, loading and unloading, as well as security. Pursuant to the Labor Service Arrangement, inter alia, we are generally required to (i) pay service fees to the labor service providers and (ii) where applicable, provide protective equipment to the workers, and the labor service providers are generally required to (i) provide workers to work for us based on our requirements, (ii) ensure the workers perform their duties properly and (iii) pay remuneration and any other benefits to the workers in accordance with applicable laws and regulations.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had complied with all applicable laws and regulations in relation to the Labor Service Arrangement in all material respects.

Recruitment and Retention

We recruit employees mainly through recruitment advertisements, on-campus recruitment, job fairs, recruitment agencies and internal referrals. As part of our retention strategy, and based on the labor laws of different countries, we offer our employees different salaries, insurance packages, meal allowances, housing allowances, transportation allowances, performance-based bonus and incentive schemes.

Training

We provide induction training to new joiners on our company culture, business and industry to enhance their understanding and job skills. We also provide on-the-job training and anti-corruption training to our employees, and arrange for our employees to attend training provided by third parties. In addition, we provide subsidies to our managerial employees for undertaking part-time studies to develop their leadership or other professional capabilities, such as master of business administration degree or other professional qualifications.

Occupational Health and Safety

To ensure the health and safety of our employees, we have implemented operational procedures and safety standards in accordance with the ISO 45001 (occupational health and safety management system) standards, covering fire safety, warehouse safety, work-related injuries, electricity safety and emergency and evacuation procedures. All of our production plants have obtained ISO 45001 (occupational health and safety management system) certifications. We provide our employees with safety training to raise their awareness of safety issues. In addition, we perform regular maintenance of our production equipment and machinery to ensure proper function. We provide proper personal protective equipment to our employees to protect them from occupational injury.

During the Track Record Period and up to the Latest Practicable Date, we had complied with all relevant laws and regulations in relation to occupational health and work safety in all material respects and had not experienced any serious personal injury or fatality.

Social Insurance and Housing Provident Funds

As required by PRC laws and regulations, we participate in social insurance and housing provident schemes in the PRC. During the Track Record Period and up to the Latest Practicable Date, we did not make full contributions to social insurance and housing provident funds for our employees in accordance with relevant PRC laws and regulations. The shortfall amount of social insurance and housing provident funds contributions is estimated to be US$0.9 million, US$0.5 million and US$0.2 million for 2022, 2023 and the nine months ended September 30, 2024, respectively. We have made provisions for such shortfall amount. Pursuant to relevant PRC laws and regulations, if we fail to pay the full amount of social insurance contributions as required within the stipulated period, we may be subject to fines and late payments. See "Regulatory Overview—Laws and Regulations Related to Our Business in PRC—Laws and Regulations Relating to Employment" and "Risk Factors—Risks Relating to Our Business and Industry—We were not in full compliance with the PRC laws and regulations related to social insurance and housing provident funds" for further details.

Based on (i) that as of the Latest Practicable Date, we did not receive any notification from the relevant PRC authorities alleging that we did not make full contributions to social insurance and housing provident funds and demanding us to make up the shortfall amount before a stipulated deadline; (ii) that as of the Latest Practicable Date, we were not subject to any employee's complaint or claim for contributions to social insurance and housing provident funds; (iii) that we will make up the shortfall amount before any stipulated deadline if we are demanded by the relevant authorities to do so; and (iv) the assumption that there will be no material change to the relevant PRC laws, regulations and policies and the practice of the relevant authorities, our PRC Legal Advisors are of the view that the risk of us being subject to material administrative penalties by the relevant authorities is relatively remote.

Our Directors confirm that, save for the abovementioned incidents, our Group was in compliance of all applicable labor laws in all material respects during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

We maintain insurance policies to cover our properties, equipment, vehicles, inventory, and employees. We believe that our insurance policies are adequate for our operations and in line with the common industry practice.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Governance

ESG Concepts and Strategies

We firmly believe that the ESG concept is the cornerstone of sustainability, and we are committed to creating a green, healthy and harmonious future with a strategic vision of becoming a trusted partner for families around the world. Our strategic mission on ESG is to "produce quality and environmentally friendly products, advocate healthy living concepts, and promote social equity and inclusion", and we have formulated four strategic directions of "CARE" (Collaboration, Advancement, Responsibility and Eco-friendliness) around the strategic mission with specific ESG issues under the strategic directions to systematically promote ESG practices.

Meanwhile, we are actively responding to the United Nations Sustainable Development Goals ("**UNSDGs**") through practical actions, and have identified certain strongly related UNSDGs on which our products, services and operations may have a substantial impact, such as Good Health and Well-being, Quality Education, Gender Equality, Affordable and Clean Energy, Decent Work and Economic Growth, Responsible Consumption and Production, Climate Action, and Partnerships for the Goals, and developed action goals and routes to help achieve the UNSDGs by 2030.

ESG Governance

We have established an ESG management system with a clear hierarchy and defined rights and responsibilities, which is responsible for the formulation of ESG goals and strategies, as well as the assessment of risks and opportunities related to ESG and climate change, so as to ensure that the work related to ESG is effectively decided and efficiently executed. At the decision-making level, our Board of Directors is responsible for approving ESG strategies, goals and policies, overseeing ESG risk management and internal controls, and reviewing the progress of ESG goals on a regular basis; at the management level, we have set up the ESG Working Group, which is responsible for the execution of the ESG matters and handling our day-to-day management. In addition, we engaged an independent third-party consultant to assist in assessing ESG-related risks and to review our existing strategies, goals, and internal controls.

We value the importance of communication with different stakeholders to understand the expectations and demands of stakeholders, and to effectively enhance our ESG management. We have identified ESG issues that may have a significant impact on us and will make disclosures to address stakeholders' concerns.

ESG Risk Management and Opportunity Assessment

We fully integrate ESG and climate change risks into our risk management system, proactively identify and monitor relevant risks and opportunities and seek to integrate climate-related issues into our business, strategic and financial planning. Our ESG Working Group will regularly conduct research and analysis on climate change-related issues and risks, and report to our Board of Directors on the overall risks, including ESG risks and climate change-related risks. During the Track Record Period, we did not incur any significant capital expenditure or compliance costs relating to climate and environmental protection.

Business Ethics and Anti-corruption

We have a zero-tolerance attitude towards bribery and corruption and strictly prohibit our employees from engaging in any form of corruption.

- ***Laws, regulations, and internal systems***. We strictly comply with all applicable anti-corruption laws and regulations and have established a number of anti-corruption systems, including the *Whistleblowing Management Measures*, *Management Measures for Reporting of Unlawful Acts* and *Management Measures for Separation of Duties and Declaration of Conflicts of Interests*.

- ***Developing a culture of integrity.*** We formulate integrity training programmes every year and promote our integrity culture in all aspects through various forms, such as training courses and discussion sessions on specific topics.

- ***Whistleblowing channels.*** We encourage the whistleblowing of unlawful acts by posting multi-language integrity posters in our workplaces to display the whistleblowing channels in an open and transparent way.

- ***Whistleblower protection.*** We have put in place a whistleblower protection system to ensure the confidentiality of whistleblower information and strictly prohibit retaliation.

While strengthening the development of integrity, we also actively encourage suppliers, customers and other partners to make joint efforts for integrity. Anti-corruption terms have been fully incorporated into the framework contracts with our partners, which explicitly prohibit any form of bribery and exchange of illegitimate benefits. During the Track Record Period and as of the Latest Practicable Date, we were not aware of any Director or employee being involved in misconduct relating to money laundering or corruption.

Environmental

Climate Change and GHG Management

In accordance with the *Guidance on Climate Disclosures* and the *Implementation Guidance for Climate Disclosures under HKEX ESG reporting framework* published by the Stock Exchange, we systematically identify and assess the impact of climate change on our business and take steps to address these risks and opportunities.

Climate-related Risk Management and Response

We adhere to the classification of climate-related risks by the Task Force on Climate-Related Financial Disclosures. Through internal and external research, industry benchmarking and expert consultation, we identify and prioritise potential risks at the industry and enterprise operational level and formulate corresponding measures. We categorize climate-related risks into physical risks and transition risks. Physical risks include acute risks related to extreme weather and chronic risks related to temperature rise. Transition risks refer to the risks associated with changes in policies and regulations, technological upgrades and market trends related to a low-carbon economy.

We have identified a number of climate-related risks related to our business. We have prioritised the identified climate-related risks with full consideration of the criteria of likelihood, impact, adaptability and recovery, and identified certain physical risks and transition risks, thereby determining the priorities in adaptation/mitigation climate change plans, adjusting business models and enhancing our management capabilities in climate-related risks.

To address production disruptions, security threats, water restrictions and economic losses that may be caused by physical risks such as floods and droughts, we have developed contingency plans and business continuity plans, strengthened water resource management and promoted drought-resistant forestry practices in and around our production plants. In addition, we have strengthened the maintenance of facilities in our daily operations and conducted emergency training for employees to mitigate the impact of risks. Amid transition risks such as pressure of emission reduction policies, potential fluctuation in the costs of energy and costs of materials, we have taken measures to address various challenges by proactively monitoring policy changes, applying clean technologies, improving energy efficiency, developing energy-saving products, promoting energy conservation and risk management in the supply chain.

Potential opportunities that may be brought by climate-related factors include:

Renewable energy usage: We are deploying solar photovoltaic facilities in our production plant in Kenya.

Green product design: We fully leverage innovative capabilities from the stage of product design to production to enhance the use efficiency and environmental friendliness of raw materials, continue to create green products to improve the environmental friendliness of products and gradually carry out consumer education in the market. See the paragraph headed "Packaging Material Management" below in this sub-section for further details.

By-product recycling and utilization: We actively develop by-product applications, recycle and reuse the waste generated during production to achieve waste recovery, effectively reducing environmental pollution. We have gradually implemented recycling initiatives at our production plants in various countries since 2023. See the paragraph headed "Emissions Management" below in this sub-section for further details.

GHG emissions

We have established an energy management system and continuously track our GHG emissions. We collect and analyze quantitative data, and have set a 2030 carbon reduction target, committing to achieving carbon neutrality by 2060. The following table sets forth our GHG emissions data for the periods indicated:

Indicator	Unit	Year ended December 31, 2022	Year ended December 31, 2023	Nine months ended September 30, 2024
Total GHG emission (Scope 1 & Scope 2)	Ton of CO_2e	15,312.05	22,513.33	21,368.89
Scope 1 GHG emission	Ton of CO_2e	1,990.65	1,688.24	2,453.27
Scope 2 GHG emission	Ton of CO_2e	13,321.40	20,825.09	18,915.62
Scope 3 GHG emission	Ton of CO_2e	189.80	442.52	503.55
Total GHG emission intensity	Ton of CO_2e per 10,000 pieces of products	0.0279	0.0345	0.0266

Note: Scope 1 GHG emissions are primarily generated from direct energy consumption (such as gasoline and natural gas) in our operational processes. Scope 2 GHG emissions are primarily generated from indirect energy consumption (such as purchased or acquired electricity) in our operational processes. Scope 3 GHG emissions include energy consumption related to business travel and employee commuting.

Performance management

We have gradually incorporated climate change targets into our remuneration policy, and the performance assessment for some of our management is connected with performance indicators closely related to GHG emissions. This is to encourage management to drive the achievement of our 2060 climate target of carbon reduction, realizing sustainable operations and long-term value creation.

Emissions Management

We have established internal management systems such as the *Emissions Management System* to strictly control the exhaust gas, wastewater and solid waste generated by us to ensure standard-compliant emission.

We have continuously improved our emissions management system. As of September 30, 2024, all of our eight production plants had obtained ISO 14001 (Environmental Management System) certifications. During the Track Record Period, all such production plants had obtained environmental permits from the local authorities, and there were no environmental pollution incidents or penalties imposed by the local authorities. Besides, we invite local environmental protection departments to conduct audits of our production plants from time to time to ensure that the emissions are in compliance with laws and regulations.

Exhaust gas management: Exhaust gas generated from our production and operation are mainly nitrogen oxides, sulfur oxides and particulate matter. For effective management of emissions, we carry out regular inspections and maintenance of electric generators, continuously monitor emissions, and set up dust removal devices to ensure that the particulate matter generated is properly processed and meets the relevant standards before it is discharged.

Wastewater management: Wastewater generated from our production and operation is mainly the rejected water generated by the use of reverse osmosis (RO) technology in preparing pure water, all of which will be reused for toilet flushing or firefighting if it meets water quality standards after pre-treatment, instead of being discharged during the production process.

Hazardous and non-hazardous waste management: Hazardous waste generated by us primarily includes waste paint buckets, waste ink buckets, waste mineral oil and waste lamps. We strictly abide by the applicable environmental protection laws and regulations, keep records of solid waste management, and ensure that all of the hazardous waste is properly disposed of by third parties with appropriate qualifications. In addition, we proactively promote the reduction of hazardous waste by replacing ink coding with laser coding. Non-hazardous waste generated by us mainly comes from non-woven scraps, packaging plastics, paper products and wood materials. We adopt the "3R" (Reduce, Reuse and Recycle) principle for non-hazardous waste disposal. By-product sorting of materials such as metals and cardboard boxes is being implemented at each production plant, and a by-product sorting warehouse is expected to be established by the end of 2025 to promote the reuse of waste resources.

We have set the following targets on emissions management by 2026: (1) maintain a 90% wastewater reuse rate; and (2) maintain a 95% waste recycling rate.

The following table sets forth our emissions management data for the periods indicated:

Indicator	Unit	Year ended December 31, 2022	Year ended December 31, 2023	Nine months ended September 30, 2024
Exhaust gas	Kilogram	281.25	349.03	368.14
Hazardous waste	Ton	6.71	8.66	13.92
Non-hazardous waste	Ton	4,601.84	4,987.48	5,448.99

Energy Management

We have developed internal policies and systems such as the *Resource Management Measures* to standardize our use of energy, proactively promoting multi-pronged energy management strategies on energy saving, energy efficiency enhancement and clean energy substitution.

In addition, we put in place an energy-saving management system and a carbon emission control system for each production plant, and perform data statistics, analysis and assessment on a regular basis to obtain an in-depth understanding of energy use during our operations.

We keep records of our energy-consuming equipment, strengthen the monitoring over various types of energy-consuming equipment on an ongoing basis, and collect energy consumption data regularly to track the achievement of energy consumption targets. We make full use of natural lighting and ventilation in our production plants to reduce energy consumption, give priority to the use of energy-saving and environmentally-friendly equipment in equipment selection, and promote the replacement of energy-saving equipment. In terms of green office, we require employees to turn off the lights when they leave, and continuously carry out promotion activities on energy-saving skills, energy-saving behaviours and other topics related to environmental protection for the purposing of encouraging employees to jointly create a green office environment;

For equipment management, we continuously strengthen our management on energy-consuming equipment operation, proactively uses new technologies to improve equipment condition, schedule energy use in an efficient manner based on energy monitoring data, and optimize production plans to improve energy efficiency per unit. Moreover, by planning transportation routes in an efficient manner and reducing empty loads, unnecessary loading and unloading as well as redundant transportation, we continuously make efforts in maximizing transportation efficiency.

Our factory directors are in charge of coordinating and setting annual energy reduction targets and assigning energy management tasks to each department for execution, which are reported and reviewed on a monthly basis. The key energy consumption indicators, including electric generator efficiency and energy consumption intensity, are linked to the performance of each factory director and, through KPI assessment, we ensure that our targets on energy saving and consumption reduction are effectively achieved.

We have set targets on energy management as follows:

- **Short-term target:** Realize more sustainable low-carbon transportation, more energy-efficient process, and less carbon-intensive products by 2025; and

- **Mid-term target:** Reduce the energy consumption intensity by 2028, taking 2023 as the base year.

The following table sets forth our energy management data for the periods indicated:

Indicator	Unit	Year ended December 31, 2022	Year ended December 31, 2023	Nine months ended September 30, 2024
Total energy consumption	kWh	30,892,009.80	42,911,525.29	42,460,860.23
Consumption of purchased electricity	kWh	23,358,574.80	36,516,025.00	33,167,834.25
Consumption of gasoline	kWh	221,803.64	288,109.07	320,383.42
Consumption of diesel	kWh	7,291,557.34	6,088,058.78	8,941,035.56
Consumption of liquefied petroleum gas	kWh	20,074.03	19,332.44	31,607.00
Total energy consumption intensity	kWh/10,000 pieces of products	56.36	65.85	52.95

Water Resource Management

We adhere to the concept of "Prioritizing Resource Conservation, Rooting in Environmental Protection" for water resource management, and have formulated internal policies and systems, such as the *Resource Management Measures*, dedicated to achieving sustainable utilization and management of water resource.

Water resource management has been fully incorporated into our energy management system. Each production plant continuously improves water resource management following the standard of ISO 14001 (Environmental Management System), with the factory director coordinating all departments to carry out water resource planning and water resource consumption measurement, setting water conservation targets and tracking the achievement of management targets.

During our production process, we only consume water for the preparation of pure water for the production of wet wipes, and it accounts for a relatively small proportion in our total water resource consumption, which is mostly due to daily life usage.

We perform comprehensive inspection of water resource consumption at our production plants on a monthly basis, focusing on water leakage to avoid wastage of water resource. By adopting water-saving appliances in living spaces such as restrooms, we aim to reduce water consumption due to daily life usage. In addition, we enhance employees' awareness of water conservation by launching water conservation campaigns and posting water conservation slogans and reminders at workplaces to promote water conservation. We have also established and optimized a water recycling system to promote recycling and reuse of water resources.

We depend primarily on municipal water supply, with water risks assessed on a regular basis. In response to the risk of water supply interruptions in high-temperature weather, we have developed contingency plans and cooperated with external water supply companies to ensure water supply. During the Track Record Period and as of the Latest Practicable Date, we had not experienced any shortage of water resources in our production and operations.

The following table sets forth our water resource management data for the periods indicated:

		Year ended December 31,		Nine months ended September 30,
Indicator	**Unit**	**2022**	**2023**	**2024**
Consumption of water resource	Cubic meter	41,715.59	56,187.87	45,723.51
Water resource density	Cubic meter/ person	19.33	22.36	17.83

Packaging Material Management

We have formulated internal management policies such as the *Management Measures for Product Design and Development* and the *Regulations on the Management of Product Design Changes* to continuously implement the environmental protection strategy for packaging materials.

Our major packaging materials include wrapping plastics such as polypropylene and polyphenylene ether as well as paper products such as cartons. We proactively reduce the consumption of packaging materials to lower carbon emissions generated from the consumption and transportation of such materials. In addition, we are constantly seeking innovative designs and materials to reduce the weight of packaging with our research focusing on minimizing the use of plastics while maintaining product performance, and developing lightweight solutions through cooperation with our suppliers. For example, we cooperated with our suppliers in 2023 to reduce the weight of plastic film while maintaining the physical performance of such materials, which is expected to help reduce the consumption of plastic film by 500 tonnes per year.

In addition, we aim to improve the packaging material recycling rate. Since 2024, we have added recycling and environmental protection labels on cartons, large plastic bags and woven bags to raise the market's awareness on environmental protection and sustainability as well as to increase the packaging material recycling rate.

The following table sets forth our packaging material management data for the periods indicated:

		Year ended December 31,		Nine months ended September 30,
Indicator	**Unit**	**2022**	**2023**	**2024**
Total packaging material consumption	Ton	8,514.02	10,705.02	10,729.12

SOCIAL

Product Quality and Safety

We are committed to bringing high-quality hygiene products to every family, and we have put in place a series of product quality control measures. See "—Quality Control" above in this section for further details.

Diversity, Equality, and Inclusion

We are guided by the principles of openness, fairness and justice and provide equal opportunities to all employees and job seekers. We prohibit any discrimination based on gender, age, nationality, race, sexual orientation, religion, marital status or other characteristics, any form of sexual harassment or other unlawful harassment.

The following table sets forth our employment data for the dates indicated:

Indicator	Unit	As of December 31, 2022	As of December 31, 2023	As of September 30, 2024
Total number of employees	Person(s)	2,152	2,310	2,553
By gender				
Percentage of male employees	%	58.7	56.6	55.8
Percentage of female employees	%	41.3	43.4	44.2
By source				
Percentage of employees hired locally	%	91.8	87.1	90.5
Percentage of employees hired globally	%	8.2	12.9	9.6

We proactively advocate gender equality and promote women's leadership in the workplace. We have joined the Kenya2Equal (K2E), a women's care organization in Kenya, to communicate with and learn from other companies in the private sector and work together to close the gender gap in our operations.

At the same time, we give full respect to employees' diversified religious backgrounds and provide our employees in certain countries with religious holidays in addition to statutory holidays as well as dedicated prayer rooms.

See "—Employees" above in this section for further information about our employees.

Responsible Procurement

We prioritize cooperating with suppliers with ESG-related certificates, and approximately two-thirds of our purchases are from suppliers with the ISO 9001 (Quality Management System) certification or environmental and occupational safety related certifications. Most of the wood pulp we purchase is sourced from suppliers that are certified by globally recognized third-party systems, such as the Forest Stewardship Council. See "—Our Suppliers" above in this section for further information about our suppliers.

Public Welfare and Charity

As a responsible company, we are committed to giving back to the society by participating in various public welfare and charitable activities. Given the characteristics of our products, we focus on education support, women's well-being, and assistance to underprivileged children in the field of public welfare and charity. During the Track Record Period, we had donated approximately USD166.4 thousand to charitable activities.

PROPERTIES

We own or lease certain land parcels and buildings in various countries for our business operations. These properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules. Pursuant to Rule 5.01A of the Listing Rules, this document is exempt from the requirement to include valuation on property interests of non-property activities if the carrying amount of a property interest is less than 15% of our total assets. A similar exemption applies under section 6 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), with respect to the requirement under section 38(1) of, and paragraph 34(2) of the Third Schedule to, the Companies (Winding Up and Miscellaneous Provisions) Ordinance. As of the Latest Practicable Date, we had no single property interest of non-property activities with a carrying amount of 15% or more of our total assets, and on such basis, we are not required to include in this document any property valuation report. We have obtained all requisite title certificates for the properties we own.

Owned Properties

As of the Latest Practicable Date, we owned nine properties with an aggregate gross floor area of approximately 574,680 sq.m. in Kenya, Cameroon, Tanzania, Uganda and Peru, which were primarily used as production plants, warehouses, offices and staff dormitories.

Leased Properties

As of the Latest Practicable Date, we leased 45 properties with an aggregate gross floor area of approximately 209,574 sq.m. in Ghana, Kenya, Senegal, Uganda, Tanzania, Zambia, Cameroon, Côte d'Ivoire, Benin, Peru, Kazakhstan, El Salvador, UAE and China, which were primarily used as production plants, warehouses, offices and staff dormitories. We plan to enter into long-term leases to continue to use such properties in the future.

As of the Latest Practicable Date, we had not registered the lease agreement for one of our leased properties with the relevant competent authorities in accordance with applicable PRC regulations. The leased property is used primarily as office premise by a subsidiary of our Group. As advised by our PRC Legal Advisor, failure to register the lease agreement would not affect the validity of such lease agreement. However, if we and the landlord fail to register such lease agreement within the prescribed time period once required by the relevant competent authorities, we may be subject to a fine of RMB1,000 to RMB10,000 for each unregistered lease agreement. As of the Latest Practicable Date, we had not been subject to any administrative penalties by the relevant competent authorities. Furthermore, as of the Latest Practicable Date, the lessor of the same leased property was unable to provide a valid ownership certificate or other sufficient ownership documents evidencing its right to lease the property to us. As of the Latest Practicable Date, we had not received any notice regarding any dispute or claim concerning the title of such property.

LICENSES AND PERMITS

We are required to maintain various licenses and permits to operate our business. Our material licenses and permits primarily relate to business operation, manufacturing, registration of products, registration of workplace, fire safety and environmental protection. We closely monitor the status of our licenses and permits and making timely applications for renewal. See "Regulatory Overview" for further information on the laws and regulations that we are subject to.

Our Directors confirm that as of the Latest Practicable Date, we had obtained all material licenses and permits necessary for our business operations, and such licenses and permits had remained in full effect. The successful renewal of our licenses and permits will be subject to our fulfillment of relevant requirements. Our Directors consider that there is no material impediment to renewing such licenses and permits.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

From time to time, we may become involved in legal proceedings in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material litigation, arbitration, administrative proceedings or claim, and we were not aware of any pending or threatened litigation, arbitration, administrative proceedings or claim against our Group that would have a material adverse effect on our business, financial condition, or results of operations.

Compliance

During the Track Record Period and up to the Latest Practicable Date, save as disclosed in "—Employees—Social Insurance and Housing Provident Funds" and "—Properties—Leased Properties," we had complied with all relevant laws and regulations applicable to our Group in all material respects.

INTERNAL CONTROL AND RISK MANAGEMENT

We have established an internal control system with relevant policies and procedures that we believe are appropriate to address various risks during our operations. Our policies and procedures cover areas such as procurement, production, quality control, sales, financial management, compliance and corporate governance.

We have engaged an internal control consultant in August 2024 to conduct a review of our internal control system and to assist us in reviewing our internal control system. We have enhanced the internal control system by taking into account the recommendations of the internal control consultant.

To monitor the ongoing implementation of our internal control policies and corporate governance measures after the [**REDACTED**], we have adopted, or will continue to adopt, among other things, the following measures:

- establish an Audit Committee, which comprises all our non-executive Directors, to review and supervise our financial reporting process and internal control system;
- appoint an external compliance advisor with effect from the [**REDACTED**] to advise us on ongoing compliance with the Listing Rules and other applicable securities laws and regulations in Hong Kong;
- adopt various policies to ensure compliance with the Listing Rules, including, but not limited to, aspects related to risk management, connected transactions and information disclosure;
- organize training for our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies [**REDACTED**] in Hong Kong; and
- provide anti-corruption compliance training periodically to our senior management and employees to enhance their knowledge and compliance with applicable laws and regulations.

AWARDS AND RECOGNITIONS

We have received awards and recognitions in respect of our products and achievements, significant ones of which are set forth below:

Year of award	Award/Recognition	Awarding organization
2022	People's Choice Quality Awards 2022—Best Baby Diapers and Best Sanitary Pads	Muyz Plus International Co.
2023	No. 8 in the Top 100 Most Loved Brands by Women in Kenya	BSD Group and Ipsos
2023	Membership of the National Technical Committee on Medical Devices	Ghana Standards Authority
2023	Certificate of Appreciation in appreciation for donation towards "The Cure Little Warriors Project"	Rotaract Club of Mbale Uptown

Year of award	Award/Recognition	Awarding organization
2023	Certificate of Merit in recognition of the company's outstanding tax compliance in financial Year 2022/23	Tanzania Revenue Authority
2024	Most Admired Personal Care Brands	Brand Africa
2024	Certificate in recognition of loyal sponsorship and commitment to AGI Ghana Industry & Quality Awards	Association of Ghana Industries
2024	Certificate of Appreciation towards the Vulnerable Children of Uganda Women's Effort to Save Orphans at Masulita Children's Village	Uganda Women's Effort to Save Orphans
2024	Consumer Choice Awards Africa 2024—Most Quality Sanitary Pads brand in Tanzania	Consumer Choice Awards Africa
2024	18th Ghana-Africa Business Awards—Gold Award (International Trade (Export))	Ministry of Foreign Affairs and Regional Integration, Top Brass Ghana
2024	Ghana Club 100 Awards—No. 1 of Ghana's Top 100 Companies (Manufacturing Sector)	Ghana Investment Promotion Centre

OVERVIEW

Immediately upon completion of the [**REDACTED**], without taking into account any Shares which may be issued upon exercise of any options which may be granted under the [**REDACTED**] Share Option Scheme and the [**REDACTED**] Share Option Scheme and assuming the [**REDACTED**] Option is not exercised, Century BVI will directly hold approximately [**REDACTED**]% of the issued share capital of our Company. Century BVI is a company wholly owned by Sunda Enterprise. Sunda Enterprise is owned as to 51% by Chaoyuet Holding, which in turn is wholly owned by Mr. Shen, and 49% by Haoyue Investment, which in turn is wholly owned by Ms. Yang. Mr. Shen and Ms. Yang are spouses. Mr. Shen and Ms. Yang will control the exercise of more than 30% of the voting power at general meetings of our Company through Chaoyuet Holding, Haoyue Investment, Sunda Enterprise and Century BVI upon [**REDACTED**]. Accordingly, Mr. Shen, Ms. Yang, Chaoyuet Holding, Haoyue Investment, Sunda Enterprise and Century BVI constitute a group of our Controlling Shareholders under the Listing Rules.

Mr. Shen and Ms. Yang, our ultimate Controlling Shareholders, are our non-executive Directors. Mr. Shen and Ms. Yang were the founders of Sunda Group, under which our Group was established. Mr. Shen has over 27 years of experience in trading and corporate management in the Emerging Markets. He is currently a director of Sunda Enterprise, one of our Controlling Shareholders, which is also the holding company of the Other Businesses (as defined below). Ms. Yang has over 22 years of experience in industrial and mechanical engineering. She is currently a consultant of Sunda Company. Throughout the history of our Group, the operations and management of our Group have been entrusted to our management team, led by Mr. Luo, our executive Director, so as to allow Mr. Shen and Ms. Yang to focus on their other businesses, details of which are set out in "—Delineation of Business" in this section below. Each of Chaoyuet Holding, Haoyue Investment, Sunda Enterprise and Century BVI is an investment holding company. For further background of Mr. Shen and Ms. Yang, see "Directors and Senior Management—Board of Directors and Management—Non-executive Directors."

DELINEATION OF BUSINESS

We are an international hygiene product corporation principally engaged in the development, manufacturing and sales of baby and feminine hygiene products, including baby diapers, baby pants, sanitary pads and wet wipes, focusing on the fast-growing Emerging Markets, including Africa, Latin America and Central Asia. For details of our business, see "Business."

Apart from the interest in our Group, Mr. Shen and Ms. Yang, through the Remaining Sunda Group, have interests in other businesses, including (i) the manufacturing and trading of baby and feminine hygiene products, including baby diapers, sanitary pads and wet wipes in Guinea and Nigeria (the "**Excluded Businesses**"); and (ii) other businesses including the manufacturing and trading of (a) building materials such as tiles, sanitary ware and glass products; (b) fast-moving consumer goods including fast-moving chemical products such as laundry detergents, soap, insecticides and mosquito repellents; and (c) hardware including household metalware and agricultural tools, across various countries in the Emerging Markets (collectively, the "**Other Businesses**") which had no competition with the business of our Group as of the Latest Practicable Date.

Excluded Businesses

The Excluded Businesses are carried out by local subsidiaries of the Remaining Sunda Group in Guinea and Nigeria (the "**Excluded Group**"). Other than our business and the Excluded Businesses, our ultimate Controlling Shareholders do not own or control any other business relating to baby and feminine hygiene products.

Having considered the following factors, as well as the proposed corporate governance measures (including the execution of the Deed of Non-competition, which contains the undertakings from our Controlling Shareholders therein with respect to the Excluded Businesses), to be implemented upon [**REDACTED**] our Directors are of the view that the exclusion of the Excluded Businesses is fair and reasonable and is in the interest of our Group and Shareholders:

(a) ***Political and economic uncertainty and no full signatory to IOSCO MMOU in Guinea***. In September 2021, the government of Guinea was overthrown by a military coup. Besides, the statutory securities regulator of Guinea is not a full signatory to the IOSCO MMOU. Our Directors therefore considered that the political and economic background of Guinea may create an uncertain environment that could hinder the local business growth, increase operating costs, pose risk in the stability of production and safety of local personnel and assets and therefore a material risk to the operation of our Group as a whole, compared to operating in a jurisdiction with a relatively stable political and economic environment. As such, we believe it is not in the best interest of our Group, Shareholders and prospective investors to include the Excluded Businesses in Guinea in our Group;

(b) ***Foreign exchange shortage and capital control concern in Nigeria.*** Nigeria has been facing the problem of foreign exchange shortage over the past few years, which has led to the emergence of the parallel market, where naira, the official currency of Nigeria, falls against the dollar on the parallel market and is traded for foreign exchange at a much weaker rate than the official one, further pushing the inflation in Nigeria. We would bear expensive costs in importation and local operations due to high inflation and face difficulties in repatriating revenue from Nigeria under the weak domestic currency due to the foreign exchange shortage given that the foreign exchange scarcity drives up the cost of exchanging naira into US dollars, which could pose a material risk to the financial performance of our Group if we include the Excluded Business in Nigeria in our Group;

(c) ***Clear and adequate delineation***:

- ***Geographical delineation***: As a result of the Reorganization and after [**REDACTED**], it is expected that our Group will not sell its products to Guinea and Nigeria, and our Controlling Shareholders will only operate the Excluded Businesses within Guinea and Nigeria and will not sell their baby and feminine hygiene products outside Guinea and Nigeria. Notwithstanding the Excluded Group involves similar products with our Group, the Excluded Group only targets local market and customers that sell the products of the Excluded Businesses within Guinea and Nigeria. To our best knowledge, the Excluded Group has adopted measures to restrict and monitor the region of sales within Guinea and Nigeria. In addition, we also implemented internal policies to monitor their compliance of the same.

- ***Separate management teams and independent operations***: The Excluded Businesses will be managed and operated by different management teams independently as a result of the Reorganization. Save for our non-executive Directors, including Mr. Shen, Ms. Yang and Mr. Zhou Renwei, there will be no overlapping management personnel between our Group and the Excluded Group upon [**REDACTED**]. In addition, the Excluded Businesses are operated in stand-alone manufacturing facilities owned by the Excluded Group with separate production lines, procurement of raw materials, import function and marketing channels locally, which do not overlap or have any dealing with our business upon [**REDACTED**] save for the trademark licensing arrangement under the Trademark Licensing Framework Agreement. See "Connected Transactions" in this document for details. Our Directors confirmed that there has not been and will not have any financial assistance and/or guarantees granted by the Excluded Group to our Group, or vice versa.

Given the clear geographical delineation, different customer bases, separate management, independent operation, procurement, production and sales, our Directors are of the view that the Excluded Businesses will not be in direct or indirect competition with our business and there is clear and adequate delineation of business between our Group and the Excluded Businesses.

Save for the trademarks licensing arrangement, there will be no other business transaction between our Group and the Excluded Group upon [**REDACTED**]. For further details of the trademarks licensing arrangement, see "Connected Transactions."

To safeguard our Group's interests and ensure that competition will not exist in the future, each of our Controlling Shareholders has entered into the Deed of Non-competition in favor of our Company to the effect that each of them does not, will not, and will procure each of their respective close associates not to, directly or indirectly, participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with our business, and has granted to our Company an option to acquire the whole or part of its interest in the Excluded Businesses held by our Controlling Shareholders at any time upon and after [**REDACTED**], further details of which are set out in "—Deed of Non-competition" in this section below. We will comply with the applicable requirements under the Listing Rules in the event of any exercise of the option under the Deed of Non-competition.

Other Businesses

The Other Businesses which include the manufacturing and trading of (a) building materials such as tiles, sanitary ware and glass products; (b) fast-moving consumer goods including fast-moving chemical products such as laundry detergents, soap, insecticides and mosquito repellents; and (c) hardware including household metalware and agricultural tools, across various countries in the Emerging Markets are held through (i) various members of the Remaining Sunda Group including certain Predecessor Companies and Guangzhou Sunda; and (ii) Guangdong Twyford.

Guangzhou Sunda was a former holding company of Sunda Group which was ultimately controlled by Mr. Shen and Ms. Yang. Upon completion of our Reorganization, Guangzhou Sunda has been serving as a trading platform to provide various services to several members of the Remaining Sunda Group which are ancillary in nature to support the Other Businesses of the Remaining Sunda Group.

Being part of the Other Businesses, Guangdong Twyford was established as a joint venture company which is owned as to approximately 48.45% by Keda Industrial, 30.88% by Sunda Company and 20.67% in aggregate by other shareholders including certain Directors and our senior management members, and is principally engaged in overseas building materials business such as tiles, sanitary ware and glass products as of the Latest Practicable Date.

We believe that our business and the Other Businesses are different in nature and as such, there will not be any competition between our business and the Other Businesses. Mr. Shen and Ms. Yang, our ultimate Controlling Shareholders, confirmed that they currently have no intention to inject the Other Businesses into our Group.

Save as disclosed above, as of the Latest Practicable Date, none of our Controlling Shareholders, our Directors and their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE CLOSE ASSOCIATES

We believe that we are capable of carrying on our business independently from our Controlling Shareholders and their respective close associates (other than our Group) after the [**REDACTED**] having considered the following factors:

Management Independence

We have a Board and senior management team that function independently of our Controlling Shareholders and their respective close associates. Our Board comprises two executive Directors, three non-executive Directors and three independent non-executive Directors. Mr. Luo Jichao is our executive Director and chief executive officer. He has been involved in the management of our business when we were part of Sunda Group prior to the Reorganization since 2011. With the support of our other executive Director, namely Mr. Zhao Yongqiang, as well as our experienced management team, Mr. Luo Jichao is expected to continuously devote sufficient time to the day-to-day operations of our Group upon [**REDACTED**].

Save for (i) Mr. Shen who currently serves as (a) a director of Chaoyuet Holding and Sunda Enterprise; and (b) the chairman and a director of Sunda Company; (ii) Ms. Yang who currently serves as (a) a director of Haoyue Investment; and (b) a consultant of Sunda Company; and (iii) Mr. Zhou Renwei who currently serves as a director of Century BVI and Guangzhou Sunda, there is no overlap of the directors or senior management members of our Group and the Remaining Sunda Group (including the Excluded Group) upon [**REDACTED**]. Each of Mr. Shen, Ms. Yang and Mr. Zhou Renwei is our non-executive Director who was not and will not be involved in the day-to-day management and operations of our business. They will provide guidance on the formulation of business strategies for the overall management and operation of our Group. See "Directors and Senior Management" for their biographical information.

Each of our Directors is aware of his/her fiduciary duties as a Director, which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests. In the event that there is an actual or potential conflict of interest arising out of any transaction to be entered into between our Company and any of our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum. We have also adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Company and the Remaining Sunda Group which would support our independent management. For details, see "—Corporate Governance Measures" in this section.

In addition, our Board comprises eight Directors, including three independent non-executive Directors, which represent at least one-third of the members of our Board. Our independent non-executive Directors have extensive experience in corporate management and governance, financing, capital investment, engineering, securities laws and capital market, and they [are appointed] to ensure that the decisions of our Board are made after due consideration of independent and impartial opinions and in the best interests of our Company and our Shareholders as a whole. Certain matters of our Company must always be referred to the independent non-executive Directors for review.

Based on the reasons above, our Directors are of the view that our Board as a whole and our senior management members are able to perform their roles in our Group independently and our Company is capable of managing our business independently from the Remaining Sunda Group upon [**REDACTED**].

Operational Independence

We engage in our businesses independently from our Controlling Shareholders and their respective close associates, with the independent right to make operational decisions and implement such decisions.

Licenses required for operation

We have full rights, hold and enjoy the benefit of all relevant licenses and permits material to the operation of our business, have sufficient capital and employees necessary to make all decisions on, and to carry out, our own business operation independent from our Controlling Shareholders and their respective close associates and will continue to do so after [**REDACTED**].

Access to customers, suppliers and business partners

Our Group has a large and diversified base of customers that are unrelated to our Controlling Shareholders and/or their respective close associates. We have independent access to such customers, our suppliers as well as our other business partners.

Operational facilities and administration

We have a full-time management team and staff to carry out our own administration and operation independently from our Controlling Shareholders and their respective close associates. All key administrative functions have been and will be carried out by our own management team and staff without reliance or the support of our Controlling Shareholders and their respective close associates. As of the Latest Practicable Date and save as disclosed in the "Connected Transactions" in this document, all the properties, facilities and equipment necessary to our business operations were separated from those of our Controlling Shareholders and their respective close associates.

Employees

As of the Latest Practicable Date, all of our full-time employees were recruited independently from our Controlling Shareholders and their respective close associates.

Based on the reasons above, our Directors are of the view that we have full rights to make all decisions on, and to carry out, our own business operations independently from our Controlling Shareholders and their respective close associates and will continue to do so after the [**REDACTED**].

Connected transactions with our Controlling Shareholders

Details of the continuing connected transactions between our Group and the Remaining Sunda Group which will continue after the completion of the [**REDACTED**] are set out in the "Connected transactions" in this document. All such transactions have been determined after arm's length negotiations and on normal commercial terms or better.

We have our own organizational structure with separate functional and self-governing departments, each with specific areas of responsibility, including business and sales, accounting, administration, legal, risk management, internal control and human resources departments. Although we entered into certain connected transactions with the Remaining Sunda Group, all essential administration, daily operations and decision-makings of our Company are carried out by our management term with the support from a experienced team of staff employed by our Company. See "Connected Transactions" in this document for details.

Based on the above, our Directors are of the view that we do not rely on Controlling Shareholders in respect of our operation and our Group operates independently from our Controlling Shareholders.

Financial Independence

We have an independent financial system and make financial decisions according to our Group's own business needs. We have internal control and accounting systems, accounting and finance department for discharging the treasury function, which all are independent from our Controlling Shareholders and their respective close associates.

In addition, we are capable of obtaining financing from Independent Third Parties without relying on any guarantee or security provided by our Controlling Shareholders or their respective associates. Our Company will not have any outstanding loans, advances or balances due to or from our Controlling Shareholders or their respective close associates or financial assistance arrangement with our Controlling Shareholders or their respective close associates which were not arising out of the ordinary course of business upon [**REDACTED**], and our Company will not provide any guarantee in respect of any loans of our Controlling Shareholders and their respective close associates and vice versa upon [**REDACTED**].

Based on the above, our Directors believe that we are able to conduct our business independently from our Controlling Shareholders and their respective close associates from a financial perspective and are able to maintain financial independence and would not place undue reliance on our Controlling Shareholders or their respective close associates.

DEED OF NON-COMPETITION

In order to maintain clear delineation between the Excluded Businesses and our Group, and avoid any potential competition, actual or perceived, arising therefrom, each of our Controlling Shareholders [has entered] into a Deed of Non-competition in favor of our Group, pursuant to which each of them has unconditionally and irrevocably undertaken to our Group that, he/she/it does not, will not, and will procure his/her/its respective close associates (save for members of our Group) not to directly or indirectly be involved in, conduct or undertake, any business that directly or indirectly competes, or may compete with, the business currently and/or prospectively engaged by our Group from time to time (referred to as the "**Restricted Businesses**"), or hold shares or interest in any company or business (other than the shares or interest in our Group and the existing interest in the Excluded Businesses) that competes or may compete directly or indirectly with the Restricted Businesses, except where our Controlling Shareholders and their respective close associates hold less than 30% of the total interest in any company, which is engaged in any business that is or may be in competition with any business engaged by any member of our Group and they do not control composition of a majority of the board of directors of such company. For the avoidance of doubt, the above undertakings do not apply to the business of any of our Controlling Shareholders and his/her/its respective close associates that (i) had already been disclosed in this section; (ii) is different in nature from or does not compete with the Restricted Businesses; or (iii) was a Restricted Businesses but is no longer a Restricted Businesses subsequently. In addition, our Controlling Shareholders further undertake that the Excluded Businesses will only be operated within Guinea and Nigeria.

Further, each of our Controlling Shareholders has undertaken that if any new business investment/other business opportunity relating to the Restricted Businesses (the "**Competing Business Opportunity**") is identified by/made available to him/her/it or any of his/her/its respective close associates, he/she/it shall, and shall procure that his/her/its respective close associates shall, offer or refer such Competing Business Opportunity to our Company on a timely basis by giving written notice (the "**Offer Notice**") within 30 business days (or such later time as the independent non-executive Directors may agree) of identifying such opportunity and the nature of the Competing Business Opportunity, the investment or acquisition costs and all other details reasonably necessary for our Company to consider whether to pursue or participate such Competing Business Opportunity.

Upon receiving the Offer Notice, our Company shall seek approval from a board committee comprising independent non-executive Directors who do not have an interest in the Competing Business Opportunity (the "**Independent Board Committee**") as to whether to pursue or decline the Competing Business Opportunity. Any Director who has actual or potential interest in the Competing Business Opportunity shall abstain from attending (unless their attendance is specifically requested by the Independent Board Committee) and voting at, and shall not be counted in the quorum for, any meeting convened to consider such Competing Business Opportunity). The Independent Board Committee shall consider the financial impact of pursuing the Competing Business Opportunity offered, whether the nature of the Competing Business Opportunity is consistent with our Group's strategies and development plans and the general market conditions of our business. If appropriate, the Independent Board Committee may appoint independent financial advisors and legal advisors to assist in the decision making process in relation to such Competing Business Opportunity. The Independent Board Committee shall, within 30 business days (or such later time as the relevant Controlling Shareholder may agree) of receipt of the written notice as referred above, inform our Controlling Shareholders in writing on behalf of our Company its decision whether to pursue or decline the Competing Business Opportunity.

The relevant Controlling Shareholder shall be entitled but not obliged to pursue such Competing Business Opportunity if he/she/it has received a notice from the Independent Board Committee declining such Competing Business Opportunity or if the Independent Board Committee failed to respond within such 30 business days' period mentioned above. If prior to its consummation there is any material change in the nature, terms or conditions of such Competing Business Opportunity pursued by the relevant Controlling Shareholder, he/she/it shall refer such revised Competing Business Opportunity to our Company as if it were a new Competing Business Opportunity.

Each of our Controlling Shareholders has granted to our Company an option to acquire the whole or part of its interest in the Excluded Businesses held by our Controlling Shareholders at any time upon and after [**REDACTED**]. The price at which the option to acquire will be exercised shall be negotiated and agreed at arm's length between our Company and our Controlling Shareholders at the time of exercise. If our Controlling Shareholders and our Company fail to agree on the exercise price, an independent internationally recognized firm of valuers will be appointed to determine the exercise price.

Decisions as to whether to exercise the option to acquire shall be subject to our Independent Board Committee and the independent Shareholders (if required) approving the acquisition. Our Company shall appoint an independent financial advisor to review the terms of the acquisition of the interests in the Excluded Businesses and provide a letter of advice to the Independent Board Committee and the independent Shareholders (if required). In addition to the continuous review of its exercise of the option to acquire, after the [**REDACTED**], our independent non-executive Directors will undertake an annual review to evaluate whether the option to acquire shall be exercised with respect to any or all of the Excluded Businesses and taking into account the political and economic circumstances in Guinea, the latest list of IOSCO MMOU Countries and the foreign exchange and economic conditions of Nigeria at that time and disclose their views in the annual reports. The exercise of the option to acquire will constitute connected transaction(s) for our Company under Chapter 14A of the Listing Rules and will be subject to the applicable requirements under the Listing Rules. In the event that our Company decides to exercise the option to acquire, an announcement will be issued by our Company setting out details of such exercise in accordance with relevant requirements under the Listing Rules.

The Deed of Non-competition will lapse automatically if our Controlling Shareholders and their respective close associates cease to hold, whether directly or indirectly, 30% or above of our Shares with voting rights or our Shares cease to be [**REDACTED**] on the Stock Exchange.

Each of our Controlling Shareholders has further undertaken to us that he/she/it will provide and procure his/her/its respective close associates to provide on best endeavor basis, all information necessary for the annual review by our independent non-executive Directors for the enforcement of the Deed of Non-competition. They will make an annual declaration in our annual report on the compliance with the Deed of Non-competition in accordance with the principle of voluntary disclosure in the corporate governance report.

In order to promote good corporate governance practices and to improve transparency, the Deed of Non-competition includes the following provisions:

- our independent non-executive Directors shall review, at least on an annual basis, the compliance with the Deed of Non-competition by our Controlling Shareholders;

- we will disclose the decisions on matters reviewed by the independent non-executive Directors (including the reasons for not taking up the Competing Business Opportunity referred to our Company) and the review by our independent non-executive Directors on the compliance with, and the enforcement of, the Deed of Non-competition in our annual report or by way of announcement to the public in compliance with the requirements of the Listing Rules; and

- in the event that any of our Directors and/or their respective close associates have material interests in any matter to be deliberated by our Board in relation to the compliance and enforcement of the Deed of Non-competition, he/she may not vote on the resolutions of our Board approving the matter and shall not be counted toward the quorum for the voting pursuant to the applicable provisions in the Articles of Association.

CORPORATE GOVERNANCE MEASURES

Each of our Controlling Shareholders has confirmed that it/he/she has fully comprehended its/his/her obligations to act in our Shareholders' best interests as a whole. Our Directors recognize the importance of good corporate governance in protecting our

Shareholders' interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders:

(a) as part of our preparation for the [**REDACTED**], we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provided that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her associates have a material interest nor shall such Director be counted in the quorum present at the meeting;

(b) we are committed that our Board should include a balanced composition with not less than one-third of independent non-executive Directors to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. We [have appointed] three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. For details of our independent non-executive Directors, see "Directors and Senior Management—Board of Directors and Management—Independent non-executive Directors" in this document;

(c) we have established internal control mechanisms to identify connected transactions. Upon and after the [**REDACTED**], if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable Listing Rules;

(d) we have appointed Soochow Securities International Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to Directors' duties and corporate governance;

(e) as required by the Listing Rules, our independent non-executive Directors shall review any continuing connected transaction annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from independent third parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole; and

(f) on an annual basis, our independent non-executive Directors will review the non-compete undertakings provided by our Controlling Shareholders and their compliance with the undertakings.

OVERVIEW

Pursuant to Chapter 14A of the Listing Rules, our Directors, substantial shareholders and chief executive and those of our subsidiaries (other than the directors, substantial shareholders and chief executive of our insignificant subsidiaries), any person who was our Director or a director of our subsidiaries within 12 months preceding the [**REDACTED**] and any of their respective associates will be connected persons of our Company upon [**REDACTED**]. Upon [**REDACTED**], our transactions with such connected persons will constitute connected transactions under Chapter 14A of the Listing Rules.

Our Directors confirm that after [**REDACTED**], the following transactions between our Group and the relevant connected persons of our Company will continue, which will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS FULLY EXEMPT FROM THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

1. Trademark Licensing Framework Agreement

On [●], 2025, Sunmart Trading Dubai entered into a trademark licensing framework agreement (the "**Trademark Licensing Framework Agreement**") with Sunda Enterprise (for itself and on behalf of the members of the Excluded Group), pursuant to which Sunmart Trading Dubai agreed to irrevocably and unconditionally grant to the Excluded Group a non-transferable license to use a total number of 15 trademarks registered in Nigeria and OAPI as of the Latest Practicable Date (the "**Transferred Trademarks**") for a term commencing from the date of the Trademark Licensing Framework Agreement and ending on December 31, 2027, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations, at a consideration of not more than US$5,000 per annum. For details of the Transferred Trademarks, see "Appendix IV—Statutory and General Information—B. Further Information about our Business—2. Intellectual property rights of our Group—(a) Trademarks."

Prior to the Reorganization (for details, see "History, Reorganization and Corporate Structure—Reorganization"), the Remaining Sunda Group owned the Transferred Trademarks. As part of the Reorganization, the Remaining Sunda Group transferred the Transferred Trademarks to our Group at a nominal consideration determined with reference to the historical registration and maintenance costs of the Transferred Trademarks. As the Transferred Trademarks are also related to the Excluded Business (for details, see "Relationship with our Controlling Shareholders"), Sunmart Trading Dubai agreed to grant a license to the Excluded Group for the use of the Transferred Trademarks in Guinea and Nigeria in its ordinary course of business at a consideration of not more than US$5,000 per annum, which was determined with reference to the future maintenance costs of the Transferred Trademarks in those jurisdictions. The permitted uses of the Transferred Trademarks are limited to those products as specified in the Trademark Licensing Framework Agreement and in the manner as specified therein. Given that (i) it can enhance our brand visibility and recognition in Africa; and (ii) it is necessary for the Excluded Group to continue using such trademarks for the Excluded Businesses within Guinea and Nigeria and that Sunda Enterprise (for itself and on behalf of the members of the Excluded Group) has confirmed that the Excluded Group shall perform its obligations under the Trademark Licensing Framework Agreement without causing any detriment to the reputation of our brands, our Directors believe that entering into the Trademark Licensing Framework Agreement between our Group and the Remaining Sunda Group is in the ordinary and usual course of our business and its terms are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Implications under the Listing Rules

Sunda Enterprise is one of our Controlling Shareholders and therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Trademark Licensing Framework Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon [**REDACTED**]. As each of the applicable percentage ratios under the Listing Rules in respect of the annual caps is expected to be less than 0.1%, the transactions contemplated under the Trademark Licensing Framework Agreement will be within the de minimis threshold as stipulated under Rule 14A.76 of the Listing Rules and will be exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Sales of Spare Parts Framework Agreement

On [●], 2025, our Company (for itself and on behalf of the members of our Group) entered into a sales of spare parts framework agreement (the "**Sales of Spare Parts Framework Agreement**") with Sunda Enterprise (for itself and on behalf of the members of the Remaining Sunda Group), pursuant to which we agreed to sell spare parts for maintenance and replacement due to normal wear and tear of the production facilities and machineries such as forklifts, power cables, switches to the Remaining Sunda Group to meet their timely and emergency needs from time to time during the term of the agreement. The term of the Sales of Spare Parts Framework Agreement will commence on the [**REDACTED**] and ending on December 31, 2027, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

The pricing for the Sales of Spare Parts Framework Agreement shall be determined with reference to the historical transaction amounts, anticipated demand, costs of such parts as determined with reference to comparable market prices and the fees on our procurement of spare parts from the Remaining Sunda Group. For details, see "—Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement but exempt from the Independent Shareholders' Approval Requirements—3. Procurement of Spare Parts Framework Agreement."

Reasons for the transaction

During the production process of the Remaining Sunda Group, it might suffer from emergency and temporary shortage of spare parts of their production facilities and machineries from time to time. To ensure continuing production and timely maintenance of the production facilities and machineries without interruption of its production and having regarded that the temporary procurement of a small amount of substitutes from local markets may not meet its requirements on timing, quality and/or requirements of the production facilities and machineries, the Remaining Sunda Group has been purchasing such spare parts from us from time to time. The Remaining Sunda Group also agreed to sell spare parts of the production facilities and machineries to us upon our request to meet timely and emergency needs provided that they have sufficient inventory of such parts (for details, see "—Continuing Connected Transactions subject to the Reporting, Annual Review Announcement but exempt from the Independent Shareholders' Approval Requirements—3. Procurement of Spare Parts Framework Agreement"). In light of the above, we believe it is in the best interest of our Company and our Shareholders as a whole to maintain the current arrangement with the Remaining Sunda Group. The transactions contemplated under the Sales of Spare Parts Framework Agreement shall be on normal commercial terms or better and in accordance with the terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Historical transaction amounts

For the two years ended December 31, 2023 and the nine months ended September 30, 2024, the transaction amounts for the sales of spare parts are US$207,000, US$158,000 and US$9,000, respectively.

Annual caps

Our Directors estimate that for the three years ending December 31, 2027, the maximum transaction amounts under the Sales of Spare Parts Framework Agreement will be US$50,000, US$50,000 and US$50,000, respectively. Such estimate is based on (i) the historical transaction amounts for such sales upon urgent demand during the Track Record Period; (ii) the anticipated demand of the Remaining Sunda Group for spare parts for the three years ending December 31, 2027; (iii) the anticipated procurement costs including the unit price of such parts, logistics costs and labor costs as determined with reference to comparable market prices to be borne by us; and (iv) the fees on our procurement of spare parts from the Remaining Sunda Group.

Implications under the Listing Rules

Sunda Enterprise is one of our Controlling Shareholders and therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Sales of Spare Parts Framework Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon [**REDACTED**]. Since each of the applicable percentage ratios under the Listing Rules in respect of the annual caps for the sales of spare parts is expected to be less than 0.1% on an annual basis, the transactions under the Sales of Spare Parts Framework Agreement will be exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT BUT EXEMPT FROM THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

3. Procurement of Spare Parts Framework Agreement

On [●], 2025, our Company (for itself and on behalf of the members of our Group) entered into a procurement of spare parts agreement (the "**Procurement of Spare Parts Framework Agreement**") with Sunda Enterprise (for itself and on behalf of the members of the Remaining Sunda Group), pursuant to which Sunda Enterprise agreed to sell spare parts for maintenance and replacement due to normal wear and tear of the production facilities and machineries such as cranes, pumps, steel pipes, lighting to meet our timely and emergency demands from time to time during the term of the agreement. The term of the Procurement of Spare Parts Framework Agreement will commence on the [**REDACTED**] and ending on December 31, 2027, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

The pricing for the Procurement of Spare Parts Framework Agreement shall be determined with reference to the historical transaction amounts, anticipated demands, costs of such parts as determined with reference to comparable market prices and the fees on our sales of spare parts to the Remaining Sunda Group. For details, see "—Continuing Connected Transactions fully exempt from the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements—2. Sales of Spare Parts Framework Agreement."

Reasons for the transaction

During our production process, we might suffer from emergency and temporary shortage of spare parts of our production facilities and machineries from time to time. To ensure continuing production and timely maintenance of facilities and machineries without interruption of our production and having regarded that the temporary procurement of a small amount of substitutes from local markets may not meet our requirements on timing, quality and/or requirements of the production facilities and machineries, we have been purchasing such spare parts of the production facilities and machineries from the Remaining Sunda Group from time to time. We also agreed to sell spare parts of the production facilities and machineries to the Remaining Sunda Group upon their request to meet their emergency needs provided that we have sufficiency inventory of such parts (for details, see "—Continuing Connected Transactions fully exempt from the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements—2. Sales of Spare Parts Framework Agreement"). In light of the above, we believe it is in the best interest of our Company and our Shareholders as a whole to maintain the current arrangement with the Remaining Sunda Group. The transactions contemplated under the Procurement of Spare Parts Framework Agreement shall be on normal commercial terms or better and in accordance with the terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Historical transaction amounts

For the two years ended December 31, 2023 and the nine months ended September 30, 2024, the transaction amounts for the purchase of spare parts are US$3,474,000, US$988,000 and US$406,000, respectively.

Annual caps

Our Directors estimate that for the three years ending December 31, 2027, the maximum transaction amounts under the Spare Parts Framework Agreement will be US$500,000, US$500,000 and US$500,000, respectively. Such estimate is based on (i) the historical transaction amounts for such procurement upon urgent demand during the Track Record Period; (ii) the anticipated demands of our Group in spare parts for the three years ending December 31, 2027; (iii) the anticipated procurement costs including the unit price of such parts, logistics costs and labor costs as determined with reference to comparable market prices to be borne by the Remaining Sunda Group; and (iv) the fees of the reciprocal arrangement on our sales of spare parts to the Remaining Sunda Group.

Implications under the Listing Rules

Sunda Enterprise is one of our Controlling Shareholders and therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Procurement of Spare Parts Framework Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon [**REDACTED**]. Since each of the applicable percentage ratios under the Listing Rules in respect of the annual caps for the procurement of spare parts is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Procurement of Spare Parts Framework Agreement will be subject to the annual reporting requirement and the announcement requirement but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

4. IT Services Framework Agreement

On [●], 2025, our Company (for itself and on behalf of the members of our Group) entered into an IT services framework agreement (the "**IT Services Framework Agreement**") with Sunda Enterprise (for itself and on behalf of the Remaining Sunda Group), pursuant to which the Remaining Sunda Group agreed to provide various IT support and maintenance services including (i) maintenance and operational services to our IT systems and networks; and (ii) procurement and licensing including implementation and upgrade of software and procurement of hardware services during the term of the agreement. The term of the IT Services Framework Agreement will commence on the [**REDACTED**] and ending on December 31, 2027, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

The IT support and maintenance services under the IT Services Framework Agreement shall be determined with reference to the software license fees, procurement, set up and maintenance costs of software and/or hardware of the IT systems and networks and labor costs of the Remaining Sunda Group. The transaction contemplated under the IT Services Framework Agreement shall be on normal commercial terms or better and in accordance with the terms that are fair and reasonable and in the interest of our Company and the Shareholders as a whole.

Reasons for the transaction

It is beneficial to our Group to continue to engage Sunda Enterprise as our IT support and maintenance services provider, given (i) from our perspective, our Group has been utilizing certain common systems, software and services in our daily operations within Sunda Group prior to our Reorganization, which were applied consistently for members within Sunda Group; and (ii) we will be able to obtain stable IT services from a reliable service provider that is familiar with the historical development and maintenance of our IT systems and networks and with consistent and reliable quality and confidentiality assurance. Our Directors believe that this will reduce our time, labor and monetary costs for engaging new suppliers and lower our costs to purchase, develop and maintain new software, hardware and applications. Having considered that (i) there is a Chinese wall between our IT system and networks and that of the Remaining Sunda Group to ensure separation of operations and functions; (ii) the overall control of our IT systems and networks were retained by us instead of the Remaining Sunda Group; and (iii) it would not be difficult for us to obtain alternative suppliers from the market, we consider that we do not place undue reliance on Sunda Group in respect of our IT systems and networks. Along with our business expansion, we will assess our scale of such IT support and maintenance services from time to time and consider to segregate such services from the Remaining Sunda Group after [**REDACTED**].

Historical transaction amounts

For the two years ended December 31, 2023 and the nine months ended September 30, 2024, the service fees paid by us for the IT support and maintenance services are US$1,392,000, US$2,466,000 and US$1,779,000, respectively.

The increase in the services fees for the year ended December 31, 2023 as compared to the historical transactions of other periods during the Track Record Period was mainly because the Remaining Sunda Group purchased on our behalf certain new software for system implementation and upgrade of existing software for our IT system development needs.

Annual caps

Our Directors estimate that for the three years ending December 31, 2027, the maximum amount of service fees payable by us under the IT Services Framework Agreement are US$2,000,000, US$2,200,000, and US$2,500,000, respectively. Such estimate is based on (i) the historical transaction amounts for such services between the parties during the Track Record Period; (ii) the estimated transaction amounts in relation to such IT support and maintenance services including our future IT system and networks upgrading plan with payments to be made to the Remaining Sunda Group for the three years ending December 31, 2027; (iii) the anticipated costs in periodical replacement of certain hardware and spare parts of equipment and the routine maintenance and enhancement of our Group's current software, hardware and IT systems and the estimated needs for additional IT support and maintenance services to support our Group's business growth. The increase in the service fees throughout the three years ending December 31, 2027 is mainly attributable to the anticipated increase in costs in the ongoing development and routine maintenance and upgrade of equipment of our IT systems and networks.

Implications under the Listing Rules

Sunda Enterprise is one of our Controlling Shareholders and therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the IT Services Framework Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon [**REDACTED**]. Since each of the applicable percentage ratios under the Listing Rules in respect of the annual caps for the IT support and maintenance services is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the IT Services Framework Agreement will be subject to the annual reporting requirement and the announcement requirement but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

5. Power Supply Services Agreement

On [●], 2025, Softcare Senegal, our wholly-owned subsidiary, entered into a power supply services agreement (the "**Power Supply Services Agreement**") with Keda (SN) Ceramics Company Limited ("**Keda (SN)**"), pursuant to which Keda (SN) agreed to provide power supply services to our production facilities and staff dormitories in Senegal (the "**Leased Properties**") during the term of the agreement. The term of the Power Supply Services Agreement will commence on the [**REDACTED**] and ending December 31, 2027, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

The power supply services under the Power Supply Services Agreement shall be determined with reference to the power generation cost and maintenance cost of the power generation facilities of Keda (SN).

Reasons for the transaction

The Leased Properties are situated on a parcel of land owned by Sunda Senegal where local power supply is not stable. The production facilities of Keda (SN) are situated adjacent to the Leased Properties and equipped with self-built heavy oil and solar power generation facilities with stable power supply. The power generation facilities are owned and maintained by Keda (SN).

Given that (i) we will continue to rent the Leased Properties from Sunda Senegal for our business operation; (ii) during the Track Record Period, Keda (SN) provided stable power supply services to the Leased Properties; and (iii) switching to public power supply will cause interruption to our business operation and thus lower our production efficiency, we believe that it is in the best interest of our Company and our Shareholders as a whole to maintain the current service arrangement with Keda (SN) and shall continue after [**REDACTED**].

Historical transaction amounts

For the two years ended December 31, 2023 and the nine months ended September 30, 2024, the service fees paid by us for the power utilities services are US$1,087,000, US$1,338,000 and US$854,000, respectively.

Annual caps

Our Directors estimate that for the three years ending December 31, 2027, the maximum amount of service fees payable by us under the Power Supply Services Agreement will be US$1,400,000, US$1,600,000 and US$1,800,000, respectively. Such estimate is based on (i) the historical transaction amounts of the service fees paid by us to Keda (SN) during the Track Record Period; and (ii) the anticipated power generation cost and maintenance cost of the power generation facilities of Keda (SN) for the three years ending December 31, 2027. The increase in service fees throughout the three years ending December 31, 2027 is mainly due to the expected expansion of our business in Senegal.

Implications under the Listing Rules

Keda (SN), a company incorporated in Senegal with limited liability, is an indirect wholly-owned subsidiary of Guangdong Twyford, which is owned as to approximately 48.45% by Keda Industrial, 30.88% by Sunda Company and 20.67% in aggregate by other shareholders including certain Directors and our senior management members as of the Latest Practicable Date and therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Power Supply Services Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon [**REDACTED**]. Since each of the applicable percentage ratios under the Listing Rules in respect of the annual caps for the power supply services is expected to be more than 0.1% but less than 5%, the transactions contemplated under the Power Supply Services Agreement will be subject to the annual reporting requirements and the announcement requirement but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

6. Integrated Support Services Framework Agreement

On [●], 2025, our Company (for itself and on behalf of the members of our Group) entered into an integrated support services framework agreement (the "**Integrated Support Services Framework Agreement**") with Sunda Enterprise (on behalf of the members of the Remaining Sunda Group), pursuant to which the Remaining Sunda Group agreed to provide certain integrated support services to our Group, including (i) the processing and support services to our supply chain, such as (a) logistics documentation processing and logistics status tracking of raw materials procurement and products delivery, (b) warehousing and handling services and (c) labor support services in handling various import and export custom clearance procedures; and (ii) the integrated administrative support services to our human resources and administrative management, such as assistance to our back office with recruitment, training and other basic personnel administration and provision of secretarial, processing and ancillary services to our administrative management. The term of the Integrated Support Services Framework Agreement will commence on the [**REDACTED**] and ending on December 31, 2027, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

The pricing for the integrated support services shall be determined with reference to the comprehensive scope, nature and complexity of such services, labor workload, transaction volume, multiple jurisdictions involved and the anticipated costs to be borne by the Remaining Sunda Group mainly including labor costs and operational costs, such as depreciation expenses and costs of materials and tools of the Remaining Sunda Group. The transactions contemplated under the Integrated Support Services Framework Agreement shall be on normal commercial terms or better and in accordance with the terms that are fair and reasonable and in the interest of our Company and the Shareholders as a whole.

Reasons for the transaction

During the Track Record Period, our Group utilized the integrated support services to the Remaining Sunda Group so as to lower our labor costs in administrative management. Having regard that such services involve multiple jurisdictions and comprehensive service scope which would require extensive labor resources with different work experiences and skills in multiple jurisdictions, we believe it is more cost efficient to use the long established network and extensive labor resources of the Remaining Sunda Group to support our fast-growing business demands, while enabling us to maintain a low level of investment in labor resources and administrative management, so that we can focus our capital investment in our manufacturing lines and production and maintain our operations in a cost-efficient and flexible manner. It is therefore beneficial to our Group to continue to use the Remaining Sunda Group's integrated support services to supplement our onshore and offshore supply chain and administrative operations. Given that (i) such services are labor intensive and executed under our directions and instructions; (ii) we possess the overall management and supervision and decision-making powers, including the decision-making power in the engagement of Independent Third Party suppliers, such as logistics suppliers; and (iii) it would not be difficult for us to engage alternative suppliers from the markets, we consider that we do not place undue reliance on the Remaining Sunda Group in respect of our integrated support services. Along with our business expansion, we will assess our scale of such integrated support services from time to time and consider to segregate such services from the Remaining Sunda Group after [**REDACTED**].

Historical transaction amounts

For the two years ended December 31, 2023 and the nine months ended September 30, 2024, the services fees (exclusive of applicable tax) paid by us for the integrated support services are US$7,542,000, US$8,302,000 and US$7,011,000, respectively.

Annual caps

Our Directors estimate that for the three years ending December 31, 2027, the maximum amount of services fees (exclusive of applicable tax) payable by us to Sunda Enterprise (on behalf of the members of the Remaining Sunda Group) under the Integrated Support Services Framework Agreement are US$12,000,000, US$14,500,000 and US$17,100,000, respectively. Such estimate is based on (i) the historical transaction amounts for such services between the parties during the Track Record Period; (ii) the estimated transaction amounts in relation to such services for the three years ending December 31, 2027; and (iii) the anticipated costs of the Remaining Sunda Group including labor costs and operational costs. The increase in the service fees throughout the three years ending December 31, 2027 is mainly attributable to the anticipated increase in costs due to expected business growth and geographical expansion.

Implications under the Listing Rules

Sunda Enterprise is one of our Controlling Shareholders and therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Integrated Support Service Framework Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon [**REDACTED**]. Since the highest applicable percentage ratio under the Listing Rules in respect of the annual caps for the integrated support services is expected to exceed 5% on an annual basis, the transactions under the Integrated Support Services Framework Agreement will be subject to the annual reporting requirement and the announcement requirement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DIRECTORS' VIEWS

Our Directors (including our independent non-executive Directors) are of the view that all the continuing connected transactions as disclosed in the paragraph headed "Continuing connected transactions subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement" and "Continuing connected transactions subject to the reporting, annual review, announcement and the independent shareholders' requirements" above have been and will be entered into: (i) in the ordinary and usual course of our business; (ii) on normal commercial terms or better; and in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (iii) that the proposed annual caps are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

THE JOINT SPONSORS' VIEW

Based on (i) the relevant documents and information provided by the Company in relation to the foregoing partially-exempt continuing connected transactions and non-exempt continuing connected transactions; (ii) their participation in due diligence and discussions with the Company; and (iii) the confirmation from the Directors disclosed above, the Joint Sponsors are of the view (i) that the continuing connected transactions described in the paragraphs headed "Continuing connected transactions subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement" and "Continuing connected transactions subject to the reporting, annual review, announcement and the independent shareholders' requirements" above have been and will be entered into (a) in the ordinary and usual course of our business; (b) on normal commercial terms or better that are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (ii) that the proposed annual caps of such continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

BOARD OF DIRECTORS AND MANAGEMENT

Our Board currently consists of eight Directors, including two executive Directors, three non-executive Directors and three independent non-executive Directors. The powers and duties of our Board include convening general meetings and reporting our Board's work at our Shareholders' meetings, determining our business and investment plans, preparing our annual financial budgets and final reports, formulating proposals for profit distributions and exercising other powers, functions and duties as conferred by the Articles. We [have entered into] a service agreement with each of our executive Directors and a letter of appointment with each of our non-executive Directors and independent non-executive Directors.

The table below sets out the key information of our Directors and senior management:

Our Directors

Name	Age	Existing position(s) in our Group	Date of joining our Group[1]	Date of appointment as Director	Roles and key responsibilities in our Group	Relationship with other Directors and senior management
Executive Directors						
Mr. Luo Jichao (羅繼超)	45	Executive Director and chief executive officer	June 20, 2011	January 20, 2025	Responsible for the overall management and business operation and development of our Group	None
Mr. Zhao Yongqiang (趙永強)	47	Executive Director and chief operating officer	October 17, 2024	January 20, 2025	Responsible for coordination and implementation of business development strategies and overseeing the marketing and sales department of our Group	None
Non-executive Directors						
Mr. Shen Yanchang (沈延昌)	51	Non-executive Director and chairman of our Board	February 13, 2009	February 17, 2022	Responsible for providing guidance and the formulation of business strategies for the overall management and operation of our Group	Spouse of Ms. Yang

Name	Age	Existing position(s) in our Group	Date of joining our Group[(1)]	Date of appointment as Director	Roles and key responsibilities in our Group	Relationship with other Directors and senior management
Ms. Yang Yanjuan (楊艷娟)	51	Non-executive Director	January 1, 2012	January 20, 2025	Responsible for providing guidance and the formation of business strategies for the overall management and operation of our Group	Spouse of Mr. Shen
Mr. Zhou Renwei (周仁偉) *(formerly known as Zhou Jun (周軍))*	50	Non-executive Director	April 26, 2013	January 20, 2025	Responsible for providing guidance and the formation of business strategies for the overall management and operation of our Group	None
Independent non-executive Directors						
Ms. Lou Aidong (婁愛東)	58	Independent non-executive Director	[●]	[●]	Responsible for providing independent advice to our Board	None
Mr. Gao Jianming (高建明)	58	Independent non-executive Director	[●]	[●]	Responsible for providing independent advice to our Board	None
Mr. Xu Jing (徐景)	38	Independent non-executive Director	[●]	[●]	Responsible for providing independent advice to our Board	None

Our senior management

Name	Age	Existing position(s) in our Group	Date of joining our Group(1)	Date of appointment as senior management our Company	Roles and responsibilities	Relationship with other Directors and senior management
Mr. Lung Shei Kei (龍瑞麒)	39	Chief financial officer and joint company secretary	February 15, 2022	December 28, 2022	Responsible for the overall supervision and management of financial, accounting and company secretarial affairs of our Group	None
Mr. Wang Nan (王楠)	39	Head of sales and operations center	October 8, 2010	December 25, 2021	Responsible for the overall supervision and management of sales of our Group	None
Mr. Zhang Qi (張琦)	38	Head of overseas business management center	August 2, 2010	December 25, 2021	Responsible for the supervision and management of the overseas subsidiaries of our Group	None
Mr. Yue Jie (岳杰)	44	Head of project development department	September 10, 2009	December 25, 2021	Responsible for the overall management and business expansion of our Group	None
Mr. Zhou Zhengliang (周正良)	52	General manager of the supply chain management center	March 1, 2024	October 24, 2024	Responsible for the overall operation and management of the supply chain of our Group	None

Note:

(1) Being the date of joining the internal business segment of Sunda Group where we started our business

Executive Directors

Mr. Luo Jichao (羅繼超), aged 45, was appointed as our executive Director on January 20, 2025. Mr. Luo joined us on June 20, 2011 when we were an internal business segment of Sunda Group. Since December 2021, he served as a director of Guangzhou Sengong. He was appointed as our chief executive officer on December 25, 2021 and is responsible for the overall management and business operation and development of our Group.

Mr. Luo has more than 22 years of experience in the FMCG industry. From July 2002 to June 2011, Mr. Luo held various positions in NICE Group Co., Ltd. (納愛斯集團有限公司), a company primarily engaged in the manufacture and sales of daily chemical products such as laundry detergent, soap and liquid laundry detergent, with his last position as a national key account senior manager. From June 2011 to November 2021, he successively served as a vice president of the FMCG segment at Guangzhou Sunda, where he was primarily responsible for the operation and management of the FMCG business and business development prior to our Reorganization.

Mr. Luo obtained a bachelor's degree in management, majoring in corporate management from Zhengzhou University of Technology (鄭州工程學院) (now known as Henan University of Technology (河南工業大學)) in the PRC in June 2002. He also obtained his Executive Master of Business Administration (EMBA) from Sun Yat-Sen University (中山大學) in the PRC in December 2020.

Mr. Zhao Yongqiang (趙永強), aged 47, was appointed as our executive Director on January 20, 2025. Mr. Zhao joined our Group on October 17, 2024 and has been serving as our chief operating officer since then. He is primarily responsible for coordination and implementation of business development strategies and overseeing the marketing and sales department of our Group.

Mr. Zhao has over 22 years of experience in the management consulting and information technology industry. Prior to joining our Group, from May 2002 to January 2007, Mr. Zhao held various positions in Powerise Information Technology Co., Ltd (創智信息科技股份有限公司), a company primarily engaged in providing business and software solutions for industries such as telecommunications, finance, and real estate, with his last position as a director of implementation, where he was responsible for business and system solution development, and project portfolio management. From May 2007 to October 2024, Mr. Zhao held various positions including senior consultant, director and associate partner at International Business Machines Corporation (國際商業機器(中國)有限公司), a company primarily engaged in management consulting, digital transformation and AI technology, with his last position as a partner and where he was primarily responsible for marketing and sales consulting service, center of excellence of retail and consumer product goods industry and key accounts management.

Mr. Zhao obtained a bachelor's degree in engineering, majoring in management information systems from Central South University of Technology (中南工業大學) (now known as Central South University (中南大學)) in the PRC in June 1999. He also obtained a master's degree in management, majoring in management science and engineering from the Central South University in the PRC in July 2002.

Non-executive Directors

Mr. Shen Yanchang (沈延昌), aged 51, was appointed as our Director on February 17, 2022 and was re-designated as our non-executive Director on January 20, 2025. He is the founder of our Group and the chairman of our Board and is primarily responsible for providing guidance and the formulation of business strategies for the overall management and operation of our Group.

Mr. Shen has over 27 years of experience in trading and corporate management in the Emerging Markets. From March 1997 to March 1999, Mr. Shen served as a procurement manager at Nigeria General Steel Mills Ltd (尼日利亞通用鋼鐵有限公司), a company primarily engaged in mining and smelting, where he was responsible for procurement management. Mr. Shen founded Guangzhou Sunda in February 2004 and served as a director and general manager at Guangzhou Sunda from April 2004 to February 2009, where he was responsible for the strategic planning and overall management of the company. From February 2009 to August 2019, Mr. Shen started our business as an internal business segment of Sunda Group, which commenced sales of fast-moving hygiene products through Guangzhou Sunda. Mr. Shen was also responsible for the overall management, coordination and implementation of business development strategies of Other Businesses, across various countries in the Emerging Markets. For details of the Other Businesses, see "Relationship with our Controlling Shareholders—Delineation of Business—Other Businesses". Since September 2019, he has also been serving as the chairman and a director at Sunda Company, where he has been responsible for overall management of the company. Mr. Shen is also currently a director of Sunda Enterprise and Chaoyuet Holding, our Controlling Shareholders.

Since September 2018, Mr. Shen has been serving as a director of Keda Industrial, a company listed on the Shanghai Stock Exchange (stock code: 600499) and SIX Swiss Exchange (stock code: KEDA), which is principally engaged in the production and sales of ceramic machinery, building materials and lithium-ion materials, and where he is primarily responsible for the overall management and operational strategies of the overseas building materials business of the company. He is currently a director and/or legal representative of various subsidiaries of Keda Industrial.

Mr. Shen obtained his bachelor's degree in industrial automation from Harbin Engineering University (哈爾濱工程大學) in the PRC in July 1996 and his Executive Master of Business Administration (EMBA) from Sun Yat-sen University (中山大學) in the PRC in June 2010.

Ms. Yang Yanjuan (楊艷娟), aged 51, was appointed as our non-executive Director on January 20, 2025. She is primarily responsible for providing guidance and the formation of business strategies for the overall management and operation of our Group.

Ms. Yang has over 22 years of experience in industrial and mechanical engineering. Prior to joining our Group, from September 2001 to August 2003, Ms. Yang has served as a postdoctoral researcher at Shanghai Jiao Tong University (上海交通大學) in the PRC, where she was engaged in academic research. From October 2003 to June 2011, Ms. Yang served as a lecturer and associate professor at South China University of Technology (華南理工大學) in the PRC, where she was engaged in tuition, supervision of graduate students and conducting academic research. From January 2012 to September 2019, she served as a consultant at Guangzhou Sunda and since October 2019, she served as a consultant of Sunda Company, where she was responsible for providing guidance on the industrial setup of the production facilities and business development and strategies, and participating in the decision-making on the operation and management of Sunda Group. Ms. Yang is currently a director of Haoyue Investment, our Controlling Shareholder.

Ms. Yang graduated from Harbin Engineering University (哈爾濱工程大學) in the PRC with a bachelor's degree in industrial automation in July 1996, a master's degree in control theory and control engineering in April 1999 and a doctor's degree in navigation, guidance and control engineering in March 2002. Ms. Yang obtained the higher education teacher qualification certificate (Mechanical Engineering) from the Guangdong Province Department of Education in May 2005.

Mr. Zhou Renwei (周仁偉) (formerly known as Zhou Jun (周軍)), aged 50, was appointed as our non-executive Director on January 20, 2025 and is primarily responsible for providing guidance and the formulating of business strategies for the overall management and operation of our Group.

Mr. Zhou has over 28 years of experience in the accounting and financial area. Mr. Zhou joined our Group in April 2013. Prior to joining our Group, from September 1997 to October 2012, Mr. Zhou worked at various wholly-owned subsidiaries of Midea Group (美的集團), a company listed on the Main Board of the Stock Exchange (stock code: 300) including Guangdong Midea Holding Co., Ltd. (廣東美的電器股份有限公司), Guandong Midea Microwave and Electrical Appliances Manufacturing Co., Ltd. (廣東美的廚房電器製造有限公司) and Foshan Midea Daily Home Electric Appliance Group Co., Ltd. (佛山市美的日用家電集團有限公司), where he was responsible for the financial management of such companies. Since April 2013, Mr. Zhou has been successively serving as the vice president, financial officer and director at Guangzhou Sunda where he was responsible for overseeing and managing the financial matters of the company. Since November 2023, Mr. Zhou has been serving as a director of Guangdong Twyford. He is also a director of Century BVI, our Controlling Shareholder.

Mr. Zhou obtained a bachelor's degree in accounting from Hubei University (湖北大學) in the PRC in July 1997 and he obtained his Executive Master of Business Administration (EMBA) from Sun Yat-Sen University (中山大學) in the PRC in December 2018. Mr. Zhou also obtained a profession qualification of intermediate accountant (中級會計師) issued by the Minster of Finance of the People's Republic of China in May 2002.

Independent non-executive Directors

Ms. Lou Aidong (婁愛東), aged 58, was appointed as our independent non-executive Director on [●] and is primarily responsible for providing independent opinion and judgment to the Board.

Ms. Lou has over 35 years of experience in practising corporate law and securities law in the PRC. Since July 1989, Ms. Lou held various positions in Beijing KangDa Law Firm (北京市康達律師事務所), where she is currently serving as the core principal of the firm's securities practice and was engaged in providing legal services to listed companies for their refinancing and merger and reorganization.

From May 2008 to May 2010, Ms. Lou has served as a full-time member of the 10th and 11th stock issuance review committees (main board and small and medium-sized board) of the CSRC. Ms. Lou has been serving as an independent director of Huachuang Securities Co. Ltd. (華創證券有限責任公司), a company primarily engaged in securities, where she was responsible for supervising and providing independent advice to the board of the company. Furthermore, she is also serving as a independent non-executive director of Beijing CH Auto Technology Co., Ltd. (北京長城華冠汽車科技股份有限公司), a company primarily engaged in design, development and production of new energy vehicles, where she was responsible for supervising and providing independent advice to the board of the company.

In addition, Ms. Lou has held several directorships in the listed companies set forth as below:

Name of entity	Principal business	Place of listing and stock code	Position	Responsibilities	Period of services
Harbin Pharmaceutical Group Co., Ltd. (哈藥集團股份有限公司)	R&D, and sales of pharmaceutical products	Shanghai Stock Exchange (stock code: 600664)	Independent director	Supervising and providing independent advice to the board of the company	December 2020 to present
Hubei Kailong Chemical Group Company Limited (湖北凱龍化工集團股份有限公司) . .	Production and sales of civilian blasting equipment, civilian blasting operations	Shenzhen Stock Exchange (stock code: 002783)	Independent director	Supervising and providing independent advice to the board of the company	January 2020 to present

Name of entity	Principal business	Place of listing and stock code	Position	Responsibilities	Period of services
Visionox Technology Inc. (維信諾科技股份有限公司) . .	R&D, manufacturing and sales of OLED products	Shenzhen Stock Exchange (stock code: 002387)	Independent director	Supervising and providing independent advice to the board of the company	May 2021 to present
AUX International Holdings Limited (奧克斯國際控股有限公司)	Provision of property management services and property management-related value-added services in the PRC	Main Board of the Stock Exchange (stock code: 2080)	Independent non-executive director	Supervising and providing independent advice to the board of the company	May 2015 to August 2024
Yunnan Metropolitan Real Estate Development Co. Ltd. (雲南城投置業股份有限公司)	Real estate development and management businesses	Shanghai Stock Exchange (stock code: 600239)	Independent director	Supervising and providing independent advice to the board of the company	December 2016 to April 2023

Ms. Lou obtained her bachelor's degree in law, majoring in international law, from Peking University (北京大學) in the PRC in July 1989.

Mr. Gao Jianming (高建明), aged 58, was appointed as our independent non-executive Director on [●] and is primarily responsible for providing independent opinion and judgment to the Board. Mr. Gao has extensive work experience in business management, investment banking and financial investment. In 1988, Mr. Gao worked at the finance department of Shanghai University of Finance and Economics (上海財經大學), where he was responsible for conducting courses on financial management. Since October 2009, Mr. Gao has been serving as chairman of Shanghai Homsun Equity Investment Fund Management Co., Ltd. (上海弘信股權投資基金管理有限公司) (formerly known as Shanghai Homsun Entrepreneurship Investment Management Co., Ltd. (上海弘信創業投資管理有限公司)), which is principally engaged in private equity fund management, where he was primarily responsible for formulating development strategies and preside over the day-to-day work of the company.

In addition, Mr. Gao has held several directorships in the listed companies. From August 2006 to August 2007, Mr. Gao has served as an independent director of Guangdong Keda Mechanical Electrical Co., Ltd. (廣東科達機電股份有限公司) (now known as Keda Industrial Group Co., Ltd. (科達製造股份有限公司)), a company listed on the Shanghai Stock Exchange (stock code: 600499) and SIX Swiss Exchange (stock code: KEDA), which is principally engaged in production and sales of ceramic machinery, building materials and lithium-ion materials, where he is primarily responsible for supervising and providing independent advice to the board of the company. From July 2014 to July 2020, Mr. Gao has served as a director of Guangzhou Haozhi Industrial Co., LTD (廣州市昊志機電股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300503), which is principally engaged in manufacturing, sales and maintenance of high precision electro-spindle and its spare parts, where he was responsible for providing advice and recommendations in relation to the operations and management of the company.

Mr. Gao obtained his bachelor's degree in economics in July 1985 and his master's degree in economics in January 1988 from the Shanghai University of Finance and Economics (上海財經大學) in the PRC. Mr. Gao also obtained a doctor's degree in political economy from Fudan University (復旦大學) in the PRC in July 2002.

Mr. Xu Jing (徐景), aged 38, was appointed as our independent non-executive Director on [●], and is primarily responsible for providing independent opinion and judgment to the Board.

From July 2010 to September 2013, Mr. Xu held various positions at CCB International Capital Limited, with his last position as an associate of the corporate finance division. From September 2013 to May 2015, Mr. Xu held various positions at SEAVI Advent Ocean Private Equity Ltd., with his last position as investment manager. From May 2015 to May 2017, Mr. Xu also served as the head of capital markets at Regal Partners Holding Limited (皇庭智家控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 1575) (formerly known as Morris Home Holdings Limited (慕容家居控股有限公司) and Morris Holdings Limited (慕容控股有限公司)) ("**Morris**"), which is principally engaged in manufacturing of sofas and sofa covers in the PRC with integrated design, manufacturing, sales and marketing operations, where he was primarily responsible for overseeing matters related to investor relations, fund raising and capital market activities of the company. From May 2017 to October 2018, Mr. Xu served as the chief financial officer of Light Year Green Energy Limited. From October 2018 to November 2022, Mr. Xu served as the deputy chief executive officer of Morris. Since December 2022, Mr. Xu has been serving as the executive director and chief financial officer of Standard Development Group Limited (標準發展集團有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 1867), where he has been responsible for managing the financial affairs of the company. Since December 2024, Mr. Xu has been serving as an independent non-executive director of HealthyWay Inc. (健康之路股份有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 2587), which is principally engaged in providing health and medical services and corporate and digital marketing services, where he has been responsible for supervising and providing independent advice to the board of the company.

Mr. Xu was accredited as a Chartered Financial Analyst by Chartered Financial Analyst Institute in January 2014. Mr. Xu was also accredited as a certified public accountant by the Hong Kong Institute of Certified Public Accountants in March 2016.

Mr. Xu obtained a bachelor's degree in business administration, majoring in financial services and minoring in accountancy, from the Hong Kong Polytechnic University in October 2009, and a master's degree in business administration from the Hong Kong University of Science and Technology in June 2017.

Save as disclosed above and in this document, each of our Directors has confirmed that he/she has no other relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of our Company and none of our Directors has held any other directorships in listed companies during the three years immediately preceding the date of this document.

Save as disclosed above, each of our Directors has confirmed that there are no other matters relating to his/her appointment as a Director that need to be brought to the attention of our Shareholders and there is no other information in relation to his/her appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Each of our Directors has confirmed that he/she obtained the legal advice on January 20, 2025 or January 25, 2025 with regards to the requirements under the Listing Rules that are applicable to him/her as a director of a [**REDACTED**] issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange as set out in Rule 3.09D of the Listing Rules and he/she understood his/her obligations as a director of a [**REDACTED**] issuer.

Each of the independent non-executive Directors has confirmed his/her independence with regards to each of the factors as set out in Rules 3.13(1) to (8) of the Listing Rules and that there are no other factors that may affect his/her independence at the time of his/her appointment.

SENIOR MANAGEMENT

Our executive Directors and other members of our senior management are responsible for the day-to-day operations and management of the business of our Group.

For the biographical details of Mr. Luo and Mr. Zhao, see "—Board of Directors and Management—Executive Directors." Members of the senior management of our Group also include the following:

Mr. Lung Shei Kei (龍瑞麒), aged 39, joined our Group on February 15, 2022 as financial director of Guangzhou Sunda and has been serving as our chief financial officer since December 28, 2022. He is mainly responsible for the overall supervision and management of financial strategies, accounting, acquisitions, capital markets, and company secretarial affairs of our Group.

Mr. Lung has over 18 years of experience in capital market transactions, professional accounting and audit. Prior to joining our Group, Mr. Lung held various positions in PricewaterhouseCoopers (羅兵咸永道會計師事務所) from October 2007 to January 2017, with his last position as a senior manager since October 2015, where he was responsible for providing services related to capital market transactions, mergers and acquisitions, auditing, internal control, and accounting consultation for a diverse range of clients, including listed companies, private enterprises, state-owned enterprises, and foreign enterprises. From January 2017 to August 2018, Mr. Lung has served as a financial controller and company secretary at Zall Smart Commerce Group Ltd. (卓爾智聯集團有限公司) (formerly known as Zall Group Ltd. (卓爾集團股份有限公司) and Zall Development (Cayman) Holding Co., Ltd. Group Ltd. (卓爾發展(開曼)控股有限公司)), a company listed on the Main Board of the Stock Exchange (stock code: 2098) which is principally engaged in operating B2B trading platforms across various sectors, and providing trading services and supply chain solutions that leverage digital technologies, where he was responsible for the financial management, capital market transactions and company secretarial affairs of the companies. From August 2018 to February 2022, Mr. Lung has served as the chief financial officer and company secretary at Acme International Holdings Limited (益美國際控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 1870) which is principally engaged in providing one-stop design and build solutions for building maintenance unit system works, and the design, production and sale of new energy generation and energy storage systems, where he was responsible for supervising and managing the overall accounting, finance, capital markets, investors relationship and company secretarial affairs of the company. From February 2022 to December 2022, he served as a FMCG financial director at Guangzhou Sunda where he was responsible for the financial management, capital market and investors relationship affairs of the company.

Mr. Lung obtained his bachelor's degree in accountancy from The Hong Kong Polytechnic University (香港理工大學) in Hong Kong in December 2007. Mr. Lung was accredited as a certified public accountant issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) in January 2011.

Mr. Wang Nan (王楠), aged 39, joined us on October 8, 2010 and has been serving as the head of the sales and operations center of our Group since December 2021. He is mainly responsible for the overall supervision and management of sales of our Group.

Mr. Wang has over 14 years of experience in sales and marketing. From October 2010 to November 2021, Mr. Wang held various positions in Guangzhou Sunda with his last position as director of sales management of the FMCG segment, where he was responsible for management of sales-related activities.

Mr. Wang obtained his bachelor's degree in English from Xi'an University of Technology (西安理工大學) in the PRC in July 2009. He also obtained a master's degree in business administration from Lancaster University in the United Kingdom in October 2019.

Mr. Zhang Qi (張琦), aged 38, joined us on August 2, 2010 and has been serving as the head of overseas business management center of our Group since December 25, 2021. He is mainly responsible for the supervision and management of our overseas subsidiaries.

Mr. Zhang has over 14 years of experience in business operation and financial management. From August 2010 to November 2021, Mr. Zhang has served successively as the audit supervisor, finance manager, finance director and general manager of various subsidiaries of Guangzhou Sunda where he was responsible for overseeing the audit, business operations and financial management of the subsidiaries. He received the Best Employee Award granted by Guangzhou Sunda in 2017.

Mr. Zhang obtained his bachelor's degree in management (majoring in accounting) from Northeast Normal University (東北師範大學) in the PRC in July 2010 and his master's degree in business administration from Lancaster University in the United Kingdom, in October 2019.

Mr. Yue Jie (岳杰), aged 44, joined us on September 10, 2009 and has been serving as the head of project development department of our Group since December 25, 2021. He is mainly responsible for the overall management and business expansion of our Group.

Mr. Yue has over 18 years of experience in sales and marketing. From June 2006 to June 2009, Mr. Yue served as the regional sales manager in the PRC and the marketing specialist in France at Cherry Rocher Neyret Chavin, an alcoholic beverage company in France, where he was primarily responsible for developing product exportation to the PRC, product promotion and sales support. From September 2009 to November 2021, Mr. Yue served successively as the sales manager, general manager of various subsidiaries of Guangzhou Sunda where he was responsible for overseeing sales and marketing, exploring new markets and production facilities.

Mr. Yue obtained his bachelor's degree in engineering (majoring in applied chemistry) from Shenzhen University (深圳大學) in the PRC in June 2003 and a master of science, technology and health degree from the Université de Bourgogne in France in March 2007.

Mr. Zhou Zhengliang (周正良), aged 52, joined our Group on March 1, 2024 and has been serving as the general manager of supply chain management center of our Group since October 24, 2024. He is mainly responsible for the overall operation and management of the supply chain of our Group.

Mr. Zhou has over 25 years of experience in production management. Prior to joining our Group, from February 2000 to October 2018, Mr. Zhou worked at Guangdong Midea Refrigeration Equipment Limited Company (廣東美的製冷設備有限公司), an electrical appliance manufacturer in the PRC and Guangdong Midea Life Electrical Appliance Manufacturing Co., Ltd. (廣東美的生活電器製造有限公司), a home electrical appliances manufacturer in the PRC, both are the wholly-owned subsidiaries of Media Group (美的集團), a company listed on the Main Board of the Stock Exchange (stock code: 300). From November 2019 to October 2020, he served as the consultant at Zhongshan Guangheng Heyou Technology

Development Co., Ltd. (中山市廣恒合優科技發展有限公司), a home appliances manufacturer in the PRC, where he was responsible for implementing automation transformation. From October 2020 to April 2021, he served as a production general manger at Zhejiang Yongqiang Group Co., Ltd. (浙江永強集團股份有限公司), an outdoor furniture store in the PRC, where he was responsible for production management. From April 2021 to February 2022, Mr. Zhou served as the head of the supply chain center at Luohe Weilong Trading Co., Ltd. (漯河市衛龍商貿有限公司), a snack food manufacturer, where he was responsible for product manufacturing operation and management. From July 2022 to March 2024, he served as the production general manager of Shenzhen Zhouming Technology Co., Ltd. (深圳市洲明科技股份有限公司), a manufacturer of LED display and lighting, where he was responsible for production management. From March 2024 to September 2024, he served as the general manager of the production management department of FMCG segment of Guangzhou Sunda, a company principally engaged in the sales of fast-moving hygiene products, where he was responsible for overseeing the production management department.

Mr. Zhou obtained his bachelor's degree in engineering (majoring in mechanical manufacturing technology and equipment) from Sichuan United University (四川聯合大學) (now known as Sichuan University (四川大學)) in the PRC in July 1996.

JOINT COMPANY SECRETARIES

For the biographical details of Mr. Lung Shei Kei, see "—Senior Management" of this section.

Ms. Lin Qin (林芹), aged 31, was appointed as our joint company secretary on January 20, 2025. Ms. Lin joined our Group in August 2022 as our legal manager.

Ms. Lin has over six years of experience in legal, compliance and capital market transactions. Prior to joining our Group, from March 2018 to May 2022, she served as a lawyer at Commerce & Finance Law Offices (北京市通商(深圳)律師事務所) where she primarily focused on overseas capital markets, specializing in initial public offerings in Hong Kong and the U.S. and responsible for providing legal service to clients across diverse industries.

Ms. Lin obtained her bachelor's degree in law and master's degree in economic law from Central South University (中南大學) in the PRC in June 2015 and June 2018, respectively. In December 2020, she is qualified as lawyer in the PRC but is currently not practicing. Ms. Lin is currently responsible for overseeing the legal, compliance and risk control, general legal affairs across various jurisdictions and company secretarial affairs of our Group.

BOARD COMMITTEES

Our Board [has established] the Audit Committee, the Remuneration Committee, the Nomination Committee and delegated various responsibilities to these committees, which assist our Board in discharging its duties and overseeing particular aspects of our Group's activities.

Audit Committee

We have established the Audit Committee on [●], 2025 pursuant to Rule 3.21 of the Listing Rules with written terms of reference in compliance with paragraph D.3 of Part 2 of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules. The Audit Committee consists of three members, namely Mr. Xu Jing, Mr. Zhou Renwei and Ms. Lou Aidong. The chairman of our Audit Committee is Mr. Xu Jing, who is an independent non-executive Director of our Company and has the appropriate professional qualifications or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The primary duties of the Audit Committee include, but are not limited to, (i) reviewing and monitoring the external auditors' audit process and giving guidance to our internal audit work; (ii) making recommendations to our Board on the appointment, reappointment and removal of the external auditor; (iii) overseeing the effectiveness of our financial reporting system, risk management and internal control systems; (iv) reviewing and providing advice and comments on our financial reports; (v) coordination among our management team, internal audit department and related departments and external auditors; (vi) performing our corporate governance functions; and (vii) performing other duties and responsibilities as assigned by our Board and/or required by the relevant laws and regulations.

Remuneration Committee

We have established the Remuneration Committee on [●], 2025 pursuant to Rule 3.25 of the Listing Rules with written terms of reference in compliance with paragraph E.1 of Part 2 of the CG Code. The Remuneration Committee consists of three members, namely Ms. Lou Aidong, Mr. Shen Yanchang and Mr. Gao Jiangming. Ms. Lou Aidong is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include, but are not limited to (i) establishing, reviewing and providing advices to our Board on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determining the terms of the specific remuneration package of each Director and senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time-to-time; and (iv) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

Nomination Committee

We have established the Nomination Committee on [●], 2025 pursuant to Rule 3.27A of the Listing Rules with written terms of reference in compliance with paragraph B.3 of Part 2 of the CG Code. The Nomination Committee consists of three members, namely Mr. Shen Yanchang, Ms. Lou Aidong and Mr. Gao Jianming. Mr. Shen Yanchang is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include, but are not limited to (i) reviewing the structure, size and composition of our Board on a regular basis and making recommendations to our Board regarding any proposed changes to the composition of our Board; (ii) identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorship, and ensuring the diversity of our Board members; (iii) assessing the independence of our independent non-executive Directors; and (iv) making recommendations to our Board on relevant matters relating to the appointment, re-appointment and removal of our Directors and succession planning for our Directors.

BOARD DIVERSITY POLICY

Our Board has adopted a board diversity policy which sets out the approach to achieve and maintain diversity on our Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at our Board level as an essential element in supporting the attainment of our Company's strategic objectives and sustainable development. Our Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talent, skills, gender, age, cultural and educational background, ethnicity, professional experience, independence, knowledge. We will select potential Board candidates based on merit and his/her potential contribution to our Board while taking into account our board diversity policy and other factors. We will also take into account our own business model and specific needs from time-to-time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on our Board.

Our Board has a balanced mix of genders, knowledge, skills and experience, including but not limited to the production management and strategic development, auditing, corporate operational management, corporate financial management, business development and sales and marketing. Members of our board have obtained degrees in various majors including law, management, accounting and engineering, business administration. We have three independent non-executive Directors from different industry backgrounds, including accounting, law and finance. Furthermore, our Directors are of a wide age range, from 38 years old to 58 years old.

With regards to gender diversity on our Board, we recognize the particular importance of gender diversity. Our Board currently comprises two female Directors and six male Directors. We have taken and will continue to take steps to promote and enhance gender diversity at all levels of our Company. Our board diversity policy provides that our Board should aim to increase the proportion of female members over time after [**REDACTED**] where possible when selecting and making recommendations on suitable candidates for Board appointments. We will also ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board going forward. It is our objective to maintain an appropriate balance of gender diversity with reference to the expectations of stakeholders and international and local recommended best practices.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After [**REDACTED**], our Nomination Committee will review our board diversity policy and its implementation from time to time to monitor its continued effectiveness and we will disclose the implementation of our board diversity policy, including any measurable objectives and the progress on achieving these objectives in our corporate governance report on an annual basis.

CORPORATE GOVERNANCE

Our Company recognizes the importance of incorporating elements of good corporate governance in our management structure and internal control procedures so as to achieve effective accountability. We have adopted the code provisions stated in the CG Code. We are committed to the view that our Board should include a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors so that there is a strong independent element on our Board that can effectively exercise independent judgment.

Our Company strive to achieve the high standards of corporate governance and will comply with the CG Code. Our Directors will review our corporate governance policies and compliance with the CG Code each financial year.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and senior management receive compensation from our Group in the form of salaries, allowances and other benefits and contributions to retirement benefits schemes.

The remuneration (including salaries, allowances and other benefits and contributions to retirement benefits schemes) recorded for our Directors and senior management in respect of the two years ended December 31, 2023 and the nine months ended September 30, 2024 was approximately US$ 286,000, US$617,000 and US$645,000, respectively. Save as disclosed above, no other amounts have been paid or are payable by any member of our Group to our Directors and senior management for each of the three years ended December 31, 2023 and the nine months ended September 30, 2024.

The aggregate amount of salaries, allowances and other benefits and contributions to retirement benefits schemes recorded for our Company's five highest paid individuals in respect of the two years ended December 31, 2023 and the nine months ended September 30, 2024 was approximately US$286,000, US$617,000 and US$611,000, respectively.

No remuneration was paid by our Company to, or receivable by our Directors and senior management or the five highest paid individuals as an inducement to join or upon joining our Company as a compensation for loss of office in respect of the two years ended December 31, 2023 and the nine months ended September 30, 2024.

Further, none of our Directors or senior management had waived or agreed to waive any remuneration during the Track Record Period. Under the arrangement currently in force, the aggregate remuneration (including salaries, allowances and other benefits and contributions to retirement benefits schemes) of our Directors and senior management for the year ending December 31, 2025 is estimated to be approximately US$1.6 million.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management and will, following the [**REDACTED**], receive recommendations from the Remuneration Committee which will take into account salaries paid by comparable companies, the time commitment and responsibilities of our Directors and senior management and the performance of our Group.

COMPLIANCE ADVISOR

We have appointed Soochow Securities International Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance advisor will advise our Company in the following circumstances, among others:

- before the publication of any regulatory announcement, circular and financial report;
- where a transaction, which might be notifiable or connected transaction (as defined under the Listing Rules), is contemplated including shares issues, sales or transfers of treasury shares and share repurchases;
- where our Company proposes to use the proceeds from the [**REDACTED**] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate or other information in this document; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the [**REDACTED**] and end on the date on which our Company distributes our annual report in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately before and following the completion of the [**REDACTED**] (without taking into account the Shares which may be issued upon the exercise of any options which may be granted under the [**REDACTED**] Share Option Scheme and the [**REDACTED**] Share Option Scheme) and assuming the [**REDACTED**] Option is not exercised:

		Nominal value
		US$
Authorized share capital:		
[**REDACTED**]	Shares of US$0.0001 each	[**REDACTED**]
Shares in issue and to be issued, fully paid or credited as fully paid:		
500,000,000	Shares in issue as of the date of this document	50,000
[**REDACTED**]	Shares to be issued under the [**REDACTED**]	[**REDACTED**]
[**REDACTED**]	Total	[**REDACTED**]

ASSUMPTIONS

The above table assumes that the [**REDACTED**] becomes unconditional and the issue of Shares pursuant to the [**REDACTED**] are made. It takes no account of any Shares which may be allotted and issued pursuant to the exercise of the [**REDACTED**] Option or any options that may be granted under the [**REDACTED**] Share Option Scheme and the [**REDACTED**] Share Option Scheme or any Shares which may be issued or bought back by us pursuant to the general mandates granted to our Directors to issue or buy back Shares as described below.

RANKINGS

The [**REDACTED**] will be ordinary shares in the share capital of our Company and will carry the same rights in all respects with all Shares in issue or to be issued as mentioned in this document and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this document.

GENERAL MANDATE TO ALLOT AND ISSUE NEW SHARES AND TO BUY BACK SHARES

Subject to the [**REDACTED**] becoming unconditional, our Directors have been granted general mandates to exercise all the powers of our Company to allot and issue Shares and to buy back Shares. For details of such general mandates, see "Appendix IV—Statutory and General Information—A. Further Information about our Company."

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company will have only one class of Shares upon completion of the [**REDACTED**], namely ordinary shares, and each carries the same rights as with the other Shares.

As a matter of the Cayman Companies Act, an exempted company is not required by law to hold any general meeting or class meeting. The holding of general meeting or class meeting is prescribed under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed under the Articles, a summary of which is set out in "Appendix III—Summary of the Constitution of the Company and Cayman Islands Company Law."

[REDACTED] SHARE OPTION SCHEME

Our Company has conditionally adopted the [**REDACTED**] Share Option Scheme on January 15, 2025. The principal terms of the [**REDACTED**] Share Option Scheme are summarized in "Appendix IV—Statutory and General Information—D. Share Incentive Schemes—1. [**REDACTED**] Share Option Scheme" to this document.

[REDACTED] SHARE OPTION SCHEME

Our Company [has conditionally adopted] the [**REDACTED**] Share Option Scheme. The principal terms of the [**REDACTED**] Share Option Scheme are summarized in "Appendix IV—Statutory and General Information—D. Share Incentive Schemes—2. [**REDACTED**] Share Option Scheme" to this document.

So far as our Directors are aware, the following persons will, immediately prior to and following the completion of the [**REDACTED**] (without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the [**REDACTED**] Share Option Scheme and the [**REDACTED**] Share Option Scheme and assuming the [**REDACTED**] Option is not exercised), have interests and/or short positions in our Shares or underlying Shares, which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

Name of Shareholder	Nature of interest	Shares held as of the date of this document and immediately prior to the completion of the [REDACTED][(1)]		Shares held immediately following the completion of the [REDACTED][(1)]	
		Number of Shares	Approximate percentage	Number of Shares	Approximate percentage
Mr. Shen[(2)(3)]	Interest in controlled corporations	331,739,500 Shares (L)	[**REDACTED**]%	331,739,500 Shares (L)	[**REDACTED**]%
	Interest of spouse	331,739,500 Shares (L)	[**REDACTED**]%	331,739,500 Shares (L)	[**REDACTED**]%
Ms. Yang[(2)(3)]	Interest in controlled corporations	331,739,500 Shares (L)	[**REDACTED**]%	331,739,500 Shares (L)	[**REDACTED**]%
	Interest of spouse	331,739,500 Shares (L)	[**REDACTED**]%	331,739,500 Shares (L)	[**REDACTED**]%
Century BVI[(3)]	Beneficial owner	331,739,500 Shares (L)	[**REDACTED**]%	331,739,500 Shares (L)	[**REDACTED**]%
Sunda Enterprise[(3)]	Interest in controlled corporations	331,739,500 Shares (L)	[**REDACTED**]%	331,739,500 Shares (L)	[**REDACTED**]%
Chaoyuet Holding[(3)]	Interest in a controlled corporation	331,739,500 Shares (L)	[**REDACTED**]%	331,739,500 Shares (L)	[**REDACTED**]%
Haoyue Investment[(3)]	Interest in a controlled corporation	331,739,500 Shares (L)	[**REDACTED**]%	331,739,500 Shares (L)	[**REDACTED**]%
Mr. Luo Jichao[(4)(5)]	Interest in a controlled corporation	47,424,000 Shares (L)	[**REDACTED**]%	47,424,000 Shares (L)	[**REDACTED**]%
Lideal[(4)]	Beneficial owner	34,476,500 Shares (L)	[**REDACTED**]%	34,476,500 Shares (L)	[**REDACTED**]%
SHUFAN[(5)]	Beneficial owner	12,947,500 Shares (L)	[**REDACTED**]%	12,947,500 Shares (L)	[**REDACTED**]%

Notes:

(1) The letter "L" denotes the person's long position in our Shares.

(2) Ms. Yang is the spouse of Mr. Shen. By virtue of the SFO, Mr. Shen and Ms. Yang are deemed to be interested in the Shares held by each other is interested.

(3) As of the Latest Practicable Date, Century BVI was wholly owned by Sunda Enterprise, which was owned as to 51% by Chaoyuet Holding and 49% by Haoyue Investment. Chaoyuet Holding was wholly owned by Mr. Shen. Haoyue Investment is wholly owned by Mr. Yang. By virtue of the SFO, each of Sunda Enterprise, Chaoyuet Holding, Mr. Shen and Ms. Yang is deemed to be interested in the Shares held by Century BVI.

(4) As of the Latest Practicable Date, Lideal was wholly owned by Mr. Luo Jichao, our executive Director. By virtue of the SFO, Mr. Luo Jichao is deemed to be interested in the Shares held by Lideal.

(5) As of the Latest Practicable Date, SHUFAN was wholly owned by Guangzhou Shufei Enterprise Management Partnership (Limited Partnership) (廣州舒非企業管理合夥企業(有限合夥)), the general partner of which is Mr. Luo Jichao. By virtue of the SFO, Mr. Luo is deemed to be interested in the Shares held by SHUFAN.

If the [**REDACTED**] Option is fully exercised and without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted under the [**REDACTED**] Share Option Scheme and the [**REDACTED**] Share Option Scheme, the beneficial interest of each of Mr. Shen, Ms. Yang, Chaoyuet Holding, Haoyue Investment, Sunda Enterprise, Century BVI, Mr. Luo Jichao, Lideal and SHUFAN in our Shares will be approximately [**REDACTED**]%, [**REDACTED**]%, [**REDACTED**]%, [**REDACTED**]%, [**REDACTED**]%, [**REDACTED**]%, [**REDACTED**]%, [**REDACTED**]% and [**REDACTED**]%, respectively.

Save as disclosed above and in "Appendix IV—Statutory and General Information—C. Further Information about Our Directors and Substantial Shareholders—1. Disclosure of Interests" to this document, our Directors are not aware of any person who will, immediately prior to and following the completion of the [**REDACTED**] (without taking into account any Shares which may be issued pursuant to the exercise of options which may be granted under the [**REDACTED**] Share Option Scheme and the [**REDACTED**] Share Option Scheme and assuming the [**REDACTED**] Option is not exercised), have beneficial interests and/or short positions in any Shares or underlying Shares, which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the issued voting shares of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

The following discussion and analysis should be read in conjunction with our consolidated financial statements included in the Accountants' Report as set out in Appendix IA and the Review Report as set out in Appendix IB together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRSs.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this document, including, but not limited to, the sections headed "Risk Factors" and "Business."

OVERVIEW

We are an international hygiene product corporation principally engaged in the development, manufacturing and sales of baby and feminine hygiene products, including baby diapers, baby pants, sanitary pads and wet wipes, focusing on the fast-growing Emerging Markets, including Africa, Latin America and Central Asia. According to the Frost & Sullivan Report, in terms of sales volume in 2023, (i) we ranked first in both the baby diapers market and the sanitary pads market in Africa, with a market share of 20.0% and 14.0%, respectively; and (ii) we ranked first in the baby diapers market in each of Ghana, Kenya, Côte d'Ivoire, Senegal, Cameroon and Tanzania and first in the sanitary pads market in each of Senegal, Kenya and Tanzania.

In 2018, we began localized manufacturing of baby diapers, baby pants, sanitary pads and wet wipes in Ghana. Since then, we have established production plants in eight African countries and a widespread and deeply penetrating sales network covering over 30 countries, from Western Africa to Eastern Africa and Middle Africa, as well as Latin America and Central Asia which we believe sets us apart from other international and local brands. As of September 30, 2024, we had 18 sales branches in 12 countries, and an extensive sales network covering over 2,500 wholesalers, distributors, supermarkets and other retailers in total. In 2023, our sales volume of our core products, i.e. baby diapers and sanitary pads, reached 3,713.6 million and 1,332.5 million pieces, respectively, representing a rapid year-on-year increase at 24.0% and 39.1%, respectively. In the nine months ended September 30, 2024, our sales volume of baby diapers and sanitary pads reached 3,036.2 million and 1,230.4 million pieces, respectively, representing a period-on-period increase at 9.4% and 24.0%, respectively.

Anchored on our core brand, *Softcare*, and rooted in the success of our baby diaper products, we consistently enhance our product portfolio of hygiene products and implement a multi-brand strategy to effectively meet the needs of diverse consumer segments and expanding over overall consumer base. Being our core brand, *Softcare* is positioned as a mid-premium brand, targeting middle to high-end consumers with higher spending power looking for high quality products. During the Track Record Period, the majority of our revenue was attributable to *Softcare* products.

During the Track Record Period, we achieved a stable growth and sustained improvement in profitability. Our revenue increased by 28.6% from US$319.9 million in 2022 to US$411.4 million in 2023 and increased by 7.2% from US$311.9 million in the nine months ended September 30, 2023 to US$334.4 million in the same period of 2024, as we continued to deepen our penetration in the existing African markets and at the same time expanding to Latin America and Central Asia leveraging our brand recognition and extensive sales network. Our net profit increased significantly from US$18.4 million in 2022 to US$64.7 million in 2023. For the nine months ended September 30, 2024, we recorded a net profit of US$72.3 million, representing a period-on-period increase at 54.1%.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, financial condition and results of operations have been, and are expected to continue to be, materially affected by a number of factors, some of which are beyond our control, including, without limitation, the following:

Demand for Our Products

Our results of operations are affected by consumer demand for our products. Our revenue increased by 28.6% from US$319.9 million in 2022 to US$411.4 million in 2023 and increased by 7.2% from US$311.9 million in the nine months ended September 30, 2023 to US$334.4 million in the same period of 2024, partly attributable to increases in demand for our products. The demand for hygiene products has been growing continuously in Africa and other Emerging Markets, primarily attributable to the large population base in these regions, coupled with its younger demographic structure and higher birth rates, which contributed to significant growth potential for hygiene products, in particular baby diapers and baby pants. Additionally, economic growth and rising income across Africa and other Emerging Markets are bolstering consumer purchasing power and creating ample opportunities for our market expansion. Demand for hygiene products, in particular sanitary pads, is also fueled by accelerating urbanization, better infrastructure and rising education levels in Africa and other Emerging Markets, which are shifting people's lifestyles, improving hygiene awareness and increasing the demand for quality hygiene products. According to the Frost & Sullivan Report, the size of the market for baby diapers, baby pants and sanitary pads in Africa has experienced a growth from US$2.7 billion in 2019 to US$3.6 billion in 2023, representing a CAGR of 6.7%. This upward trend is projected to continue, with the market size anticipated to reach US$5.2 billion by 2028 at a CAGR of 8.0% from 2023. Similarly in Latin America and Central Asia, the market size of our products continued to expand from 2019 to 2023 and is expected to grow over the next few years. See "Industry Overview."

Going forward, we will continue to focus on the African market while expanding into other selected Emerging Markets including Latin America and Central Asia, where sustained economic growth is expected to be supported by population increases and consumption upgrades. We believe that the market conditions in our target regions offer great potential for the development of the hygiene product industry, which are expected to strengthen our revenue base and enhance our profitability.

Sales and Distribution Network

We have built an extensive sales network, primarily consisting of wholesalers, distributors, supermarkets and other retailers to reach a broader base of consumers and penetrate the local markets more effectively. Our wholesalers and distributors play an important role in expanding our geographic footprint and driving the sales of our products. As of December 31, 2022 and 2023 and September 30, 2024, we sold to a total of 2,003, 2,162 and 1,965 wholesalers. In 2022, 2023 and the nine months ended September 30, 2024, we generated revenue of US$191.2 million, US$266.5 million and US$215.1 million, respectively, which represented 59.8%, 64.8% and 64.3% of our total revenue in the respective periods. As of December 31, 2022 and 2023 and September 30, 2024, we sold to a total of 293, 410 and 415 distributors. In 2022, 2023 and the nine months ended September 30, 2024, we generated revenue of US$106.1 million, US$127.1 million and US$106.8 million respectively, which represented 33.2%, 30.9% and 31.9% of our total revenue in the respective periods. See "Business—Sales Channels." During the Track Record Period, we continued to develop our wholesaler and distributor network and entered into new markets primarily through them, as a result our revenue from sales to them increased.

We expect to continually deepen the reach of our sales network in markets where we hold a leading position such as Ghana in Western Africa. During the Track Record Period, we generated a substantial portion of revenue from sales to customers in Western Africa, where we started our business. Meanwhile, we gradually expanded into and grew fast in Eastern Africa and Middle Africa, as we continued to deepen our sales channels of wholesalers and distributors and expanded from capital cities to other urban districts and further to rural areas, and exported our products to countries surrounding these regions. We also entered into the Latin America and Central Asia markets primarily through wholesalers and distributors and are ready to replicate our success in Africa in these Emerging Markets, which lay a solid foundation for our expansion.

In addition to our wholesalers and distributors, we also expanded to supermarkets and other retailers. This not only provides us with a broader consumer base but also enhances our brand recognition.

Effectiveness of Advertising and Marketing Activities

The effectiveness of our sales and marketing activities is crucial to our growth. We principally reach our consumers located across Africa, Latin America and Central Asia through our wholesalers and distributors and may offer them special discounts from time to time. We also engage consumers directly and strengthen our brand image through various channels, including partnering with local celebrities such as movie stars and singers, advertising on television and collaborating with supermarkets and other retailers to execute in-store promotional campaigns.

Our advertising and marketing expenses in 2022, 2023 and the nine months ended September 30, 2024 were US$1.7 million, US$1.9 million and US$1.3 million, respectively. We believe advertising and promotional activities effectively drove our growth during the Track Record Period, and plan to continue to increase our efforts in advertising and promotional activities in the future.

Our Brand Recognition

We believe that the brand loyalty that we have earned among our customers has been key to our growth. We have dedicated significant marketing and promotional efforts and implemented various strategies to enhance our brand recognition and loyalty. See "Business—Branding and Marketing." According to surveys conducted by Frost & Sullivan, largely attributable to the quality and accessibility of our products, our *Softcare*, *Maya* and *Cuettie* brands are the favorite baby diapers and baby pants brands among the respondents, with a strong brand recognition rate of 89.0% and the highest repeat purchase rate of 95.7%; and our *Softcare*, *Veesper* and *Clincleer* brands are the favorite sanitary pads brands among the respondents, with a strong brand recognition rate of 95.4% and the highest repeat purchase rate of 92.0%. During the Track Record Period, we operated multiple brands including our core brand *Softcare*, as well as *Cuettie*, *Veesper*, *Maya* and *Clincleer*, targeting different consumer segments and geographical regions. Our *Softcare* brand has been the most significant contributor to our success to date, earning strong recognition among consumers. In 2024, it received the "National FMCG Award—Brand of the Year (Baby Care)" and was honored "Consumer Choice Awards Kenya 2024—Most Preferred Sanitary Pads." In 2023, *Softcare* ranked eighth in the Top 100 Most Loved Brands by Women in Kenya, among other accolades. We aim to solidify our leading position in the baby and feminine hygiene product industry in Africa and in our other markets by, among other things, enhancing customer recognition and loyalty for our *Softcare* brand through strategic marketing and promotions, as well as our commitment to delivering quality products.

We plan to increase our expenditures on advertising and marketing to further strengthen our brands and market position. See "Future Plans and [**REDACTED**]" for details.

Product Mix

Our success depends to a large extent on our ability to optimize our product mix to satisfy evolving consumer preferences and spending habits. Leveraging our deep understanding of the Emerging Markets in which we operate, we offer a diverse portfolio of products comprising baby diapers, baby pants, sanitary pads and wet wipes, designed to cater to the specific needs of our target consumers. We adopt a multi-brand strategy, pursuant to which we have multiple brands under each product type. See "Business—Our Brands and Products." For example, we primarily sell baby diapers, our core products, under the *Softcare* brand, which is positioned as a mid-premium offering to capture market opportunities amid consumers' rising income levels and consumers' increasing pursuit of well-established brands. Additionally, we offer baby diapers under the mass-market brand *Cuettie*, which aligns with consumers' purchasing power and needs and is particularly popular among consumers in rural areas. Under the same brand, we also offer multiple SKUs with different product specifications to meet the needs of various consumer groups in different countries. See "Business—Our Brands and Products."

Typically, different products under different brands vary in product pricing, cost structure and gross profit margin. We have different marketing strategies and promotional budgets for each of our brands and products according to its unique positioning. As a result, our revenue and profitability are affected by our product mix. See "—Description of Selected Items of our Consolidated Statements of Profit or Loss—Revenue" and "—Description of Selected Items of our Consolidated Statements of Profit or Loss—Gross Profit and Gross Profit Margin" for details.

We will continue to evaluate and adjust our product portfolio and focus on products with stronger market demand and higher gross profit margin to enhance our profitability.

Cost of Materials for Production

Our cost of materials for production, which primarily included purchase costs of our raw materials, as well as custom duties and freight and transportation costs directly related to these purchases and changes in inventories in the respective periods, accounted for 88.2%, 86.0% and 84.9% of our total cost of sales in 2022 and 2023 and the nine months ended September 30, 2024, respectively. Consequently, the cost of materials for production significantly affects our results of operations. During the Track Record Period, our cost of materials for production as a percentage of total revenue decreased from 67.9% in 2022 to 55.9% in 2023 and further to 54.8% in the nine months ended September 30, 2024, generally affected by the procurement prices of our major raw materials, which are generally affected by market conditions.

Our major raw materials include mainly (i) fluff pulp; (ii) non-woven fabrics; and (iii) SAP. Over the past few years, the prices of our major raw materials have been volatile. We purchase raw materials mainly from the United States, Japan, South Korea and China. The RISI pulp price index experienced a rise in 2022 to 2,069.6 and fell to 1,904.2 in 2023, and is estimated to continue to fall in 2024. The price of fluff pulp is expected to increase slowly at a CAGR of 0.9% from 2023 to 2028. For non-woven fabrics, the price decreased from 2022 to 2023 and it is expected such price will continue to decrease at a CAGR of -0.9% from 2023 to 2028. The average market price of SAP increased sharply in 2022 and then fell back quickly to a lower level in 2023, and is expected to increase steadily over the next five years. See "Industry Overview—Price Trend of Raw Materials" for details. Our procurement prices of major raw materials generally fluctuate with their prevailing market prices, which in turn affect our gross profit margin. Our overall gross profit margin increased from 23.0% in 2022 to 34.9% in 2023 and further to 35.4% in the nine months ended September 30, 2024, partly attributable to the decreases in the market prices of major raw materials. See "—Description of Selected Items of our Consolidated Statements of Profit or Loss—Gross Profit and Gross Profit Margin" for details.

We have comprehensive measures to monitor and manage the supply and cost of our raw materials. See "Business—Our Suppliers" and "Business—Raw Materials" for details.

The table below presents a sensitivity analysis illustrating the impact of changes in cost of materials for production, which primarily included purchase costs of our raw materials, as well as custom duties and freight and transportation costs directly related to these purchases and changes in inventories in the respective periods, with other factors remaining constant, on our profit before tax for the periods indicated:

	Impact on profit before tax for			
	Year ended December 31,		Nine months ended September 30,	
	2022	2023	2023	2024
	(Impact on profit before tax, expressed in US$ in thousands)			
Change in cost of materials for production by:				
+5%	(10,861)	(11,504)	(8,995)	(9,165)
+10%	(21,723)	(23,008)	(17,990)	(18,330)
-5%	10,861	11,504	8,995	9,165
-10%	21,723	23,008	17,990	18,330

Fluctuation in Foreign Currency Exchange

During the Track Record Period, we operated in various African countries, Peru in Latin America and Kazakhstan in Central Asia with most sales transactions denominated and settled in local statutory currencies. Our profit margins will be negatively affected to the extent that we are unable to increase the selling prices of the products in local statutory currencies to account for any devaluation of local statutory currencies against U.S. dollars and Renminbi. Our purchases were primarily denominated in U.S. dollars and Renminbi. As a result, we are exposed to foreign currency exchange rate risk. We recorded foreign exchange losses of US$4.4 million in 2022, foreign exchange loss of US$13.8 million in 2023 and foreign exchange gains of US$1.8 million in the nine months ended September 30, 2024, mainly due to fluctuations in exchange rates of certain local statutory currencies such as Kenyan shillings, Tanzanian shillings and Zambian kwacha. See "—Description of Selected Items of our Consolidated Statements of Profit or Loss—Foreign Exchange Gains (Losses), Net" for details. We also recorded other comprehensive expenses related to exchange differences on translation of foreign operations from functional currency to presentation currency of losses of US$1.3

million, losses of US$1.9 million and gains of US$2.1 million in 2022 and 2023 and the nine months ended September 30, 2024, respectively. We do not currently have any currency hedging policies but we continuously monitor changes in exchange rate and convert our receipts to U.S. dollars taking into account local currency requirements and market conditions as soon as practicable to minimize local currency risks with support from international banks, regional banks as well as national bank resources. We consider foreign exchange risk before entering into a new market, including the risk of foreign currency shortages and fluctuation in the relevant market.

Our Production Capacity and Production Efficiency

Our production capacity is crucial for meeting increasing demand and driving our business growth. As of September 30, 2024, we had eight production plants located in eight different countries in Africa, including Ghana, Kenya, Senegal, Tanzania, Zambia, Cameroon, Uganda and Benin, with a total of 44 production lines. As of September 30, 2024, our production plants had a total designed production capacity of 5,578.4 million pieces of baby diapers, 352.1 million pieces of baby pants, 2,568.6 million pieces of sanitary pads and 6,227.0 million pieces of wet wipes per annum. See "Business—Our Production Facilities" for details. With our localized manufacturing, we are able to reduce our costs through a greatly shortened chain of sales and connect with our consumers better. To meet rising demand associated with our expanded geographic reach, we plan to further expand our production capacity by upgrading our existing production lines, installing new production lines and building new production plants in select regions. See "Future Plans and [**REDACTED**]—[**REDACTED**]." Such strategic expansion will allow us to capitalize on the growing market opportunities and strengthen our competitive position.

We also put great emphasis on production efficiency. From this end, we carry out cost analysis regularly and monitor a set of cost indicators. Our research and development team work closely with our production team, equipment team, suppliers and equipment companies to optimize our production process through adjusting our workflow and technical settings. Moving forward, we plan to further increase our investment in digitization and smart technologies to streamline our production processes and enhance overall production efficiency.

Regulatory Environment and Government Policies in Our Target Markets

We operate in a number of countries and our business is affected by applicable laws and regulations in the relevant jurisdictions, including those governing the consumer product industry as well as those related to tax, import tariffs and restrictions and export duties. We are required to obtain various licenses and permits in accordance with the local laws and regulations. Our business will continue to be materially affected by changes in the policies, laws and regulations in such jurisdictions applicable to us.

In addition, the regulatory environment in our target markets has been evolving. New legislation, changes in rules, or changes in the interpretation or enforcement of existing rules and regulations may affect our business practices, increase our capital requirements and impose additional costs on our operations, which could directly affect our future operations and profitability. Tax regimes in the countries in which we operate have also been evolving and may have a material impact on our pricing, sales volume and results of operations.

BASIS OF PREPARATION

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on February 17, 2022. Upon the completion of the Reorganization detailed in "History, Reorganization and Corporate Structure—Reorganization", our Company has become the holding company of the companies now comprising our Group.

Historically, the operations of our principal business in Africa (excluding Guinea and Nigeria) and Peru (the "**Relevant Business**") were conducted by the Predecessor Companies. Before the Relevant Business was spun off by Sunda Group and taken up by our Group, it was owned by Sunda Group, which was in turn held by Mr. Shen, Ms. Yang and the Share Incentive Scheme Grantees. The Predecessor Companies and their business other than the Relevant Business do not form part of our Group.

In preparation for the [**REDACTED**], the companies comprising our Group underwent the Reorganization in order to spin off the Relevant Business from Sunda Group. After the completion of the Reorganization, our Company became the holding company of the Relevant Business, and our Company is held by Mr. Shen, Ms. Yang and the Share Incentive Scheme Grantees indirectly in the same proportion as they were holding the Relevant Business before the spin-off. The Reorganization mainly involved (i) the acquisition by our Group of principal assets including relevant property, plant and equipment and inventories of the Relevant Business from certain Predecessor Companies in Ghana, Tanzania, Kenya and Senegal, which engaged in the Relevant Business, among other businesses; (ii) transfer of trading companies of the Relevant Business in Uganda, Côte d'Ivoire and Peru, from the Remaining Sunda Group; (iii) acquisition of certain subsidiaries in Zambia, Uganda, Benin and Cameroon from the Remaining Sunda Group, which solely engaged in the Relevant Business; (iv) acquisition of the PRC and international procurement function of the Relevant Business from the Remaining Sunda Group; and (v) transfer of certain work force of the Relevant Business from the Remaining Sunda Group.

Since the Relevant Business is owned by the same group of shareholders throughout the Track Record Period and before and after the spin-off, it is treated as a continuation of business throughout the Track Record Period regardless of actual date of completion of the Reorganization. The above transactions for the Reorganization were accounted for using merger accounting. The historical financial information reflects the performance of the Relevant Business using the historical amounts from the shareholders' perspective, whereas any consideration paid for the Reorganization in excess of the net assets taken up by our Group was reflected as deemed distribution to the Remaining Sunda Group. For our Group's financial position, assets and liabilities that are specifically attributable to the Relevant Business are included in the historical financial information based on their carrying amounts from the Remaining Sunda Group as if they were included in our Group from January 1, 2022 or from the date of incorporation/establishment, whichever was earlier. For assets and liabilities that were attributable to both the Relevant Business and other businesses of the Remaining Sunda Group, they were not included in the historical financial information. For earnings derived from the Relevant Business attributable to the Predecessor Companies, it was reflected as deemed distributions to the Remaining Sunda Group and included in "other reserve". Our Directors believe that the segregation of our financial information from the books and records of our principal business from Sunda Group is fair and reasonable.

Our consolidated financial statements for the Track Record Period were prepared in accordance with IFRSs issued by the IASB and the principles of merger accounting for business combination involving business under common control. See Note 2 to the Accountants' Report set out in Appendix IA to this document for details.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have material impact on our financial position and operational results. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events which are deemed to be reasonable under the circumstances. We do not expect any material changes to these estimates and assumptions in the foreseeable future.

We set forth below selected material accounting policies which we believe is important to or involve the most significant estimates, assumptions and judgments for the preparation of our financial statements. Our material accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in details in Notes 4 and 5 to the Accountants' Report set forth in Appendix IA to this document.

Selected Material Accounting Policies

Merger Accounting for Business Combination Involving Business under Common Control

We incorporate the financial statement items of our combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when our combining entities or businesses first came under the control of the controlling party in our consolidated financial information incorporates.

We consolidate the net assets of our combining entities or businesses using the existing book values from the controlling party's perspective. We do not recognize any amount in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets and liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. We include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under our common control, where this is a shorter period.

Revenue from Contracts with Customers

When another party is involved in providing goods or services to a customer, we determine whether the nature of our promise is a performance obligation to provide the specified goods or services itself (i.e. we are a principal) or to arrange for those goods or services to be provided by the other party (i.e. we are an agent).

We are a principal if we control the specified good or service before that good or service is transferred to a customer and recognize revenue at a point in time when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

For contracts that contain variable consideration in relation to rebates to customers, we estimate the amount of consideration to which the customers will be entitled using the most likely amount, which better predicts the amount of consideration to which the customers will be entitled. The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved. At the end of each period, we update the estimated transaction price (including our assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of such period and the changes in circumstances during such period.

We recognize contract liabilities when our obligation to transfer goods or services to a customer for which we have received consideration (or an amount of consideration is due) from the customer or for revenue relating to the rebates at the time of the initial sales transaction.

Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year.

We recognize deferred tax on temporary differences between the carrying amounts of assets and liabilities in the historical financial information and the corresponding tax bases used in the computation of taxable profit. We recognize deferred tax liabilities for all taxable temporary differences and deferred tax assets for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

We measure deferred tax assets and liabilities at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the relevant period.

We made provision for income taxes based on their best estimates of assessable profits at applicable tax rates according to the prevailing tax rules and regulations in the jurisdictions that we are operating in. Subsequent changes in these tax rules and regulations and different interpretation of these tax rules and regulations by the relevant regulators might result in significant changes in provision for taxation.

Inventories

Inventories are stated at the lower of cost and net realizable value. We determine costs of inventories on weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which our Group must incur to make the sale.

We review inventories aging analysis at the end of each period, and make allowance for obsolete and slow-moving inventory items identified. Estimation of net realizable value are based on the latest invoice prices and current market condition. Where the net realizable value is less than the carrying amount, write-down of inventories may arise.

We review inventories aging analysis at the end of each period, and make allowance for obsolete and slow-moving inventory items identified. Estimation of net realizable value are based on the latest invoice prices and current market condition. Where the net realizable value is less than the carrying amount, write-down of inventories may arise. As of December 31, 2022 and 2023 and September 30, 2024, the carrying amount of inventories is US$114.7 million, US$107.7 million and US$110.5 million, respectively. There was no write-down of inventories considered necessary for such period.

Financial Liabilities at Amortized Cost

Financial liabilities (including trade and other payables, amounts due to related companies and borrowings) are subsequently measured at amortized cost using the effective interest method.

We derecognize financial liabilities when, and only when, the obligation specified in the relevant contract is discharged, canceled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Foreign Currencies

We recognize transactions in currencies other than the functional currency of each individual group entity (foreign currencies) at the rates of exchanges prevailing on the dates of the transactions. At the end of each period, we retranslate monetary items denominated in foreign currencies at the rates prevailing at that date. We retranslate non-monetary items carried at fair value that are denominated in foreign currencies at the rates prevailing on the date when the fair value was determined. We do not retranslate non-monetary items that are measured in terms of historical cost in a foreign currency.

We recognize exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, in profit or loss in the period in which they arise.

For the purposes of presenting the historical financial information, we translate our assets and liabilities into our presentation currency (i.e. US$) using exchange rates prevailing at the end of each period. We translate income and expenses items at the average exchange rates for such period, unless exchange rates fluctuate significantly during that period, in which case we use the exchange rates at the date of transactions. We recognize exchange differences arising, if any, in other comprehensive income and accumulated in equity under the heading of exchange reserve. We do not reclassify such exchange differences accumulated in the exchange reserve to profit or loss subsequently.

Judgments and Estimates

Inventories

We review inventories aging analysis at the end of each reporting period, and makes allowance for obsolete and slow-moving inventory items identified. Estimation of net realizable value is based on the latest invoice prices and current market condition. Where the net realizable value is less than the carrying amount, write-down of inventories may arise.

Allowance for Credit Losses on Trade Receivables

We have applied simplified approach in IFRS 9 to determine allowance for credit losses on not credit-impaired trade receivables due from non-related party customers based on aged analysis of debtors whereas credit-impaired trade receivables and trade receivables due from related companies are assessed individually with reference to historical observed default rates and forward-looking information, which are reassessed/considered at the end of each period. We disclose the information about trade receivables and the expected credit loss in Notes 18 and 31 to the Accountants' Report set out in Appendix IA to this document, respectively, for details. The allowance for credit losses on trade receivables is sensitive to changes in estimates.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth a summary of our consolidated statements of profit and loss and other comprehensive income for the periods indicated:

	Year ended December 31,		Nine months ended September 30,	
	2022	2023	2023	2024
	(US$ in thousands)			
			(unaudited)	
Revenue	319,898	411,369	311,852	334,437
Cost of sales	(246,365)	(267,621)	(209,066)	(215,964)
Gross profit	**73,533**	**143,748**	**102,786**	**118,473**
Other income	46	390	168	262
Other gains and losses, net	379	(3,016)	(2,899)	654
Selling and distribution expenses	(8,996)	(13,536)	(9,673)	(12,001)
Administrative expenses	(28,841)	(35,617)	(24,074)	(20,560)
Research expenses	(156)	(341)	(242)	(295)
Foreign exchange (losses)/gains, net	(4,362)	(13,752)	(9,691)	1,768
[REDACTED]	–	–	–	[REDACTED]
Finance costs	(6,982)	(1,388)	(1,065)	(433)
Profit before taxation	**24,621**	**76,488**	**55,310**	**85,539**
Taxation	(6,231)	(11,808)	(8,401)	(13,257)
Profit for the year/period	**18,390**	**64,680**	**46,909**	**72,282**
Other comprehensive expense/income				
Item that may be reclassified to profit or loss:				
Exchange differences on translation of foreign operations	(1,264)	(1,867)	(1,610)	2,121
Other comprehensive expense/income for the year/period	(1,264)	(1,867)	(1,610)	2,121
Total comprehensive income for the year/period attributable to owners of the Company	**17,126**	**62,813**	**45,299**	**74,403**

NON-IFRS FINANCIAL MEASURE

We believe that the presentation of non-IFRS measures, namely adjusted profit and adjusted net profit margin, facilitates comparisons of operating performance from year to year and from period to period and provides useful information for investors and others to understand and evaluate our consolidated results of operations in the same manner as they help our management by eliminating the impact of certain items, which our management considers to be indicative of our operating performance. However, such non-IFRS financial measures we presented may not be directly comparable to similar measures presented by other companies. The use of adjusted profit and adjusted net profit margin has limitations as analytical tools, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRSs.

We define adjusted profit for the year/period after excluding the effects of [**REDACTED**] expenses. We exclude [**REDACTED**] arising from activities relating to the [**REDACTED**]. We define adjusted net profit margin as adjusted profit divided by revenue for the year/period and multiplied by 100%.

The following table reconciles our adjusted profit for the years/periods presented to profit for the years/periods, which is the most directly comparable financial measure calculated and presented in accordance with IFRSs:

	Year ended December 31,		Nine months ended September 30,	
	2022	2023	2023	2024
	(US$ in thousands)			
			(unaudited)	
Reconciliation of net profit to adjusted net profit				
Profit for the year/period	18,390	64,680	46,909	72,282
Add:				
[REDACTED]	–	–	–	[REDACTED]
Adjusted profit for the year/period	**18,390**	**64,680**	**46,909**	**74,611**
Adjusted net profit margin	**5.7%**	**15.7%**	**15.0%**	**22.3%**

Our adjusted profit (a non-IFRS measure) for the year/period increased significantly from US$18.4 million in 2022 to US$64.7 million in 2023 and by 59.1% from US$46.9 million in the nine months ended September 30, 2023 to US$74.6 million in the nine months ended September 30, 2024, mainly as a result of our sales growth, increasing gross profit margin and improved operating efficiency.

DESCRIPTION OF SELECTED ITEMS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

During the Track Record Period, we generated revenue from the manufacturing and sales of baby and feminine hygiene products including baby diapers, baby pants, sanitary pads and wet wipes under various brands, namely *Softcare*, our core brand, *Veesper*, our brand for Latin America such as Peru, and *Maya*, *Cuettie* and *Clincleer*, brands tailored to the mass market. See "Business—Our Brands and Products" for details.

Our revenue grew steadily throughout the Track Record Period. In 2022, 2023 and the nine months ended September 30, 2023 and 2024, our revenue was US$319.9 million, US$411.4 million, US$311.9 million and US$334.4 million, respectively.

Our revenue growth during the Track Record Period was primarily attributable to:

(i) our continued efforts in deepening the reach of our sales network within our existing markets, across Africa and into other Emerging Markets. In terms of existing markets where we maintain a leading position, we continued to increase our penetration from capital cities to other urban districts and further into rural areas, while also exporting our products to countries surrounding these regions. In Africa, we gradually expanded our footprints from Western and Eastern Africa to Middle Africa. Globally, we expanded into Latin America and Central Asia; and

(ii) an increase in demand for our products, as a result of (a) the growth in market demands of hygiene products attributable to factors including large population, economic advancement, increased urbanization, rising education level of our target markets; (b) our enhanced brand recognition due to our dedicated marketing and promotional efforts; and (c) the optimization of our product offerings appealing to the differentiated target consumer groups.

On the other hand, our revenue could be adversely affected by the fluctuations in foreign exchange rates during the Track Record Period.

Revenue by Product Type

During the Track Record Period, a majority of our revenue was generated from baby diapers. Our revenue from sales of baby diapers was US$250.7 million, US$324.0 million, US$245.9 million and US$251.9 million in 2022, 2023 and the nine months ended September 30, 2023 and 2024, respectively, accounting for 78.4%, 78.7%, 78.8% and 75.3% of our total revenue in the corresponding periods. Sanitary pad was our second largest product type by revenue contribution and contributed revenue of US$43.1 million, US$61.7 million, US$46.5 million and US$58.1 million in 2022, 2023 and the nine months ended September 30, 2023 and 2024, respectively, accounting for 13.5%, 15.0%, 14.9% and 17.4% of our total revenue in the corresponding periods. Leveraging our brand recognition and sales network, the contribution of our sanitary pads to total revenue increased consistently throughout the Track Record Period.

The following table sets forth our revenue by product type for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total
	(US$ in thousands, except percentages)							
					(unaudited)			
Baby diapers	250,651	78.4	323,964	78.7	245,910	78.8	251,899	75.3
Sanitary pads	43,079	13.5	61,731	15.0	46,457	14.9	58,121	17.4
Baby pants	17,396	5.4	13,046	3.2	9,946	3.2	14,002	4.2
Wet wipes	8,772	2.7	12,628	3.1	9,539	3.1	10,415	3.1
Total	**319,898**	**100.0**	**411,369**	**100.0**	**311,852**	**100.0**	**334,437**	**100.0**

The following table sets forth our sales volume and ASP by product type for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP
	Piece in million	*US cent per piece*	*Piece in million*	*US cent per piece*	*Piece in million*	*US cent per piece*	*Piece in million*	*US cent per piece*
Baby diapers	2,994.6	8.37	3,713.6	8.72	2,774.3	8.86	3,036.2	8.30
Sanitary pads	958.2	4.50	1,332.5	4.63	992.2	4.68	1,230.4	4.72
Baby pants	168.6	10.32	137.5	9.49	103.5	9.61	161.6	8.66
Wet wipes	841.8	1.04	1,231.6	1.03	919.3	1.04	1,085.8	0.96
Total	**4,963.2**		**6,415.2**		**4,789.3**		**5,514.0**	

Baby Diapers

During the Track Record Period, we primarily sold our baby diapers under *Softcare* brand and *Cuettie* brand targeting at different consumer groups. The following table sets forth our revenue from sales of baby diapers by brand for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total
	(US$ in thousands, except percentages)							
					(unaudited)			
Softcare	185,568	74.0	235,137	72.6	179,268	72.9	186,100	73.9
Cuettie	62,542	25.0	83,646	25.8	62,971	25.6	59,215	23.5
Veesper	297	0.1	3,658	1.1	2,630	1.1	4,591	1.8
Maya	2,244	0.9	1,523	0.5	1,041	0.4	1,993	0.8
Total	**250,651**	**100.0**	**323,964**	**100.0**	**245,910**	**100.0**	**251,899**	**100.0**

The following table sets forth the sales volume and ASP of baby diapers by brand for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP
	Piece in million	*US cent per piece*	*Piece in million*	*US cent per piece*	*Piece in million*	*US cent per piece*	*Piece in million*	*US cent per piece*
Softcare	2,021.2	9.18	2,537.9	9.27	1,905.9	9.41	2,113.9	8.80
Cuettie	939.3	6.66	1,124.8	7.44	833.3	7.56	852.0	6.95
Veesper	2.1	14.14	27.8	13.16	19.7	13.35	38.4	11.96
Maya	32.0	7.01	23.1	6.59	15.4	6.76	31.9	6.25
Total	**2,994.6**	**8.37**	**3,713.6**	**8.72**	**2,774.3**	**8.86**	**3,036.2**	**8.30**

Our revenue from sales of baby diapers increased by 29.2% from US$250.7 million in 2022 to US$324.0 million in 2023. The sales volume of baby diapers increased by 24.0% from 2,994.6 million pieces in 2022 to 3,713.6 million pieces in 2023. Such increase was mainly driven by:

(i) an increase in revenue from sales of baby diapers under *Softcare* brand from US$185.6 million in 2022 to US$235.1 million in 2023, mainly attributable to the increase in revenue in (a) Cameroon, as we generated revenue for full year of 2023, while we only entered into the market in the fourth quarter of 2022; (b) Senegal, due to the increased market penetration, reflecting our strategy to expand from capital city to its surrounding urban areas, and further to rural areas and the appreciation of local currency in 2023; and (c) Kenya, due to our improved brand recognition; and

(ii) an increase in revenue from sales of baby diapers under *Cuettie* brand from US$62.5 million in 2022 to US$83.6 million in 2023, mainly attributable to the increase in revenue in (a) Côte d'Ivoire, as our products, which tailored to the consumption patterns of our consumers, were well-received in the market and the appreciation of local currency in 2023; and (b) Ghana, caused by the upward price adjustments made in late 2022.

Our revenue from sales of baby diapers increased by 2.4% from US$245.9 million in the nine months ended September 30, 2023 to US$251.9 million in the same period of 2024. The sales volume of baby diapers increased by 9.4% from 2,774.3 million pieces in the nine months ended September 30, 2023 to 3,036.2 million pieces in the same period of 2024. Such increase was mainly driven by:

(i) an increase in revenue from sales of baby diapers under *Softcare* brand from US$179.3 million in the nine months ended September 30, 2023 to US$186.1 million in the same period of 2024, mainly attributable to (a) an increase in revenue from Kenya, due to our improved brand recognition supported by favorable market conditions such as economic development; and (b) an increase in revenue from Tanzania, due to the further penetration to rural areas through expansion of our wholesaler and distributor network during the nine months ended September 30, 2024; partially offset by

(ii) a decrease in revenue from sales of baby diapers under *Cuettie* brand from US$63.0 million in the nine months ended September 30, 2023 to US$59.2 million in the same period of 2024, mainly attributable to a decrease in revenue in Ghana as local currency devaluated and our sales volume decreased in the nine months ended September 30, 2024 as compared to the same period in 2023.

Sanitary Pads

During the Track Record Period, we sold our sanitary pads primarily under *Softcare* brand, leveraging the strong brand recognition of *Softcare* in the baby diaper category. The following table sets forth our revenue from sales of sanitary pads by brand for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total
	(US$ in thousands, except percentages)							
					(unaudited)			
Softcare	42,317	98.2	59,983	97.2	45,076	97.0	56,469	97.2
Veesper	66	0.2	763	1.2	560	1.2	832	1.4
Clincleer	696	1.6	985	1.6	821	1.8	820	1.4
Total	**43,079**	**100.0**	**61,731**	**100.0**	**46,457**	**100.0**	**58,121**	**100.0**

The following table sets forth the sales volume and ASP of sanitary pads by brand for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP
	Piece in million	*US cent per piece*	*Piece in million*	*US cent per piece*	*Piece in million*	*US cent per piece*	*Piece in million*	*US cent per piece*
Softcare	934.1	4.53	1,281.5	4.68	951.9	4.74	1,185.1	4.76
Veesper	1.3	5.08	16.1	4.74	11.8	4.75	18.8	4.43
Clincleer	22.8	3.05	34.9	2.82	28.5	2.88	26.5	3.09
Total	**958.2**	**4.50**	**1,332.5**	**4.63**	**992.2**	**4.68**	**1,230.4**	**4.72**

Our revenue from sales of sanitary pads increased by 43.3% from US$43.1 million in 2022 to US$61.7 million in 2023. The sales volume of sanitary pads increased by 39.1% from 958.2 million pieces in 2022 to 1,322.5 million pieces in 2023. Such increase was mainly driven by an increase in revenue from sales of sanitary pads under *Softcare* brand in the following regions:

(i) Eastern Africa. In Kenya and Tanzania, the increase in revenue was primarily attributable to improved brand recognition and the successful launch of products with package designs and specification that suit the taste and habits of local consumers. In Uganda, our revenue increased as our market share improved; and

(ii) Middle Africa. In Cameroon, our revenue increased as we generated revenue for the full year of 2023, while we only entered into the market in the fourth quarter of 2022.

Our revenue from sales of sanitary pads increased by 25.1% from US$46.5 million in the nine months ended September 30, 2023 to US$58.1 million in the same period of 2024. The sales volume of sanitary pads increased by 24.0% from 992.2 million pieces in the nine months ended September 30, 2023 to 1,230.4 million pieces in the same period of 2024. Such increase was mainly driven by an increase in revenue from sales of sanitary pads under *Softcare* brand in Eastern Africa, in particular Kenya, Uganda and Tanzania. In Kenya, the demand of our sanitary pads increased due to the favorable market conditions such as economic development. In Uganda, we continued to gain market share. In Tanzania, we improved our market penetration and expanded into rural areas leveraging our sales network for our baby diapers.

Baby Pants

Our revenue from sales of baby pants was US$17.4 million, US$13.0 million, US$9.9 million and US$14.0 million in 2022, 2023 and the nine months ended September 30, 2023 and 2024, respectively, accounting for 5.4%, 3.2%, 3.2% and 4.2% of our total revenue in corresponding periods.

Our revenue from sales of baby pants decreased by 25.0% from US$17.4 million in 2022 to US$13.0 million in 2023. This decrease was primarily attributable to a decrease in sales volume of baby pants by 18.4% from 168.6 million pieces in 2022 to 137.5 million pieces in 2023, reflecting (i) a significant decrease in sales volume of baby pants in Uganda, as affected by the tax bill that came into effect in July 2023 to put a 18% value-added tax ("VAT") levy on baby diaper products, covering our baby diapers and baby pants. In response, we lowered our pre-tax selling of baby pants sold in Uganda in 2023 to counteract the impact of the new VAT to maintain our competitiveness. In 2022 and 2023, Uganda contributed 34.6% and 31.9% of the sales volume of our baby pants, respectively; and (ii) a decrease in sales volume of baby pants in Western Africa in 2023 as our production of baby pants was temporarily suspended during the relocation of production facilities from Ghana to Uganda.

Our revenue from sales of baby pants increased by 40.8% from US$9.9 million in the nine months ended September 30, 2023 to US$14.0 million in the same period of 2024. This increase was primarily attributable to an increase in sales volume by 56.1% from 103.5 million pieces in the nine months ended September 30, 2023 to 161.6 million pieces in the same period of 2024, primarily due to increased sales of baby pants in Uganda as our production of baby pants began in April 2023 after the relocation of production facilities from Ghana to Uganda.

Wet Wipes

Our revenue from sales of wet wipes was US$8.8 million, US$12.6 million, US$9.5 million and US$10.4 million in 2022, 2023 and the nine months ended September 30, 2023 and 2024, respectively, accounting for 2.7%, 3.1%, 3.1% and 3.1% of our total revenue in the corresponding periods.

Our revenue from sales of wet wipes increased by 44.0% from US$8.8 million in 2022 to US$12.6 million in 2023. This increase was primarily attributable to a significant increase in sales volume of wet wipes by 46.3% from 841.8 million pieces in 2022 to 1,231.6 million pieces in 2023, mainly driven by our enhanced marketing efforts. We offered our wet wipes in bundle with our baby diapers or sanitary pads to allow consumers to try our wet wipes, thereby improving market acceptance.

Our revenue from sales of wet wipes increased by 9.2% from US$9.5 million in the nine months ended September 30, 2023 to US$10.4 million in the same period of 2024. This increase was primarily attributable to an increase in sales volume by 18.1% from 919.3 million pieces in the nine months ended September 30, 2023 to 1,085.8 million pieces in the same period of 2024 as we continued to promote our wet wipes and offered them in bundle with our baby diapers and sanitary pads.

Revenue by Geographic Location

During the Track Record Period, our revenue was predominately generated from the sales to customers located in Western and Eastern Africa, where we achieved our first localized manufacturing of products in Ghana and Tanzania in 2018 and gradually expanded to Senegal, Kenya and other countries across Western and Eastern Africa and sold our products to customers there. As we commenced our production in Cameroon in the fourth quarter of 2022, revenue contribution from sales to customers in Middle Africa began to increase. We also derived a small portion of revenue from sales to customers in Peru in Latin America and Kazakhstan in Central Asia. The following table sets forth a breakdown of revenue by location of customers, each expressed in the absolute amount and as a percentage of our total revenue, for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	Revenue	%	Revenue	%	Revenue	%	Revenue	%
	(US$ in thousands, except percentages)							
					(unaudited)			
Western Africa:								
Ghana	72,880	22.8	73,768	17.9	56,454	18.1	48,592	14.5
Senegal	35,934	11.2	44,540	10.8	34,031	10.9	33,952	10.2
Côte d'Ivoire	29,024	9.1	42,049	10.2	30,990	9.9	32,788	9.8
Benin	3,747	1.2	5,988	1.5	4,411	1.4	3,340	1.0
Others	23,563	7.3	30,946	7.5	23,339	7.5	26,427	7.8
Sub-total	165,148	51.6	197,291	47.9	149,225	47.8	145,099	43.3

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	Revenue	%	Revenue	%	Revenue	%	Revenue	%
	(US$ in thousands, except percentages)							
					(unaudited)			
Eastern Africa:								
Kenya	60,357	18.9	70,216	17.1	52,547	16.8	67,264	20.1
Tanzania	29,122	9.1	34,636	8.4	25,737	8.3	30,970	9.3
Uganda	24,553	7.7	30,715	7.5	23,079	7.4	28,061	8.4
Zambia	31,385	9.8	33,253	8.1	26,397	8.5	20,399	6.1
Others	2,927	0.9	2,978	0.7	2,168	0.7	5,628	1.7
Sub-total	148,344	46.4	171,798	41.8	129,928	41.7	152,322	45.6
Middle Africa:								
Cameroon	5,015	1.6	35,403	8.6	27,745	8.9	23,101	6.9
Others	1,028	0.3	1,709	0.4	1,192	0.4	7,945	2.4
Sub-total	6,043	1.9	37,112	9.0	28,937	9.3	31,046	9.3
Latin America:								
Peru	363	0.1	5,168	1.3	3,762	1.2	5,931	1.8
Central Asia:								
Kazakhstan	–	–	–	–	–	–	39	–[1]
Total	**319,898**	**100.0**	**411,369**	**100.0**	**311,852**	**100.0**	**334,437**	**100.0**

Note:

(1) Less than 0.1%.

Western Africa

Our revenue from sales to customers in Western Africa increased by 19.5% from US$165.1 million in 2022 to US$197.3 million in 2023, mainly reflecting:

(i) an increase in sales to customers in Côte d'Ivoire from US$29.0 million in 2022 to US$42.0 million in 2023, primarily attributable to the increase in sales of baby diapers under *Cuettie* brand, as our products, which tailored to the consumption patterns of local consumers, were well-received in the market; and

(ii) an increase in sales to customers in Senegal from US$35.9 million in 2022 to US$44.5 million in 2023, primarily attributable to the increase in sales of baby diapers under *Softcare* brand due to the increased market penetration, reflecting our strategy to expand from capital city to its surrounding urban areas and further to rural areas, and the appreciation of local currency in 2023.

Our revenue from sales to customers in Western Africa remained stable at US$149.2 million and US$145.1 million in the nine months ended September 30, 2023 and 2024, respectively.

Eastern Africa

Our revenue from sales to customers in Eastern Africa increased by 15.8% from US$148.3 million in 2022 to US$171.8 million in 2023, mainly reflecting:

(i) an increase in sales to customers in Kenya from US$60.4 million in 2022 to US$70.2 million in 2023, primarily attributable to our improved brand recognition;

(ii) an increase in sales to customers in Uganda from US$24.6 million in 2022 to US$30.7 million in 2023, primarily due to the increased market share; and

(iii) an increase in sales to customers in Tanzania from US$29.1 million in 2022 to US$34.6 million in 2023, primarily attributable to further penetration to rural areas through expansion of our wholesaler and distributor network.

Our revenue from sales to customers in Eastern Africa increased by 17.2% from US$129.9 million in the nine months ended September 30, 2023 to US$152.3 million in the same period of 2024, mainly reflecting an increase in sales to customers in Kenya from US$52.5 million in the nine months ended September 30, 2023 to US$67.3 million in the same period of 2024, primarily attributable to our improved brand recognition supported by favorable market conditions.

Middle Africa

Our revenue from sales to customers in Middle Africa increased significantly from US$6.0 million in 2022 to US$37.1 million in 2023, mainly reflecting a significant increase in sales to customers in Cameroon from US$5.0 million in 2022 to US$35.4 million in 2023 as we generated revenue from full year of 2023, while we only entered into the Cameroon market in the fourth quarter of 2022.

Our revenue from sales to customers in Middle Africa increased by 7.3% from US$28.9 million in the nine months ended September 30, 2023 to US$31.0 million in the same period of 2024, mainly reflecting the expansion of our reach in various countries in Middle Africa.

Latin America

Our revenue from sales to customers in Peru in Latin America increased significantly from US$0.4 million in 2022 to US$5.2 million in 2023; and increased by 57.7% from US$3.8 million in the nine months ended September 30, 2023 to US$5.9 million in the same period of 2024, mainly reflecting our efforts to penetrate into this market.

Central Asia

We recorded revenue from sales to customers in Kazakhstan in Central Asia of US$39,000 in the nine months ended September 30, 2024 as we expanded to Kazakhstan during this period.

Cost of Sales

During the Track Record Period, our cost of sales primarily consisted of (i) cost of materials for production, which primarily included purchase costs of our raw materials, as well as custom duties and freight and transportation costs directly related to these purchases and changes in inventories in the respective periods; (ii) depreciation arising from our production facilities and right-of-use assets; (iii) staff costs, which primarily represent salaries and wages, retirement benefits and staff welfare of our production personnel; and (iv) cost of OEM products sold. The following table sets forth a breakdown of our cost of sales for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(US$ in thousands, except percentages)							
					(unaudited)			
Cost of materials for production	217,228	88.2	230,076	86.0	179,900	86.0	183,304	84.9
Depreciation	6,605	2.7	7,480	2.8	5,691	2.7	5,813	2.7
Staff costs	6,270	2.5	8,071	3.0	4,577	2.2	6,540	3.0
Cost of OEM products sold	159	0.1	1,214	0.5	846	0.5	2,598	1.2
Others(1)	16,103	6.5	20,780	7.7	18,052	8.6	17,709	8.2
Total	**246,365**	**100.0**	**267,621**	**100.0**	**209,066**	**100.0**	**215,964**	**100.0**

Note:

(1) Others primarily included utility expenses, short-term leases, repair and maintenance, quality control expenses, and other miscellaneous expenses incurred for our production.

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit and gross profit margin by product type for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)
	(US$ in thousands, except percentages)							
					(unaudited)			
Baby diapers	57,701	23.0	115,249	35.6	82,883	33.7	89,727	35.6
Sanitary pads	8,119	18.8	18,742	30.4	12,867	27.7	20,341	35.0
Baby pants	4,329	24.9	3,553	27.2	2,351	23.6	3,837	27.4
Wet wipes	3,384	38.6	6,204	49.1	4,685	49.1	4,568	43.9
Total	**73,533**	**23.0**	**143,748**	**34.9**	**102,786**	**33.0**	**118,473**	**35.4**

In 2022 and 2023 and the nine months ended September 30, 2023 and 2024, our gross profit amounted to US$73.5 million, US$143.7 million, US$102.8 million and US$118.5 million, respectively, achieving a gross profit margin of 23.0%, 34.9%, 33.0% and 35.4% in the respective periods. Baby diapers had the largest contribution to our total gross profit among all product types.

The gross profit margins of our products are primarily influenced by our pricing ability, which is closely related to our brand recognition and market acceptance. For instance, our leading position in the African baby diaper market allows us to maintain our prices despite competitive challenges and even raise them depending on market conditions and our marketing strategies, thereby allowing us to achieve higher profit margins. Additionally, our gross profit margin is impacted by the market prices of major raw materials including fluff pulp, non-woven fabrics and SAP. Different products have different mix of raw materials. Therefore, changes in the market prices of raw materials may have varying degrees of impact on the gross profit margin of different products.

Baby Diapers

Gross profit margin of baby diapers increased from 23.0% in 2022 to 35.6% in 2023, primarily due to a decrease in average procurement price of fluff pulp, non-woven fabrics and SAP. In 2023, the average procurement prices of fluff pulp, non-woven fabrics and SAP decreased by approximately 15%, 15% and 30% in 2023, respectively, as compared to those in 2022, affected by market conditions.

Gross profit margin of baby diapers increased from 33.7% in the nine months ended September 30, 2023 to 35.6% in the same period of 2024, primarily due to a decrease in average procurement prices of fluff pulp, non-woven fabrics and SAP by approximately 4%, 7% and 7% in the nine months ended September 30, 2024, respectively, as compared to those in 2023.

Sanitary Pads

Gross profit margin of sanitary pads increased from 18.8% in 2022 to 30.4% in 2023, primarily due to decreases in average procurement prices of both fluff pulp and non-woven fabrics by approximately 15% in 2023 as compared to those in 2022, affected by market conditions.

Gross profit margin of sanitary pads increased from 27.7% in the nine months ended September 30, 2023 to 35.0% in the same period of 2024, primarily due to decreases in average procurement prices of fluff pulp and non-woven fabrics by approximately 4% and 7%, respectively.

Baby Pants

Gross profit margin of baby pants increased from 24.9% in 2022 to 27.2% in 2023, primarily due to decreases in average procurement prices of our fluff pulp, non-woven fabrics and SAP. Such increase in gross profit margin was partially offset by a decrease in the pre-tax selling price of baby pants sold in Uganda to counteract the impact of the new VAT levy on baby diaper products sold to end consumers to maintain our competitiveness.

Gross profit margin of baby pants increased from 23.6% in the nine months ended September 30, 2023 to 27.4% in the same period of 2024, primarily due to (i) slight decreases in average procurement prices of fluff pulp, non-woven fabrics and SAP; and (ii) the improved economy of scale as our sales volume increased subsequent to the commencement of production in Uganda after the relocation of production facilities. Such increase in gross profit margin was partially offset by the impact of a larger proportion of *Cuettie* baby pants sold that had lower selling price.

Wet Wipes

Gross profit margin of wet wipes increased from 38.6% in 2022 to 49.1% in 2023, primarily due to a decrease in average procurement price of non-woven fabrics by approximately 15% in 2023.

Gross profit margin of wet wipes decreased from 49.1% in the nine months ended September 30, 2023 to 43.9% in the same period of 2024, mainly affected by devaluation of local currency in Ghana.

Other Income

Our other income consists of interest income received from bank deposits. In 2022, 2023 and the nine months ended September 30, 2023 and 2024, our other income amounted to US$46,000, US$0.4 million, US$0.2 million and US$0.3 million, respectively.

Other Gains and Losses, Net

Our other net gains and losses primarily consist of (i) gain on fair value changes for financial assets at fair value through profit or loss; (ii) impairment losses under expected credit loss (ECL) model, net of reversal, in respect of our trade receivables; and (iii) net loss or gain on disposal of plant and equipment. The following table sets forth a breakdown of our other gains and losses for the periods indicated:

	Year ended December 31,		Nine months ended September 30,	
	2022	2023	2023	2024
	(US$ in thousands, except percentages)			
			(unaudited)	
Gain on fair value changes for financial assets at fair value through profit or loss	32	252	145	579
Impairment losses under ECL model, net of reversal	(206)	(2)	(2)	36
(Loss)/gain on disposal of plant and equipment, net	(10)	(3,318)	(3,279)	13
Others[(1)]	563	52	237	26
Total	**379**	**(3,016)**	**(2,899)**	**654**

Note:

(1) Others primarily include the sale of scrap materials.

Our financial assets at fair value through profit or loss primarily represented our investments in wealth management products. We purchased wealth management products from reputable commercial banks from time to time with an aim to enhancing our income without materially interfering with our business operations or capital expenditures. We generally purchased only low-risk and short-term products from reputable commercial banks. Our finance department is responsible for selecting wealth management products, which is reviewed and approved by our chief financial officer. As of December 31, 2022, 2023 and September 30, 2024, we did not hold any wealth management products.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) transportation expenses in relation to the delivery and warehousing of our finished goods; (ii) staff costs, which primarily represent salaries and wages, retirement benefits and staff welfare of our sales personnel; (iii) integrated support service fees charged for logistics, warehousing and handling services provided by the Remaining Sunda Group. See "Connected Transactions" for details; (iv) advertising and marketing expenses incurred for promoting our brands and products; and (v) short-term leases, primarily arising from our sales offices. The following table sets forth a breakdown of our selling and distribution expenses for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	(US$ in thousands, except percentages)				*(unaudited)*			
Transportation expenses	2,268	25.2	4,376	32.3	3,065	31.7	4,783	39.9
Staff costs	1,461	16.2	3,073	22.7	2,176	22.5	2,542	21.2
Integrated support service fees	2,219	24.7	2,580	19.1	1,853	19.2	1,975	16.5
Advertising and marketing expenses	1,662	18.5	1,865	13.8	1,310	13.5	1,341	11.2
Short-term leases	1,241	13.8	1,247	9.2	908	9.4	880	7.3
Others	145	1.6	395	2.9	361	3.7	480	3.9
Total	**8,996**	**100.0**	**13,536**	**100.0**	**9,673**	**100.0**	**12,001**	**100.0**

Administrative Expenses

Our administrative expenses primarily consist of (i) staff costs, which primarily represent salaries and wages, retirement benefits and staff welfare of our administrative personnel; (ii) integrated support service fees charged for certain administrative services provided by the Remaining Sunda Group. See "Connected Transactions"; (iii) IT support and maintenance service fees incurred for services provided by the Remaining Sunda Group. See "Connected Transactions"; (iv) professional service fees, which primarily include consultancy fees, legal fees and audit fees incurred in the normal course of our business; (v) traveling expenses; (vi) office expenses; (vii) bank charges; (viii) depreciation; and (ix) royalty fees, which represents fees we paid to the Remaining Sunda Group for the use of trademarks prior to Reorganization. The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	(US$ in thousands, except percentages)							
					(unaudited)			
Staff costs	7,841	27.2	8,164	22.9	5,996	24.9	7,184	34.9
Integrated support service fees	5,323	18.5	5,721	16.1	3,872	16.1	5,037	24.5
IT support and maintenance service fees	1,392	4.8	2,466	6.9	1,703	7.1	1,779	8.7
Professional service fees	353	1.2	2,479	7.0	393	1.6	1,646	8.0
Traveling expenses	1,155	4.0	1,662	4.7	1,128	4.7	1,481	7.2
Office expenses	948	3.3	888	2.5	504	2.1	974	4.7
Bank charges	671	2.3	1,088	3.1	907	3.8	796	3.9
Depreciation	558	1.9	551	1.5	410	1.7	316	1.5
Royalty fees	8,979	31.1	10,637	29.9	8,054	33.5	–	–
Others[(1)]	1,621	5.7	1,961	5.4	1,107	4.5	1,347	6.6
Total	**28,841**	**100.0**	**35,617**	**100.0**	**24,074**	**100.0**	**20,560**	**100.0**

Note:

(1) Others primarily include insurance expenses, short-term leases and maintenance costs.

Research Expenses

Our research expenses are primarily related to the research and development of new products and production process optimization. Our research expenses remained relatively stable at US$0.2 million, US$0.3 million, US$0.2 million and US$0.3 million in 2022, 2023 and the nine months ended September 30, 2023 and 2024, respectively.

Foreign Exchange Gains (Losses), Net

Our foreign exchange gains or losses result from the fluctuations of foreign currencies denominated monetary liabilities, which primarily include trade payables for purchases of raw materials denominated in U.S. dollar and Renminbi. We recorded foreign exchange losses of US$4.4 million, US$13.8 million, US$9.7 million and foreign exchange gains of US$1.8 million in 2022, 2023 and the nine months ended September 30, 2023 and 2024, respectively.

[REDACTED]

[**REDACTED**] represent professional and other expenses incurred in relation to the [**REDACTED**]. We recorded [**REDACTED**] of US$2.3 million in the nine months ended September 30, 2024.

Finance Costs

Our finance costs represent interest on loans from related companies, bank borrowings and interest on lease liabilities. See "—Indebtedness" for details of loans from related companies. The following table sets forth a breakdown of our finance costs for the periods indicated:

	Year ended December 31,		Nine months ended September 30,	
	2022	2023	2023	2024
	(US$ in thousands)			
			(unaudited)	
Interest on loans from related companies	6,770	222	93	307
Interest on bank borrowings	125	1,102	924	86
Interest on lease liabilities	87	64	48	40
Total	**6,982**	**1,388**	**1,065**	**433**

Taxation

We are subject to income tax on an entity basis on profits arising in or derived from tax jurisdictions in which members of our Group are domiciled and operate. See Note 9 to the Accountants' Report set forth in Appendix IA and Note 6 to the Review Report set forth in Appendix IB to this document. We recorded taxation of US$6.2 million, US$11.8 million, US$8.4 million and US$13.3 million, respectively, with the effective tax rate, which is calculated by dividing income tax expense by profit before taxation, of 25.3%, 15.4%, 15.2% and 15.5%, respectively, in 2022, 2023 and the nine months ended September 30, 2023 and 2024.

During the Track Record Period, no provision for corporate income tax of our Company had been made as it did not have assessable profit which arose in, or was derived from, the Cayman Islands. Our profit is subject to taxation from the place of its operations where our profit is generated and is calculated at the rates prevailing in the relevant jurisdictions as follows:

Jurisdictions	Applicable Tax Rates
Kenya	30%
Zambia	30%
Tanzania	30%
Uganda	30%
Cameroon	38.5%
Peru	29.5%
Senegal	30%
Côte d'Ivoire	25%
Benin	25%
Ghana	25% and 8% on assessable profits attributable to local and export businesses, respectively
the PRC	25%
Hong Kong	16.5%
UAE	9% and 0% on qualifying income for qualified free zone person according to local rules and regulations
Kazakhstan	20%

Certain of our subsidiaries enjoyed tax exemptions or preferential tax rates in respect of our operations, details of which are set forth as follows:

Name of Subsidiary	Jurisdictions	Details
Softcare (U) Uganda	Uganda	Tax holidays for 10 years commencing from 2022
Softcare Benin	Benin	Tax holidays for 8 years commencing from 2023
Softcare Cameroon	Cameroon	Preferential tax rates of 9.625% from 2023 to 2027, and 19.25% from 2028 to 2032
Softcare Zambia	Zambia	Preferential tax rates of 0% from 2021 to 2030, 15% from 2031 to 2033 and 22.5% from 2034 to 2035, on its assessable profits attributable to export businesses

During the Track Record Period, we had entered into certain intra-group transactions for purchases of raw materials, supply of raw materials, production of finished products and trading of finished products. Taking into consideration the findings identified by the Transfer Pricing Consultant based on the adopted TNMM and PSM, we have made voluntary adjustments to ensure our intra-group transactions align with arm's length principle. In light of the foregoing, our Directors, together with the Transfer Pricing Consultant, are of the view that the entities of our Group involved in the Covered Transactions were consistent and in compliance with OECD Transfer Pricing Guidelines during the Track Record Period in material aspects. This is on the basis that the estimated tax exposures are not material from our Group's financial aspects. See "Business—Transfer Pricing Arrangement."

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

Revenue

Our total revenue increased by 7.2% from US$311.9 million in the nine months ended September 30, 2023 to US$334.4 million in the same period of 2024, primarily attributable to an increase in overall sales volume, driven by our continued effort in market expansion and increased demands of our products. See "—Description of Selected Items of Our Consolidated Statements of Profit or Loss—Revenue" for details.

Cost of Sales

Our cost of sales remained stable at US$209.1 million and US$216.0 million in the nine months ended September 30, 2023 and 2024, respectively.

Gross Profit and Gross Profit Margin

Gross profit increased by 15.3% from US$102.8 million in the nine months ended September 30, 2023 to US$118.5 million in the same period of 2024. Gross profit margin increased from 33.0% in the nine months ended September 30, 2023 to 35.4% in the same period of 2024, primarily due to decreases in average procurement prices of our major raw materials including fluff pulp, non-woven fabrics and SAP. See "—Description of Selected Items of Our Consolidated Statements of Profit or Loss—Gross Profit and Gross Profit Margin" for details.

Other Income

Our other income remained stable at US$0.2 million and US$0.3 million in the nine months ended September 30, 2023 and 2024, respectively.

Other Gains and Losses, Net

We recorded other net losses of US$2.9 million in the nine months ended September 30, 2023 and other net gains of US$0.7 million in the same period of 2024. The other net losses in the nine months ended September 30, 2023 was mainly attributable to the loss on disposal of plant and equipment, arising from the provision made for a production line in Ghana where certain newly purchased equipment tailored for this production line was damaged during transit.

Selling and Distribution Expenses

Our selling and distribution expenses increased from US$9.7 million in the nine months ended September 30, 2023 to US$12.0 million in the same period of 2024, primarily attributable to an increase in transportation expenses as our sales volume increased.

Administrative Expenses

Our administrative expenses decreased by 14.6% from US$24.1 million in the nine months ended September 30, 2023 to US$20.6 million in the same period of 2024, primarily due to a decrease in royalty fees as ownerships of certain trademarks related to the brands had been transferred from the Remaining Sunda Group to us upon Reorganization. Such decrease was partially offset by increases in staff costs and integrated support service fees as a result of our business expansion.

Research Expenses

Our research expenses were US$0.2 million and US$0.3 million in the nine months ended September 30, 2023 and 2024, respectively, which remained relatively stable.

Foreign Exchange Gains (Losses), Net

We recorded net foreign exchange gains of US$1.8 million in the nine months ended September 30, 2024 as compared to net foreign exchange losses of US$9.7 million in the same period of 2023, primarily due to the rebound of exchange rates of certain local currencies including Zambian kwacha and Kenyan shillings.

Finance Costs

Our finance costs decreased by 59.3% from US$1.1 million in the nine months ended September 30, 2023 to US$0.4 million in the same period of 2024, primarily due to a decrease in interest from bank borrowings as a result of the settlement of a working capital loan drawn down in 2023.

Taxation

Our income tax increased by 57.8% from US$8.4 million in the nine months ended September 30, 2023 to US$13.3 million in the same period of 2024, primarily due to an increase in assessable profits. Our effective tax rate, which is calculated by dividing income tax expense by profit before taxation, remained relatively stable at 15.2% and 15.5% in the nine months ended September 30, 2023 and 2024, respectively.

Profit for the Period

As a result of the foregoing, our profit for the period was US$46.9 million and US$72.3 million in the nine months ended September 30, 2023 and 2024, respectively. Our net profit margin increased from 15.0% in the nine months ended September 30, 2023 to 21.6% in the same period of 2024, primarily due to (i) an improvement in our gross profit margin; and (ii) a decrease in foreign exchange losses.

2023 Compared to 2022

Revenue

Our revenue increased by 28.6% from US$319.9 million in 2022 to US$411.4 million in 2023, primarily attributable to an increase in overall sales volume, driven by our continued effort in market expansion and increased demands of our products. See "—Description of Selected Items of Our Consolidated Statements of Profit or Loss—Revenue" for details.

Cost of Sales

Our cost of sales increased by 8.6% from US$246.4 million in 2022 to US$267.6 million in 2023, primarily attributable to an increase in cost of materials for production as our sales volume increased.

Gross Profit and Gross Profit Margin

Our gross profit increased by 95.5% from US$73.5 million in 2022 to US$143.7 million in 2023. Our overall gross profit margin increased from 23.0% in 2022 to 34.9% in 2023, primarily attributable to decreases in average procurement prices of our major raw materials including fluff pulp, non-woven fabrics and SAP in 2023. See "—Description of Selected Items of Our Consolidated Statements of Profit or Loss—Gross Profit and Gross Profit Margin" for details.

Other Income

Our other income increased from US$46,000 in 2022 to US$0.4 million in 2023, primarily due to an increase in interest income from bank deposits.

Other Gains and Losses, Net

We recorded other net losses of US$3.0 million in 2023 as compared to other net gains of US$0.4 million in 2022. The other net losses in 2023 was mainly attributable to the loss on disposal of plant and equipment, arising from the provision made for a production line in Ghana where certain newly purchased equipment tailored for this production line was damaged during transit.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 50.5% from US$9.0 million in 2022 to US$13.5 million in 2023, primarily due to (i) an increase in transportation expenses, as our sales volume increased; and (ii) an increase in staff costs as a result of an increase in the number of our sales personnel in line with our business expansion and salary increment.

Administrative Expenses

Our administrative expenses increased by 23.5% from US$28.8 million in 2022 to US$35.6 million in 2023, primarily attributable to (i) an increase in professional service fees primarily due to consultancy fees incurred for devising business strategies; (ii) an increase in royalty fees to the Remaining Sunda Group in line with our business expansion; and (iii) an increase in IT support and maintenance service fees as a result of the deployment of new systems for our operations.

Research Expenses

Our research expenses remained relatively stable at US$0.2 million and US$0.3 million in 2022 and 2023, respectively.

Foreign Exchange Losses, Net

Our foreign exchange losses increased from US$4.4 million in 2022 to US$13.8 million in 2023, primarily due to the devaluation of local statutory currencies in certain African countries such as Zambia and Kenya.

Finance Costs

Our finance costs decreased by 80.1% from US$7.0 million in 2022 to US$1.4 million in 2023, due to a decrease in interest on loans from related companies as a result of the settlement of a loan from the Predecessor Company in Ghana in full in 2022, partially offset by an increase in interest from bank borrowings mainly due to the drawdown of a new working capital loan in the PRC in 2023.

Taxation

Our income tax increased from US$6.2 million in 2022 to US$11.8 million in 2023, primarily due to an increase in assessable profits. Our effective tax rate, which is calculated by dividing income tax expense by profit before taxation, decreased from 25.3% in 2022 to 15.4% in 2023, primarily as we optimized our operations and enjoyed preferential tax rate in certain regions in which we operate.

Profit for the Year

As a result of the foregoing, our profit for the year was US$18.4 million and US$64.7 million in 2022 and 2023, respectively. Our net profit margin increased from 5.7% in 2022 to 15.7% in 2023, primarily due to (i) an improvement in our gross profit margin, partially offset by the foreign exchange losses incurred in 2023, reflecting a devaluation of certain African currencies against US dollars.

DISCUSSION OF MAJOR ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth details of our summary of consolidated statements of financial position as of the dates indicated:

	As of December 31,		As of September 30,
	2022	2023	2024
	(US$ in thousands)		*(unaudited)*
Non-current assets			
Property, plant and equipment	52,441	39,518	51,484
Right-of-use assets	878	3,431	8,098
Prepayments	253	1,694	347
Deferred tax assets	7,414	8,820	8,722
	60,986	53,463	68,651
Current assets			
Inventories	114,689	107,746	110,537
Trade receivables	6,632	4,086	6,667
Other receivables, deposits and prepayments	40,508	46,803	21,931
Prepaid income tax	393	2,150	1,506
Bank balances and cash	21,725	30,439	35,783
	183,947	191,224	176,424
Current liabilities			
Trade payables	40,874	43,788	31,541
Other payables and accruals	3,598	9,973	12,018
Contract liabilities	4,235	4,597	7,242
Tax liabilities	1,757	3,635	8,235
Lease liabilities	409	438	413
Borrowings	164,653	92,985	26,062
	215,526	155,416	85,511
Net current (liabilities)/assets	**(31,579)**	**35,808**	**90,913**
Total assets less current liabilities	**29,407**	**89,271**	**159,564**

	As of December 31,		As of September 30,
	2022	2023	2024
	(US$ in thousands)		
			(unaudited)
Non-current liabilities			
Lease liabilities	560	283	770
Borrowings	4,719	2,862	–
Deferred tax liabilities	1,378	728	3,039
	6,657	3,873	3,809
Net assets	**22,750**	**85,398**	**155,755**
Capital and reserves			
Share capital/paid-up registered capital	3,751	3,851	221
Reserves	18,999	81,547	155,534
Total equity	**22,750**	**85,398**	**155,755**

Property, Plant and Equipment

Our property, plant and equipment consisted of machinery, owned properties, construction in progress, freehold land, motor vehicles and office equipment. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,		As of September 30,
	2022	2023	2024
	(US$ in thousands)		
			(unaudited)
Machinery	40,570	32,312	34,036
Owned properties	3,476	4,854	8,864
Construction in progress	8,020	491	6,373
Freehold land	–	1,240	1,265
Motor vehicles	224	402	573
Office equipment	151	219	373
Total	**52,441**	**39,518**	**51,484**

Our property, plant and equipment decreased by 24.6% from US$52.4 million as of December 31, 2022 to US$39.5 million as of December 31, 2023, primarily due to (i) fluctuations in exchange rates resulting in exchange realignment of US$5.5 million; (ii) an annual depreciation charged during the year of US$7.6 million; and (iii) disposal of construction in progress and machinery amounting to US$6.3 million, mainly related to the provision made for a damaged production line in Ghana, that certain newly purchased production equipment tailored for this production line was damaged during transit in 2023. These decreases were partially offset by addition of properties and machinery in 2023 as we acquired a parcel of land and built a new warehouse.

Our property, plant and equipment increased by 30.3% from US$39.5 million as of December 31, 2023 to US$51.5 million as of September 30, 2024, primarily due to additions of US$15.8 million of construction in progress related to the expansion of production lines in various countries including Uganda, Zambia, Kenya and Ghana, partially offset by depreciation charged during the period of US$5.7 million.

Inventories

Our inventories comprised raw materials and spare parts, work-in-progress and finished goods. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		As of September 30,
	2022	2023	2024
		(US$ in thousands)	
			(unaudited)
Raw materials and spare parts	92,110	82,989	83,801
Work-in-progress	161	209	534
Finished goods	22,418	24,548	26,202
Total	**114,689**	**107,746**	**110,537**

Our inventories decreased from US$114.7 million as of December 31, 2022 to US$107.7 million as of December 31, 2023, primarily due to a decrease in raw materials and spare parts due to consumption in our production to support increased sales, as well as the devaluation of local currencies in Kenya and Zambia in 2023. Our inventories remained relatively stable at US$107.7 million and US$110.5 million as of December 31, 2023 and September 30, 2024, respectively.

The following table sets forth the turnover days of our inventories for the periods indicated:

	Year ended December 31,		Nine months ended September 30,
	2022	2023	2024
Inventory turnover days[(1)]	140	152	138

Note:

(1) Inventory turnover days for a period equals the average of the beginning and ending inventories balance divided by cost of sales for the relevant period and multiplied by the number of days in the relevant period, which is 365 days for each year and 274 days for nine months.

Our inventory turnover days increased from 140 days in 2022 to 152 days in 2023, mainly due to a lower inventory balance at the beginning of 2022. We maintained a lower level of raw materials as we had fewer production lines and thus less production activities at that time. Our inventory turnover days decreased from 152 days in 2023 to 138 days in the nine months ended September 30, 2024, primarily due to increased production capacity that our raw materials were consumed at a faster pace.

As of November 30, 2024, US$58.2 million, or 64.3%, of our inventories as of September 30, 2024, had been subsequently used, consumed or sold.

Trade Receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. We generally make a settlement before or due upon delivery in respect of our sales to customers and may grant credit terms up to 90 days to certain customers on a case-by-case basis. We seek to maintain strict control over our outstanding receivables.

The following table sets forth our trade receivables as of the dates indicated:

	As of December 31,		As of September 30,
	2022	2023	2024
	(US$ in thousands)		
			(unaudited)
Trade receivables			
– Independent Third Parties	6,765	4,173	6,839
– Related companies	73	121	–
	6,838	4,294	6,839
Less: allowance for credit losses	(206)	(208)	(172)
Total	**6,632**	**4,086**	**6,667**

Our trade receivables decreased from US$6.6 million as of December 31, 2022 to US$4.1 million as of December 31, 2023, primarily reflecting our efforts to implement stricter collection practice and management.

Our trade receivables increased from US$4.1 million as of December 31, 2023 to US$6.7 million as of September 30, 2024, primarily attributable to an increase in our sales.

The following table sets forth an aging analysis of our trade receivables as of the dates indicated:

	As of December 31,		As of September 30,
	2022	**2023**	**2024**
	(US$ in thousands)		
			(unaudited)
Within 1 month	4,976	3,342	6,208
In 2-3 months	445	659	298
In 4-6 months	314	6	125
In 7-12 months	897	79	2
Over 1 year	–	–	34
Total	**6,632**	**4,086**	**6,667**

The following table sets forth the turnover days of our trade receivables for the periods indicated:

	Year ended December 31,		Nine months ended September 30,
	2022	**2023**	**2024**
Trade receivable turnover days(1)	4	5	4

Note:

(1) Trade receivable turnover days for a period equals the average of beginning and ending trade receivables balance divided by revenue for the relevant period and multiplied by the number of days in the relevant period, which is 365 days for each year and 274 days for nine months.

Our trade receivable turnover days remained relatively stable at four days, five days and four days in 2022, 2023 and nine months ended September 30, 2024, respectively.

As of November 30, 2024, all of our trade receivables as of September 30, 2024 had been subsequently settled.

Other Receivables, Deposits and Prepayments

Our other receivables, deposits and prepayments comprise (i) prepayments, primarily represent prepayments for purchases of materials, and machinery and equipment; (ii) VAT recoverable, primarily representing input VAT arising from purchases of inventories and equipment pending deductions; (iii) amounts due from related companies, primarily representing advances made to the Remaining Sunda Group; (iv) other receivables and deposits, primarily represent advances to staff, suppliers deposits and guarantees; (v) deferred issue costs, which represents the portion of [**REDACTED**] that were capitalized which will be charged against equity upon [**REDACTED**]; and (vi) amount due from Century BVI.

The following table sets forth our other receivables, deposits and prepayments as of the dates indicated:

	As of December 31,		As of September 30,
	2022	2023	2024
	(US$ in thousands)		*(unaudited)*
Non-current			
Prepayments for purchases of machinery and equipment	253	1,694	347
Current			
Prepayments	2,441	9,643	10,899
VAT recoverable	17,888	11,092	7,096
Due from related companies	18,079	24,687	2,535
Other receivables and deposits	406	1,381	1,003
Deferred issue costs	–	–	398
Due from Century BVI	1,694	–	–
	40,508	46,803	21,931
Total	**40,761**	**48,497**	**22,278**

Our other receivables, deposits and prepayments increased from US$40.8 million as of December 31, 2022 to US$48.5 million as of December 31, 2023, primarily due to (i) an increase in prepayments for purchases of materials, as we made more prepayments for purchase of fluff pulp; (ii) an increase in amounts due from related companies, as we made more advances to the Remaining Sunda Group. Such increases were partially offset by a decrease in VAT recoverable, which was set off against VAT collected from our sales in 2023.

Our other receivables, deposits and prepayments decreased from US$48.5 million as of December 31, 2023 to US$22.3 million as of September 30, 2024, primarily due to (i) a decrease in amounts due from related companies, as we received settlements from our related companies. As of the Latest Practicable Date, the amounts due from related companies as of September 30, 2024 had been fully settled; and (ii) a decrease in VAT recoverable as it continued to be set off against VAT collected from our sales.

Trade Payables

Our trade payables primarily represent (i) trade balances due to our suppliers for materials purchases; and (ii) amounts payable to related companies primarily arising from integrated support services provided by the Remaining Sunda Group. We are normally granted credit terms of up to 90 days by our raw material suppliers.

The following table sets forth our trade payables as of the dates indicated:

	As of December 31,		As of September 30,
	2022	2023	2024
		(US$ in thousands)	
			(unaudited)
Trade payables			
– Due to Independent Third Parties	30,628	38,396	30,048
– Due to related companies	10,246	5,392	1,493
Total	**40,874**	**43,788**	**31,541**

Our trade payables increased from US$40.9 million as of December 31, 2022 to US$43.8 million as of December 31, 2023, primarily due to an increase in trade payables to Independent Third Parties as we made certain purchases close to the year end of 2023. Our trade payables decreased to US$31.5 million as of September 30, 2024, primarily due to (i) a decrease in trade payables to Independent Third Parties as we made more purchases of raw materials from suppliers who granted us shorter credit terms during the nine months ended September 30, 2024.

The following table sets forth an aging analysis of our trade payables as of the dates indicated:

	As of December 31,		As of September 30,
	2022	2023	2024
	(US$ in thousands)		
			(unaudited)
Within 3 months	33,400	41,991	27,731
In 4-6 months	2,714	849	3,451
Over 6 months	4,760	948	359
Total	**40,874**	**43,788**	**31,541**

The following table sets forth the turnover days of our trade payables for the periods indicated:

	Year ended December 31,		Nine months ended September 30,
	2022	2023	2024
Trade payable turnover days[(1)]	30	58	48

Note:

(1) Trade payable turnover days for a period equals average of beginning and the ending trade payables balance divided by cost of sales for the relevant period and multiplied by the number of days in the relevant period, which is 365 days for each year and 274 days for nine months.

Our trade payable turnover days increased from 30 days in 2022 to 58 days in 2023, primarily as we made certain purchases close to the year end of 2023. We recorded a significant decrease in trade payable turnover days from 58 days in 2023 to 48 days in the nine months ended September 30, 2024, primarily as we settled trade payables due to Independent Third Parties as we made more purchases of raw materials from suppliers who granted us shorter credit terms for more favorable price during the nine months ended September 30, 2024.

As of November 30, 2024, US$24.4 million, or 77.4%, of our trade payables as of September 30, 2024 had been subsequently settled.

Other Payables and Accruals

Our other payables and accruals comprise (i) staff costs payable, primarily represents payables to employees including salaries, bonuses, insurances and housing provident funds; (ii) other taxes payables, primarily represents withholding tax, levy tax and VAT payable arising from sales; (iii) other payables and accrued expenses, primarily represent payables for operating expenses and professional fees in related to IT systems; (iv) accrued [**REDACTED**]; and (v) consideration payable for a freehold land due to a related company.

The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		**As of September 30,**
	2022	**2023**	**2024**
	(US$ in thousands)		*(unaudited)*
Staff costs payable	1,638	3,119	5,238
Other taxes payables	1,373	4,556	2,495
Other payables and accrued expenses	587	1,058	2,493
Accrued [**REDACTED**]	–	–	[**REDACTED**]
Consideration payable for a freehold land due to a related company	–	1,240	–
Total	**3,598**	**9,973**	**12,018**

Our other payables and accruals increased from US$3.6 million as of December 31, 2022 to US$10.0 million as of December 31, 2023, primarily due to (i) an increase in staff costs payable due to an increase in headcounts and salary increment; and (ii) an increase in other taxes payables as a result of additional withholding tax on royalty fees recorded in 2023 and increased levy tax generally in line with our business expansion. Our other payables and accruals increased further to US$12.0 million as of September 30, 2024, primarily due to (i) an increase in staff costs payables, mainly related to business expansion throughout the period; (ii) an increase in accrued [**REDACTED**]; and (ii) an increase in other payables and accrued expenses as a result of our business expansion.

Contract Liabilities

Our contract liabilities represent prepayments received from our customers and rebates to be settled with our customers. Our contract liabilities increased from US$4.2 million as of December 31, 2022 to US$4.6 million as of December 31, 2023, primarily due to an increase in rebates to our customers as our sales increased. Our contract liabilities increased further to US$7.2 million as of September 30, 2024, primarily due to an increase in prepayments received from sales of products. We generally record a lower balance of contract liabilities at the year end as more deliveries are made before the year end.

As of November 30, 2024, US$4.1 million, or 56.5%, of our contract liabilities as of September 30, 2024, had been recognized as revenue.

Deferred Taxation

The following sets forth a breakdown of our deferred taxation as of the dates indicated:

	As of December 31,		As of September 30,
	2022	2023	2024
		(RMB in thousands)	
			(unaudited)
Deferred tax assets	7,414	8,820	8,722
Deferred tax liabilities	(1,378)	(728)	(3,039)

Our deferred taxation mainly arose from the unrealized profits in inventories and accelerated depreciation of our property, plant and equipment as compared to our depreciation allowance claims under income tax laws and regulations prevailing in the countries that we operate. For the movements of our deferred tax assets and liabilities, see Note 26 to Accountants' Report set forth in Appendix IA to this document.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, our primary use of cash was to pay for raw materials and capital expenditure. We have historically funded our working capital and other capital requirements principally from our operating activities, advances or loans from related parties and bank borrowings. After the [**REDACTED**], we intend to finance our future capital requirements through [**REDACTED**] from our operations, bank borrowings and the [**REDACTED**] from the [**REDACTED**]. We do not anticipate any changes to the availability of financing to fund our operations in the future.

We had bank balances and cash of US$21.7 million, US$30.4 million and US$35.8 million as of December 31, 2022 and 2023 and September 30, 2024, respectively.

Cash Flow

The table below sets forth the condensed summary of the consolidated statements of cash flows for the periods indicated:

	Year ended December 31,		Nine months ended September 30,	
	2022	2023	2023	2024
	(US$ in thousands)			
			(unaudited)	
Net cash generated from operating activities	13,575	95,977	84,623	76,119
Net cash (used in)/generated from investing activities	(51,061)	(10,874)	(1,871)	3,540
Net cash generated from/(used in) financing activities	58,555	(75,601)	(65,576)	(74,878)
Net increase in cash and cash equivalents	21,069	9,502	17,176	4,781
Cash and cash equivalents at beginning of year/period	554	21,725	21,725	30,439
Effect of foreign exchange rate changes	102	(788)	(1,179)	563
Cash and cash equivalents at end of year/period	21,725	30,439	37,722	35,783

Net Cash Generated from Operating Activities

Cash flows from operating activities reflects (i) profit before taxation adjusted for non-cash and non-operating items, such as finance costs, bank interest income, gains on fair value of financial assets at fair value through profit or loss, deemed distribution in relation to profits derived from our principal business of the Predecessor Companies, depreciation of property, plant and equipment, and right-of-use assets, net loss on disposal of property, plant and equipment and net impairment losses under expected credit losses model; (ii) movements in working capital, such as changes in inventories, trade receivables, other receivables, deposits and prepayments, in trade payables, and other payables and accruals; and (iii) other cash item consisting of income taxes paid.

In the nine months ended September 30, 2024, we had net cash from operating activities of US$76.1 million, primarily reflecting (i) profit before taxation of US$85.5 million; (ii) positive total adjustments before movements in working capital of US$5.7 million, which in turn primarily reflected US$5.7 million of positive adjustment for depreciation of property, plant and equipment; and (iii) negative movements in working capital of US$9.2 million, which primarily reflected US$16.6 million of decrease in trade payables.

In 2023, net cash from operating activities amounted to US$96.0 million, primarily reflecting (i) profit before taxation of US$76.5 million; (ii) positive total adjustments before movements in working capital of US$11.8 million, which in turn primarily reflected US$7.6 million of positive adjustment for depreciation of property, plant and equipment and US$3.3 million of positive adjustment for loss on disposal of property, plant and equipment; (iii) positive movements in working capital of US$21.4 million, which primarily reflected US$16.4 million of increase in trade payables; and (iv) tax paid of US$13.7 million.

In 2022, we had net cash from operating activities of US$13.6 million, primarily reflecting (i) profit before taxation of US$24.6 million; (ii) positive total adjustments before movements in working capital of US$9.9 million, which in turn primarily reflected US$6.8 million of positive adjustment for depreciation of property, plant and equipment, and US$7.0 million of positive adjustment for finance costs, partially offset by US$4.4 million of negative adjustment for deemed distribution in relation to profits derived from our principal business of the Predecessor Companies; and (iii) negative movements in working capital of US$11.8 million, which primarily reflected US$39.9 million of increase in inventories and US$13.0 million of increase in other receivables, deposits and prepayments, as partially offset by US$41.9 million of increase in trade payables.

Net Cash (Used in)/Generated from Investing Activities

Investing activities consist primarily of purchases and disposal of property, plant and equipment, purchases and disposal of financial assets at fair value through profit or loss, which mainly represented our wealth management products, bank interest received and advances, or repayments of advances, from related companies.

In the nine months ended September 30, 2024, our net cash flows from investing activities were US$3.5 million, primarily reflecting (i) US$289.0 million of proceeds from disposals of our wealth management products classified as financial assets at fair value through profit or loss; and (ii) US$23.8 million of repayment of advances from related companies, as partially offset by (iii) US$288.4 million used to purchase wealth management products classified as financial assets at fair value through profit or loss; and (iv) US$15.6 million used to purchase leasehold lands.

In 2023, our net cash used in investing activities amounted to US$10.9 million, primarily reflecting (i) US$112.5 million used to purchase wealth management products classified as financial assets at fair value through profit or loss; and US$19.4 million of advances made to related companies, as partially offset by (iii) US$112.8 million of proceeds from disposals of our wealth management products classified as financial assets at fair value through profit or loss; and (iv) US$14.4 million of repayments of advances to related companies.

In 2022, our net cash flows used in investing activities were US$51.1 million, primarily reflecting (i) US$19.8 million of advances to related companies; (ii) US$19.3 million used to purchase wealth management products classified as financial assets at fair value through profit or loss; and (iii) US$31.4 million used to purchase property, plant and equipment, as partially offset by (iv) US$19.3 million of proceeds from disposals of our management products.

Net Cash Flows Used in Financing Activities

Financing activities primarily include advances from related parties and repayments to related parties, bank and other borrowings and repayments of such borrowings. Our financing activities also included acquisitions of subsidiaries pursuant to the Reorganization.

In the nine months ended September 30, 2024, our net cash used in financing activities amounted to US$74.9 million, primarily reflecting US$88.2 million of repayments to related parties, which was partially offset by US$21.1 million from advances from related parties.

In 2023, our net cash used in financing activities amounted to US$75.6 million, primarily reflecting (i) US$112.1 million of repayments to related parties; and (ii) US$21.3 million of repayments of bank and other borrowings, as partially offset by (iii) US$41.9 million of advances from related parties; and (iv) US$17.6 million of bank and other borrowings raised.

In 2022, our net cash flows from financing activities amounted to US$58.6 million, primarily reflecting (i) US$199.1 million of advances from related parties; (ii) US$40.1 million of bank and other borrowings raised as partially offset by (iii) US$107.1 million of cash outflows in relation to Reorganization; (iv) US$36.9 million of repayments to related parties; and (v) US$33.0 million of repayments of bank and other borrowings.

SUFFICIENCY OF WORKING CAPITAL

Our Directors are of the opinion that, taking into account the net [**REDACTED**] from the [**REDACTED**] and the financial resources available to us, including cash and cash equivalents, cash flows from operating activities, we have sufficient working capital for our present requirements, that is for at least 12 months from the date of this document.

NET CURRENT (LIABILITIES)/ASSETS

The following table sets forth our current assets and liabilities as of the dates indicated:

	As of December 31,		As of September 30,	As of November 30,
	2022	2023	2024	2024
	(US$ in thousands)			
			(unaudited)	*(unaudited)*
Current assets				
Inventories	114,689	107,746	110,537	115,467
Trade receivables	6,632	4,086	6,667	7,258
Other receivables, deposits and prepayments	40,508	46,803	21,931	21,418
Prepaid income tax	393	2,150	1,506	771
Bank balances and cash	21,725	30,439	35,783	45,933
Total current assets	**183,947**	**191,224**	**176,424**	**190,847**
Current liabilities				
Trade payables	40,874	43,788	31,541	44,248
Other payables and accruals	3,598	9,973	12,018	12,380
Contract liabilities	4,235	4,597	7,242	5,419
Tax liabilities	1,757	3,635	8,235	6,466
Lease liabilities	409	438	413	376
Borrowings	164,653	92,985	26,062	19,493
Total current liabilities	**215,526**	**155,416**	**85,511**	**88,382**
Net current (liabilities)/assets	**(31,579)**	**35,808**	**90,913**	**102,465**

We had net current liabilities of US$31.6 million as of December 31, 2022 and net current assets of US$35.8 million, US$90.9 million and US$102.5 million as of December 31, 2023, September 30, 2024 and November 30, 2024, respectively.

Our net current assets increased from US$90.9 million as of September 30, 2024 to US$102.5 million as of November 30, 2024, primarily due to an increase in bank balances and cash from our operations.

Our net current assets increased from US$35.8 million as of December 31, 2023 to US$90.9 million as of September 30, 2024, primarily due to (i) a decrease in current borrowings of US$66.9 million, mainly reflecting the settlement of advances from our related parties; and (ii) a decrease in trade payables of US$12.2 million, mainly reflecting as we made more purchases of raw materials from suppliers who granted us shorter credit terms; partially offset by a decrease in other receivables, deposits and prepayments of US$24.9 million, primarily reflecting the settlement from related companies.

We recorded net current liabilities of US$31.6 million as of December 31, 2022 and net current assets of US$35.8 million as of December 31, 2023, primarily due to (i) a decrease of current borrowings of US$71.7 million, reflecting the settlement to related companies; and (ii) an increase of bank balances and cash of US$8.7 million generated from our operations. Our net current liabilities as of December 31, 2022 was primarily as a result of the significant borrowings recorded as of December 31, 2022 arising from the capital needs for the one-off acquisition of assets as part of the Reorganization.

INDEBTEDNESS

The following table sets forth the details of our indebtedness as of the dates indicated:

	As of December 31,		As of September 30,	As of November 30,
	2022	2023	2024	2024
	(US$ in thousands)			
			(unaudited)	*(unaudited)*
Bank borrowings	6,787	2,817	–	–
Advances from Century BVI	1,511	2,012	792	–
Advances from related companies (other than Century BVI)	151,256	83,356	25,270	19,493
Loans from Century BVI .	–	7,662	–	–
Loans from related companies (other than Century BVI)	9,657	–	–	–
Other borrowings	161	–	–	–
Lease liabilities	969	721	1,183	1,166
Total	**170,341**	**96,568**	**27,245**	**20,659**

Bank Borrowings

As of December 31, 2022 and 2023, September 30, 2024 and November 30, 2024, we had outstanding bank borrowings of US$6.8 million, US$2.8 million, nil and nil, respectively.

As of December 31, 2022, our outstanding bank borrowings comprised (i) unsecured and unguaranteed bank loan of US$0.4 million bore a fixed interest rate of 8.8% per annum. Such amount had been fully repaid in 2023; and (ii) bank loan of US$6.4 million secured by floating charges of certain property, plant and equipment, inventories and trade receivables totaling at US$7.9 million as of the same date and bore a variable interest rate of 7.5% per annum. Such loan was early-repaid in 2023.

As of December 31, 2023, our outstanding bank borrowings of US$2.8 million were secured by certain properties held by a related company and certain intra-group receivables amounting to US$3.3 million, and jointly guaranteed by certain related companies and a subsidiary. Such bank loan bore a fixed interest rate of 3.9% per annum and was repaid in 2024.

Our bank borrowing agreements contain standard terms, conditions and covenants that customary for commercial bank loans. Our Directors confirm that we are not subject to other material covenants under any agreements with respect to any bank loans or other borrowings. Our Directors also confirm that we did not experience any difficulty in obtaining bank borrowings, default in payment of bank borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

As of November 30, 2024, we did not have any unutilized banking facilities.

Advances and Loans from Related Companies

As of December 31, 2022 and 2023, September 30, 2024 and November 30, 2024, we had outstanding advances from related companies (including Century BVI) of US$152.8 million, US$85.4 million, US$26.1 million and US$19.5 million, respectively. Our advances from related companies were unsecured, interest-free and repayable on demand. As of the Latest Practicable Date, such balances had been fully settled.

As of December 31, 2022 and 2023, September 30, 2024 and November 30, 2024, we had loans from related companies (including Century BVI) of US$9.7 million, US$7.7 million, nil and nil, respectively. For details, see Note 25 of the Accountants' Report set out in Appendix IA and Note 20 to the Review Report set out in Appendix IB to this document.

Lease Liabilities

As of December 31, 2022 and 2023, September 30, 2024 and November 30, 2024, we had lease liabilities of US$1.0 million, US$0.7 million, US$1.2 million and US$1.2 million, respectively, arising from the leases of land and properties in relation to our production facilities, office premises and warehouses.

Other Borrowings

As of December 31, 2022, we had outstanding other borrowing of US$0.2 million, representing a working capital loan provided by a non-financial institution to support our working capital when we entered into the Benin market. Such loan bore a fixed interest rate of 3.0% per annum and was fully repaid in 2023.

Except as disclosed in this section, as of November 30, 2024, being the latest practicable date for determining our indebtedness, we did not have any other outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. After due and careful consideration, our Directors confirm that, since November 30, 2024 and up to the Latest Practicable Date, there has been no material adverse change in our indebtedness.

CONTINGENT LIABILITIES

As of November 30, 2024, being the latest practicable date for the purpose of the indebtedness statement, we did not have any material contingent liabilities, guarantees of any litigations or claims of material importance, pending or threatened against any member of our Company. Our Directors have confirmed that there has not been any material change in our contingent liabilities since November 30, 2024 and up to the Latest Practicable Date.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods or as of the dates indicated:

	Year ended/As of December 31,		Nine months ended/As of September 30,
	2022	2023	2024
Gross profit margin(1)	23.0%	34.9%	35.4%
Net profit margin(2)	5.7%	15.7%	21.6%
Return on equity(3)	80.8%	75.7%	N/A(7)
Return on total assets(4)	7.5%	26.4%	N/A(7)
Current ratio(5)	0.9	1.2	2.1
Quick ratio(6)	0.3	0.5	0.8

Notes:

(1) Gross profit margin is calculated based on gross profit for the period divided by revenues for the period and multiplied by 100%.

(2) Net profit margin is calculated based on the profit for the period divided by total revenue and multiplied by 100%.

(3) Return on equity is calculated based on the profit for the period divided by the shareholders' equity as of the end of the period and multiplied by 100%.

(4) Return on total assets is calculated based on the profit for the period divided by total assets at the end of the period and multiplied by 100%.

(5) Current ratio is calculated based on the total current assets divided by the total current liabilities as of the end of the period.

(6) Quick ratio is calculated based on the total current assets minus inventories divided by the total current liabilities as of the end of the period.

(7) The ratios are not presented for incomplete years.

Gross Profit Margin

See "—Period to Period Comparison of Results of Operations" for a discussion of the factors affecting our gross profit margin during the Track Record Period.

Net Profit Margin

See "—Period to Period Comparison of Results of Operations" for a discussion of the factors affecting our net profit margin during the Track Record Period.

Return on Equity

Our return on equity decreased from 80.8% in 2022 to 75.7% in 2023, primarily reflecting a faster increase in total equity compared to an increase in our profit.

Return on Total Assets

Our return on total assets increased from 7.5% in 2022 to 26.4% in 2023, primarily reflecting an increase in our profit.

Current Ratio and Quick Ratio

Our current ratio and quick ratio increased from 0.9 times and 0.3 times, respectively, as of December 31, 2022 to 1.2 times and 0.5 times, respectively, as of December 31, 2023, primarily reflecting a decrease in current borrowings upon the settlement of advances from related companies. Our current ratio and quick ratio further increased to 2.1 times and 0.8 times, respectively, as of September 30, 2024, primarily reflecting a decrease in current borrowings mainly as we settled loans and advances from related companies.

CAPITAL EXPENDITURES

Our capital expenditures comprise payment for the purchase of property, plant and equipment, and land use rights, primarily used to open new production facilities or upgrade existing production facilities. Our capital expenditures in 2022 and 2023 and the nine months ended September 30, 2024 amounted to US$31.4 million, US$8.6 million and US$19.6 million, respectively.

We funded these expenditures during the Track Record Period mainly from cash flow generated from operating activities and borrowings.

Following the [**REDACTED**], we will continue to incur capital expenditures to grow our business. We plan to fund our planned capital expenditures primarily with cash flows generated from our operations, bank borrowings and the net [**REDACTED**] received from the [**REDACTED**]. See "Future Plans and [**REDACTED**]."

CAPITAL COMMITMENTS

As of December 31, 2022 and 2023 and September 30, 2024, the total amount of our capital expenditure contracted for but not yet provided was nil, US$4.3 million and US$4.0 million, respectively.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into a number of related party transactions with certain related companies, pursuant to which:

(i) we purchased materials, spare parts and equipment from related companies in the ordinary course of business;

(ii) we incurred royalty fees for the use of trademarks held by the Remaining Sunda Group prior to the Reorganization and we purchased the trademarks as part of the Reorganization. No royalty fees were incurred after such transfer;

(iii) we purchased integrated support services from the Remaining Sunda Group in relation to support and processing services to our supply chain under our directions, including logistics, warehousing and handling services and labor support services. See "Connected Transactions";

(iv) we purchased IT support and maintenance services from the Remaining Sunda Group. See "Connected Transactions";

(v) we sold materials, spare parts, products and equipment to Predecessor Companies or other related companies;

(vi) we incurred interest expenses in relation to certain loans for operating capital;

(vii) we leased certain production facilities, warehouses, offices, and dormitories;

(viii) we purchased agency and other services primarily represent transportation services and network services;

(ix) we purchased water and utilities in relation to usage in our production facilities primarily in Tanzania and Senegal; and

(x) we purchased certain freehold and leasehold land and properties.

As of the Latest Practicable Date, all of our amounts due to related companies that were non-trade in nature had been settled. For details, see Note 29 to the Accountants' Report set out in Appendix IA and Note 22 to the Review Report set out in Appendix IB to this document for details.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

FINANCIAL RISKS DISCLOSURE

Our financial instruments include trade and other receivables, due from related companies, deposits, bank balances and cash, trade and other payables and borrowings. Details of these financial instruments are disclosed in respective notes to the Accountants' Report in Appendix IA and the Review Report in Appendix IB to this document. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. Our policies on how to mitigate these risks are set out below. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market Risk

Currency Risk

We have foreign currency sales and purchases, which are transactions denominated in currencies other than the respective functional currencies of the subsidiaries. The major foreign currency denominated monetary assets and liabilities, including trade and other receivables, amounts due from/to intra-group companies, deposits, bank balances and cash, trade and other payables and borrowings, expose us to foreign currency risk arising from US dollars, Euros, Renminbi and Ghanaian Cedi.

Interest Rate Risk

Our interest rate risk arises primarily from interest-bearing financial instruments. These financial instruments issued at variable rates and at fixed rates expose us to cash flow interest rate risk and fair value interest rate risk, respectively. We do not have any specific interest rate hedging policy except that we would regularly review the market interest rates to capture the potential opportunities to reduce the cost of borrowings.

- *Fair value interest rate risk*. Our fair value interest rate risk relates primarily to fixed-rate lease liabilities and borrowings.

- *Cash flow interest rate risk*. Our cash flow interest rate risk relates primarily to its variable-rate borrowings.

Credit Risk and Impairment Assessment

Credit risk refers to the risk that our counterparties default on their contractual obligations resulting in financial losses of us. Our maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations in relation to each class of recognized financial assets is the carrying amount of those assets as stated in the consolidated statements of financial position.

Trade Receivables Arising from Contracts with Customers

Before accepting any new customer, we assess the potential customer's credit quality by internal credit rating and define credit limits by customer. We review credit limits attributed to customers regularly. We also implement other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

We have applied simplified approach to determine allowance for credit losses on not credit-impaired trade receivables due from third-party customers based on aging analysis of debtors, whereas credit-impaired trade receivables due from third-party customers and trade receivables due from related companies are assessed individually with reference to historical observed default rates and forward-looking information, and reassess such rates and information at the end of each period. In this regard, We consider that our credit risk is significantly reduced.

As of December 31, 2022, 2023 and September 30, 2024, allowance of credit losses of US$206,000, US$208,000 and US$172,000 were made for trade receivables due from third-party customers, respectively.

As of December 31, 2022 and 2023 and September 30, 2024, we had trade receivables due from related companies with gross carrying amounts of US$73,000, US$121,000 and nil, respectively, that exposed us with concentration of credit risk and their ECL were assessed individually.

We consider that the credit risk on trade receivables due from related companies is limited because the creditability of these related companies remains high and their financial information is available that we can closely monitor their repayments.

Other Receivables (including Amounts Due from Related Companies) and Deposits

We had concentration of credit risk in amounts due from related companies (whose creditability remain high) amounting to US$19,733,000 and US$24,687,000 and US$2,535,000 as at 31 December 2022 and 2023 and September 30, 2024, respectively. We closely monitor the outstanding amounts of other receivables (including amounts due from related companies) and deposits and identify any credit risk in a timely manner in order to reduce the risk of a credit related loss. In this regard, we consider our credit risk is significantly reduced. The amounts due from the related companies were repaid in 2024. No allowance of credit losses was made as ECL.

Bank Balances

The credit risk of bank balances as of December 31, 2022 and 2023 and September 30, 2024 were considered as not material because such amounts were placed in banks with good external and/or internal credit ratings. We assessed 12-month ECL on these balances and concluded that the ECLs were insignificant and, therefore, no impairment loss was recognized.

Liquidity Risk

In management of the liquidity risk, we prepare forecast for future cash requirements that takes into account the cash flows from operations, bank facilities and borrowings available, the liquidity risk and future capital commitments aiming at keeping our operation with sufficient cash to meet the liabilities due at any time. Based on such forecast, should we require additional cash to fund our operation/expansion projects, our management may decide to obtain additional borrowings or additional capital.

DIVIDEND POLICY

We have adopted a general dividend policy of declaring and paying dividends. In determining or recommending the frequency, amount and form of any declaration and payment of dividend in any financial year/period, the Board shall consider factors including, but not limited to, our actual and expected results of operations and financial performance of our Group, current and future working capital and cash position, future business and earnings and capital requirement of our Group, our business strategies, development, operations and prospects, economic outlook, cash flow and financial position, general business conditions and business strategies, and other factors that our Board deems to be appropriate. However, we do not have a fixed dividend payout ratio. There is no assurance that dividends will be declared and paid in the amount set out in any plan of the Board or at all. As we are a holding company incorporated under the laws of the Cayman Islands, the payment and amount of any future dividends will be subject to our constitutional documents and the Cayman Companies Act, pursuant to which a company may declare and pay a dividend out of either profits or share premium account. Our future declarations of dividends may or may not reflect our historical declarations of dividends. In addition, our Directors may reassess our dividend policy in the future.

On January 12, 2024, our subsidiary, Softcare Kenya declared and paid an interim dividend of US$353,000 to its then shareholder, Century BVI. On December 23, 2024, our Company declared interim dividends of US$35.0 million to its shareholders. Save as the above, no dividends have been paid or declared by the Group during the Track Record Period. Save as the above, no dividends have been paid or declared by the Group during the Track Record Period.

DISTRIBUTABLE RESERVES

As of September 30, 2024, our Company did not have any retained profit available for distribution to our Shareholders.

[REDACTED]

Based on the [**REDACTED**] of the indicative [**REDACTED**] and assuming the [**REDACTED**] Option is not exercised, we estimate that our [**REDACTED**] will be approximately HK$[**REDACTED**] million, which constitute approximately [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**]. Our total [**REDACTED**] consist of (i) [**REDACTED**]-related fees and expenses (including [**REDACTED**], Stock Exchange trading fee, and SFC and AFRC transaction levy) of HK$[**REDACTED**] million; and (ii) non-[**REDACTED**]-related expenses of HK$[**REDACTED**] million, including (a) fees payable to Joint Sponsors, legal advisors and Reporting Accountants of HK$[**REDACTED**] million and (b) other fees and expenses of HK$[**REDACTED**] million). During the Track Record Period, we incurred [**REDACTED**] of US$[**REDACTED**] million, all of which was recognized in our consolidated statements of profit or loss in the nine months ended September 30, 2024. As of September 30, 2024, we recorded US$[**REDACTED**] million as deferred issue costs under other receivables, deposits and prepayments in our consolidated statements of financial position, to be accounted for as a deduction from equity upon the [**REDACTED**]. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. Our Directors do not expect such expenses to materially impact our results of operations in 2025.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See "Appendix II—Unaudited Pro Forma Financial Information."

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this document, there has been no material adverse change in our financial or trading position since September 30, 2024, and there has been no event since September 30, 2024 that would materially affect the information shown in the Accountants' Report set out in Appendix IA and the Review Report set out in Appendix IB to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

See "Business—Our Strategies" for a detailed discussion of our future plans.

[REDACTED]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the [**REDACTED**] of the stated range of the [**REDACTED**] of between HK$[**REDACTED**] and HK$[**REDACTED**] per [**REDACTED**]) and that the [**REDACTED**] Option is not exercised, we estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] million from the [**REDACTED**] after deducting the [**REDACTED**] commissions and other estimated expenses in connection with the [**REDACTED**]. In line with our strategies, we intend to use our [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used to expand our overall production capacity and upgrade our production lines, including:

  (i) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used to build new production plants or expand our existing production plants in Ghana, Côte d'Ivoire, Senegal, Benin, Kenya, Zambia, Peru, El Salvador, Kazakhstan and Mexico. These production plants are expected to manufacture baby diapers, baby pants, sanitary pads and/or wet wipes. The construction work is expected to be completed from 2026 to 2029;

  (ii) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used to build new production lines at our production plants in Ghana, Senegal, Cameroon, Tanzania, Kenya, Uganda, Zambia, Benin, Peru, El Salvador, Kazakhstan, Mexico for manufacturing baby diapers, baby pants, sanitary pads and/or wet wipes from 2026 to 2029; and

  (iii) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used to purchase production equipment in Ghana, Kenya, Senegal, Zambia, Peru, Kazakhstan and Mexico from 2025 to 2029 for manufacturing ultra-thin baby diapers and sanitary pads, which feature an integrated absorbent core that makes the product thinner, lighter, more breathable and more comfortable. We plan to launch ultra-thin baby diapers and sanitary pads in these markets in the future in order to satisfy the increasing consumers' expectation and enhance their user experience;

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used for marketing and promotion activities in Africa, Latin America and Central Asia from 2025 to 2029, including:

  (i) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, for promoting our brands and products through engaging celebrities with positive image to be our brand ambassadors and endorse our products;

  (ii) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, for promoting our brands and products through placing advertisements on television channels; and

  (iii) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, for hiring promotion staff, producing promotion materials and renting venues for organizing marketing events;

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used for strategic acquisitions of businesses in the hygiene product industry. We currently focus on identifying potential acquisition targets based on the following criteria: (i) located in the emerging markets in Africa, Latin America and Central Asia, including but not limited to Peru, South Africa, Kazakhstan and El Salvador; (ii) having a mature sales network with stable business relationships with key accounts; and (iii) having a track record of stable operation and owning reputable brand(s). In the event that the acquisition cost exceeds HK$[**REDACTED**] million, we expect to finance the extra amount by our internal resources. While we will continue to evaluate potential acquisition targets, as of the Latest Practicable Date, we had not identified any specific acquisition target;

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used for upgrading our CRM system and gradually implementing it across our operations in various countries from 2025 to 2029;

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used for engaging reputable management consulting firms for conducting analysis on new markets and new products and providing advices on strategy execution and corporate management from 2025 to 2029; and

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used for working capital and general corporate purposes.

The above allocation of the net [**REDACTED**] from the [**REDACTED**] will be adjusted on a pro rata basis in the event that the [**REDACTED**] is fixed at a higher or lower level compared to the [**REDACTED**] of the estimated [**REDACTED**].

If the [**REDACTED**] Option is exercised in full, the net [**REDACTED**] that we will receive will be approximately HK$[**REDACTED**] million, assuming an Offer Price of HK$[**REDACTED**] per Share (being the [**REDACTED**] of the indicative [**REDACTED**] range). In the event that the [**REDACTED**] Option is exercised, we intend to apply the additional net [**REDACTED**] to the above purposes on a pro rata basis.

If the net [**REDACTED**] of the [**REDACTED**] are not immediately applied to the above purposes, we will only deposit those net [**REDACTED**] into short-term interest-bearing accounts at licensed commercial banks and/or other regulated financial institutions.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[**REDACTED**]

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[REDACTED]

The following is the text of a report set out on pages IA-[●] to IA-[●], received from the Company's reporting accountants, [●], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

[LOGO]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SOFTCARE LIMITED (樂舒適有限公司), CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED, CITIC SECURITIES (HONG KONG) LIMITED AND GF CAPITAL (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Softcare Limited (formerly known as Sunda International Limited, the "Company") and [its subsidiaries] (together, the "Group") set out on pages IA-[●] to IA-[●], which comprises the [consolidated] statements of financial position of the Group as at December 31, 2022 and 2023, the statements of financial position of the Company as at December 31, 2022 and 2023, and the [consolidated] statements of profit or loss and other comprehensive income, the [consolidated] statements of changes in equity and the [consolidated] statements of cash flows for each of the two years ended December 31, 2023 (the "Relevant Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages IA-[●] to IA-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the "Document") in connection with the [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at December 31, 2022 and 2023, of the Company's financial position as at December 31, 2022 and 2023, and of the Group's financial performance and cash flows for the Relevant Period in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the [REDACTED] of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

[In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page IA-[●] have been made.]

Dividends

We refer to note 13 to the Historical Financial Information which states that no dividend was declared or paid by the Company and [its subsidiaries] since their incorporation or during the Relevant Period, as appropriate.

Subsequent to the end of the Relevant Period, interim dividends were declared by [a subsidiary of the Company] and the Company. Details of which are set out in note 36 to the Historical Financial Information.

[●]
Certified Public Accountants
Hong Kong
[Date]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The [consolidated financial statements] of the Group for the Relevant Period, on which the Historical Financial Information is based, have been prepared in accordance with accounting policies which conform with IFRS Accounting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in United Stated Dollar ("US$") and all values are rounded to the nearest thousand (US$'000) except when otherwise indicated.

[CONSOLIDATED] STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,	
	NOTES	**2022**	**2023**
		US$'000	*US$'000*
Revenue	*6*	319,898	411,369
Cost of sales		(246,365)	(267,621)
Gross profit		73,533	143,748
Other income	*7*	46	390
Other gains and losses, net	*7*	379	(3,016)
Selling and distribution expenses		(8,996)	(13,536)
Administrative expenses		(28,841)	(35,617)
Research expenses		(156)	(341)
Foreign exchange losses, net		(4,362)	(13,752)
Finance costs	*8*	(6,982)	(1,388)
Profit before taxation		24,621	76,488
Taxation	*9*	(6,231)	(11,808)
Profit for the year	*10*	18,390	64,680
Other comprehensive expense			
Item that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(1,264)	(1,867)
Other comprehensive expense for the year		(1,264)	(1,867)
Total comprehensive income for the year attributable to owners of the Company		17,126	62,813
Earnings per share (in US cents)	*14*		
– Basic		[3.7]	[12.9]

[CONSOLIDATED] STATEMENTS OF FINANCIAL POSITION

	NOTES	At December 31, 2022	At December 31, 2023
		US$'000	US$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	52,441	39,518
Right-of-use assets	16	878	3,431
Prepayments	19	253	1,694
Deferred tax assets	26	7,414	8,820
		60,986	53,463
CURRENT ASSETS			
Inventories	17	114,689	107,746
Trade receivables	18	6,632	4,086
Other receivables, deposits and prepayments	19	40,508	46,803
Prepaid income tax		393	2,150
Bank balances and cash	20	21,725	30,439
		183,947	191,224
CURRENT LIABILITIES			
Trade payables	21	40,874	43,788
Other payables and accruals	22	3,598	9,973
Contract liabilities	23	4,235	4,597
Tax liabilities		1,757	3,635
Lease liabilities	24	409	438
Borrowings	25	164,653	92,985
		215,526	155,416
NET CURRENT (LIABILITIES) ASSETS		(31,579)	35,808
TOTAL ASSETS LESS CURRENT LIABILITIES		29,407	89,271
NON-CURRENT LIABILITIES			
Lease liabilities	24	560	283
Borrowings	25	4,719	2,862
Deferred tax liabilities	26	1,378	728
		6,657	3,873
NET ASSETS		22,750	85,398
CAPITAL AND RESERVES			
Share capital/Paid-up registered capital	27	3,751	3,851
Reserves		18,999	81,547
TOTAL EQUITY		22,750	85,398

COMPANY STATEMENTS OF FINANCIAL POSITION

		At December 31,	
	NOTES	**2022**	**2023**
		US$'000	*US$'000*
NON-CURRENT ASSET			
Investment in a subsidiary	*33*	50	50
CURRENT LIABILITIES			
Due to subsidiaries	*22*	(1)	(4)
NET LIABILITIES		49	46
CAPITAL AND RESERVES			
Share capital	*27*	50	50
Accumulated losses		(1)	(4)
TOTAL DEFICIT		49	46

[CONSOLIDATED] STATEMENTS OF CHANGES IN EQUITY

	Share capital/ Paid-up registered capital	Other reserve	Statutory surplus reserves	Exchange reserve	Retained profits	Total
	US$'000	*US$'000* *(Note a)*	*US$'000* *(Note d)*	*US$'000*	*US$'000*	*US$'000*
At January 1, 2022	97	43,861	–	337	1,800	46,095
Profit for the year	–	–	–	–	18,390	18,390
Other comprehensive expense for the year	–	–	–	(1,264)	–	(1,264)
Total comprehensive (expense) income for the year	–	–	–	(1,264)	18,390	17,126
Deemed distribution, net *(Note b)*	–	(44,125)	–	–	–	(44,125)
Issue of shares/paid-up registered capital *(Note 27)*	3,654	–	–	–	–	3,654
Transfer to statutory surplus reserves	–	–	37	–	(37)	–
At December 31, 2022	3,751	(264)	37	(927)	20,153	22,750
Profit for the year	–	–	–	–	64,680	64,680
Other comprehensive expense for the year	–	–	–	(1,867)	–	(1,867)
Total comprehensive (expense) income for the year	–	–	–	(1,867)	64,680	62,813
Deemed distribution *(Note c)*	–	(265)	–	–	–	(265)
Issue of shares *(Note 27)*	100	–	–	–	–	100
Transfer to statutory surplus reserves	–	–	36	–	(36)	–
At December 31, 2023	3,851	(529)	73	(2,794)	84,797	85,398

Notes:

(a) As at January 1, 2022, other reserve mainly represents the carrying amounts of certain principal assets (such as property, plant and equipment and inventories) for the manufacture and sale of baby diapers, baby pants, sanitary pads and wet wipes (i.e. the "Relevant Business" as defined in note 1) contributed and owned by the predecessor companies of the Remaining Sunda Group (as defined in note 2) in The Republic of Ghana ("Ghana"), The Republic of Kenya ("Kenya"), The United Republic of Tanzania ("Tanzania") and The Republic of Senegal ("Senegal"), net of the consideration payable liability as at the same date of US$51,588,000 for the aforesaid principal assets in Ghana, which was settled in full during the year ended December 31, 2022.

On December 31, 2021 and during the year end December 31, 2022, the Relevant Business in (i) Ghana, and (ii) Kenya, Tanzania and Senegal, respectively, were formally transferred to the respective newly incorporated operating subsidiaries of the Group in these countries (the "Transfer") pursuant to the respective agreements for business transfer between these predecessor companies and the respective newly incorporated operating subsidiaries of the Group in these countries (the "Relevant Business Transfer Agreements) under merger accounting in accordance with the Group Reorganisation (as detailed and defined in note 2). The considerations for the Relevant Business Transfer Agreements were settled in full during the year ended December 31, 2022.

(b) The net deemed distribution for the year ended December 31, 2022 mainly includes the net effect of the following:

(i) the additional carrying amounts of property, plant and equipment and inventories (for the Relevant Business) contributed and owned by the predecessor companies of the Remaining Sunda Group in Tanzania, Kenya and Senegal transferred to the respective newly incorporated operating [subsidiaries of the Group] in these countries according to the Relevant Business Transfer Agreements amounting to US$15,736,000;

(ii) the total considerations paid under the Relevant Business Transfer Agreements and additional property, plant and equipment and inventory to these predecessor companies in Tanzania, Kenya and Senegal amounting to US$55,468,000; and

(iii) the deemed distribution to predecessor companies of the Remaining Sunda Group for earnings of US$4,393,000, in aggregate, generated from Tanzania, Kenya and Senegal, as well as certain trading arms of the Relevant Business in The Republic of Côte d'Ivoire ("Côte d'Ivoire"), The Republic of Uganda ("Uganda") and The Republic of Peru ("Peru") retained by the predecessor companies prior to the formal Transfer and the taken up of sales activities by the Group.

(c) Amount represents the deemed distribution to the predecessor company of the Remaining Sunda Group for earning of US$265,000 generated from the trading arm in Peru retained by the predecessor company prior to the taken up of sales activity by the Group.

(d) Pursuant to the relevant laws in the People's Republic of China (the "PRC"), each of the Company's subsidiaries established in the PRC is required to transfer 10% of its profit after taxation as per financial statements to the statutory surplus reserves (including the general reserve fund and enterprise development fund, where appropriate). The general reserve fund is discretionary when the fund balance reaches 50% of the registered capital of the respective company and can be used to make up for previous years' losses, expand the existing operations or can be converted into additional capital of the entity.

[CONSOLIDATED] STATEMENTS OF CASH FLOWS

	Year ended December 31,	
	2022	**2023**
	US$'000	*US$'000*
OPERATING ACTIVITIES		
Profit before taxation	24,621	76,488
Adjustments for:		
Finance costs	6,982	1,388
Bank interest income	(46)	(390)
Gain on fair value changes of financial assets at fair value through profit or loss	(32)	(252)
Profit of the Relevant Business of predecessor companies of the Remaining Sunda Group and accounted for as deemed distribution	(4,393)	(265)
Depreciation of property, plant and equipment	6,836	7,637
Depreciation of right-of-use assets	322	388
Loss on disposal of property, plant and equipment, net	10	3,318
Impairment losses under expected credit loss model, net of reversal	206	2
Operating cash flows before movements in working capital	34,506	88,314
Increase in inventories	(39,856)	(45)
(Increase) decrease in trade receivables	(6,404)	2,072
Increase in other receivables, deposits and prepayments	(13,037)	(3,017)
Increase in trade payables	41,894	16,359
Increase in contract liabilities	4,243	639
Increase in other payables and accruals	1,394	5,396
Net cash generated from operations	22,740	109,718
Income taxes paid	(9,165)	(13,741)
NET CASH FROM OPERATING ACTIVITIES	13,575	95,977
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(31,366)	(5,814)
Purchases of leasehold lands	–	(2,819)
Advances to related companies	(19,773)	(19,355)
Purchases of financial assets at fair value through profit or loss	(19,312)	(112,508)
Proceeds from disposals of financial assets at fair value through profit or loss	19,344	112,760
Repayments from advances to related companies	–	14,441
Bank interest received	46	390
Proceeds from disposal of property, plant and equipment	–	2,031
NET CASH USED IN INVESTING ACTIVITIES	(51,061)	(10,874)

	Year ended December 31,	
	2022	**2023**
	US$'000	*US$'000*
FINANCING ACTIVITIES		
Proceeds from issue of shares/paid-up registered capital received	3,654	100
Advances from related parties	199,077	41,859
Bank and other borrowings raised	40,097	17,633
Repayments to related parties	(36,923)	(112,080)
Repayments of bank and other borrowings	(33,026)	(21,315)
Repayments of lease liabilities	(286)	(410)
Interest paid	(6,982)	(1,388)
Net cash outflow on the Group Reorganisation	(107,056)	–
NET CASH FROM (USED IN) FINANCING ACTIVITIES	58,555	(75,601)
NET INCREASE IN CASH AND CASH EQUIVALENTS	21,069	9,502
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	554	21,725
Effect of foreign exchange rate changes	102	(788)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by cash and cash equivalents	21,725	30,439

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

Softcare Limited (formerly known as Sunda International Limited which was changed to its current name on January 16, 2024, the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on February 17, 2022 under the Companies Act (As Revised) Chapter 22 of the Cayman Islands.

As at the date of this report, the immediate holding company of the Company is Century Industry Limited ("Century BVI", which was incorporated in the British Virgin Islands ("BVI")), which holds [66.35]% equity interests of the Company. Century BVI is 51% indirectly owned by Chaoyuet Holding Limited ("Chaoyuet Holding", which was incorporated in BVI by Mr. Shen Yanchang ("Mr. Shen")) and is 49% indirectly owned by Haoyue Investment Limited ("Haoyue Investment", which was incorporated in BVI by Ms. Yang Yanjuan ("Ms. Yang", spouse of Mr. Shen)). In the opinion of the directors of the Company, Chaoyuet Holding is considered as the ultimate holding company of the Company.

The addresses of the registered office and the principal place of business of the Company and headquarter of the Group are set out in the section headed "Corporate Information" to the [Document].

The Company acts as an investment holding company of the Group and its subsidiaries are principally engaged in manufacturing and sales of baby diapers, baby pants, sanitary pads and wet wipes (the "Relevant Business", being the core business of the Group now included in the Historical Financial Information) in certain countries in Africa, Central and South America and Central Asia. The principal activities of the companies comprising the Group are set out in note 33.

The Historical Financial Information is presented in US$ because the management of the Company controls and monitors the performance and financial position of the Group using US$, which is also the functional currency of the Company. The functional currencies of certain principal operating [subsidiaries of the Company] are their statutory currencies as set out in note 33, which are different from the Company's functional currency, that are determined by the directors of the Company based on their primary economic environment in which these companies operate.

2. BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in note 4 which conform with IFRSs issued by IASB and the principles of merger accounting applicable to group reorganisation.

Historically the operations of the Relevant Business of the Group in Africa (Ghana, Kenya, Tanzania, Senegal, Côte d'Ivoire, Uganda, Zambia, The Republic of Benin ("Benin"), The Republic of Cameroon ("Cameroon"), and in South America (The Republic of Peru ("Peru")) were conducted by predecessor companies which were part of the "Remaining Sunda Group" (comprising of Sunda Group., Limited ("Sunda Company") and Guangzhou Sunda Trading Co., Ltd. ("Guangzhou Sunda") and their subsidiaries). Before the Relevant Business of the Group was spun off by the Remaining Sunda Group and taken up by the Company, it is owned by the Remaining Sunda Group which was in turn held by Mr. Shen, Ms. Yang and a group of existing and former employees and senior management of the Group (who designated Mr. Shen as their nominee) as to 36.28%, 30.07% and 33.65%, respectively, on a collective basis (hereinafter collectively referred to as the "Shareholders"). The predecessor companies and their business other than the Relevant Business do not form part of the Group.

In preparation for the [**REDACTED**] of the Company's ordinary shares on the Stock Exchange (the "[**REDACTED**]"), the companies comprising the Group underwent a group reorganisation (the "Group Reorganisation") in order to spin-off the Relevant Business from the Remaining Sunda Group to the Group, which are detailed below. After completion of the Group Reorganisation, the Company became the holding company of the Relevant Business in the aforesaid countries and the Company is held by the Shareholders indirectly in the same proportion as they were holding the Relevant Business through the Remaining Sunda Group before the spun off.

The Group Reorganization mainly involved (i) the formal acquisition by the Group of the "Principal Assets" (comprising the relevant property, plant and equipment and inventories) of the Relevant Business from predecessor companies of the Remaining Sunda Group in Ghana, Tanzania, Kenya and Senegal which engaged in both Relevant Business and other businesses (as detailed in note 2(c) below), (ii) gradual transfer of sales arms of the Relevant Business of the Group in Uganda, Côte d'Ivoire and Peru, from the Remaining Sunda Group (as detailed in note 2(e) below), (iii) acquisition of certain subsidiaries in Zambia, Uganda, Benin and Cameroon from the Remaining Sunda Group which solely engaged in the Relevant Business (as detailed in note 2(g) below), as well as (iv) establishment of PRC and international procurement function of the Relevant Business from the Remaining Sunda Group (as detailed in note 2(d)) and (v) gradual transfer of certain work force of the Relevant Business from the Remaining Sunda Group, as described below:

(a) Incorporation of the Company

The Company was incorporated in the Caymans Islands as an exempted company with limited liability on February 17, 2022 and one ordinary share was allotted, issued and credited as fully-paid at par to an initial independent subscriber who then transferred the one ordinary share to Century BVI at par on the same day. On the same date, 49,999 additional ordinary shares of the Company were allotted, issued and credited as fully-paid at par to Century BVI, a then wholly-owned subsidiary of Sunda Company.

(b) Incorporation of "Intermediate Holding Companies Within The Group"

In addition, the following wholly-owned Intermediate Holding Companies Within The Group were incorporated:

Name of company	Place of incorporation	Date of incorporation	Holding company (% of holding)
Softcare Fm Limited (formerly known as Sunda Fm Limited, "Softcare BVI Holdco") . . .	BVI	April 26, 2022	the Company (100%)
Senbai Holdings FZCO ("Softcare Dubai Holdco") . .	The United Arab Emirates ("UAE")	August 22, 2022	Softcare BVI Holdco (100%)
Sunda FM (MU) Limited (formerly known as Sunda FM Holdings Limited, "Softcare Mauritius Holdco")	The Republic of Mauritius ("Mauritius")	March 6, 2023	Softcare Dubai Holdco (100%)
Softcare S.A. ("Softcare Panama Holdco")	The Republic of Panama ("Panama")	May 13, 2024	Softcare Dubai Holdco (100%)

(c) Incorporation of new wholly-owned operating companies for acquisition of the Relevant Business, including, amongst others, the Principal Assets, from the predecessor companies held by the Remaining Sunda Group in Ghana, Kenya, Tanzania and Senegal pursuant to the Group Reorganisation.

Name of company	Place of incorporation	Date of incorporation	Holding company (% of holding)
Softcare FM Manufacturing Limited Company (formerly known as Sunda FM Manufacturing Limited Company, "Softcare Ghana")	Ghana	December 21, 2020	Century BVI (100%)
Softcare Kenya Company Limited ("Softcare Kenya")	Kenya	December 10, 2021	Century BVI (100%)

Name of company	Place of incorporation	Date of incorporation	Holding company (% of holding)
Doweicare Technology Limited ("Softcare Tanzania")	Tanzania	December 16, 2021	Century BVI (99%) Century (Mauritius), International Limited ("Century Mauritius", a wholly-owned subsidiary of Sunda Company) (1%)
Softcare SN Company Limited ("Softcare Senegal")	Senegal	February 2, 2022	Century BVI (100%)

(d) Incorporation/Establishment of new wholly-owned supply chain companies for PRC and international procurement function of the Relevant Business of the Group

Name of company	Place of incorporation	Date of incorporation	Holding company (% of holding)
Guangzhou Sengong Trading Co., Ltd. (廣州森供貿易有限公司, formerly known as 廣州森大供應鏈管理有限公司, "Guangzhou Sengong")	The PRC	December 10, 2021	Sunda Company (100%)
Kewor Limited ("Kewor")	Hong Kong	December 16, 2021	Sunda Company (100%)
Sunmart Trading FZCO ("Sunmart Trading Dubai")	UAE	December 5, 2022	Softcare BVI Holdco (100%)

(e) Incorporation of new wholly-owned trading companies for taking up the trading function of the Relevant Business of the Remaining Sunda Group in Uganda, Côte d'Ivoire and Peru

Name of company	Place of incorporation	Date of incorporation	Holding company (% of holding)
Softcare Impex Limited (formerly known as Best Care Impex Limited, "Softcare Impex Uganda")	Uganda	August 12, 2022	Century BVI (99%) Kewor (1%)
Softcare Limited Côte d'Ivoire ("Softcare Côte d'Ivoire")	Côte d'Ivoire	October 18, 2022	Softcare Dubai Holdco (100%)
Softcare Peru Company S.R.L. ("Softcare Peru")	Peru	December 27, 2023	Softcare Dubai Holdco (99%) Sunmart Trading Dubai (1%)

Historically, certain trading subsidiaries of the Remaining Sunda Group in Uganda, Côte d'Ivoire and Peru purchased baby diapers, baby pants, sanitary pads, wet wipes from its predecessor companies as well as other products within or outside the Remaining Sunda Group for sales in their countries. For the purpose of the Group Reorganisation, Softcare Impex Uganda, Softcare Côte d'Ivoire and Softcare Peru were incorporated to take up the sales arm of the Relevant Business from the Remaining Sunda Group in these countries in 2023, 2023 and 2024, respectively.

(f) Transfer of the entire 100% of equity interests of Softcare Ghana, Softcare Kenya, Softcare Tanzania and Softcare Senegal (as detailed in 2(c) above) to the Intermediate Holding Companies Within The Group

Name of company	Equity interest	Date of transfer	Transferor	Transferee	Consideration*
Softcare Ghana.	100%	March 18, 2024	Century BVI	Softcare Mauritius Holdco	Ghanaian Cedi ("GHS") 6,000,000
Softcare Kenya.	100%	May 3, 2024	Century BVI	Softcare Dubai Holdco	Kenyan Shilling ("KES") 100,000,000
Softcare Tanzania . . .	49%	May 8, 2024	Century BVI	Softcare Dubai Holdco	Tanzanian Shilling ("TZS") 1,129,940,000
	49%	May 8, 2024	Century BVI	Sunmart Trading Dubai	TZS1,129,940,000
	1%	May 8, 2024	Century BVI	Softcare Mauritius Holdco	TZS23,060,000
	1%	May 8, 2024	Century Mauritius	Softcare Mauritius Holdco	TZS23,060,000
Softcare Senegal	100%	May 16, 2024	Century BVI	Softcare Dubai Holdco	Western African CFA Franc ("XOF") 1,000,000

* Being cash consideration of approximately US$2,097,000, in aggregate, which were paid in 2024.

(g) Acquisition of the entire 100% of equity interests of subsidiaries in Zambia, Uganda, Benin and Cameroon from the Remaining Sunda Group which solely engaged in the Relevant Business of the Group

Name of company	Equity interest	Date of transfer	Transferor	Transferee	Consideration*
Softcare Industrial Zambia Limited (formerly known as Sunda International Zambia Company Limited, "Softcare Zambia")	99.999814%	March 19, 2024	Century BVI	Softcare Dubai Holdco	Zambian Kwacha ("K") 1,614,997
	0.000186%	March 19, 2024	Mr. Han Du, Mr. Shi Zheng and Mr. Liu Jiuxing (who are employees of the Sunda Group as nominees to hold the equity interest for and on behalf of Century BVI	Softcare Mauritius Holdco	K3
Softcare (U) Ltd (formerly known as General Wares (U) Ltd and General Wares (U)-SMC Ltd, "Softcare (U) Uganda").	99%	May 2, 2024	Century BVI	Softcare Mauritius Holdco	Ugandan Shilling ("UGX") 354,600,000
	1%	May 2, 2024	Century BVI	Softcare Dubai Holdco	UGX3,600,000
Softcare Benin Limited (formerly known As Sunda Benin Limited, "Softcare Benin")	100%	July 23, 2024	Century BVI	Softcare Dubai Holdco	XOF328,970,000
Softcare Cameroon Limited ("Softcare Cameroon")	100%	May 7, 2024	Kewor	Softcare Dubai Holdco	Central African CFA Franc ("XAF") 10,000,000

* Being cash consideration of approximately US$744,000, in aggregate, which were paid in 2024.

Softcare Zambia has commenced the Relevant Business before the Relevant Period. Softcare (U) Uganda, Softcare Benin and Softcare Cameroon constructed their production plants and commenced production/operation of the Relevant Business in 2022.

The financial information of Softcare Zambia, Softcare (U) Uganda, Softcare Benin and Softcare Cameroon during the Relevant Period was [consolidated] in the Historical Financial Information under merger accounting.

(h) Incorporation of new wholly-owned trading companies for new markets

Name of company	Place of incorporation	Date of incorporation	Holding company (% of holding)
Softcare El Salvador SRL ("Softcare El Salvador")	The Republic of El Salvador	July 3, 2024	Softcare Panama (99%) Softcare Mauritius (1%)
Softcare KZ ("Softcare Kazakhstan")	The Republic of Kazakhstan	June 19, 2024	Softcare Dubai Holdco (99.99%) Softcare Mauritius Holdco (0.01%)

Softcare El Salvador and Softcare Kazakhstan commenced trading in late 2024.

(i) Transfer of newly incorporated/established supply chain/trading companies to Intermediate Holding Companies Within The Group and other subsidiary of the Group

Name of company	Equity interest	Date of transfer	Transferor	Transferee	Consideration*
Softcare Impex Uganda	99%	May 2, 2024	Century BVI	Softcare Mauritius Holdco	UGX9,900,000
	1%	May 2, 2024	Kewor	Softcare Dubai Holdco	UGX100,000
Kewor	100%	November 1, 2024	Sunda Company	Softcare BVI Holdco	Hong Kong Dollar ("HK$") 10,000
Guangzhou Sengong	100%	November 25, 2024	Sunda Company	Kewor	Renminbi ("RMB") 24,310,000

* Being cash consideration of approximately US$3,360,000, in aggregate, which were paid in 2024.

Since the Relevant Business of the Group was owned by the same Shareholders throughout the Relevant Period and before and after the spin-off, it is treated as a continuation of business throughout the Relevant Period regardless of actual date of completion of Group Reorganization. The above transactions for the Group Reorganization were accounted for using merger accounting and the Historical Financial Information reflects the performance of the Relevant Business of the Group using the historically amounts from the Shareholders' perspective, whereas any consideration paid for the Group Reorganization in excess of the net assets taken up by the Group was reflected as deemed distribution to the Remaining Sunda Group. For the Group's financial position, assets and liabilities that are specifically attributable to the Relevant Business are included in the Historical Financial Information based on their carrying amounts from the Remaining Sunda Group as if they were included in the Group from January 1, 2022 or from the date of incorporation/establishment, whichever is earlier. For assets and liabilities that were attributing to both the Relevant Business and other businesses of the Remaining Sunda Group that were retained by the Remaining Sunda Group, they were not included in the Historical Financial Information. For earnings derived from the Relevant Business attributable to predecessor companies of the Remaining Sunda Group prior to the spun off which was retained by the Remaining Sunda Group, it was reflected as deemed distributions to the Remaining Sunda Group and included in "other reserve".

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Period, the Group has consistently applied the accounting policies which conform with IFRSs, which are effective for the Group's accounting period beginning on January 1, 2024 throughout the Relevant Period.

New and amendments to IFRSs in issue but not yet effective

At the date of this report, the Group has not early adopted the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or January 1, 2025.

3 Effective for annual periods beginning on or January 1, 2026.

4 Effective for annual periods beginning on or January 1, 2027.

Except as described below, the directors of the Company anticipate that the application of the new and amendments to IFRSs will have no material impact on the Group's financial position and financial performance in the foreseeable future.

IFRS 18 "Presentation and Disclosure in Financial Statements" sets out requirements on presentation and disclosures in financial statements and it will replace IAS 1 "Presentation of Financial Statements". The new IFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 "Statement of Cash Flows" and IAS 33 "Earnings per Share" are also made.

IFRS 18 will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of the new standard is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and statement of cash flows and disclosures in the future financial statements. The Group will continue to assess the impact of IFRS 18 on the Group's consolidated financial statements.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform to IFRSs issued by IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the [**REDACTED**] of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

Basis of [consolidation]

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company [and its subsidiaries]. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

[Consolidation] of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the Relevant Period are included in the [consolidated] statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on [consolidation].

Merger accounting for business combination involving business under common control

The Historical Financial Information incorporates the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are [consolidated] using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets and liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. Expenditure incurred in relation to a common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred. The [consolidated] statements of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period.

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in note 6.

Taxation

Income tax expense represents the sum of current and deferred tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. US$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of "exchange reserve". On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Employee benefits

Retirement benefits costs

Payments to state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 "Leases" at inception. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases of premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the [consolidated] statements of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and

- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the [consolidated] statements of financial position.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purpose (other than Freehold lands and construction in progress as described below). Property, plant and equipment are stated in the [consolidated] statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than freehold lands and construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets is estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument and are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 "Revenue from Contracts with Customers" ("IFRS 15").

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses, net" line item.

Impairment of financial assets under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, deposits, and bank balances and cash) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

The Group always recognises lifetime ECL for trade receivables. For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

The Group uses a practical expedient in estimating ECL on not credit-impaired trade receivables due from third-party customers based on aged analysis of debtors using provision matrix taking into consideration historical credit loss experience and forward-looking information that is available without undue cost or effort. These not credit-impaired trade receivables due from third-part customers are characterised as a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

Other financial assets (including trade receivables due from related companies) are individually assessed by management of the Group using internal credit rating. ECL on these other financial assets are estimated by reference to past due status of the individual debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, future economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, and borrowings) are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the obligation specified in the relevant contract is discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Research expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Borrowing costs

All borrowing costs not directly attributable to the acquisition or construction of qualifying assets are recognised in profit or loss in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Inventories

The management of the Group reviews inventories ageing analysis at the end of each reporting period, and makes allowance for obsolete and slow-moving inventory items identified. Estimation of net realisable value are based on the latest invoice prices and current market condition. Where the net realisable value is less than the carrying amount, write-down of inventories may arise. As at December 31, 2022 and 2023, the carrying amounts of inventories are US$114,689,000 and US$107,746,000, respectively. There was no write-down of inventories considered necessary for the Relevant Period.

Allowance for credit losses on trade receivables

The management of the Group has applied simplified approach in IFRS 9 to determine allowance for credit losses on not credit-impaired trade receivables due from third-party customers based on aged analysis of debtors whereas credit-impaired trade receivables due from third-party customers and trade receivables due from related companies are assessed individually with reference to historical observed default rates and forward-looking information, which are reassessed/considered at every reporting date. The information about the ECL and the Group's trade receivables are disclosed in notes 18 and 31, respectively. The allowance for credit losses on trade receivables is sensitive to changes in estimates.

As at December 31, 2022 and 2023, the carrying amounts of trade receivables are US$6,632,000 (net of allowance for credit losses of US$206,000) and US$4,086,000 (net of allowance for credit losses of US$208,000), respectively.

6. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue of the Group from contracts with customers was disclosed as follows:

	Year ended December 31,	
	2022	2023
	US$'000	*US$'000*
Types of products		
Sales of baby diapers	250,651	323,964
Sales of baby pants	17,396	13,046
Sales of sanitary pads	43,079	61,731
Sales of wet wipes	8,772	12,628
Total revenue from contracts with customers	319,898	411,369
Location of customers		
Ghana	72,880	73,768
Kenya	60,357	70,216
Senegal	35,934	44,540
Côte d'Ivoire	29,024	42,049
Tanzania	29,122	34,636
Cameroon	5,015	35,403
Zambia	31,385	33,253
Uganda	24,553	30,715
Others	31,628	46,789
Total	319,898	411,369
Type of customers		
Wholesalers	191,223	266,488
Distributors	106,084	127,141
Supermarkets and other retailers	9,613	11,563
Others	12,978	6,177
Total	319,898	411,369
Timing of revenue recognition		
At point in time	319,898	411,369

(ii) Performance obligations for contracts with customers

Revenue from sales of its products is recognised at a point in time when the products are picked up by customers from our warehouses or are delivered to the customer's specific locations depending on the relevant contract terms, being at the point that the customer obtains the control of the products and the Group has present right to payment and collection of the consideration is probable. Return of products or refund is generally not allowed. Replacement of products may be provided in the event of a quality issue while evaluated on a case-by-case basis.

Customers are usually required to make full payments before delivery of products, however, credit period up to 90 days may be granted to certain customers on a case-by-case basis after approved by the management of the Group.

Certain customers are entitled to rebates based on the amounts of products they purchased and the pre-established rates upon their assigned quarter, or annual purchase targets met. The rebates can only be used on their future purchases and provides a material right to those customers that they would not receive without purchasing the Group's products. The rebate to the customer is therefore a separate performance obligation.

The Group allocates the transaction price to sales of its products and rebates on a relative stand-alone selling price basis.

The rebate amount to a customer is estimated based on the Group's historical experience and a contract liability is recognised at the time of the initial sales transaction. Revenue from the rebates is recognised when the rebates are used by the customer on future purchases.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

At the end of each reporting period, contracts with customers with unsatisfied performance obligations have original expected durations of one year or less. As permitted under IFRS 15, the transaction prices allocated to these unsatisfied contracts are not disclosed.

(iv) Segment information

Information is reported to directors of the Company, who were management of the Relevant Business prior to the Group Reorganisation and are also the chief operating decision makers ("CODM") of the Group, for the purposes of resource allocation and performance assessment. The CODM reviews the overall results and financial performance of the Group as a whole. No analysis of the Group's assets or liabilities and no other discrete financial information is regularly provided to the CODM. Accordingly, only entity-wide disclosures on revenue, major customers and geographical information are presented in accordance with IFRS 8 "Operating Segments".

(v) Geographical information

Information about the Group's revenue based on the location of customers has been presented above. Information about the Group's non-current assets (except for deferred tax assets) based on the geographical location of the assets is presented below:

	At December 31,	
	2022	2023
	US$'000	*US$'000*
Location of non-current assets		
Ghana	14,384	6,699
Kenya	9,186	7,980
Senegal	3,765	3,238
Côte d'Ivoire	–	163
Tanzania	2,814	2,273
Cameroon	5,335	6,846
Zambia	13,074	8,371
Uganda	3,088	5,781
Benin	1,601	1,431
Others	325	1,861
	53,572	44,643

(vi) Information about major customers

No customer individually contributes over 10% of the total revenue of the Group during each of the year in the Relevant Period.

7. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

	Year ended December 31,	
	2022	2023
	US$'000	*US$'000*
Other income		
Interest income	46	390
Other gains and losses, net		
Impairment losses under expected credit loss model, net of reversal	(206)	(2)
Loss on disposal of plant and equipment, net	(10)	(3,318)
Gain on fair value changes for financial assets at fair value through profit or loss	32	252
Others	563	52
	379	(3,016)

8. FINANCE COSTS

	Year ended December 31,	
	2022	2023
	US$'000	*US$'000*
Interest on bank borrowings	125	1,102
Interest on loans from related companies *(Note 29)*	6,770	222
Interest on lease liabilities	87	64
	6,982	1,388

9. TAXATION

	Year ended December 31,	
	2022	2023
	US$'000	*US$'000*
Income tax		
– Current	10,519	14,025
Deferred tax *(note 26)*	(4,288)	(2,217)
	6,231	11,808

No provision for corporate income tax of the Company has been made as it did not have assessable profit which arose in, or was derived from the Cayman Islands. The Group's profit is subject to taxation from the place of its operations where its profit is generated and is calculated at the rates prevailing in the relevant jurisdictions as follows:

Jurisdictions	Applicable tax rates
Kenya	30%
Zambia	30%
Tanzania	30%
Uganda	30%
Cameroon	38.5%
Peru	29.5%
Senegal	30%
Côte d'Ivoire	25%
Benin	25%
Ghana	25% and 8% on assessable profits attributable to local and export businesses, respectively
PRC	25%
Hong Kong	16.5%
The United Arab Emirates ("UAE")	9% and 0% on qualifying income for qualified free zone person according to local rules and regulations

Tax exemption of each country of operation:–

- Softcare (U) Uganda enjoys tax holidays for 10 years commencing from year ended December 31, 2022.
- Softcare Benin enjoys tax holidays for 8 years commencing from year ended December 31, 2023.
- Softcare Cameroon enjoys preferential tax rates of 9.625% from years ending December 31, 2023 to 2027, and 19.25% from years ending December 31, 2028 to 2032.
- Softcare Zambia enjoys preferential tax rates of 0% from years ending December 31, 2021 to 2030, 15% from years ending December 31, 2031 to 2033 and 22.5% from years ending December 31, 2034 to 2035, on its assessable profits attributable to export business.

The taxation for the Relevant Period can be reconciled to the profit before taxation per the [consolidated] statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,	
	2022	2023
	US$'000	*US$'000*
Profit before taxation	24,621	76,488
Tax at applicable tax rate of 25%	6,155	19,122
Effect of income not taxable for tax purpose	(394)	(1,014)
Effect of tax exemption granted to a subsidiary	(780)	(218)
Effect of expenses not deductible for tax purposes	949	327
Effect of different tax rates of subsidiaries operating in different jurisdictions	1,020	(5,038)
Effect of lower tax rate applicable for export sales	(719)	(1,666)
Other levies	–	295
	6,231	11,808

10. PROFIT FOR THE YEAR

	Year ended December 31,	
	2022	2023
	US$'000	*US$'000*
Profit for the year has been arrived at after charging:		
Auditor's remuneration	263	246
Staff costs (including the directors' remuneration in note 11)		
– Salaries, allowances and other benefits	13,163	16,673
– Contributions to retirement benefits schemes	2,409	2,635
Less: Amount capitalised in inventories	(6,270)	(8,071)
Staff costs recognised as expenses	9,302	11,237
Depreciation of property, plant and equipment	6,836	7,637
Depreciation of right-of-use assets	322	388
Less: Amount capitalised in inventories	(6,605)	(7,480)
Depreciation recognised as an expense	553	545
Short-term leases in respect of leased properties	3,368	3,524
Cost of inventories recognised as an expense	246,365	267,621

11. DIRECTORS' EMOLUMENTS

Details of the emoluments paid or payable to the directors of the Company (including emoluments for services rendered to the Relevant Business prior to becoming the directors of the Company) during the Relevant Period as follows:

	Fees	Salaries and allowances	Retirement benefits schemes contributions	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
For the year ended December 31, 2022				
Executive directors				
Mr. Luo Jichao	–	33	3	36
Mr. Shen Yanchang	–	–	–	–
Non-executive directors				
Ms. Yang Yanjuan	–	–	–	–
Mr. Zhou Renwei	–	–	–	–
	–	33	3	36
For the year ended December 31, 2023				
Executive directors				
Mr. Luo Jichao	–	141	3	144
Mr. Shen Yanchang	–	–	–	–
Non-executive directors				
Ms. Yang Yanjuan	–	–	–	–
Mr. Zhou Renwei	–	–	–	–
	–	141	3	144

On February 17, 2022, Mr. Shen Yanchang was appointed as an executive director of the Company and on January 20, 2025, was re-designated as our non-executive director of the Company. No emoluments was paid to him during the Relevant Period.

On January 20, 2025, Mr. Luo Jichao was appointed as an executive director of the Company acts as the chief executive officer of the Company.

On January 20, 2025, Ms. Yang Yanjuan and Mr. Zhou Renwei were appointed as non-executive directors of the Company and no emoluments was paid to them during the Relevant Period.

On January 20, 2025, Mr. Zhao Yongqiang was appointed as an executive director of the Company and no emoluments was paid to him during the Relevant Period.

On [●], Ms. Lou Aidong, Mr. Gao Jianming and Mr. Xu Jing were appointed as independent non-executive directors of the Company and no emoluments were paid to them during the Relevant Period.

The emoluments stated above were for their services in connection with the management of the affairs of the Group.

During the Relevant Period, no emoluments were paid by the Group to directors of the Company as an inducement to join or upon joining the Group, or as compensation for loss of office.

12. FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

The emoluments of the five highest paid individuals included 1 and 1 director of the Company for the years ended December 31, 2022 and 2023, respectively, whose emoluments are included in the disclosures in note 11. The emoluments of the remaining 4 and 4 non-director employees for the years ended December 31, 2022 and 2023, respectively, were as follows:

	Year ended December 31,	
	2022	2023
	US$'000	*US$'000*
Salaries, allowances and other benefits	239	461
Retirement benefits schemes contributions	11	12
	250	473

	Number of individuals	Number of individuals
Nil to Hong Kong Dollar ("HK$") 1,000,000	3	3
HK$1,000,001 to HK$1,500,000	1	–
HK$2,500,001 to HK$3,000,000	–	1
	–	–

During the Relevant Period, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDENDS

No dividend was declared or paid by the Company and [its subsidiaries] since its incorporation or during the Relevant Period, as appropriate.

14. EARNINGS PER SHARE

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

	Year ended December 31,	
	2022	2023
Earnings (US$'000)		
Earnings for the purpose of the basic earnings per share (Profit for the year attributable to owners of the Company)	[18,390]	[64,680]
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	[500,000]	[500,000]

[The calculation of basic earnings per share for the Relevant Period is based on [500,000,000] ordinary shares assuming the Subdivision of Shares, Surrender of Shares and Shares Allotment to Share Incentive Scheme Grantees (as defined in note 36(d)) had been effective since 1 January 2022.

No diluted earnings per share is presented for the Relevant Period as the Group had no potential ordinary shares in issue during the Relevant Period.]

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Owned properties	Machinery	Motor vehicles	Office equipment	Construction in progress	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
COST							
At January 1, 2022	–	1,890	43,490	120	32	–	45,532
Additions	–	1,791	13,891	206	165	8,256	24,309
Disposals	–	–	(14)	–	–	–	(14)
Exchange realignment	–	(61)	(1,841)	(5)	–	(236)	(2,143)
At December 31, 2022	–	3,620	55,526	321	197	8,020	67,684
Additions	1,227	2,256	953	283	116	697	5,532
Reclassification	–	–	3,777	–	–	(3,777)	–
Disposals	–	–	(2,345)	(28)	(2)	(3,952)	(6,327)
Exchange realignment	13	(722)	(5,749)	(18)	(3)	(497)	(6,976)
At December 31, 2023	1,240	5,154	52,162	558	308	491	59,913
ACCUMULATED DEPRECIATION							
At January 1, 2022	–	45	8,700	36	14	–	8,795
Provided for the year	–	107	6,636	62	31	–	6,836
Disposals	–	–	(4)	–	–	–	(4)
Exchange realignment	–	(8)	(376)	(1)	1	–	(384)

	Freehold land	Owned properties	Machinery	Motor vehicles	Office equipment	Construction in progress	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At December 31, 2022	–	144	14,956	97	46	–	15,243
Provided for the year	–	217	7,288	86	46	–	7,637
Disposals	–	–	(954)	(23)	(1)	–	(978)
Exchange realignment	–	(61)	(1,440)	(4)	(2)	–	(1,507)
At December 31, 2023	–	300	19,850	156	89	–	20,395
CARRYING VALUES							
At December 31, 2022	–	3,476	40,570	224	151	8,020	52,441
At December 31, 2023	1,240	4,854	32,312	402	219	491	39,518

The above items of property, plant and equipment, except for freehold land and construction in progress, after taking into account the residual values, are depreciated on a straight-line basis over the useful lives at the following rates per annum:

Owned properties	4.8%-9.5%
Machinery	9.5%-31.7%
Motor vehicles	19.0%-31.7%
Office equipment	19.0%-31.7%

16. RIGHT-OF-USE ASSETS

	At December 31,	
	2022	2023
	US$'000	*US$'000*
Leasehold land	–	2,778
Leased properties	878	653
	878	3,431

	Year ended December 31,	
	2022	2023
	US$'000	*US$'000*
Depreciation charges		
– Leasehold land	–	2
– Leasehold properties	322	386
Expenses relating to short-term leases	3,368	3,524
Additions to right-to-use assets		
– Leasehold land	–	2,819
– Leased properties	249	206
Total cash outflow for leases	3,741	6,817

During the year ended December 31, 2023, the Group purchased a leasehold land in Uganda and obtained the land use right certificate with remaining lease terms of 98 years.

In addition, the Group also leased warehouse, factory and office premises and a piece of land during the Relevant Period. Lease contracts were entered into for fixed term of 2 to 40 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for premises. At the end of each reporting period, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expenses disclosed above.

Restrictions or covenants on leases

In addition, lease liabilities of US$969,000 and US$721,000 are recognised with related right-of-use assets of US$878,000 and US$653,000 as at December 31, 2022 and 2023, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes.

17. INVENTORIES

	At December 31,	
	2022	**2023**
	US$'000	*US$'000*
Raw materials and spare parts	92,110	82,989
Work-in-progress	161	209
Finished goods	22,418	24,548
	114,689	107,746

18. TRADE RECEIVABLES

	At December 31,	
	2022	**2023**
	US$'000	*US$'000*
Trade receivables	6,838	4,294
Less: Allowance for credit losses	(206)	(208)
	6,632	4,086

Included in trade receivables as at December 31, 2022 and 2023 are amounts due from related companies, which are under common control by the Shareholders and are in the Remaining Sunda Group, totalling to US$73,000 and US$121,000, respectively. These amounts due from related companies are trade-nature, unsecured and interest-free.

The Group grants credit terms to customers for up to 90 days from the invoice date for trade receivables. An ageing analysis of the trade receivables, net of allowance for credit losses, presented based on the invoice dates at the end of each reporting period is as follows:

	At December 31,	
	2022	**2023**
	US$'000	*US$'000*
Within 1 month	4,976	3,342
In 2-3 months	445	659
In 4-6 months	314	6
In 7-12 months	897	79
	6,632	4,086

As at December 31, 2022 and 2023, included in the Group's trade receivables balances are debtors with aggregate carrying amounts of US$1,211,000 and US$85,000, respectively, which are past due as at the reporting date, of which US$897,000 and US$79,000, respectively, had been past due more than 90 days while they are not considered as in default because these customers have good business relationships with the Group and satisfactory settlement history. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade receivables as at December 31, 2022 and 2023 are set out in note 31.

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At December 31,	
	2022	2023
	US$'000	*US$'000*
Due from Century BVI	1,694	–
Due from related companies	18,079	24,687
Other receivables and deposits	406	1,381
VAT recoverable	17,888	11,092
Prepayments	2,694	11,337
	40,761	48,497
Less: Prepayments for purchases of machinery and equipment that classified as non-current assets	(253)	(1,694)
Current portion	40,508	46,803

Due from Century BVI and related companies

	At January 1,	At December 31,		Maximum amount outstanding during the year ended December 31,	
	2022	2022	2023	2022	2023
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Due from:					
Century BVI	–	1,694	–	1,694	1,694
Solipro Limited	–	–	17,005	–	17,005
廣州市森大貿易有限公司	–	–	–	–	91
Sunda Ghana Limited	–	8,646	2,700	8,646	8,646
Keds Tanzania Company Limited	–	26	32	26	32
Best Ceramics Uganda Limited	–	1,327	199	1,327	1,327
Housemart Peru S.A.C.	–	644	934	644	1,871
Housemart Benin Limited	–	–	6	–	6
House Mart – SARLU	–	72	–	72	72
Sunsteel Cote D'Ivoire Investment Ltd, SARL	–	7,162	3,391	7,162	7,162
Century Industrial Fze	–	44	–	44	204
Sunda (Kenya) Industrial Company Limited	–	15	–	15	15
Sunda (Sn) Limited	–	27	96	27	96
Homepro (SN) Limited	–	–	1	–	1
Softcare Enterprise (Maestero Business Center)	–	2	–	2	2
Sunda (Ghana) Investment Company Limited	–	114	323	114	323

Details of impairment assessment of amounts due from Century BVI and related companies, other receivables and deposits as at December 31, 2022 and 2023 are set out in note 31.

The amounts due from Century BVI and related companies, which are under common control by the Shareholders and are in the Remaining Sunda Group, are unsecured, interest-free and repayable on demand. [The amounts due from Century BVI and related companies were fully settled in 2024.]

20. BANK BALANCES AND CASH

As at December 31, 2022 and 2023, bank balances carry interest at prevailing market rates.

Details of impairment assessment of bank balances as at December 31, 2022 and 2023 are set out in note 31.

21. TRADE PAYABLES

The credit period on trade payables to third parties is up to 90 days. The following is an ageing analysis of trade payables of the Group presented based on the invoice date at the end of each reporting period:

	At December 31,	
	2022	2023
	US$'000	*US$'000*
Within 3 months	33,400	41,991
In 4-6 months	2,714	849
Over 6 months	4,760	948
	40,874	43,788

Included in trade payables as at December 31, 2022 and 2023 are amounts due to related companies, which are under common control by the Shareholders and are in the Remaining Sunda Group, totalling to US$10,246,000 and US$5,392,000, respectively. These amounts due to related companies are trade-nature, unsecured and interest-free.

22. OTHER PAYABLES AND ACCRUALS

Group

	At December 31,	
	2022	2023
	US$'000	*US$'000*
Consideration payable for a leasehold land due to a related company	–	1,240
Other payables and accrued expenses	587	1,058
Staff costs payable	1,638	3,119
Other taxes payables	1,373	4,556
	3,598	9,973

As at December 31, 2023, the amount due to the related company is under common control by the Shareholders and is in the Remaining Sunda Group, and is unsecured, interest-free and repayable on demand. The amount due from the related company was fully settled in 2024.

Company

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

23. CONTRACT LIABILITIES

	At December 31,	
	2022	2023
	US$'000	*US$'000*
Related to:		
Sale of products	2,739	2,462
Rebates	1,496	2,135
	4,235	4,597

The above contract liabilities are expected to be settled in the next year from the end of the reporting period.

Included in contract liabilities arising from sales of products as at December 31, 2022 and 2023 are amounts due to related companies, which are common control by the Shareholders and are in the Remaining Sunda Group, totalling to US$912,000 and US$Nil, respectively.

During the year ended December 31, 2023, the Group's revenue includes contract liability balance at the beginning of the year amounting to US$4,235,000.

24. LEASE LIABILITIES

	At December 31,	
	2022	2023
	US$'000	*US$'000*
Non-current	560	283
Current	409	438
	969	721
Lease liabilities payable:		
Within one year	409	438
Within a period of more than one year but not exceeding two years	396	137
Within a period of more than two years but not exceeding five years	111	106
Within a period of more than five years	53	40
	969	721

The weighted average incremental borrowing rates applied to lease liabilities were 8.2% and 8.7% for the years ended December 31, 2022 and 2023, respectively.

25. BORROWINGS

	At December 31,	
	2022	2023
	US$'000	*US$'000*
Bank borrowing, unsecured and unguaranteed *(Note (i))*	398	–
Bank borrowing, secured and unguaranteed *(Note (i))*	6,389	–
Bank borrowing, secured and guaranteed *(Note (ii))*	–	2,817
	6,787	2,817
Advances from Century BVI, unsecured and unguaranteed *(Note (iii))*	1,511	2,012
Advances from other related companies, unsecured and unguaranteed *(Note (iii))*	151,256	83,356
Loans from Century BVI, unsecured and unguaranteed *(Note (iv))*	–	7,662
Loans from other related companies, unsecured and unguaranteed *(Note (v))*	9,657	–
Other borrowing, unsecured and unguaranteed *(Note (vi))*	161	–
	162,585	93,030
Total borrowings	169,372	95,847

Notes:

(i) As at December 31, 2022, the bank borrowings included: (i) an unsecured and unguaranteed bank loan of US$398,000, bore interest at fixed-rate of 8.8% per annum and was fully repaid in 2023; and (ii) a secured and unguaranteed bank loan of US$6,389,000, which was secured by floating charges of certain property, plant and equipment, inventories and trade receivables of the Group totalling to US$7,935,000, bore interest at variable-rate of 7.5% per annum and was repayable from 2023 to 2027; and the bank loan was early and fully repaid in 2023.

(ii) As at December 31, 2023, the secured and guaranteed bank borrowing was secured by certain properties held by a related company, which is owned by the Shareholders through the Remaining Sunda Group, and certain intra-group receivables amounting to US$3,310,000 within the Group; and the repayment of the bank loan was also jointly guaranteed by certain related companies, which are owned by the Shareholders through the Remaining Sunda Group, and [a subsidiary of the Company]. The bank loan bore interest at fixed-rate of 3.9% per annum and was repaid in 2024.

(iii) The advances from Century BVI and other related companies, which are owned by the Shareholders through the Remaining Sunda Group, are interest-free and repayable on demand.

(iv) The loans from Century BVI bear interest at fixed interest rates ranging from 6.7% to 8.0% per annum and are repayable from 2024 to 2027. The loans from Century BVI have been early repaid in 2024.

(v) The loans from other related companies, which are owned by the Shareholders through the Remaining Sunda Group, bore interest at fixed-rates ranging from 3.7% to 9.0% per annum and were repayable within one year from the end of the reporting period. These loan from related companies were fully repaid during 2023.

(vi) The other borrowing bore interest at fixed-rate of 3% per annum and was repaid in 2023.

	At December 31,	
	2022	2023
	US$'000	*US$'000*
The carrying amounts of the above borrowings are repayable:		
Bank borrowings		
Within one year	2,068	2,817
Within a period of more than one year but not exceeding two years	1,670	–
Within a period of more than two years but not exceeding five years	3,049	–
	6,787	2,817
Loans/advances from Century BVI, other related companies and other borrowing		
Within one year or on demand	162,585	90,168
Within a period of more than one year but not exceeding two years	–	2,662
Within a period of more than two years but not exceeding five years	–	200
	162,585	93,030
Total borrowings	169,372	95,847
Less: Amounts due within one year or on demand shown under current liabilities	(164,653)	(92,985)
Amounts shown under non-current liabilities	4,719	2,862

26. DEFERRED TAXATION

	At December 31,	
	2022	2023
	US$'000	*US$'000*
Deferred tax assets	7,414	8,820
Deferred tax liabilities	(1,378)	(728)
	6,036	8,092

The following is the deferred tax assets (liabilities) recognised and movements thereon during the Relevant Period.

	Accelerated depreciation	Unrealised profits in inventories	Others	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
At January 1, 2022	2,492	–	(737)	1,755
(Charge) credit to profit or loss for the year *(Note 9)*	(167)	3,543	912	4,288
Exchange realignment	56	–	(63)	(7)
At December 31, 2022	2,381	3,543	112	6,036
(Charge) credit to profit or loss for the year *(Note 9)*	(1,480)	2,125	1,572	2,217
Exchange realignment	111	–	(272)	(161)
At December 31, 2023	1,012	5,668	1,412	8,092

Under the income tax laws and regulations prevailing in the countries that the Group operates, withholding tax are imposed on dividends declared in respect of profits earned by certain subsidiaries. Deferred taxation has not been provided for in the Historical Financial Information in respect of temporary differences attributable to accumulated profits of these subsidiaries amounting to US$20,994,000 and US$53,087,000 as at December 31, 2022 and 2023, respectively, as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

27. CAPITAL

Group

The capital of the Group as at January 1, 2022, December 31, 2022 and 2023 represented the combined capital of the following companies and their movements are as follows:

	US$'000
At January 1, 2022	
Softcare Zambia	97
	97
Issue of shares/paid-up registered capital during the year ended December 31, 2022	
The Company	50
Softcare BVI Holdco	–*
Softcare Ghana	999
Softcare Impex Uganda	–*
Softcare Benin	564
Softcare Kenya	870
Guangzhou Sengong	158
Kewor	13
Softcare Tanzania	998
Softcare Senegal	2
	3,654
At December 31, 2022	3,751
Issue of shares during the year ended December 31, 2023	
Softcare (U) Uganda	100
At December 31, 2023	3,851

* less than US$1,000.

Company

On February 17, 2022, the Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act (As Revised) Chapter 22 of the Cayman Islands.

As of the date of incorporation of the Company, its authorised ordinary share capital was US$50,000 divided into 50,000 ordinary shares of US$1.00 each. Upon its incorporation, one ordinary share was allotted and issued to an initial subscriber at par, and such ordinary share was transferred to Century BVI at par on the same day. On the same day, the Company further allotted and issued 49,999 ordinary shares, credited as fully-paid at par, to Century BVI.

As at December 31, 2022 and 2023, the share capital of the Company is US$50,000.

28. RETIREMENT BENEFITS SCHEMES

The Group also participates in defined contribution retirement schemes organised by the relevant local government authorities in countries where the Group operates. Employees of the Group eligible for participating in the retirement schemes are entitled to retirement benefits from the schemes. The Group is required to make contributions to the retirement schemes up to the time of retirement of the eligible employees, excluding those employees who resign before their retirement, at a percentage that is specified by the local government authorities. The contributions paid and payable to the schemes by the Group are disclosed in note 10.

29. RELATED PARTY TRANSACTIONS

(a) Save as disclosed in elsewhere in the Historical Financial Information, the Group had the following material related party transactions:

		Year ended December 31,	
	Notes	**2022**	**2023**
		US$'000	*US$'000*
The Remaining Sunda Group			
Interest expense	*(i)*	6,770	222
Short-term leases	*(ii)*	2,271	2,631
Royalty fees for trademarks use	*(ii)*	8,975	10,637
Purchases of materials, spare parts and equipment	*(ii)*	3,474	1,957
Purchases of agency and other services	*(ii)*	520	526
Purchases of water and utilities	*(ii)*	445	372
Integrated support services fees in respect of logistics, warehousing and handling services and labour support services	*(ii)*	7,542	8,302
Information technology services fee	*(ii)*	1,392	2,466
Purchase of a freehold land	*(ii)*	–	1,227
Sales of materials, spare parts, products and equipment	*(ii)*	(4,098)	(656)
Associates and its subsidiaries of the Remaining Sunda Group			
Purchase of materials, spare parts, products and equipment	*(ii)*	14	44
Purchase of agency and other services	*(ii)*	13	20
Purchase of water and utilities	*(ii)*	1,087	1,338
Sales of materials, spare parts, products and equipment	*(ii)*	(1)	(8)

Notes:

(i) Include in the interest expense was an amount of US$6,214,000 for the year ended December 31, 2022, which arose from a loan of approximately GHS332,224,000 (equivalent to US$51,588,000) from the predecessor company in Ghana bearing interest at 20% per annum that was advanced to the Group and was fully repaid in 2022. The other interest expense for the years ended December 31, 2022 and 2023 arose from interest-bearing loans from related companies, details of which are set out in note 25.

(ii) These transactions were conducted in accordance with terms of agreements with the related companies, associates and its subsidiaries.

(b) Compensation of key management personnel

The remuneration of the directors of the Company and other members of key management of the Group during the Relevant Period were as follows:

	Year ended December 31,	
	2022	2023
	US$'000	US$'000
Short-term benefits	272	602
Post-employment benefits	14	15
	286	617

30. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners of the Company through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the Relevant Period.

The capital structure of the Group consists of net debts, which includes lease liabilities (note 24) and borrowings (note 25) net of bank balances and cash (note 20) and equity attributable to owners of the Group, comprising capital and reserves. The Group is not subject to any externally imposed capital requirement.

Management of the Group reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through new share issues and raise of new borrowings.

31. FINANCIAL INSTRUMENTS

Categories of financial instruments

	At December 31,	
	2022	2023
	US$'000	US$'000
Financial assets		
At amortised cost	48,536	60,593
Financial liabilities		
At amortised cost	210,718	141,634

Financial risk management objectives and policies

The Group's financial instruments include trade and other receivables, due from related companies, deposits, bank balances and cash, trade and other payables and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Several subsidiaries of the Company have foreign currencies (other than their functional currencies) sales and purchases. The carrying amounts of major foreign currency denominated monetary assets and liabilities (including trade and other receivables, amounts due from/to intra-group companies, deposits, bank balances and cash, trade and other payables and borrowings) which expose the Group to foreign currency risk at the end of the reporting period are as follows:

	Assets		Liabilities	
	At December 31,		At December 31,	
	2022	2023	2022	2023
	US$'000	*US$'000*	*US$'000*	*US$'000*
Foreign currencies				
Intra-group balances				
US$	23,791	12,621	(59,860)	(69,481)
EURO ("EUR")	24,161	26,163	(25,466)	(26,470)
RMB	–	–	(8,274)	(17,716)
GHS	–	–	(4,824)	–
Other monetary items				
US$	3,398	4,971	(39,302)	(6,222)
EUR	17,882	23,438	(7,449)	(19,566)
RMB	–	–	(9,347)	(8,445)
GHS	1,082	2,242	(37,388)	(11,531)

Sensitivity analysis

The following table details the Group's sensitivity to a 15% increase and decrease in the functional currencies against respective foreign currencies. 15% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 15% change in foreign currency rates. A negative or positive number below indicates a decrease or increase, respectively, in post-tax profit where the foreign currencies strengthened against the functional currencies. For a 15% weakening of foreign currencies, there would be an equal and opposite impact on the result for the year.

	Year ended December 31,	
	2022	2023
	US$'000	*US$'000*
Impact of foreign currencies		
US$	(8,097)	(6,537)
EUR	1,027	401
RMB	(1,982)	(2,943)
GHS	(4,627)	(1,045)

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the Relevant Period.

Interest rate risk

The Group's interest rate risk arises primarily from interest-bearing financial instruments. These financial instruments issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group does not have any specific interest rate hedging policy except that the Group would regularly review the market interest rates to capture the potential opportunities to reduce the cost of borrowings.

(i) Fair value interest rate risk

The Group's fair value interest rate risk relates primarily to fixed-rate lease liabilities (note 24) and borrowings (note 25).

(ii) Cash flow interest rate risk

The Group's cash flow interest rate risk relates primarily to its variable-rate borrowings (note 25).

Sensitivity analysis of interest rate risk is not presented because the profit or loss impact thereof on the Group's financial performance, if any, is not significant.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the [consolidated] statements of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

For individual assessment of ECL of the Group's financial assets, the Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts.	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full.	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources.	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss.	There is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off	Amount is written off

The table below details the credit risk exposures of the Group's financial assets as at December 31, 2022 and 2023, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount At December 31, 2022	Gross carrying amount At December 31, 2023
					US$'000	*US$'000*
Financial assets at amortised cost						
Trade receivables – third parties	*18*	N/A	N/A	Lifetime ECL (not credit-impaired and assessed using provision matrix)	6,765	4,173
Trade receivables – related companies	*18*	N/A	Low Risk	Lifetime ECL (not credit-impaired and assessed individually)	73	121
Other receivables and deposits	*19*	N/A	Low Risk	12m ECL (not credit-impaired and assessed individually)	406	1,381
Due from related companies	*19*	N/A	Low Risk	12m ECL (not credit-impaired and assessed individually)	19,773	24,687
Bank balances	*20*	Aaa-Caa1	N/A	12m ECL (not credit-impaired and assessed individually)	14,861	25,749
		Non-rated	Low Risk	12m ECL (not credit-impaired and assessed individually)	6,352	4,396
					48,230	60,507

Trade receivables arising from contracts with customers

Before accepting any new customer, the Group assesses the potential customer's credit quality by internal credit rating and defines credit limits by customer. Credit limits attributed to customers are reviewed regularly. Other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

The management of the Group has applied simplified approach to determine allowance for credit losses on not credit-impaired trade receivables due from third-party customers based on aged analysis of debtors whereas trade receivables due from related companies are assessed individually with reference to historical observed default rates and forward-looking information, which are reassessed/considered at every reporting date. In this regard, the management considers that the Group's credit risk is significantly reduced.

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its third-party customers because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables due from third-party customers which are assessed on a collective basis by using provision matrix within lifetime ECL (not credit-impaired).

	2022		2023	
	Average loss rate	Trade receivables	Average loss rate	Trade receivables
		US$'000		*US$'000*
Gross carrying amount				
Within 1 month	1-2%	5,026	0.5-1%	3,267
In 2-3 months	4-10%	464	2-19%	736
In 4-6 months	10-15%	291	34-49%	12
In 7-12 months	15-20%	984	49-51%	158
		6,765		4,173

As at December 31, 2022 and 2023, allowance of credit losses of US$206,000 and US$208,000 were made for trade receivables due from third-party customers of the Group, respectively.

As at December 31, 2022 and 2023, the Group had trade receivables due from related companies with gross carrying amounts of US$73,000 and US$121,000, respectively, that exposed the Group with concentration of credit risk and their ECL were assessed individually.

The management of the Company considers that the credit risk on trade receivables due from related companies is limited because the creditability of these related companies remains high and their financial information is available that management of the Group can closely monitor their repayments.

Other receivables (including amounts due from related companies) and deposits

The Group had concentration of credit risk in amounts due from related companies (whose creditability remain high) amounting to US$19,773,000 and US$24,687,000 as at December 31, 2022 and 2023, respectively. Management of the Group closely monitors the outstanding amounts of other receivables (including the amounts due from related companies) and deposits and identifies any credit risk in a timely manner in order to reduce the risk of a credit related loss. In addition, financial information of the related companies is available that management of the Group can closely monitor its repayments. In this regard, management of the Group considers the Group's credit risk is significantly reduced. The amounts due from the related companies were repaid in 2024. No allowance of credit losses was made as ECL, if any, would not be significant.

Bank balances

The credit risk of bank balances at December 31, 2022 and 2023 were considered as not material because such amounts were placed in banks with good external and/or internal credit ratings. The Group assessed 12m ECL on these balances and concluded that the ECL would be insignificant and, therefore, no impairment loss was recognised.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables due from third-party customers (not credit-impaired) under the simplified approach:

	2022	2023
	US$'000	*US$'000*
At January 1,	–	206
Impairment losses under expected credit loss model, net of reversal	206	2
At December 31,	206	208

Liquidity risk

In management of the liquidity risk, the Group's management prepares forecast for future cash requirements that takes into account of the cash flows from operations, bank facilities and borrowings available, the liquidity risk tables below and future capital commitments aiming at keeping the Group's operation with sufficient cash to meet the liabilities due at any time. Based on such forecast, should the Group require additional cash to fund its operation/expansion projects, the Group's management decides to obtain additional borrowings or additional capital. Details of lease liabilities, borrowings and capital of the Group during the Relevant Period have been set out in notes 24, 25 and 27, respectively.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows. To the extent that interest flows are variable rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	Effective interest rate	On demand or within 1 year	1-2 years	2-5 years	Over 5 years	Total undiscounted cash flow	Total carrying amounts
	per annum %	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
As at December 31, 2022							
Trade payables	N/A	40,874	–	–	–	40,874	40,874
Other payables	N/A	472	–	–	–	472	472
Borrowings							
– Interest-free	0.0	152,767	–	–	–	152,767	152,767
– Fixed-rate	4.0	10,364	–	–	–	10,364	10,216
– Variable-rate	7.5	2,145	2,022	3,720	–	7,887	6,389
Lease liabilities	8.2	451	416	125	493	1,485	969
		207,073	2,438	3,845	493	213,849	211,687
As at December 31, 2023							
Trade payables	N/A	43,788	–	–	–	43,788	43,788
Other payables	N/A	1,999	–	–	–	1,999	1,999
Borrowings							
– Interest-free	0.0	85,368	–	–	–	85,368	85,368
– Fixed-rate	6.3	8,174	2,855	201	–	11,230	10,479
Lease liabilities	8.7	466	152	128	342	1,088	721
		139,795	3,007	329	342	143,473	142,355

Fair value of financial instruments

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values.

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's [consolidated] statements of cash flows as cash flows from financing activities.

	Lease liabilities	Borrowings	Total
	US$'000	*US$'000*	*US$'000*
At January 1, 2022	1,056	51,902	52,958
Financing cash flows	(373)	110,742	110,369
New leases entered	249	–	249
Interest expense recognised	87	6,895	6,982
Exchange realignment	(50)	(167)	(217)
At December 31, 2022	969	169,372	170,341
Financing cash flows	(474)	(75,227)	(75,701)
New leases entered	206	–	206
Interest expense recognised	64	1,324	1,388
Exchange realignment	(44)	378	334
At December 31, 2023	721	95,847	96,568

33. PARTICULARS IN SUBSIDIARIES

As at the date of this report, the Shareholders of the Group/the Company have direct and indirect shareholdings/equity interests in the following subsidiaries:

Name of subsidiary	Place and date of incorporation	Issued and fully paid share capital/paid-in registered capital	Shareholding/equity interest attributable to [the Shareholders of] the Group/the Company at December 31, 2022	December 31, 2023	Date of report	Principal activities	*Notes*
Directly held:							
Softcare BVI Holdco	BVI April 26, 2022	US$[50,000]	100%	100%	[100]%	Investment holding	*(a)*
Indirectly held:							
Softcare Zambia	Zambia November 26, 2019	ZMW[1,615,000]	100%	100%	[100]%	Manufacture and sale of baby diapers, sanitary pads and wet wipes	*(b)*
Softcare (U) Uganda	Uganda March 5, 2020	UGX[360,000,000]	100%	100%	[100]%	Manufacture and sale of baby diapers, baby pants, sanitary pads and wet wipes	*(c)*
Softcare Ghana	Ghana December 21, 2020	GHS[6,000,000]	100%	100%	[100]%	Manufacture and sale of baby diapers, baby pants, sanitary pads and wet wipes	*(d)*
Softcare Benin	Benin October 11, 2021	XOF[328,970,000]	100%	100%	[100]%	Manufacture and sale of baby diapers, baby pants, sanitary pads and wet wipes	*(e)*
Softcare Kenya	Kenya December 10, 2021	KES[100,000,000]	100%	100%	[100]%	Manufacture and sale of baby diapers, baby pants, sanitary pads and wet wipes	*(f)*
Guangzhou Sengong	The PRC December 10, 2021	RMB[1,000,000]	100%	100%	[100]%	Supply chain	*(g)*
Kewor	Hong Kong December 16, 2021	HK$[100,000]	100%	100%	[100]%	Supply chain	*(h)*

Name of subsidiary	Place and date of incorporation	Issued and fully paid share capital/paid-in registered capital	Shareholding/equity interest attributable to [the Shareholders of] the Group/the Company at December 31, 2022	December 31, 2023	Date of report	Principal activities	Notes
Softcare Tanzania	Tanzania December 16, 2021	TZS[2,306,000,000]	100%	100%	[100]%	Manufacture and sale of baby diapers, baby pants, sanitary pads and wet wipes	*(i)*
Softcare Senegal	Senegal February 2, 2022	XOF[1,000,000]	100%	100%	[100]%	Manufacture and sale of baby diapers, baby pants, sanitary pads and wet wipes	*(j)*
Softcare Cameroon	Cameroon July 18, 2022	XAF[10,000,000]	100%	100%	[100]%	Manufacture and sale of baby diapers, sanitary pads and wet wipes	*(k)*
Softcare Impex Uganda	Uganda August 12, 2022	UGX[10,000,000]	100%	100%	[100]%	Sale of baby diapers, baby pants, sanitary pads and wet wipes	*(l)*
Softcare Dubai Holdco	UAE August 22, 2022	AED[1,000]	100%	100%	[100]%	Investment holding	*(m)*
Softcare Côte d'Ivoire	Côte d'Ivoire October 18, 2022	XOF[10,000,000]	100%	100%	[100]%	Sale of baby diapers, baby pants, sanitary pads and wet wipes	*(n)*
Sunmart Trading Dubai	UAE December 5, 2022	AED[150,000]	100%	100%	[100]%	Trading of materials	*(m)*
Softcare Mauritius Holdco	Mauritius March 6, 2023	USD[50,000]	N/A	100%	[100]%	Investment holding	*(a)*
Softcare Peru	Peru December 27, 2023	USD[200,000]	N/A	100%	[100]%	Sale of baby diapers, baby pants, sanitary pads and wet wipes	*(o)*
Softcare Panama Holdco	Panama May 13, 2024	USD[10,000]	N/A	N/A	[100]%	Investment holding	*(p)*

Name of subsidiary	Place and date of incorporation	Issued and fully paid share capital/paid-in registered capital	Shareholding/equity interest attributable to [the Shareholders of] the Group/the Company at December 31, 2022	December 31, 2023	Date of report	Principal activities	*Notes*
Softcare EL Salvador	The Republic of El Salvador July 3, 2024	US$[2,000]	N/A	N/A	[100]%	Sale of baby diapers, baby pants, sanitary pads and wet wipes	*(p)*
Softcare Kazakhstan	The Republic of Kazakhstan June 19, 2024	KZT[500,000]	N/A	N/A	[100]%	Sale of baby diapers, baby pants, sanitary pads and wet wipes	*(q)*

Notes:

(a) These companies prepare their financial statements under IFRSs. Their functional currency is US$. No statutory audited financial statements for the period/year ended December 31, 2022 and/or 2023 have been issued as they are incorporated in jurisdictions where there is no statutory audit requirement.

(b) This company prepares its financial statements under IFRSs for Small and Medium-sized Entities ("IFRS for SMEs"). Its statutory audited financial statements for the years ended December 31, 2022 and 2023 were audited by Deloitte & Touche, Certified Public Accountants in Zambia. Its functional currency is Zambian Kwacha ("ZMW"), the lawful currency of Zambia.

(c) This company prepares its financial statements under IFRSs. Its statutory audited financial statements for the year ended December 31, 2022 were audited by Deloitte & Touche, Certified Public Accountants in Uganda; and its statutory audited financial statements for the year ended December 31, 2023 were audited by Joek & Associates Certified Public Accountants, Certified Public Accountants in Uganda. Its functional currency is UGX, the lawful currency of Uganda.

(d) This company prepares its financial statements under IFRS for SMEs. Its statutory audited financial statements for the years ended December 31, 2022 and 2023 were audited by Deloitte & Touche, Certified Public Accountants in Ghana. Its functional currency is US$.

(e) This company prepares its financial statements under Organisation for the Harmonisation of Corporate Law In Africa ("OHADA"). Its statutory audited financial statements for the period ended December 31, 2022 were audited by Deloitte Benin, Certified Public Accountants in Benin; and its statutory audited financial statements for the year ended December 31, 2023 were audited by Doffon Olayitan Fidele, Certified Public Accountants in Benin. Its functional currency is XOF, the lawful currency of Benin.

(f) This company prepares its financial statements under IFRSs. Its statutory audited financial statements for the years ended December 31, 2022 and 2023 were audited by Deloitte & Touche LLP, Certified Public Accountants in Kenya. Its functional currency is KES, the lawful currency of Kenya.

(g) This company prepares its financial statements under China Accounting Standards for Business Enterprises ("CASBE"). Its statutory audited financial statements for the years ended December 31, 2022 and 2023 were audited by 德勤華永會計師事務所(特殊普通合夥), Certified Public Accountants in the PRC. Its functional currency is Renminbi ("RMB"), the lawful currency of the PRC.

(h) This company prepares its financial statements under Hong Kong Financial Reporting Standards. Its statutory audited financial statements for the year ended December 31, 2022 were audited by Deloitte Touche and Tohmatsu, Certified Public Accountants in Hong Kong and its statutory audited financial statements for the year ended December 31, 2023 were audited by KKSC CPA & Co., Certified Public Accountants in Hong Kong. Its functional currency is US$.

(i) This company prepares its financial statements under IFRSs. Its statutory audited financial statements for the years ended December 31, 2022 and 2023 were audited by Deloitte & Touche, Certified Public Accountants in Tanzania. Its functional currency is TZS, the lawful currency of Tanzania.

(j) This company prepares its financial statements under OHADA. Its statutory audited financial statements for the period/year ended December 31, 2022 and 2023 were audited by Deloitte Senegal, Certified Public Accountants in Senegal. Its functional currency is Western African CFA franc ("XOF"), the lawful currency of Senegal.

(k) This company prepares its financial statements under OHADA. Its statutory audited financial statements for the period/year ended December 31, 2022 and 2023 were audited by Deloitte & Touche Afrique Centrale SARL, Certified Public Accountants in Cameroon. Its functional currency is Central African CFA franc ("XAF"), the lawful currency of Cameroon.

(l) This company prepares its financial statements under IFRSs. Its statutory audited financial statements for the period ended December 31, 2023 were audited by Woodhask Certified Public Accountants, Certified Public Accountants in Uganda. Its functional currency is Ugandan Shilling ("UGX"), the lawful currency of Uganda.

(m) These companies prepare its financial statements under IFRSs. Their statutory audited financial statements for the period ended December 31, 2023 were audited by Maryam Bin Belaila Auditing, Certified Public Accountants in UAE. Their functional currency is US$.

(n) This company prepares its financial statements under OHADA. Its statutory audited financial statements for the period ended December 31, 2023 were audited by Hobson SA, Certified Public Accountants in Côte d'Ivoire. Its functional currency is XOF, the lawful currency of Côte d'Ivoire.

(o) This company prepares its financial statements under IFRSs. No statutory audited financial statements for the period ended December 31, 2023 have been issued as they have not been due for issue. Its functional currency is US$.

(p) These companies prepare their financial statements under IFRSs and their first statutory financial statements have not yet due for issue. Their functional currency is US$.

(q) This company prepares its financial statements under IFRSs and its first statutory financial statements have not yet due for issue. Its functional currency is Kazakh Tenge ("KZT"), the lawful currency of Kazakhstan.

The functional currency of each subsidiary has been individually determined by the directors of the Company based on the major currency for its sales of products, purchases of materials and payments of services that has the most influence on its revenue and production costs.

[All companies now comprising the Group have adopted December 31 as their financial year end].

None of the subsidiaries had issued any debt securities at the end of each of the reporting periods.

The Company's unlisted investment in a subsidiary is stated at cost.

34. MAJOR NON-CASH TRANSACTION

During the year ended December 31, 2023, the Group entered into new lease agreements for the use of leased warehouses and office premises for 2-5 years. On the lease commencement, the Group recognised right-of-use assets and lease liabilities of US$206,000 and US$206,000, respectively.

During the year ended December 31, 2022, the Group entered into new lease agreements for the use of leased warehouses and office premises for 3 years. On the lease commencement, the Group recognised right-of-use assets and lease liabilities of US$249,000 and US$249,000, respectively.

35. CAPITAL COMMITMENTS

	At December 31,	
	2022	2023
	US$'000	*US$'000*
Capital expenditure in respect of the construction cost of property, plant and equipment contracted for but not provided in the Historical Financial Information	–	4,278

36. SUBSEQUENT EVENTS

Saved as disclosed in the Historical Financial Information, subsequent to the end of the Relevant Period, the following significant events took place:

(a) On January 12, 2024, Softcare Kenya Company Limited declared, a subsidiary of the Company before completion of and paid an interim dividend in the amount of US$353,000 to its then shareholder, which is under common control by the Shareholders and is in the Sunda Group. Information of rate of dividend is not meaningful having regard to the purpose of this report.

(b) On December 23, 2024, the Company declared interim dividends of US$700 per ordinary share totalling to US$35,000,000 to Century BVI.

(c) On December 9, 2024, the Group acquired the 100% of shareholdings of Colline Limited ("Colline"), which has two wholly-owned subsidiaries, namely, 廣州沃非供應鏈管理有限公司 ("Guangzhou Wofei") and 廣州祈新貿易有限公司 ("Guangzhou Qixin"), from Chaoyuet Holding at a total cash consideration of US$1,138,000. Colline, Guangzhou Wofei and Guangzhou Qixin have not commenced any activity and their principal assets are cash at bank of approximately US$1,155,000, in aggregate.

(d) Pursuant to the then sole shareholder's written resolutions of the Company passed on January 15, 2025:

(i) each of the Company's issued and unissued ordinary shares of US$1.00 each was subdivided into 10,000 ordinary shares of US$0.0001 each, such that following the subdivision ("Subdivision of Shares"),

(a) the authorized share capital of the Company was changed from US$50,000 divided into 50,000 ordinary shares of a par value of US$1.00 each to US$50,000 divided into 500,000,000 ordinary shares of a par value of US$0.0001 each; and

(b) the issued ordinary share capital of the Company was changed to US$50,000 divided into 500,000,000 Shares of a par value of US$0.0001 each;

(ii) a total of 168,260,500 ordinary shares were surrendered by Century BVI at nil consideration, which were immediately canceled by the Company (the "Surrender of Shares");

(iii) the authorised ordinary share capital of the Company was increased from US$50,000 divided into 500,000,000 ordinary shares of a par value of US$0.0001 each to US$100,000 divided into 1,000,000,000 ordinary shares of a par value of US$0.0001 each;

(iv) a total of 168,260,500 ordinary shares were allotted and issued to the Share Incentive Scheme Grantees (the "Shares Allotment to Share Incentive Scheme Grantees").

Upon completion of the Subdivision of Shares, Surrender of Shares and Shares Allotment to Share Incentive Scheme Grantees, the Company is ultimately held by Mr. Shen, Ms. Yang and the Share Incentive Scheme Grantees as to 33.84%, 32.51% and 33.65%, respectively.

(e) Pursuant to the then sole shareholder's written resolutions of the Company passed on January 15, 2025, the Company conditionally adopted the "[**REDACTED**] Share Option Scheme", pursuant to which the directors may grant options to eligible participants to eligible participants pursuant to the [**REDACTED**] Share Option Scheme before [**REDACTED**]. Details of the [**REDACTED**] Share Option Scheme are out in the "Appendix IV—Statutory and General Information". [Up the date of this report, no share option was granted under the [**REDACTED**] Share Option Scheme.]

37. SUBSEQUENT FINANCIAL STATEMENTS

[No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to December 31, 2023].

The following is the text of a report set out on pages IB-1 to IB-[●], received from the Company's reporting accountants, [●], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document.

REPORT ON REVIEW OF CONDENSED [CONSOLIDATED] FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF SOFTCARE LIMITED
(incorporated in Cayman Islands with limited liability)

Introduction

We have reviewed the condensed [consolidated] financial statements of Softcare Limited (formerly known as Sunda International Limited, the "Company") and [its subsidiaries] set out on pages IB – [1] to IB – [●], which comprise the condensed [consolidated] statement of financial position as of September 30, 2024 and the related condensed [consolidated] statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the nine-month period then ended, and notes to the condensed [consolidated] financial statements, including material accounting policy information and explanatory notes. The condensed [consolidated] financial statements have been prepared by the directors of the Company solely for the purpose of application of [**REDACTED**] of the shares of the Company on The Stock Exchange of Hong Kong Limited. As a result, the condensed [consolidated] financial statements may not be suitable for another purpose. The directors of the Company are responsible for the preparation and presentation of these condensed [consolidated financial statements in accordance with International Accounting Standards 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board]. Our responsibility is to express a conclusion on these condensed [consolidated] financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("HKSRE 2410") issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed [consolidated] financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

[Based on our review, nothing has come to our attention that causes us to believe that the condensed [consolidated] financial statements are not prepared, in all material respects, in accordance with IAS 34.]

[●]
Certified Public Accountants
Hong Kong
[Date]

CONDENSED [CONSOLIDATED] STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the nine months ended September 30,	
	NOTES	**2024**	**2023**
		US$'000	*US$'000*
		(Unaudited)	*(Unaudited)*
Revenue	*3*	334,437	311,852
Cost of sales		(215,964)	(209,066)
Gross profit		118,473	102,786
Other income	*4*	262	168
Other gains and losses, net	*4*	654	(2,899)
Selling and distribution expenses		(12,001)	(9,673)
Administrative expenses		(20,560)	(24,074)
Research expenses		(295)	(242)
Foreign exchange gains (losses), net		1,768	(9,691)
[**REDACTED**]		[**REDACTED**]	–
Finance costs	*5*	(433)	(1,065)
Profit before taxation		85,539	55,310
Taxation	*6*	(13,257)	(8,401)
Profit for the period	*7*	72,282	46,909
Other comprehensive income (expense)			
Item that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		2,121	(1,610)
Other comprehensive income (expense) for the period		2,121	(1,610)
Total comprehensive income for the period attributable to owners of the Company		74,403	45,299
Earnings per share (in US cents)			
– Basic	*9*	[14.5]	[9.4]

CONDENSED [CONSOLIDATED] STATEMENT OF FINANCIAL POSITION

	NOTES	At September 30, 2024	At December 31, 2023
		US$'000 *(Unaudited)*	*US$'000* *(Audited)*
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	51,484	39,518
Right-of-use assets	*11*	8,098	3,431
Prepayments	*14*	347	1,694
Deferred tax assets		8,722	8,820
		68,651	53,463
CURRENT ASSETS			
Inventories	*12*	110,537	107,746
Trade receivables	*13*	6,667	4,086
Other receivables, deposits and prepayments	*14*	21,931	46,803
Prepaid income tax		1,506	2,150
Bank balances and cash	*15*	35,783	30,439
		176,424	191,224
CURRENT LIABILITIES			
Trade payables	*16*	31,541	43,788
Other payables and accruals	*17*	12,018	9,973
Contract liabilities	*18*	7,242	4,597
Tax liabilities		8,235	3,635
Lease liabilities	*19*	413	438
Borrowings	*20*	26,062	92,985
		85,511	155,416
NET CURRENT ASSETS		90,913	35,808
TOTAL ASSETS LESS CURRENT LIABILITIES		159,564	89,271
NON-CURRENT LIABILITIES			
Lease liabilities	*19*	770	283
Borrowings	*20*	–	2,862
Deferred tax liabilities		3,039	728
		3,809	3,873
NET ASSETS		155,755	85,398
CAPITAL AND RESERVES			
Share capital/Paid-up registered capital	*21*	221	3,851
Reserves		155,534	81,547
TOTAL EQUITY		155,755	85,398

CONDENSED [CONSOLIDATED] STATEMENT OF CHANGES IN EQUITY

	Share capital/ Paid-up registered capital	Other reserve	Statutory surplus reserve	Exchange reserve	Retained profits	Total
	US$'000	*US$'000* *(Note a)*	*US$'000* *(Note d)*	*US$'000*	*US$'000*	*US$'000*
At January 1, 2023 (Audited)	3,751	(264)	37	(927)	20,153	22,750
Profit for the period	–	–	–	–	46,909	46,909
Other comprehensive expense for the period	–	–	–	(1,610)	–	(1,610)
Total comprehensive (expense) income for the period	–	–	–	(1,610)	46,909	45,299
Deemed distribution *(Note b)*	–	(201)	–	–	–	(201)
Issue of shares *(Note 21)*	100	–	–	–	–	100
At September 30, 2023 (Unaudited)	3,851	(465)	37	(2,537)	67,062	67,948
At January 1, 2024 (Audited)	3,851	(529)	73	(2,794)	84,797	85,398
Profit for the period	–	–	–	–	72,282	72,282
Other comprehensive income for the period	–	–	–	2,121	–	2,121
Total comprehensive income for the period	–	–	–	2,121	72,282	74,403
Deemed contribution *(Note c)*	–	96	–	–	–	96
Effect of acquisition of [subsidiaries] pursuant to the Group Reorganisation *(Note 21)*	(3,630)	(159)	–	–	–	(3,789)
Dividend declared *(Note 8)*	–	–	–	–	(353)	(353)
At September 30, 2024 (Unaudited)	221	(592)	73	(673)	156,726	155,755

Notes:

a. As at January 1, 2023, the other reserve mainly represents the excess of (i) consideration paid for the businesses transferred pursuant to the relevant business transfer agreements arising from the Group Reorganisation (as detailed and defined in note 2 to the accountants' report as set out in Appendix IA to this Document) and accumulated profit retained by predecessor operating companies of the Remaining Sunda Group (as detailed and defined in note 2 to the accountants' report as set out in Appendix IA to this Document) over (ii) the aggregate carrying amounts of Property, plant and equipment and inventories transferred to the Group arising from this Group Reorganisation.

b. Amount represents the deemed distribution to predecessor company of the Remaining Sunda Group for earning of US$201,000 generated from the trading arms of the Relevant Business in Peru retained by the predecessor company prior to the taken up of sales activities by the Group.

c. Amount represents the deemed contribution to the predecessor company of the Remaining Sunda Group for loss of US$96,000 generated from the trading arm in Peru retained by the predecessor company prior to the taken up of sales activity by the Group.

d. Pursuant to the relevant laws in the People's Republic of China (the "PRC"), each of the Company's subsidiaries established in the PRC is required to transfer 10% of its profit after taxation as per financial statements to the statutory surplus reserves (including the general reserve fund and enterprise development fund, where appropriate). The general reserve fund is discretionary when the fund balance reaches 50% of the registered capital of the respective company and can be used to make up for previous years' losses, expand the existing operations or can be converted into additional capital of the entity.

CONDENSED [CONSOLIDATED] STATEMENT OF CASH FLOWS

	For the nine months ended September 30,	
	2024	2023
	US$'000 *(Unaudited)*	*US$'000* *(Unaudited)*
OPERATING ACTIVITIES		
Profit before taxation	85,539	55,310
Adjustments for:		
Finance costs	433	1,065
Bank interest income	(262)	(168)
Gain on fair value changes of financial assets at fair value through profit or loss	(579)	(145)
Loss (profit) of the Relevant Business of predecessor companies of the Remaining Sunda Group and accounted for as deemed distribution/contribution	96	(201)
Depreciation of property, plant and equipment	5,731	5,812
Depreciation of right-of-use assets	374	285
(Gain) loss on disposal of property, plant and equipment, net	(13)	3,279
Impairment losses under expected credit loss model, net of reversal	(36)	2
Operating cash flows before movements in working capital	91,283	65,239
Decrease in inventories	185	11,131
Increase in trade receivables	(2,069)	(1,768)
Decrease (increase) in other receivables, deposits and prepayments	3,600	(4,556)
(Decrease) increase in trade payables	(16,594)	15,204
Increase in contract liabilities	2,521	182
Increase in other payables and accruals	3,109	4,576
Net cash generated from operations	82,035	90,008
Income taxes paid	(5,916)	(5,385)
NET CASH FROM OPERATING ACTIVITIES	76,119	84,623
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(15,627)	(3,212)
Purchases of leasehold lands	(3,994)	(2,819)
Advances to related companies	(1,600)	(9,095)
Purchases of financial assets at fair value through profit or loss	(288,423)	(91,508)
Proceeds from disposals of financial assets at fair value through profit or loss	289,002	91,653
Repayments from advances to related companies	23,752	10,911
Bank interest received	262	168
Proceeds from disposal of property, plant and equipment	168	2,031
NET CASH FROM (USED IN) INVESTING ACTIVITIES	3,540	(1,871)

	For the nine months ended September 30,	
	2024	**2023**
	US$'000 *(Unaudited)*	*US$'000* *(Unaudited)*
FINANCING ACTIVITIES		
Proceeds from issue of shares received	–	100
Advances from related parties	21,127	14,495
Bank and other borrowings raised	–	17,633
Repayments to related parties	(88,156)	(90,068)
Repayments of bank and other borrowings	(2,791)	(6,354)
Repayments of lease liabilities	(392)	(317)
Interest paid	(433)	(1,065)
Acquisitions of subsidiaries pursuant to the Group Reorganisation	(3,789)	–
Share issue costs paid	(91)	–
Dividend paid	(353)	–
NET CASH USED IN FINANCING ACTIVITIES	(74,878)	(65,576)
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,781	17,176
Cash and cash equivalents at beginning of the periods	30,439	21,725
Effect of foreign exchange rate changes	563	(1,179)
CASH AND CASH EQUIVALENTS AT END OF THE PERIODS, represented by cash and cash equivalents	35,783	37,722

NOTES TO THE CONDENSED [CONSOLIDATED] FINANCIAL STATEMENTS

1. GENERAL

Softcare Limited (formerly known as Sunda International Limited which was changed to its current name on January 16, 2024, the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on February 17, 2022 under the Companies Act (As Revised) Chapter 22 of the Cayman Islands.

As at the date of this report, the immediate holding company of the Company Century Industry Limited ("Century BVI", which was incorporated in the British Virgin Islands ("BVI")), which holds [66.35]% equity interests of the Company. Century BVI is 51% indirect owned by Chaoyuet Holding Limited ("Chaoyuet Holding", which was incorporated in BVI by Mr. Shen Yanchang ("Mr. Shen")) and is 49% indirect owned by Haoyue Investment Limited ("Haoyue Investment", which was incorporated in BVI by Ms. Yang Yanjuan ("Ms. Yang", spouse of Mr. Shen)). In the opinion of the directors of the Company, Chaoyuet Holding is considered as ultimate holding company of the Company.

The Company acts as an investment holding company of the Group and its subsidiaries are principally engaged in manufacturing and sales of baby diapers, baby pants, sanitary pads and wet wipes.

[The condensed [consolidated] financial statements have been prepared in accordance with International Accounting Standards 34 ("IAS 34") "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB").]

2. MATERIAL ACCOUNTING POLICY INFORMATION

The condensed [consolidated] financial statements have been prepared on the historical cost basis. The basis of preparation and presentation, accounting policies and methods of computation used in the condensed [consolidated] financial statements for the nine months ended September 30, 2024 are the same as those presented in the Group's historical financial information for the two years ended December 31, 2022 and 2023 included in the accountant's report as set out in Appendix IA to this [Document].

3. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue of the Group from contracts with customers was disclosed as follows:

	For the nine months ended September 30,	
	2024	**2023**
	US$'000 *(Unaudited)*	*US$'000* *(Unaudited)*
Types of products		
Sales of baby diapers	251,899	245,910
Sales of baby pants	14,002	9,946
Sales of sanitary pads	58,121	46,457
Sales of wet wipes	10,415	9,539
Total revenue from contracts with customers	334,437	311,852
Location of customers		
The Republic of Ghana ("Ghana")	48,592	56,454
The Republic of Kenya ("Kenya")	67,264	52,547
The Republic of Senegal ("Senegal")	33,952	34,031
The Republic of Côte d'Ivoire ("Côte d'Ivoire")	32,788	30,990
The United of Tanzania ("Tanzania")	30,970	25,737
The Republic of Cameroon ("Cameroon")	23,101	27,745
The Republic of Zambia ("Zambia")	20,399	26,397
The Republic of Uganda ("Uganda")	28,061	23,079
Others	49,310	34,872
Total	334,437	311,852

	For the nine months ended September 30,	
	2024	2023
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Type of customers		
Wholesalers	215,108	202,144
Distributors	106,771	96,595
Supermarkets and other retailers	10,840	8,535
Others	1,718	4,578
Total	334,437	311,852
Timing of revenue recognition		
At point in time	334,437	311,852

(ii) Segment information

Information is reported to directors of the Company, who were management of the Relevant Business prior to the Group Reorganisation and are also the chief operating decision makers ("CODM") of the Group, for the purposes of resource allocation and performance assessment. The CODM reviews the overall results and financial performance of the Group as a whole. No analysis of the Group's assets or liabilities and no other discrete financial information is regularly provided to the CODM. Accordingly, only entity-wide disclosures on revenue, major customers and geographical information are presented in accordance with IFRS 8 "Operating Segments".

(iii) Geographical information

Information about the Group's revenue based on the location of customers has been presented above. Information about the Group's non-current assets (except for deferred tax assets) based on the geographical location of the assets is presented below:

	At September 30,	At December 31,
	2024	2023
	US$'000	*US$'000*
	(Unaudited)	*(Audited)*
Location of non-current assets		
Ghana	7,453	6,699
Kenya	18,399	7,980
Senegal	3,783	3,238
Côte d'Ivoire	142	163
Tanzania	2,850	2,273
Cameroon	7,709	6,846
Zambia	8,777	8,371
Uganda	8,077	5,781
The Republic of Benin ("Benin")	1,112	1,431
Others	1,627	1,861
	59,929	44,643

(iv) Information about major customers

No customer individually contributes over 10% of the total revenue of the Group during the periods.

4. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

	For the nine months ended September 30,	
	2024	**2023**
	US$'000 *(Unaudited)*	*US$'000* *(Unaudited)*
Other income		
Interest income	262	168
Other gains and losses, net		
Impairment losses under expected credit loss model, net of reversal	36	(2)
Gain (loss) on disposal of plant and equipment, net	13	(3,279)
Gain on fair value changes for financial assets at fair value through profit or loss	579	145
Others	26	237
	654	(2,899)

5. FINANCE COSTS

	For the nine months ended September 30,	
	2024	**2023**
	US$'000 *(Unaudited)*	*US$'000* *(Unaudited)*
Interest on bank borrowings	86	924
Interest on loans from related companies *(Note 22)*	307	93
Interest on lease liabilities	40	48
	433	1,065

6. TAXATION

	For the nine months ended September 30,	
	2024	**2023**
	US$'000 *(Unaudited)*	*US$'000* *(Unaudited)*
Income tax		
– Current	11,456	8,801
Deferred tax	1,801	(400)
	13,257	8,401

No provision for corporate income tax of the Company has been made as it did not have assessable profit which arose in, or was derived from the Cayman Islands. The Group's profit is subject to taxation from the place of its operations where its profit is generated and is calculated at the rates prevailing in the relevant jurisdictions as follows:

Jurisdictions	Applicable tax rates
Kenya	30%
Zambia	30%
Tanzania	30%
Uganda	30%
Cameroon	38.5%
Peru	29.5%
Senegal	30%
Côte d'Ivoire	25%
Benin	25%
Ghana	25% and 8% on assessable profits attributable to local and export businesses, respectively
PRC	25%
Hong Kong	16.5%
The United Arab Emirates ("UAE")	9% and 0% on qualifying income for qualified free zone person according to local rules and regulations.
The Republic of Kazakhstan ("Kazakhstan")	20%

Tax exemption of each country of operation:

- Softcare (U) Limited, a subsidiary of the Company in Uganda, enjoys tax holidays for 10 years commencing from year ended December 31, 2022.
- Softcare Benin Limited, a subsidiary of the Company in Benin, enjoys tax holidays for 8 years commencing from year ended December 31, 2023.
- Softcare Cameroon Limited, a subsidiary of the Company in Cameroon, enjoys preferential tax rates of 9.625% from years ending December 31, 2023 to 2027, and 19.25% from years ending December 31, 2028 to 2032.
- Softcare Industrial Zambia Company Limited, a subsidiary of the Company in Zambia, enjoys preferential tax rates of 0% from years ending December 31, 2021 to 2030, 15% from years ending December 31, 2031 to 2033 and 22.5% from years ending December 31, 2034 to 2035, on its assessable profits attributable to export business.

The taxation for the period can be reconciled to the profit before taxation per the condensed [consolidated] statements of profit or loss and other comprehensive income as follows:

	For the nine months ended September 30,	
	2024	2023
	US$'000 *(Unaudited)*	*US$'000* *(Unaudited)*
Profit before taxation	85,539	55,310
Tax at applicable tax rate of 25%	21,385	13,828
Effect of income not taxable for tax purpose	(673)	(2,216)
Effect of tax exemption granted to subsidiaries	(220)	(256)
Effect of expenses not deductible for tax purposes	709	1,152
Effect of different tax rates of subsidiaries operating in different jurisdictions	(7,358)	(2,949)
Effect of tax losses not recognised	199	209
Effect of lower tax rate applicable for export sales	(1,131)	(1,532)
Other levies	346	165
	13,257	8,401

7. PROFIT FOR THE PERIOD

	For the nine months ended September 30,	
	2024	2023
	US$'000 *(Unaudited)*	*US$'000* *(Unaudited)*
Profit for the period has been arrived at after charging:		
Auditor's remuneration	116	151
Staff costs (including the directors' remuneration)		
– Salaries, allowances and other benefits	14,267	10,762
– Contributions to retirement benefits schemes	1,999	1,987
Less: Amount capitalised in inventories	(6,540)	(4,577)
Staff costs recognised as expenses	9,726	8,172
Depreciation of property, plant and equipment	5,731	5,812
Depreciation of right-of-use assets	374	285
Less: Amount capitalised in inventories	(5,813)	(5,691)
Depreciation recognised as an expense	292	406
Short-term leases in respect of leased properties	2,778	1,866
Cost of inventories recognised as an expense	215,964	209,066

8. DIVIDENDS

No dividend was declared or paid by the Company since its incorporation or during both periods.

During the nine months ended September 30, 2024, Softcare Kenya Company Limited, a subsidiary of the Company in Kenya, declared and paid an interim dividend in the amount of US$353,000 to Century BVI, its then shareholder, which is under common control by the Shareholders. Information of rate of dividend is not meaningful having regard to the purpose of these condensed consolidated financial statements.

Save as the above, no dividends have been paid or declared by the Group for the periods ended September 30, 2024 and 2023.

9. EARNINGS PER SHARE

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

	For the nine months ended September 30,	
	2024	2023
Earnings (US$'000)		
Earnings for the purpose of the basic earnings per share (Profit for the period attributable to owners of the Company)	[72,282]	[46,909]
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	[500,000]	[500,000]

[The calculation of basic earnings per share for the nine months ended September 30, 2024 is based on [500,000,000] (Unaudited) (Nine months ended September 30, 2023: (Unaudited) [500,000,000]) ordinary shares assuming the Subdivision of Shares, Surrender of Shares and Shares Allotment to Share Incentive Scheme Grantees (as defined in note 25(c)) had been effective since 1 January 2023.

No diluted earnings per share is presented for both periods as the Group had no potential ordinary shares in issue during both periods.]

10. PROPERTY, PLANT AND EQUIPMENT

During the nine months ended September 30, 2024, the Group purchased machinery and made additions to new production facilities under construction in progress amounting to US$15,786,000 (Unaudited) (Nine months ended September 30, 2023: (Unaudited) US$3,460,000 relating to mainly additions to factory properties and new production facilities under construction in progress) whereas the Group also provided for depreciation amounting to US$5,731,000 (Unaudited) (Nine months ended September 30, 2023: (Unaudited) US$5,812,000).

11. RIGHT-OF-USE ASSETS

	At September 30, 2024	At December 31, 2023
	US$'000	*US$'000*
	(Unaudited)	*(Audited)*
Leasehold lands	6,966	2,778
Leased properties	1,132	653
	8,098	3,431

	For the nine months ended September 30,	
	2024	2023
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Depreciation charges		
– Leasehold lands	9	1
– Leased properties	365	284
Expenses relating to short-term leases	2,778	1,866
Additions to right-to-use assets		
– Leasehold land	3,994	2,819
– Leased properties	800	76
Total cash outflow for leases	7,204	5,050

During the nine months ended September 30, 2024, the Group purchased certain leasehold lands in Tanzania and Kenya (Nine months ended September 30, 2023: a leasehold land in Uganda) and obtained the land use right certificates with remaining lease terms of 72-97 years.

12. INVENTORIES

	At September 30, 2024	At December 31, 2023
	US$'000	*US$'000*
	(Unaudited)	*(Audited)*
Raw materials and spare parts	83,801	82,989
Work-in-progress	534	209
Finished goods	26,202	24,548
	110,537	107,746

13. TRADE RECEIVABLES

	At September 30, 2024	At December 31, 2023
	US$'000	*US$'000*
	(Unaudited)	*(Audited)*
Trade receivables	6,839	4,294
Less: Allowance for credit losses	(172)	(208)
	6,667	4,086

As at September 30, 2024, trade receivables do not include any amount of related company. Included in trade receivables as at December 31, 2023 are amounts due from related companies, which are under common control by the Shareholders and are in the Remaining Sunda Group, totalling to US$121,000 (Audited). The amounts due from related companies as at December 31, 2023 are trade-nature, unsecured and interest-free.

The Group grants credit terms to customers for up to 90 days from the invoice date for trade receivables. An ageing analysis of the trade receivables, net of allowance for credit losses, presented based on the invoice dates at the end of each reporting period is as follows:

	At September 30, 2024	At December 31, 2023
	US$'000	*US$'000*
	(Unaudited)	*(Audited)*
Within 1 months	6,208	3,342
In 2-3 months	298	659
In 4-6 months	125	6
In 7-12 months	2	79
Over 1 year	34	–
	6,667	4,086

As at September 30, 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of US$161,000 (Unaudited) (At December 31, 2023: (Audited) US$85,000), which is past due as at the reporting date, of which US$36,000 (At December 31, 2023: (Audited) US$79,000) had been past due more than 90 days while they are not considered as in default because these customers have good business relationships with the Group and satisfactory settlement history. The Group does not hold any collateral over these balances.

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At September 30, 2024	At December 31, 2023
	US$'000	*US$'000*
	(Unaudited)	*(Audited)*
Due from related companies	2,535	24,687
Other receivables and deposits	1,003	1,381
VAT recoverable	7,096	11,092
Prepayments	11,246	11,337
Deferred issue costs	398	–
	22,278	48,497
Less: Prepayments for purchases of machinery and equipment that classified as non-current assets	(347)	(1,694)
Current portion	21,931	46,803

The amounts due from related companies, which are under common control by the Shareholders and are in the Remaining Sunda Group, are unsecured, interest-free and repayable on demand. The amounts due from related companies were subsequently settled in 2024.

15. BANK BALANCES AND CASH

As at September 30, 2024 and December 31, 2023, bank balances carry interest at prevailing market rates.

16. TRADE PAYABLES

The credit period on trade payables is up to 90 days. The following is an ageing analysis of trade payables of the Group presented based on the invoice date at the end of each reporting period:

	At September 30, 2024	At December 31, 2023
	US$'000 *(Unaudited)*	*US$'000* *(Audited)*
Within 3 months	27,731	41,991
In 4-6 months	3,451	849
Over 6 months	359	948
	31,541	43,788

Included in trade payables as at September 30, 2024 are amounts due to related companies, which are under common control by the Shareholders and are in the Remaining Sunda Group, totalling to US$1,493,000 (Unaudited) (At December 31, 2023: (Audited) US$5,392,000). These amounts due to related companies are trade-nature, unsecured and interest-free.

17. OTHER PAYABLES AND ACCRUALS

	At September 30, 2024	At December 31, 2023
	US$'000 *(Unaudited)*	*US$'000* *(Audited)*
Consideration payable for a leasehold land due to a related company	–	1,240
Other payables and accrued expenses	2,493	1,058
Staff costs payable	5,238	3,119
Other taxes payables	2,495	4,556
Accrued [**REDACTED**]	[**REDACTED**]	–
	12,018	9,973

The amount due to a related company, which is under common control by the Shareholders and is in the Remaining Sunda Group, as at December 31, 2023 is unsecured, interest-free and repayable on demand. The amount due to the related company was fully repaid in the current period.

18. CONTRACT LIABILITIES

	At September 30, 2024	At December 31, 2023
	US$'000 *(Unaudited)*	*US$'000* *(Audited)*
Related to:		
Sale of products	4,361	2,462
Rebates	2,881	2,135
	7,242	4,597

19. LEASE LIABILITIES

	At September 30, 2024	At December 31, 2023
	US$'000 *(Unaudited)*	*US$'000* *(Audited)*
Non-current	770	283
Current	413	438
	1,183	721
Lease liabilities payable:		
Within one year	413	438
Within a period of more than one year but not exceeding two years	233	137
Within a period of more than two years but not exceeding five years	500	106
Within a period of more than five years	37	40
	1,183	721

The weighted average incremental borrowing rates applied to lease liabilities were 8.2% (Unaudited) and 8.3% (Unaudited) for the nine months ended September 30, 2023 and 2024, respectively.

20. BORROWINGS

	At September 30, 2024	At December 31, 2023
	US$'000 *(Unaudited)*	*US$'000* *(Audited)*
Bank borrowing, secured and guaranteed *(Note (i))*	–	2,817
Advances from Century BVI, unsecured and unguaranteed *(Note (ii))*	792	2,012
Advances from other related companies, unsecured and unguaranteed *(Note (ii))*	25,270	83,356
Loans from Century BVI, unsecured and unguaranteed *(Note (iii))*	–	7,662
	26,062	93,030
Total borrowings	26,062	95,847

Notes:

(i) As at December 31, 2023, the secured and guaranteed bank borrowing was secured by certain properties held by a related company, which is owned by the Shareholders through the Remaining Sunda Group, and certain intra-group receivables amounting to US$3,310,000 (Audited) within the Group; and the repayment of the bank loan was also jointly guaranteed by certain related companies, which are owned by the Shareholders through the Remaining Sunda Group, and [a subsidiary] of the Company. The bank loan bore interest at fixed-rate of 3.9% per annum (Audited) and was fully repaid during the period.

(ii) The advances from Century BVI and other related companies, which are under common control by the Shareholders and are in the Remaining Sunda Group, are interest-free and repayable on demand.

(iii) The loans from Century BVI as at December 31, 2023 bore interest at fixed-rates ranging from 6.7% to 8.0% per annum (Audited) and were repayable from 2024 to 2027. The loans from Century BVI were early repaid during the current period.

	At September 30. 2024	At December 31, 2023
	US$'000 *(Unaudited)*	*US$'000* *(Audited)*
The carrying amounts of the above borrowings are repayable:		
Bank borrowings		
Within one year	–	2,817
Loans/advances from Century BVI and other related companies		
Within one year or on demand	26,062	90,168
Within a period of more than one year but not exceeding two years	–	2,662
Within a period of more than two years but not exceeding five years	–	200
	26,062	93,030
Total borrowings	26,062	95,847
Less: Amounts due within one year or on demand shown under current liabilities	(26,062)	(92,985)
Amounts shown under non-current liabilities	–	2,862

21. CAPITAL

Group

The capital of the Group as at January 1, 2023, September 30, 2023, January 1, 2024 and September 30, 2024 represented the combined capital of the following companies and their movements are as follows:

	US$'000
At January 1, 2023 (Audited)	
The Company	50
Softcare Industrial Zambia Limited *(Note)*	97
Softcare Fm Limited *(Note)*	–*
Softcare Impex Uganda Limited *(Note)*	–*
Softcare FM Manufacturing Limited Company *(Note)*	999
Softcare Benin Limited *(Note)*	564
Softcare Kenya Company Limited *(Note)*	870
廣州森供貿易有限公司 *(Note)* (Guangzhou Sengong Trading Co., Ltd.)	158
Kewor Limited *(Note)*	13
Doweicare Technology Limited *(Note)*	998
Softcare SN Company Limited *(Note)*	2
	3,751
Issue of shares during the nine month ended September 30, 2023	
Softcare (U) Ltd. *(Note)*	100
At September 30, 2023 (Unaudited)	3,851
At January 1, 2024 (Audited)	3,851
Eliminated of capital pursuant to the Group Reorganisation *(Note)*	(3,630)
At September 30, 2024 (Unaudited)	221

* less than US$1,000

Note: These [subsidiaries] were indirectly acquired by the Company at a total cash consideration of US$3,789,000 and became [subsidiaries of the Company] during the nine months ended September 30, 2024 pursuant to the Group Reorganisation, details of which are set out in note 2 to the accountant's report as set out in Appendix IA to this [Document]. Their capitals were, therefore, eliminated at [consolidation].

Company

On February 17, 2022, the Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act (As Revised) Chapter 22 of the Cayman Islands.

The initial authorised share capital of the Company was US$50,000 divided into 50,000 ordinary shares. On the day of incorporation of the Company, 50,000 ordinary shares of the Company were issued at [nil-paid].

On [●], the authorised share capital of the Company was increased from US$50,000 to US$[500,000] by the creation of additional [4,500,000,000] ordinary shares. Upon completion of the above, the authorised share capital of the Company became US$[500,000] divided into [5,000,000,000] ordinary shares of US$[0.0001] each.

22. RELATED PARTY TRANSACTIONS

(a) Save as disclosed in elsewhere in these condensed [consolidated] financial statements, the Group had the following material related party transactions:

		For the nine months ended September 30,	
	Notes	**2024**	**2023**
		US$'000 *(Unaudited)*	*US$'000* *(Unaudited)*
The Remaining Sunda Group			
Interest expense	*(i)*	307	93
Short-term leases	*(ii)*	2,475	1,999
Royalty fees for trademarks use	*(ii)*	–	8,054
Purchases of materials, spare parts, products and equipment	*(ii)*	431	1,523
Purchases of agency and other services	*(ii)*	533	391
Purchases of water and utilities	*(ii)*	331	270
Integrated support services fees in respect of logistics, warehousing and handling services and labour support services	*(ii)*	7,011	5,724
Information technology services fee	*(ii)*	1,779	1,703
Purchases of leasehold land and properties	*(ii)*	6,491	–
Purchases of trademarks	*(ii)*	150	–
Sales of materials, spare parts, products and equipment	*(ii)*	(23)	(563)
Associates and its subsidiaries of the Remaining Sunda Group			
Purchase of materials, spare parts, products and equipment		13	36
Purchase of agency and other services		16	13
Purchase of water and utilities		854	951
Sales of materials, spare parts, products and equipment		–	(8)

Notes:

(i) The interest expense for the nine months ended September 30, 2023 and 2024 arose from interest-bearing loans from related companies, details of which are set out in note 20.

(ii) These transactions were conducted in accordance with terms of agreements with the related companies, associates and its subsidiaries.

(b) Compensation of key management personnel

The remuneration of the directors of the Company and other members of key management of the Group during the periods were as follows:

	For the nine months ended September 30,	
	2024	2023
	US$'000 *(Unaudited)*	*US$'000* *(Unaudited)*
Short-term benefits	631	479
Post-employment benefits	14	11
	645	490

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed [consolidated] financial statements approximate their fair values.

24. CAPITAL COMMITMENTS

	At September 30, 2024	At December 31, 2023
	US$'000 *(Unaudited)*	*US$'000* *(Audited)*
Capital expenditure in respect of the construction cost of property, plant and equipment contracted for but not provided in the condensed [consolidated] financial statements	3,954	4,278

25. SUBSEQUENT EVENTS

Saved as disclosed in the condensed [consolidated] financial statements, subsequent to the end of the period, the following significant events took place:

(a) On December 23, 2024, the Company declared interim dividends of US$700 per ordinary share totalling to US$35,000,000 to its then Shareholder.

(b) On December 9, 2024, the Group acquired the 100% of shareholdings of Colline Limited ("Colline"), which has two wholly-owned subsidiaries, namely, 廣州沃非供應鏈管理有限公司 ("Guangzhou Wofei") and 廣州祈新貿易有限公司 ("Guangzhou Qixin"), from Chaoyuet Holding at a total cash consideration of US$1,138,000. Colline, Guangzhou Wofei and Guangzhou Qixin have not commenced any activity and their major assets are cash at bank of approximately US$1,155,000, in aggregate.

(c) Pursuant to the then sole shareholder's written resolutions of the Company passed on January 15, 2025:

(i) each of the Company's issued and unissued ordinary shares of US$1.00 each was subdivided into 10,000 ordinary shares of US$0.0001 each, such that following the subdivision ("Subdivision of Shares"),

(a) the authorized share capital of the Company was changed from US$50,000 divided into 50,000 ordinary shares of a par value of US$1.00 each to US$50,000 divided into 500,000,000 ordinary shares of a par value of US$0.0001 each; and

(b) the issued ordinary share capital of the Company was changed to US$50,000 divided into 500,000,000 Shares of a par value of US$0.0001 each;

(ii) a total of 168,260,500 ordinary shares were surrendered by Century BVI at nil consideration, which were immediately canceled by the Company (the "Surrender of Shares");

(iii) the authorised ordinary share capital of the Company was increased from US$50,000 divided into 500,000,000 ordinary shares of a par value of US$0.0001 each to US$100,000 divided into 1,000,000,000 ordinary shares of a par value of US$0.0001 each;

(iv) a total of 168,260,500 ordinary shares were allotted and issued, to the Share Incentive Scheme Grantees (the "Shares Allotment to Share Incentive Scheme Grantees").

Upon completion of the Subdivision of Shares, Surrender of Shares and Shares Allotment, to Share Incentive Scheme Grantees is ultimately held by Mr. Shen, Ms. Yang and the Share Incentive Scheme Grantees as to 36.282%, 30.068% and 33.65%, respectively.

(d) Pursuant to the then sole shareholder's written resolutions of the Company passed on January 15, 2025, the Company conditionally adopted the "[**REDACTED**] Share Option Scheme", pursuant to which the directors may grant options to eligible participants to eligible participants pursuant to the [**REDACTED**] Share Option Scheme before [**REDACTED**]. Details of the [**REDACTED**] Share Option Scheme are out in the "Appendix IV—Statutory and General Information". [Up the date of this report, no share option was granted under the [**REDACTED**] Share Option Scheme.]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 17 February 2022 under the Companies Act (As Revised) of the Cayman Islands (the "Companies Act"). The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (the "Memorandum") and its Amended and Restated Articles of Association (the "Articles").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Act and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on [●] with effect from the [**REDACTED**]. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Act, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (including at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

(i) increase its share capital by the creation of new shares;

(ii) consolidate all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are [**REDACTED**] on the Stock Exchange, titles to such [**REDACTED**] shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such [**REDACTED**] shares. The register of members in respect of its [**REDACTED**] shares (whether the principal register or a branch register) may be kept by recording the particulars required by Section 40 of the Companies Act in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such [**REDACTED**] shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year. The period of thirty (30) days may be extended for a further period or periods not exceeding thirty (30) days in respect of any year if approved by members by ordinary resolution.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Act and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

The board may accept the surrender for no consideration of any fully paid share.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election.

A Director (including a managing or other executive Director) may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he resigns by notice in writing delivered to the Company;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Act and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Act and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount to their nominal value.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Act to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Act, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any

Director or past Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

The board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) the giving of any security or indemnity either:–

(aaa) to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or

(bbb) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(bb) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his close associate(s) is/are or is/are to be interested as a participant in the [**REDACTED**] or sub-[**REDACTED**] of the offer;

(cc) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:–

(aaa) the adoption, modification or operation of any employees' share scheme or any share incentive or [**REDACTED**] scheme under which the Director or his close associate(s) may benefit; or

(bbb) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the Directors, his close associate(s) and employee(s) of the Company or any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates;

(dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Act, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

***(ii)* Voting rights and right to demand a poll**

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. Votes (whether on a show of hands or by way of poll) may be cast by such means, electronic or otherwise, as the Directors or the chairman of the meeting may determine.

Any corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any general meeting of the Company or at any meeting of any class of members. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member and such corporation shall for the purposes of the Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, the right to speak and to vote, and where a show of hands is allowed, the right to vote individually on a show of hands.

All members have the right to speak and vote at a general meeting except where a member is required, by the rules of the Stock Exchange, to abstain from voting to approve the matter under consideration.

Where the Company has any knowledge that any member is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and extraordinary general meetings

The Company must hold an annual general meeting of the Company for each financial year and such general meeting must be held within six (6) months after the end of the Company's financial year unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more members holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings, on a one vote per share basis. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business or resolution specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

Notwithstanding any provisions in the Articles, any general meeting or any class meeting may be held by means of such telephone, electronic or other communication facilities as to permit all persons participating in the meeting to communicate with each other, and participation in such a meeting shall constitute presence at such meeting.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days. All other general meetings must be called by notice of at least fourteen (14) clear days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers; and

(ee) the fixing of the remuneration of the directors and of the auditors.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy or, for quorum purposes only, two persons appointed by the clearing house as authorized representative or proxy, and entitled to vote. In respect of a separate class meeting (including an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall by ordinary resolution appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by ordinary resolution remove the auditor at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed and approved by the Company by an ordinary resolution passed at a general meeting or in such manner as the members may by ordinary resolution determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Act.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members maintained in Hong Kong shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Act or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to members of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

Unless otherwise provided by the Companies Act, a resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Act divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Act, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Act and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Act provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Act expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not to be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Act.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Act contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Act of the Cayman Islands, the Company has obtained an undertaking:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 13 May 2024.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Act prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

The notice of registered office is a matter of public record. A list of the names of the current directors and alternate directors (if applicable) is made available by the Registrar of Companies for inspection by any person on payment of a fee. The register of mortgages is open to inspection by creditors and members.

Members of the Company have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. The register of members shall contain such particulars as required by Section 40 of the Companies Act. A branch register must be kept in the same manner in which a principal register is by the Companies Act required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to identify its beneficial owners and provide details of these beneficial owners to its corporate service provider ("**CSP**") which maintain its beneficial ownership register in the Cayman Islands. A beneficial owner is defined as an individual who (a) ultimately owns or controls, whether through director or indirect ownership or control 25% or more of the shares, voting rights, or partnership interests in the company, (b) otherwise exercises ultimate effective control over the management of the company, or (c) is identified as exercising control of the company through other means. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands through the Cayman Islands government may introduce regulations to allow for public access in the future. An exempted company with its shares [**REDACTED**] on an approved stock exchange, which includes the Stock Exchange, may provide its CSP with details of its [**REDACTED**] status as an alternative compliance route instead of providing details of its beneficial owners. Accordingly, as long as the shares of the Company remain [**REDACTED**] on the Stock Exchange, the Company may opt for this alternative compliance route rather than maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by (i) a majority in number representing seventy-five per cent. (75%) in value of creditors, or (ii) seventy-five per cent. (75%) in value of shareholders or class of shareholders, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

The Companies Act also contains statutory provisions which provide that a company may present a petition to the Court for the appointment of a restructuring officer on the grounds that the company (a) is or is likely to become unable to pay its debts within the meaning of section 93 of the Companies Act; and (b) intends to present a compromise or arrangement to its creditors (or classes thereof) either, pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring. The petition may be presented by a company acting by its directors, without a resolution of its shareholders or an express power in its articles of association. On hearing such a petition, the Court may, among other things, make an order appointing a restructuring officer or make any other order as the Court thinks fit.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

(u) Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Act of the Cayman Islands ("ES Act") that came into force on 1 January 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Act. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Act.

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V to this document. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Cayman Companies Act as an exempted company with limited liability on February 17, 2022. Our Company has established its principal place of business in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on July 19, 2024. Mr. Lung Shei Kei (龍瑞麒) has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, its operations are subject to the Cayman Companies Act, the Memorandum and the Articles of Association and the applicable laws of Cayman Islands. A summary of certain provisions of the Memorandum and Articles of Association and relevant aspects of the Cayman Companies Act is set out in "Appendix III—Summary of the Constitution of the Company and the Cayman Islands Company Law" to this document.

2. Changes in the share capital of our Company

As of the date of incorporation of our Company, the authorized share capital of our Company was US$50,000 divided into 50,000 Shares of US$1.00 each. Upon its incorporation, one Share was allotted and issued to an initial subscriber who is an Independent Third Party at par, and such Share was transferred to Century BVI at par on the same day. On the same day, our Company allotted and issued at par 49,999 Shares to Century BVI.

Pursuant to the written resolutions of our then Shareholder passed on January 15, 2025:

(i) each of our issued and unissued shares of US$1.00 each was subdivided into 10,000 Shares of US$0.0001 each, such that following the subdivision, (a) the authorized share capital of our Company was changed from US$50,000 divided into 50,000 shares of a par value of US$1.00 each to US$50,000 divided into 500,000,000 Shares of a par value of US$0.0001 each; and (b) the issued share capital of our Company was changed to US$50,000 divided into 500,000,000 Shares of a par value of US$0.0001 each;

(ii) a total of 168,260,500 Shares were surrendered by Century BVI at nil consideration, which were immediately canceled by our Company;

(iii) the authorized share capital of our Company was increased from US$50,000 divided into 500,000,000 Shares of a par value of US$0.0001 each to US$100,000 divided into 1,000,000,000 Shares of a par value of US$0.0001 each;

(iv) a total of 168,260,500 Shares were allotted and issued at par in the following manner:

(a) 34,476,500 Shares to Lideal;

(b) 8,947,000 Shares to Gong Ying;

(c) 5,749,000 Shares to Changqi;

(d) 6,923,000 Shares to Zhou Chenxi;

(e) 6,898,500 Shares to Colcar;

(f) 6,395,500 Shares to Anthony Holding;

(g) 7,018,500 Shares to Pamanour;

(h) 4,798,000 Shares to Yanran;

(i) 5,259,500 Shares to Just Love;

(j) 14,757,000 Shares to SHUFEI;

(k) 12,947,500 Shares to SHUFAN;

(l) 16,444,500 Shares to SHUMEI;

(m) 5,916,000 Shares to SHUHAO;

(n) 11,444,500 Shares to SHULE; and

(o) 20,285,500 Shares to SHUSHI.

Immediately following completion of the [**REDACTED**] and without taking into account any Shares which may be issued upon the exercise of the [**REDACTED**] Option or any option which may be granted under the [**REDACTED**] Share Option Scheme and the [**REDACTED**] Share Option Scheme, the issued share capital of our Company will be [**REDACTED**] divided into [**REDACTED**] Shares, all fully paid or credited as fully paid, and [**REDACTED**] Shares will remain unissued.

Save as disclosed above and as mentioned in "—4. Written resolutions of our Shareholders passed on [●], 2025" below, there has been no alteration in the share capital of our Company since its incorporation.

3. Changes in the share capital of our subsidiaries

Our subsidiaries are set out in the Accountants' Report, the text of which is set out in Appendix IA to this document.

Save as disclosed in "History, Reorganization and Corporate Structure" in this document, there has been no other alterations in the share capital of our subsidiaries within the two years immediately preceding the date of this document.

4. Written resolutions of our Shareholders passed on [●], 2025

Pursuant to the written resolutions passed by our Shareholders on [●], 2025, among other matters:

(a) we approved and adopted the amended and restated Memorandum with immediate effect and conditionally adopted the Articles which will become effective upon [**REDACTED**];

(b) conditional on (aa) the Stock Exchange granting the approval for the [**REDACTED**] of, and permission to deal in, the Shares in issue and Shares to be allotted and issued pursuant to the [**REDACTED**] and as mentioned in this document including the Shares which may be allotted and issued pursuant to the exercise of the [**REDACTED**] Option and any options which may be granted under the [**REDACTED**] Share Option Scheme; (bb) the [**REDACTED**] having been duly determined; and (cc) the obligations of the [**REDACTED**] under the [**REDACTED**] Agreements becoming unconditional and not being terminated in accordance with the terms of such agreement (or any conditions as specified in this document), in each case on or before the dates and times specified in the [**REDACTED**] Agreements:

   (i) the [**REDACTED**] was approved and our Directors were authorized to allot and issue the [**REDACTED**] pursuant to the [**REDACTED**];

   (ii) the [**REDACTED**] Option was approved and our Directors were authorized to allot and issue Shares upon the exercise of the [**REDACTED**] Option;

   (iii) the rules of the [**REDACTED**] Share Option Scheme, the principal terms of which are set out in "—D. Share Incentive Schemes—1. [**REDACTED**] Share Option Scheme" below in this appendix, were approved and adopted and our Directors were authorized, at their absolute discretion, to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares (including the power to transfer any treasury shares) pursuant to the exercise of options granted under the [**REDACTED**] Share Option Scheme;

(iv) a general unconditional mandate was given to our Directors to allot, issue and deal with (including the power to sell or transfer any treasury shares and to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued or treasury shares to be sold or transferred), otherwise than pursuant to a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or pursuant to a specific authority granted by the Shareholders in general meeting, unissued Shares not exceeding the aggregate of 20% of the number of issued Shares immediately following the completion of the [**REDACTED**] (but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the [**REDACTED**] Option or any options which may be granted under the [**REDACTED**] Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles of Association or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first;

(v) a general unconditional mandate was given to our Directors authorizing them to exercise all powers of our Company to buy back on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be [**REDACTED**] and which is recognized by the SFC and the Stock Exchange for this purpose such number of Shares as will represent up to 10% of the number of issued Shares immediately following the completion of the [**REDACTED**] (but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the [**REDACTED**] Option or any options which may be granted under the [**REDACTED**] Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles of Association or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first; and

(vi) the general unconditional mandate mentioned in paragraph (iv) above was extended by the addition to the number of issued Shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the total number of issued Shares bought back by our Company pursuant to the mandate to buy back Shares referred to in paragraph (v) above.

5. Reorganization

In preparation for the [**REDACTED**], the companies comprising our Group underwent the Reorganization and our Company became the holding company of our Group. For further details with regard to the Reorganization, see "History, Reorganization and Corporate Structure—Reorganization."

6. Buyback by our Company of our own securities

This section includes information required by the Stock Exchange to be included in this document concerning the buyback by our Company of our own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary [**REDACTED**] on the Stock Exchange to purchase their shares on the Stock Exchange subject to certain restrictions.

(i) Shareholders' approval

The Listing Rules provide that all proposed buybacks of shares (which must be fully paid in the case of shares) by a company with a primary [**REDACTED**] on the Stock Exchange must be approved in advance by an ordinary resolution of its shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

(ii) Source of funds

Buybacks must be funded out of funds legally available for the purpose in accordance with the Memorandum and the Articles, the Listing Rules and the Cayman Companies Act. A listed company may not buyback its own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Note: Pursuant to the written resolutions passed by our Shareholders on [●], 2025, a general unconditional mandate (the "**Buyback Mandate**") was granted to our Directors authorizing the buyback of shares by our Company on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be [**REDACTED**] and which is recognized by the SFC and the Stock Exchange for this purpose, with the total number of Shares not exceeding 10% of the total number of Shares in issue and to be issued as mentioned herein, at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by an applicable law or the Articles to be held or when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first.

(iii) Core connected persons

The Listing Rules prohibit our Company from knowingly buying back the Shares on the Stock Exchange from a "core connected person", which includes a director, chief executive or substantial shareholder of our Company or any of the subsidiaries or a close associate of any of them and a core connected person shall not knowingly sell his/her/its Shares to our Company.

(b) Reasons for buybacks

Our Directors believe that it is in the best interests of our Company and our Shareholders as a whole for our Directors to have a general authority from our Shareholders to enable our Company to buy back Shares in the market. Such buybacks may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of our Company's net asset value per Share and/or earnings per Share and will only be made when our Directors believe that such buybacks will benefit our Company and our Shareholders.

(c) Funding of buyback

In buying back Shares, our Company may only apply funds legally available for such purpose in accordance with our Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

It is presently proposed that any buyback of Shares will be made out of the profits of our Company, the share premium amount of our Company or the proceeds of a fresh issue of Shares made for the purpose of the buyback and, in the case of any premium payable on the purchase over the par value of the Shares to be bought back must be provided for, out of either or both of the profits of our Company or from sums standing to the credit of the share premium account of our Company. Subject to the Cayman Companies Act, a buyback of Shares may also be paid out of capital.

On the basis of the current financial position of our Group as disclosed in this document and taking into account the current working capital position of our Company, our Directors consider that, if the Buyback Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared to the position disclosed in this document. However, our Directors do not propose to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of our Group which in the opinion of our Directors are from time to time appropriate for our Group.

(d) Share capital

The exercise in full of the Buyback Mandate, on the basis of [**REDACTED**] Shares in issue immediately after the [**REDACTED**] (but not taking into account of our Shares which may be issued pursuant to the exercise of the [**REDACTED**] Option or any options that may be granted under the [**REDACTED**] Share Option Scheme and the [**REDACTED**] Share Option Scheme), would result in up to [**REDACTED**] Shares being bought back by our Company during the period until:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles of Association to be held; or

(iii) the date on which the Buyback Mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first.

(e) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules), has any present intention if the Buyback Mandate is exercised to sell any Share(s) to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If as a result of a buyback of Shares pursuant to the Buyback Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Save as disclosed above, our Directors are not aware of any consequence that would arise under the Takeovers Code as a result of a buyback pursuant to the Buyback Mandate. Our Directors have no present intention to exercise the power to buy back Shares to such extent.

If the Buyback Mandate is fully exercised immediately following completion of the [**REDACTED**] (but not taking into account any Shares which may be issued pursuant to the exercise of the [**REDACTED**] Option or any options that may be granted under the [**REDACTED**] Share Option Scheme and the [**REDACTED**] Share Option Scheme), the total number of Shares which will be bought back pursuant to the Buyback Mandate will be [**REDACTED**] Shares, being 10% of the total number of Shares based on the aforesaid assumptions. The percentage of total number of issued Shares in which our Controlling Shareholders are interested will be increased to approximately [**REDACTED**]% of the issued share capital of our Company immediately following the full exercise of the Buyback Mandate. Any buyback of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of our Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public float under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the Buyback Mandate to such an extent that, in the circumstances, there is insufficient public float as prescribed under the Listing Rules.

No core connected person of our Company has notified our Group that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Buyback Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this document and are material:

(a) a share transfer agreement dated January 25, 2024 entered into among KEWOR LIMITED as transferor and SENBAI HOLDINGS FZCO as transferee and SOFTCARE CAMEROON LTD as target company, pursuant to which KEWOR LIMITED agreed to transfer 100 shares representing 100% of shares of SOFTCARE CAMEROON LTD to SENBAI HOLDINGS FZCO, at a consideration of FCFA10,000,000;

(b) a deed of transfer dated January 28, 2024 entered into among CENTURY INDUSTRIAL LTD as transferor and Sunda FM Holdings Ltd as transferee and SOFTCARE FM MANUFACTURING LIMITED COMPANY as target company, pursuant to which CENTURY INDUSTRIAL LTD agreed to transfer all of the 6,000,000 shares in SOFTCARE FM MANUFACTURING LIMITED COMPANY to Sunda FM Holdings Ltd, at a consideration of GHS6,000,000;

(c) a share purchase agreement dated February 1, 2024, entered into among CENTURY INDUSTRIAL LIMITED as transferor and SENBAI HOLDINGS FZCO as transferee and SUNDA INDUSTRIAL ZAMBIA COMPANY LIMITED as target company, pursuant to which CENTURY INDUSTRIAL LIMITED agreed to transfer 1,614,997 ordinary shares representing 99.999814% of the issued share capital in SUNDA INDUSTRIAL ZAMBIA COMPANY LIMITED to SENBAI HOLDINGS FZCO, at a consideration of US$1.00;

(d) a share purchase agreement dated February 1, 2024 entered into among Han Du as transferor and Sunda FM Holdings Limited as transferee and SUNDA INDUSTRIAL ZAMBIA COMPANY LIMITED as target company, pursuant to which Han Du agreed to transfer 1 ordinary share representing 0.000062% of the issued share capital of in SUNDA INDUSTRIAL ZAMBIA COMPANY LIMITED to Sunda FM Holdings Limited, at a consideration of US$1.00;

(e) a share purchase agreement dated February 1, 2024 entered into among Liu Jiuxing as transferor and Sunda FM Holdings Limited as transferee and SUNDA INDUSTRIAL ZAMBIA COMPANY LIMITED as target company, pursuant to which Liu Jiuxing agreed to transfer 1 ordinary share representing 0.000062% of the issued share capital of in SUNDA INDUSTRIAL ZAMBIA COMPANY LIMITED to Sunda FM Holdings Limited, at a consideration of US$1.00;

(f) a share purchase agreement dated February 1, 2024 entered into among Shi Zheng as transferor and Sunda FM Holdings Limited as transferee and SUNDA INDUSTRIAL ZAMBIA COMPANY LIMITED as target company, pursuant to which Shi Zheng agreed to transfer 1 ordinary share representing 0.000062% of the issued share capital of in SUNDA INDUSTRIAL ZAMBIA COMPANY LIMITED to Sunda FM Holdings Limited, at a consideration of US$1.00;

(g) a share purchase agreement dated February 29, 2024 entered into among CENTURY INDUSTRIAL LIMITED as transferor and SENBAI HOLDINGS FZCO as transferee and SOFTCARE KENYA COMPANY LTD as target company, pursuant to which CENTURY INDUSTRIAL LTD agreed to transfer 100,000 ordinary shares representing 100% of the total issued shares of SOFTCARE KENYA COMPANY LIMITED to SENBAI HOLDINGS FZCO, at a consideration of KES100,000,000;

(h) a sale of shares agreement dated April 10, 2024 entered into among CENTURY INDUSTRIAL LTD as transferor and SENBAI HOLDINGS FZCO as transferee and DOWEICARE TECHNOLOGY LIMITED as target company, pursuant to which CENTURY INDUSTRIAL LTD agreed to transfer 49 ordinary shares in DOWEICARE TECHNOLOGY LIMITED to SENBAI HOLDINGS FZCO, at a consideration of TZS1,129,940,000;

(i) a sale of shares agreement dated April 10, 2024 entered into among CENTURY INDUSTRIAL LTD as transferor and Sunmart Trading FZCO as transferee and DOWEICARE TECHNOLOGY LIMITED as target company, pursuant to which CENTURY INDUSTRIAL LTD agreed to transfer 49 ordinary shares in DOWEICARE TECHNOLOGY LIMITED to Sunmart Trading FZCO, at a consideration of TZS1,129,940,000;

(j) a sale of shares agreement dated April 10, 2024 entered into among CENTURY INDUSTRIAL LTD as transferor and Sunda FM Holdings Limited as transferee and DOWEICARE TECHNOLOGY LIMITED as target company, pursuant to which CENTURY INDUSTRIAL LTD agreed to transfer 1 ordinary share in DOWEICARE TECHNOLOGY LIMITED to Sunda FM Holdings Limited, at a consideration of TZS23,060,000;

(k) a sale of shares agreement dated April 10, 2024 entered into among Century (Mauritius) International Limited as transferor and Sunda FM Holdings Limited as transferee and DOWEICARE TECHNOLOGY LIMITED as target company, pursuant to which Century (mauritius) international limited agreed to transfer 1 ordinary share in DOWEICARE TECHNOLOGY LIMITED to Sunda FM Holdings Limited, at a consideration of TZS23,060,000;

(l) an equity transfer agreement dated April 19, 2024 (and as supplemented by a supplemental agreement dated October 16, 2024) entered into among CENTURY INDUSTRIAL LTD as transferor and SENBAI HOLDINGS FZCO as transferee and SOFTCARE BENIN LIMITED as target company, pursuant to which CENTURY INDUSTRIAL LTD agreed to transfer 32,897 shares in SOFTCARE BENIN LIMITED to SENBAI HOLDINGS FZCO, at a consideration of FCFA328,970,000;

(m) a transfer of share stock form dated May 2, 2024 entered into among CENTURY INDUSTRIAL LTD as transferor and Sunda Fm Holdings Limited as transferee, pursuant to which CENTURY INDUSTRIAL LTD agreed to transfer 99 ordinary shares in BEST CARE IMPEX LIMITED to Sunda FM Holdings Limited, at a consideration of UGX9,900,000;

(n) a transfer of share stock form dated May 2, 2024 entered into among KEWOR LIMITED as transferor and Senbai Holdings FZCO as transferee, pursuant to which KEWOR LIMITED agreed to transfer 1 ordinary share in BEST CARE IMPEX LIMITED to Senbai Holdings FZCO, at a consideration of UGX100,000;

(o) a transfer of share stock form dated May 2, 2024 entered into among CENTURY INDUSTRIAL LTD as transferor and Sunda FM Holdings Limited as transferee and GENERAL WARES (U)-SMC LTD as target company, pursuant to which CENTURY INDUSTRIAL LTD agreed to transfer 99 ordinary shares in GENERAL WARES (U)-SMC LTD to Sunda FM Holdings Limited, at a consideration of UGX356,400,000;

(p) a transfer of share stock form dated May 2, 2024 entered into among CENTURY INDUSTRIAL LTD as transferor and SENBAI HOLDINGS FZCO as transferee and GENERAL WARES (U)-SMC LTD as target company, pursuant to which CENTURY INDUSTRIAL LTD agreed to transfer 1 ordinary share in GENERAL WARES (U)-SMC LTD to SENBAI HOLDINGS FZCO, at a consideration of UGX3,600,000;

(q) an equity transfer agreement dated May 16, 2024 entered into among CENTURY INDUSTRIAL LIMITED as transferor and SENBAI HOLDINGS FZCO as transferee and SOFTCARE SN LIMITED as target company, pursuant to which CENTURY INDUSTRIAL LTD agreed to transfer 100% of equity interest in SOFTCARE SN LIMITED to SENBAI HOLDINGS FZCO, at a consideration of FCFA1,000,000;

(r) share purchase agreement dated June 15, 2024 entered into among SENBAI HOLDINGS FZCO as transferor and Sunda FM Holdings Limited as transferee and SOFTCARE INDUSTRIAL ZAMBIA LIMITED as target company, pursuant to which SENBAI HOLDINGS FZCO agreed to transfer 1,614,997 ordinary shares representing 0.999814% of the issued share capital of Softcare Industrial Zambia Limited to Sunda FM Holdings Limited, at a consideration of K16,147;

(s) an instrument of transfer and a bought and sold note dated October 30, 2024 entered into among Sunda Group Co., Limited as transferor and Softcare Fm Limited as transferee, pursuant to which Sunda Group Co., Limited agreed to transfer 100,000 ordinary shares in KEWOR LIMITED to Softcare Fm Limited, at a consideration of HK$100,000;

(t) an equity transfer agreement dated November 25, 2024 entered into among Sunda Group Co., Limited as transferor and KEWOR LIMITED as transferee, pursuant to which Guangzhou Sunda Supply Chain Co., Ltd agreed to transfer 100% of equity interest in Guangzhou Sunda Supply Chain Co., Ltd, at a consideration of RMB24,310,000;

(u) the Deed of Non-competition;

(v) the Deed of Indemnity; and

(w) the [**REDACTED**].

2. Intellectual property rights of our Group

(a) Trademarks

As of the Latest Practicable Date, our Group was the registered owner of the following trademarks which, in the opinion of our Directors, are material to our business:

No.	Trademark	Registration number	Class	Registered proprietor	Place of registration	Date of registration	Date of Expiry
1. . .	乐舒适 Softcare Softcare 乐舒适 乐舒适 Softcare Softcare 乐舒适	306576788	16	Softcare Limited	Hong Kong	June 7, 2024	June 6, 2034
2. . .	SOFTCARE	41807	5	Sunmart Trading Dubai	Ghana	June 16, 2011	June 16, 2031
3. . .	SOFTCARE SPACE	55340	5	Sunmart Trading Dubai	Ghana	November 17, 2021	November 17, 2031
4. . .	Softcare	39699	16	Sunmart Trading Dubai	Ghana	September 10, 2009	September 10, 2029
5. . .		103165	5	Sunmart Trading Dubai	Kenya	July 20, 2018	July 20, 2028
6. . .		103441	5	Sunmart Trading Dubai	Kenya	August 8, 2018	August 8, 2028
7. . .		105084	5	Sunmart Trading Dubai	Kenya	November 29, 2018	November 29, 2028
8. . .		105085	5	Sunmart Trading Dubai	Kenya	November 29, 2018	November 29, 2028
9. . .		111864	5	Sunmart Trading Dubai	Kenya	May 4, 2020	May 4, 2030

No.	Trademark	Registration number	Class	Registered proprietor	Place of registration	Date of registration	Date of Expiry
10 . .		111868	5	Sunmart Trading Dubai	Kenya	May 4, 2020	May 4, 2030
11 . .	Softcare Sponge	125697	5	Sunmart Trading Dubai	Kenya	December 15, 2022	December 15, 2032
12 . .	SOFTCARE SPACE	120437	5	Sunmart Trading Dubai	Kenya	December 6, 2021	December 6, 2031
13 . .	SOFTCARE	67895	5, 16	Sunmart Trading Dubai	Kenya	April 9, 2010	April 9, 2030
14 . .	Softcare	92305	3, 5, 16	Sunmart Trading Dubai	OAPI	March 15, 2013	March 15, 2033
15 . .	SOFTCARE SPACE	125432	5	Sunmart Trading Dubai	OAPI	November 16, 2021	November 16, 2031
16 . .	Softcare Smart	131936	5	Sunmart Trading Dubai	OAPI	November 23, 2022	November 23, 2032
17 . .	Softcare	TZ/T/2011/1347	5	Sunmart Trading Dubai	Tanzania	November 29, 2011	August 5, 2028
18 . .	Softcare	ZN/T/2021/731	5	Sunmart Trading Dubai	Tanzania (Zanzibar)	October 27, 2021	October 27, 2031
19 . .	Softcare	ZN/T/2021/730	16	Sunmart Trading Dubai	Tanzania (Zanzibar)	October 27, 2021	October 27, 2031
20 . .	Softcare	1946/2017	5	Sunmart Trading Dubai	Zambia	November 16, 2017	November 16, 2038
21 . .	Softcare Smart	1733/2022	5	Sunmart Trading Dubai	Zambia	November 18, 2022	November 18, 2029
22 . .	SPACE Softcare	1734/2022	5	Sunmart Trading Dubai	Zambia	November 18, 2022	November 18, 2029
23 . .	ClinCleer	46270	5	Sunmart Trading Dubai	Ghana	December 5, 2012	December 5, 2032
24 . .	Cuettie	41822	16	Sunmart Trading Dubai	Ghana	September 29, 2011	September 29, 2031
25 . .	Cuettie	55614	5	Sunmart Trading Dubai	Ghana	September 2, 2021	September 2, 2031
26 . .		103275	5	Sunmart Trading Dubai	Kenya	July 26, 2018	July 26, 2028
27 . .	Cuettie	118323	5	Sunmart Trading Dubai	Kenya	July 19, 2021	July 19, 2031
28 . .	CUETTIE	72254	16	Sunmart Trading Dubai	Kenya	August 18, 2011	August 18, 2031

No.	Trademark	Registration number	Class	Registered proprietor	Place of registration	Date of registration	Date of Expiry
29 . .	ClinCleer	77108	5	Sunmart Trading Dubai	Kenya	December 17, 2012	December 17, 2032
30 . .	ClinCleer	92306	3, 5, 16	Sunmart Trading Dubai	OAPI	March 15, 2013	March 15, 2033
31 . .	Cuettie	92302	3, 5, 16	Sunmart Trading Dubai	OAPI	December 7, 2012	December 7, 2032
32 . .	clincleer	TZ/T/2010/373	5	Sunmart Trading Dubai	Tanzania	April 16, 2010	April 16, 2027
33 . .	Cuettie	TZ/T/2011/809	16	Sunmart Trading Dubai	Tanzania	August 5, 2011	August 5, 2028
34 . .	Cuettie	ZN/T/2021/727	5	Sunmart Trading Dubai	Tanzania (Zanzibar)	October 27, 2021	October 27, 2031
35 . .	Cuettie	1796/2018	5	Sunmart Trading Dubai	Zambia	November 21, 2018	November 21, 2025
36 . .	ClinCleer	1050/2018	5	Sunmart Trading Dubai	Zambia	July 18, 2018	July 18, 2025
37 . .	Cuettie	1167/2019	5	Sunmart Trading Dubai	Zambia	August 19, 2019	August 19, 2026
38 . .	Maya	39460	16	Sunmart Trading Dubai	Ghana	September 10, 2009	September 10, 2029
39 . .		109831	5	Sunmart Trading Dubai	Kenya	November 1, 2019	November 1, 2029
40 . .		109833	5	Sunmart Trading Dubai	Kenya	November 1, 2019	November 1, 2029
41 . .	MAYA	105306	5	Sunmart Trading Dubai	Kenya	December 14, 2018	December 14, 2028
42 . .	Maya	92301	3, 5, 16	Sunmart Trading Dubai	OAPI	December 7, 2012	December 7, 2032
43 . .	MAYA	TZ/T/2019/1638	5	Sunmart Trading Dubai	Tanzania	July 13, 2019	July 13, 2026
44 . .	Maya	50/2019	5	Sunmart Trading Dubai	Zambia	January 18, 2019	January 18, 2026
45 . .	Veesper	41857	16	Sunmart Trading Dubai	Ghana	September 29, 2011	September 29, 2031
46 . .	Veesper	TZ/T/2011/811	16	Sunmart Trading Dubai	Tanzania	August 5, 2011	August 5, 2028

As of the Latest Practicable Date, we had applied for the registration of the following trademarks which our Directors consider to be or may be material to our business:

No.	Trademark	Application number	Class	Applicant	Place of registration	Application Date
1 . . .	SOFTCARE SPONGE	GH/T/2023/509	5	Sunmart Trading Dubai	Ghana	April 25, 2023
2 . . .	Softcare Smart	GH/T/2023/503	5	Sunmart Trading Dubai	Ghana	April 25, 2023

As of the Latest Practicable Date, our Group [had licensed] the following trademarks to the Excluded Group:

No.	Trademark	Registration number	Class	Registered proprietor	Place of registration	Date of registration	Date of Expiry
1 . .	Softcare	92305	3, 5, 16	Sunmart Trading Dubai	OAPI	March 15, 2013	March 15, 2033
2 . .	SOFTCARE SPACE	125432	5	Sunmart Trading Dubai	OAPI	November 16, 2021	November 16, 2031
3 . .	Softcare Smart	131936	5	Sunmart Trading Dubai	OAPI	November 23, 2022	November 23, 2032
4 . .	SOFT CARE	20856	5	Sunmart Trading Dubai	Nigeria	December 14, 2018	December 14, 2025
5 . .	Softcare Sponge	56733	5	Sunmart Trading Dubai	Nigeria	November 21, 2022	November 21, 2029
6 . .	Softcare Smart	56745	5	Sunmart Trading Dubai	Nigeria	November 21, 2022	November 21, 2029
7 . .	SPACE Softcare	43641	5	Sunmart Trading Dubai	Nigeria	May 2, 2022	May 2, 2029
8 . .	Softcare	43640	16	Sunmart Trading Dubai	Nigeria	May 2, 2022	May 2, 2029
9 . .	ClinCleer	92306	3, 5, 16	Sunmart Trading Dubai	OAPI	March 15, 2013	March 15, 2033
10 .	Cuettie	92302	3, 5, 16	Sunmart Trading Dubai	OAPI	December 7, 2012	December 7, 2032
11 . .	ClinCleer	43644	5	Sunmart Trading Dubai	Nigeria	May 2, 2022	May 2, 2029
12 .	Maya	92301	3, 5, 16	Sunmart Trading Dubai	OAPI	December 7, 2012	December 7, 2032
13 .	Maya	43638	5	Sunmart Trading Dubai	Nigeria	May 2, 2022	May 2, 2029

No.	Trademark	Registration number	Class	Registered proprietor	Place of registration	Date of registration	Date of Expiry
14 .	Veesper	43642	5	Sunmart Trading Dubai	Nigeria	May 2, 2022	May 2, 2029
15 .	Veesper	43643	16	Sunmart Trading Dubai	Nigeria	May 2, 2022	May 2, 2029

(b) Domain names

As of the Latest Practicable Date, our Group had registered the following domain names which, in the opinion of our Directors, are material to our business:

No.	Domain Name	Name of Registered Proprietor	Date of Registration	Date of Expiry
1 . . .	softcarehome.com	Guangzhou Sengong	January 22, 2024	January 22, 2034

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) Disclosure of Interests—Interests and short positions of the Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations

Immediately following completion of the [**REDACTED**] and assuming that the [**REDACTED**] Option and any options which may be granted under the [**REDACTED**] Share Option Scheme and the [**REDACTED**] Share Option Scheme are not exercised, the interests or short positions of our Directors or chief executive of our Company in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to our Company and the Stock Exchange, once our Shares are [**REDACTED**], will be as follows:

Interest in Shares of our Company

Name of Director	Nature of interest	Number of Shares interested[1]	Approximate percentage of interest
Mr. Shen[2][3]	Interest in controlled corporations	[**REDACTED**] Shares (L)	[**REDACTED**]%
	Interest of spouse	[**REDACTED**] Shares (L)	[**REDACTED**]%
Ms. Yang[2][3]	Interest in controlled corporations	[**REDACTED**] Shares (L)	[**REDACTED**]%
	Interest of spouse	[**REDACTED**] Shares (L)	[**REDACTED**]%
Mr. Luo Jichao[4][5] . . .	Interest in controlled corporations	[**REDACTED**] Shares (L)	[**REDACTED**]%

Notes:

(1) The letter "L" denotes the person's long position in our Shares.

(2) Ms. Yang is the spouse of Mr. Shen. By virtue of the SFO, Mr. Shen and Ms. Yang are deemed to be interested in the Shares held by each other is interested.

(3) As of the Latest Practicable Date, Century BVI was wholly owned by Sunda Enterprise. Sunda Enterprise is owned as to 51% by Chaoyuet Holding, which in turn is wholly owned by Mr. Shen, and 49% by Haoyue Investment, which in turn is wholly owned by Ms. Yang. By virtue of the SFO, each of Mr. Shen and Ms. Yang is deemed to be interested in the Shares held by Century BVI through Sunda Enterprise, Chaoyuet Holding and Haoyue Investment.

(4) As of the Latest Practicable Date, Lideal was wholly owned by Mr. Luo Jichao, our executive Director. By virtue of the SFO, Mr. Luo Jichao is deemed to be interested in the Shares held by Lideal.

(5) As of the Latest Practicable Date, SHUFAN was wholly owned by Guangzhou Shufei Enterprise Management Partnership (Limited Partnership) (廣州舒非企業管理合夥企業(有限合夥)), the general partner of which is Mr. Luo Jichao. By virtue of the SFO, Mr. Luo is deemed to be interested in the Shares held by SHUFAN.

(b) Particulars of service agreements and letters of appointment

Each of our executive Directors [has entered] into a service agreement with our Company for a term of three years commencing from the [**REDACTED**], which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of our non-executive Directors and independent non-executive Directors [has entered] into a letter of appointment with our Company for a term of three years commencing from the [**REDACTED**], which may be terminated by not less than three months' notice in writing served by either party on the other.

(c) Directors' remuneration

During the two years ended December 31, 2023 and the nine months ended September 30, 2024, the aggregate remuneration (including salaries, allowances and other benefits and retirement benefits schemes contribution) paid to our Directors was approximately US$0.2 million, US$0.4 million and US$0.8 million, respectively. For details, please refer to Note 11 of the Accountants' Report set out in Appendix IA to this document.

Under the arrangement currently in force, the aggregate remuneration (including fees, salaries, allowances and other benefits and retirement benefits schemes contribution) of our Directors for the year ending December 31, 2025 is estimated to be approximately US$1.6 million.

2. Substantial Shareholders

Save as disclosed in "Substantial Shareholders" in this document, so far as our Directors are aware, immediately following the completion of the [**REDACTED**] assuming that the [**REDACTED**] Option is not exercised, no person (other than our Directors and chief executives of our Company) will have or be deemed or taken to have an interest and/or short position in our Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the issued voting shares of any member of our Group.

3. Agency fees or commissions received

Save as disclosed in this document, no commissions, discounts, brokerages or other special terms were granted in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this document.

4. Disclaimers

(a) save as disclosed in this section, none of our Directors or chief executive of our Company has any interest or short position in our shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of [**REDACTED**] Issuers once our Shares are [**REDACTED**];

(b) none of our Directors or experts referred to under "—E. Other information—7. Qualifications and consents of experts" below has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this document been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(c) none of our Directors or experts referred to under "—E. Other information—7. Qualifications and consents of experts" below is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;

(d) save as disclosed in this section, none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

(e) save as disclosed in "—C. Further information about our Directors and substantial shareholders—2. Substantial Shareholders" above, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the [**REDACTED**] and assuming that the [**REDACTED**] Option, have an interest or short position in our Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group; and

(f) so far as is known to our Directors as of the Latest Practicable Date, none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders of our Company who are interested in more than 5% of the total number of issued Shares has any interests in the five largest customers or the five largest suppliers of our Group.

D. SHARE INCENTIVE SCHEMES

1. [REDACTED] Share Option Scheme

The following is a summary of the principal terms of the [**REDACTED**] Share Option Scheme conditionally adopted by our Company pursuant to the written resolutions of our then sole Shareholder passed on January 15, 2025.

(a) Purpose of the [REDACTED] *Share Option Scheme*

The [**REDACTED**] Share Option Scheme is a share incentive scheme and is established to recognize and acknowledge the contributions or potential contributions of certain eligible participants who are directors or employees of our Group. The [**REDACTED**] Share Option Scheme is not subject to Chapter 17 of the Listing Rules as the [**REDACTED**] Share Option Scheme does not involve the grant of options by our Company after [**REDACTED**]. The Company shall comply with Chapter 14A and other applicable rules of the Listing Rules in respect of the [**REDACTED**] Share Option Scheme upon [**REDACTED**]. The [**REDACTED**] Share Option Scheme will provide the eligible participants with an opportunity to have a personal stake in our Company with a view to achieving the following objectives:

(i) motivate the eligible participants to optimize their performance efficiency for the benefit of our Group; and

(ii) attract and retain or otherwise maintain relationships with the eligible participants whose contributions are or will be beneficial to the long-term growth of our Group.

(b) Eligible participants of the [REDACTED] *Share Option Scheme*

Our Board or its duly authorized committee may, at its sole and absolute discretion, offer to grant an option to any director and employee of our Group (including persons who are granted options under the [**REDACTED**] Share Option Scheme as an inducement to enter into employment contracts with our Group) to subscribe for such number of new Shares as our Board or its duly authorized committee may determine at an exercise price determined in accordance with paragraph (f) below.

Upon acceptance of the option, the grantee shall pay HK$1.00 to our Company by way of consideration for the grant.

(c) Maximum number of Shares

The maximum number of Shares in respect of which options may be granted under the [**REDACTED**] Share Option Scheme shall be up to 0.55% of the total number of shares of the Company in issue immediately upon completion of the [**REDACTED**], but excluding any Shares which may be issued upon the exercise of the options granted or to be granted under the [**REDACTED**] Share Option Scheme, the [**REDACTED**] Share Option Scheme, other share schemes as defined in the rules of the [**REDACTED**] Share Option Scheme and Shares that may fall to be issued upon the exercise of the [**REDACTED**] Option.

(d) Grant of the [REDACTED] *share options*

As of the Latest Practicable Date, no options under the [**REDACTED**] Share Option Scheme has been granted. We expected to grant options under the [**REDACTED**] Share Option Scheme before [**REDACTED**].

Application will be made to the Stock Exchange for the approval for the [**REDACTED**] of and permission to deal in Shares to be issued pursuant to the exercise of options granted under the [**REDACTED**] Share Option Scheme.

We will not permit the exercise of any [**REDACTED**] Share Option Scheme by any of our core connected persons if, upon such exercise, we would not be able to attain the minimum public float requirement of the Stock Exchange.

(e) Timing of exercise of option and duration of the [REDACTED] *Share Option Scheme*

Each of the grantees to whom an option has been granted under the [**REDACTED**] Share Option Scheme shall be entitled to exercise his/her option in the manner as specified in the offer letter in respect of the grant of options (the "**Offer Letter**"). Depending on the ranking and duration of services of the eligible participants with the Group, there are three vesting options in which the granted options shall vest with the grantees:

Vesting option 1

- Up to 33% of the Shares that are subject to the granted options (rounded down to the nearest whole number) shall be vested on the day falling on the 1st anniversary of the Date of the Offer Letter;

- Up to 33% of the Shares that are subject to the granted options (rounded down to the nearest whole number) shall be vested on the day falling on the 2nd anniversary of the Date of the Offer Letter; and

- Up to 34% of the Shares that are subject to the granted options (rounded down to the nearest whole number) shall be vested on the day falling on the 3rd anniversary of the Date of the Offer Letter.

Vesting option 2

- Up to 50% of the Shares that are subject to the granted options (rounded down to the nearest whole number) shall be vested on the day falling on the 1st anniversary of the Date of the Offer Letter; and

- Up to 50% of the Shares that are subject to the granted options (rounded down to the nearest whole number) shall be vested on the day falling on the 2nd anniversary of the Date of the Offer Letter.

Vesting option 3

- Up to 100% of the Shares that are subject to the granted options (rounded down to the nearest whole number) shall be vested on the day falling on the 1st anniversary of the Date of the Offer Letter.

In respect of the granted options that are vested on the relevant vesting date, the granted options may be exercised from each of the relevant vesting date to the fifth anniversary of the Date of the Offer Letter, or until the lapse, cancelation or termination of the granted options in accordance with the Scheme (the "**Option Period**"). The grantees may exercise the granted options in whole or in parts by one time or multiple times during the Option Period. For the avoidance of doubt, all granted options that are not exercised within the Option Period will automatically lapse.

Additional vesting conditions

The vesting of the granted options in accordance with the vesting options above shall be subject to the following additional conditions:

(i) our Shares shall remain [**REDACTED**] on the Stock Exchange on the relevant vesting date;

(ii) the vesting percentage of the granted options shall be further adjusted based on the annual performance appraisal targets achieved by the grantee as set forth below:

Annual performance appraisal targets achieved	Vesting percentage of the granted options during the Option Period as set forth in vesting options above
Good or above	From 80% and up to 100%
Passed	From 50% and up to 80%
Subject to further improvement	Up to 50%
Failed	0%

The satisfaction of the annual performance appraisal targets of the grantee shall be determined in the sole and absolute discretion by our Board or its duly authorized committee from time to time. For the avoidance of doubt, all granted options that are not vested during the periods as specified in above due to the failure to achieve the annual performance appraisal targets by the grantee shall be automatically forfeited.

Lock-up period of the granted options

With respect to any Shares allotted and issued upon the exercise of the grant options (the "**Relevant Shares**"), the grantees shall undertake that, for a period of 12 months from and including the [**REDACTED**], the grantees shall not and shall procure that none of his/her nominees and any person acting on his/her behalf shall (except with the prior written approval of our Company) (a) issue, offer, sell, transfer, contract to sell or otherwise dispose of, or grant options, issue warrants or offer rights entitling persons to subscribe for or purchase any interest, in any Relevant Shares or any securities convertible into, exchangeable for or which carry rights to subscribe for or purchase the Relevant Shares or other instruments representing interests in the Relevant Shares, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Relevant Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Relevant Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing.

(f) Exercise price of the* [REDACTED] *share options

The exercise price per Share in respect of any particular option granted under the [**REDACTED**] Share Option Scheme shall be decided by our Board at the time of the grant.

(g) Rights are personal to grantee

An option is personal to the grantee and shall not be transferable or assignable. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option or attempt so to do.

(h) Rights on takeover

If a general offer is made to all our Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Codes)) and such offer becomes or is declared unconditional during the option period of the relevant option, the grantee of an option shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

(i) Rights on winding-up

In the event a notice is given by our Company to our members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to all grantees and thereupon, each grantee (or his/her legal personal representative(s)) shall be entitled to exercise all or any of his/her options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company referred to above by giving notice in writing to our Company, accompanied by a remittance or payment for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid and register the grantee as holder thereof.

(j) Rights on compromise or arrangement between our Company and our members or creditors

If a compromise or arrangement between our Company and our members or creditors is proposed for the purposes of a scheme for the reconstruction of our Company or its amalgamation with any other company or companies, our Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a scheme or arrangement and any grantee may by notice in writing to our Company accompanied by a remittance or payment for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given (such notice to be received by our Company not later than two business days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and our Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise of the option credited as fully paid and register the grantee as holder thereof.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable as if such compromise or arrangement had not been proposed by our Company.

(k) Ranking of Shares

The Shares to be allotted upon the exercise of an option will not carry voting, dividend, transfer or other rights until completion of the registration of the grantee (or any other person nominated by the grantee) as the holder thereof. Subject to the aforesaid, the Shares to be allotted upon the exercise of an option shall be subject to all the provisions of the Articles and shall carry the same voting, dividend, transfer and other rights, including those arising on liquidation of our Company and rights in respect of any dividend or other distributions paid or made on or after the date of issue. For the avoidance of doubt, Shares issued on the exercise of an option shall not be entitled to any rights attaching to Shares by reference to a record date preceding the date of allotment.

(l) Effect of alterations to capital

In the event of any alteration in the capital structure of our Company whilst any option may become or remains exercisable, whether by way of capitalization issue, rights issue, open offer, sub-division, consolidation of shares, or reduction of share capital of our Company, or otherwise howsoever, such corresponding alterations (if any) shall be made in (i) the number of Shares subject to any outstanding options; and/or (ii) the exercise price of each outstanding option; and/or (iii) the method of exercise of the options as the auditors or the approved independent financial advisor of our Company shall certify in writing to our Board or its duly authorized committee, to be in their opinion fair and reasonable, provided that any such alterations shall be made on the basis that a Grantee shall have the same proportion of the equity capital of our Company (as interpreted in accordance with the Supplementary Guidance on Main Board Listing Rule 17.03(13)/GEM Listing Rule 23.03(13) and the Note to the Rule attached to the Frequently Asked Questions on share schemes (FAQ13 – No. 16) published by the Stock Exchange (as may be amended and updated from time to time) (the "**Supplemental Guidance**")) as that to which he/she was entitled to subscribe had he/she exercised all the options held by him/her immediately before such adjustments and the aggregate exercise price payable by a grantee on the full exercise of any option shall remain as nearly as possible the same as (but shall not be greater than) it was before such event. Any adjustment to be made shall comply with the Listing Rules, the Supplemental Guidance and any future guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time.

(m) Lapse of options

An option shall automatically lapse and not be exercisable (to the extent not already exercised) on the earliest of:

(i) the date of expiry of the Option Period relevant to that option;

(ii) the expiry of any of the periods referred to in paragraphs (h), (i) or (j);

(iii) the date on which the scheme of arrangement of our Company referred to in paragraph (j) becomes effective;

(iv) the date of commencement of the winding-up of our Company in accordance with the Companies Act;

(v) the date on which the grantee ceases to be an eligible participant for any reason including serious misconduct, conviction of a criminal offense involving his/her integrity or honesty or in relation to the employee of our Company and/or its subsidiaries or insolvency, bankruptcy, arrangements or compositions with his/her creditors generally or any other ground as determined by our Board or its duly authorized committee that would warrant the termination of his/her employment or service with our Company and/or its subsidiaries at common law or pursuant to any applicable laws or under the grantee's service contract with our Company or its relevant subsidiary or any other grounds as specified in the Offer Letter; and

(vi) the date on which our Board or its duly authorized committee shall exercise our right to cancel the option at any time after the grantee commits a breach of paragraph (g) above or the options are canceled in accordance with paragraph (o) below.

Other provisions in relation to the lapse of an option shall be specified in the Offer Letter.

(n) Alteration of the [**REDACTED**] *Share Option Scheme*

The terms and conditions of the [**REDACTED**] Share Option Scheme may be altered in any respect by resolution of our Board or its duly authorized committee except that any alteration to the advantage of the grantees or the eligible participant (as the case may be) in respect of the definitions of eligible participants, option period and grantee and any material alteration to the terms and conditions of the [**REDACTED**] Share Option Scheme shall first be approved by our Shareholders in general meeting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the [**REDACTED**] Share Option Scheme.

(o) Cancelation of [**REDACTED**] *share options*

Any cancelation of options granted but not exercised must be approved by the grantees of the relevant options in writing.

(p) Termination of the [**REDACTED**] *Share Option Scheme*

Our Company may by resolution in general meeting or our Board or its duly authorized committee at any time terminate the [**REDACTED**] Share Option Scheme, and in such event, no further no further options shall be offered but the provisions of the [**REDACTED**] Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the [**REDACTED**] Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the [**REDACTED**] Share Option Scheme.

(q) Administration of our Board

The [**REDACTED**] Share Option Scheme shall be subject to the administration of our Board or its duly authorized committee which (i) shall administer the [**REDACTED**] Share Option Scheme in accordance with the provisions hereof and all applicable requirements of the Listing Rules; and (ii) may make such rules not being inconsistent with the terms and conditions hereof and the Listing Rules for the conduct of the [**REDACTED**] Share Option Scheme and the determination and terms of each entitlement under an Option as our Board or its duly authorized committee thinks fit. Any decision of our Board or its duly authorized committee with respect to any matter arising under the [**REDACTED**] Share Option Scheme (including the interpretation of any provisions herein) shall be final and binding on all parties.

(r) Conditions of the* [REDACTED] *Share Option Scheme

The [**REDACTED**] Share Option Scheme shall take effect subject to and is conditional upon:

(i) the passing of the necessary resolutions by our Shareholder(s) to approve and adopt the rules of the [**REDACTED**] Share Option Scheme;

(ii) the Stock Exchange granting the approval for the [**REDACTED**] of, and permission to deal in, the Shares falling to be issued pursuant to the exercise of options under the [**REDACTED**] Share Option Scheme;

(iii) the obligations of the [**REDACTED**] under the [**REDACTED**] Agreements becoming unconditional (including if relevant, as a result of the waiver(s) thereof) and not being terminated in accordance with the terms of the [**REDACTED**] Agreements or otherwise; and

(iv) the commencement of dealings in our Shares on the Stock Exchange.

(s) Disclosure in annual and interim reports

We will disclose details of the [**REDACTED**] Share Option Scheme in our annual and interim reports in accordance with the Listing Rules in force from time to time.

2. [REDACTED] Share Option Scheme

The following is a summary of the principal terms of the [**REDACTED**] Share Option Scheme conditionally adopted by our Company pursuant to the written resolutions of our then Shareholders passed on [●], 2025.

(a) Purpose of the* [REDACTED] *Share Option Scheme

The [**REDACTED**] Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognize and acknowledge the contributions or potential contributions of certain eligible participants who are directors or employees of our Group. The [**REDACTED**] Share Option Scheme will provide the eligible participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

(i) motivate the eligible participants to optimize their performance efficiency for the benefit of our Group; and

(ii) attract and retain or otherwise maintain an on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of our Group.

(b) Eligible participants of the [REDACTED] *Share Option Scheme*

Our Board or its duly authorized committee may, at its sole and discretion, offer to grant an option to any director and employee of our Group (including persons who are granted options under the [**REDACTED**] Share Option Scheme as an inducement to enter into employment contracts with our Group) to subscribe for such number of new Shares as our Board or its duly authorized committee may determine at an exercise price determined in accordance with paragraph (f) below.

Upon acceptance of the option, the grantee shall pay HK$1.00 to our Company by way of consideration for the grant.

(c) Acceptance of an offer of options

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the acceptance letter, the form of which be attached to the offer letter (the "**Offer letter**" constituting acceptance of the option duly signed by the grantee, together with a remittance or payment in favor of our Company of HK$1.00 by way of consideration for the grant thereof, is received by our Company on or before the relevant acceptance date. Such remittance or payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the acceptance letter. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Subject to paragraphs (l), (m), (n), (o) and (p) and our Company can meet the public float requirement under Rule 8.08 of the Listing Rules after the exercise of the option, a grantee may exercise his/her options, in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the grantee by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance or payment for the full amount of the exercise price for our Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the auditors to our Company or the approved independent financial advisor as the case may be pursuant to paragraph (r), our Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the grantee certificates in respect of our Shares so allotted.

The exercise of any option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorized share capital of our Company.

The vesting period of any options shall not be less than 12 months. Options may be subject to a shorter vesting period under any of the following circumstances:

(i) where the options are granted in assumption of, or in substitution or exchange for, an award previously granted, or the right or obligation to make a future award, in all cases by a company acquired by our Company or any of our subsidiary or with which our Company or any of our subsidiary combines;

(ii) where the Shares to be issued upon the exercise of such options are subject to a minimum holding period of not less than 12 months and are delivered to an eligible participant under his/her compensation arrangements with our Company, including Shares delivered to a non-employee director in respect of such non-employee director's annual retainer;

(iii) where the options are sign-on or make-whole grants to new eligible participants;

(iv) where the options are subject to performance-based vesting conditions;

(v) where the options are granted in batches for administrative or compliance reasons;

(vi) where the options shall vest evenly over a period of 12 months or more;

(vii) where the options are subject to a total vesting and holding period of more than 12 months; or

(viii) in cases of retirement, separation, retention arrangements, death, disability or a change in control of our Company, our Board may accelerate the vesting of the options at its sole discretion.

(d) Maximum number of Shares

The maximum number of Shares in respect of which options may be granted under the [**REDACTED**] Share Option Scheme and under any other share schemes of our Company must not in aggregate exceed 10% ("**Scheme Limit**") of the total number of Shares in issue immediately following the completion of the [**REDACTED**], being [**REDACTED**] Shares (assuming that the [**REDACTED**] Option is not exercised). As of the date on which such option is offered in writing to an eligible participant which must be a Business Day (the "**Offer Date**") of any proposed grant of options under the [**REDACTED**] Share Option Scheme, the maximum number of Shares in respect of which options may be granted is such number of Shares less the aggregate of the following:

(i) the number of Shares which would be issued on the exercise in full of the options under the [**REDACTED**] Share Option Scheme or under any other share schemes of our Company but not canceled or exercised;

(ii) the number of Shares which have been issued and allotted pursuant to the exercise of any options under the [**REDACTED**] Share Option Scheme or under any other share schemes of our Company or any awards granted under any other share schemes of our Company; and

(iii) the number of those Shares which were the subject of options which had been granted and accepted under the [**REDACTED**] Share Option Scheme and any other share schemes of our Company but subsequently canceled.

Subject to the approval of our Shareholders in general meeting in compliance with Rules 17.03C(1) and 17.03C(2) of the Listing Rules and/or such other requirements prescribed under the Listing Rules from time to time, our Board may refresh the Scheme Limit from time to time to 10% of the number of Shares in issue ("**New Scheme Limit**") as of the date of the approval by our Shareholders in general meeting ("**New Approval Date**"). Any refreshment within any three year period from the date of our Shareholders' approval for the last refreshment (or the adoption of the [**REDACTED**] Share Option Scheme) must be approved by our Shareholders subject to the following provisions:

(i) any controlling shareholders and their associates (or if there is no controlling shareholder, directors (excluding independent non-executive directors) and the chief executive of our Company and their respective associates) abstaining from voting in favor of the relevant resolution at the general meeting of our Company; and

(ii) our Company must comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules

and thereafter, as of the date of grant of any options under the [**REDACTED**] Share Option Scheme, the maximum number of Shares in respect of which options may be granted is the New Scheme Limit less the aggregate of the following:

(i) the number of Shares which would be issued on the exercise in full of the options under the [**REDACTED**] Share Option Scheme or under any other share schemes of our Company granted on or after the New Approval Date but not canceled or exercised;

(ii) the number of Shares which have been issued and allotted pursuant to the exercise of any options under the [**REDACTED**] Share Option Scheme or under any other share schemes of our Company or any awards granted under any other share schemes of our Company granted on or after the New Approval Date; and

(iii) the number of those Shares which were the subject of options which had been granted on or after the New Approval Date and accepted under the [**REDACTED**] Share Option Scheme and any other share schemes of our Company but subsequently canceled.

Subject to the approval of our Shareholders in general meeting in compliance with Rule 17.03C(3) of the Listing Rules and/or such other requirements as prescribed under the Listing Rules from time to time, our Board may grant options exceeding the Scheme Limit to eligible participants specifically identified by our Board.

The Scheme Limit shall be adjusted, in such manner as the auditors of our Company or an approved independent financial advisor shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our Company in accordance with paragraph (r) below whether by way of capitalization issue, rights issue, sub-division or consolidation of shares or reduction of the share capital of our Company.

(e) Maximum number of options to any one individual

Our Board shall, subject to and in accordance with the provisions of the [**REDACTED**] Share Option Scheme and the Listing Rules, be entitled to but shall not be bound, at any time on any business day during the Scheme Period (as defined in paragraph (j) below) offer to grant an option to any eligible participant whom our Board or its duly authorized committee may in its sole and absolute discretion select and subject to such conditions (including, without limitation, the vesting period and/or any performance targets as assessed in accordance with the Performance Measures (as defined in paragraph (k) below) during a specified performance period which must be achieved before an option can be exercised) as it may think fit.

If our Board or its duly authorized committee determines to offer options under the [**REDACTED**] Share Option Scheme to an eligible participant which, when aggregated with any Shares issued or to be issued in respect of all options or awards granted to that person (excluding any options or awards lapsed in accordance with the terms of the relevant schemes) under the [**REDACTED**] Share Option Scheme and the other share schemes of our Company in any 12-month period up to and including the Offer Date, exceed 1% of the number of Shares in issue on the Offer Date:

(i) the grant shall be subject to (aa) the issue of a circular by our Company to our Shareholders which shall comply with Rules 17.03D and 17.06 of the Listing Rules and/or such other requirements as prescribed under the Listing Rules from time to time; and (bb) the approval of our Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time with such eligible participant and his/her close associates (or his/her associates if the eligible participant is a connected person) abstaining from voting; and

(ii) unless provided otherwise in the Listing Rules, the date of the meeting at which our Board or its duly authorized committee resolves to grant the proposed options to such eligible participant shall be taken as the Offer Date for the purpose of calculating the exercise price of our Shares.

Our Board or its duly authorized committee shall forward to such eligible participant the Offer Letter in such form as our Board or its duly authorized committee may from time to time determine (or, alternatively, documents accompanying the Offer Letter which state), among others:

(aa) the eligible participant's name, address and occupation;

(bb) the Offer Date Letter;

(cc) the date upon which an offer for an option must be accepted;

(dd) the vesting dates of the relevant options;

(ee) the number of Shares in respect of which the option is offered;

(ff) the exercise price and the manner of payment of such price for our Shares on and in consequence of the exercise of the option;

(gg) the period within which of the option may be exercised as may be determined by our Board or its duly authorized committee;

(hh) the method of acceptance of the option which shall, unless our Board or its duly authorized committee otherwise determines, be as set out in paragraph (c); and

(ii) such other terms and conditions (including, without limitation, the vesting period and/or any performance targets as assessed in accordance with the Performance Measures (as defined in paragraph (k) below) during a specified performance period which must be achieved before the option can be exercised) relating to the offer of the option which in the opinion of our Board are fair and reasonable but not being inconsistent with the [**REDACTED**] Share Option Scheme and the Listing Rules.

(f) Price of Shares

The exercise price of a Share in respect of each option offered to an eligible participant shall, subject to any adjustments made as described in paragraph (r) below be determined by our Board or its duly authorized committee in its sole and absolute discretion but in any event, must be at least the higher of:

(i) the closing price of our Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day;

(ii) the average closing price of our Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of our Shares.

(g) Granting options to a director, chief executive or substantial shareholder of our Company or any of their respective associates

Any grant of options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of our Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options).

If our Board proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates (as defined in the Listing Rules) which will result in the number of Shares issued and to be issued in respect of all options and awards granted to such person under the [**REDACTED**] Share Option Scheme or the other share schemes of our Company (excluding any options and awards lapsed in accordance with the terms of such schemes) in the 12-month period up to and including the Offer Date of representing in aggregate over 0.1%, or such other percentage as may be from time to time provided under the Listing Rules of our Shares in issue on the Offer Date, such further grant of options will be subject to, in addition to the abovementioned approval of the independent non-executive Directors, the approval of our Shareholders in general meeting in accordance with Rule 17.04(4) of the Listing Rules and/or such other requirements prescribed under the Listing Rules from time to time. Our Company must also send a circular to our Shareholders, which shall contain the following information:

(i) the details of the number and terms (including the information required under Rules 17.03(5) to 17.03(10) and Rule 17.03(19) of the Listing Rules) of the options to be granted to each selected eligible participant, which must be fixed before our Shareholders' meeting, and the Offer Date (which shall be the date of the meeting at which our Board or its duly authorized committee proposes to grant the proposed options to that eligible participant);

(ii) the views of the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of our Company and our Shareholders as a whole, and their recommendation to the independent Shareholders as to voting;

(iii) the information required under Rule 17.02(2)(c) of the Listing Rules; and

(iv) the information required under Rule 2.17 of the Listing Rules.

(h) Restrictions on the time of grant of options

A grant of options shall not be made after inside information has come to the knowledge of our Company until it has announced such inside information pursuant to the requirements of the Listing Rules and Part XIVA of the SFO. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

(i) the date of the Board meeting (as such date to first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our annual results or our results for half-year, quarterly or other interim period (whether or not required under the Listing Rules); and

(ii) the deadline for our Company to publish an announcement of our annual results or our results for half-year, or quarterly or other interim period (whether or not required under the Listing Rules)

and ending on the date of actual publication of the results for such year, half-year, quarterly or interim period (as the case may be) and where an option is granted to a Director, no options shall be granted:

(i) during the period of 60 days immediately preceding the publication date of our annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(ii) during the period of 30 days immediately preceding the publication date of our quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(i) Rights are personal to grantee

Save for a transfer to a vehicle (such as a trust or a private company) for the benefit of the grantee and any family members of such grantee (including for estate planning or tax planning purposes) that would continue to meet the purpose of the [**REDACTED**] Share Option Scheme and comply with other requirements of the Listing Rules, in which case a waiver must be obtained from the Stock Exchange, an option and offer to grant an option is personal to the grantee and shall not be transferable or assignable. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option held by him/her or any offer relating to the grant of an option made to him/her or attempt so to do (save that the grantee may nominate a nominee in whose name our Shares issued pursuant to the [**REDACTED**] Share Option Scheme may be registered). Any breach of the foregoing shall entitle our Company to cancel any outstanding options or any part thereof granted to such grantee.

(j) *Time of exercise of option and duration of the* [REDACTED] *Share Option Scheme*

An option may be exercised in accordance with the terms of the [**REDACTED**] Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by our Board or its duly authorized committee in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the [**REDACTED**]. Subject to earlier termination by our Company in general meeting or by our Board, the [**REDACTED**] Share Option Scheme shall be valid and effective for a period of 10 years from the [**REDACTED**] ("**Scheme Period**"). Each of the grantees shall be entitled to exercise his/her option in the manner as specified in the Offer Letter.

(k) *Performance target*

A grantee may be required to achieve any performance targets as our Board or its duly authorized committee may then specify in the grant before any options granted under the [**REDACTED**] Share Option Scheme can be exercised. The performance targets shall be assessed in accordance with any one or more of the following corporate-wide or subsidiary, division, operating unit, line of business, project, geographical or individual performance measures ("**Performance Measures**") during a specified performance period: cash flow; earnings; earnings per share; market value added or economic value added; profits; return on assets; return on equity; return on investment; sales; revenue; Share price; total shareholder return; customer satisfaction metrics; and such other goals as our Board may determine from time to time. Each goal may be expressed on an absolute and/or relative basis, may be based on or otherwise employ comparisons based on internal targets, the past performance of our Company and/or the past or current performance of other companies, and in the case of earnings-based measures, may use or employ comparisons relating to capital, shareholders' equity and/or shares outstanding, investments or to assets or net assets. Our Board may, in its sole discretion, amend or adjust the Performance Measures and establish any special rules and conditions to which the Performance Measures shall be subject at any time.

(l) *Rights on ceasing employment or death, retirement or disability*

If a grantee's employment or service with our Company and/or any of our subsidiaries by reason of death, retirement or disability, such grantee is entitled to exercise the vested portion of the granted options (to the extent not already exercised) and sell the relevant shares within 6 months from the cessation of employment or service.

(m) *Rights on dismissal*

If the grantee of an option ceases to be an employee of our Company or any of our subsidiaries on the grounds that he/she has been guilty of serious misconduct, or in relation to an employee of our Group (if so determined by our Board or its duly authorized committee) on any other ground on which an employee would be entitled to terminate his/her employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, or has been convicted of any criminal offense involving his/her integrity or honesty, his/her option will lapse and not be exercisable after the date of termination of his/her employment.

(n) Rights on takeover

If a general offer is made to all our Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Codes)) and such offer becomes or is declared unconditional during the option period of the relevant option, the grantee of an option shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

(o) Rights on winding-up

In the event a notice is given by our Company to our members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to all grantees and thereupon, each grantee (or his/her legal personal representative(s)) shall be entitled to exercise all or any of his/her options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company referred to above by giving notice in writing to our Company, accompanied by a remittance or payment for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid and register the grantee as holder thereof.

(p) Rights on compromise or arrangement between our Company and our members or creditors

If a compromise or arrangement between our Company and our members or creditors is proposed for the purposes of a scheme for the reconstruction of our Company or its amalgamation with any other company or companies, our Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a scheme or arrangement and any grantee may by notice in writing to our Company accompanied by a remittance or payment for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given (such notice to be received by our Company not later than two business days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and our Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise of the option credited as fully paid and register the grantee as holder thereof.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable as if such compromise or arrangement had not been proposed by our Company.

(q) Ranking of Shares

Our Shares to be allotted upon the exercise of an option will not carry voting, dividend, transfer or other rights until completion of the registration of the grantee (or any other person nominated by the grantee) as the holder thereof. Subject to the aforesaid, Shares to be issued and allotted upon the exercise of options, shall be subject to the provisions of the Articles and shall carry the same right in all respects and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation of our Company and rights in respect of any dividend or other distributions paid or made on or after the date of issue. For the avoidance of doubt, Shares issued upon the exercise of an option shall not be entitled to any rights attaching to Shares by reference to a record date preceding the date of allotment.

(r) Effect of alterations to capital

In the event of any alteration in the capital structure of our Company whilst any option may become or remains exercisable, whether by way of capitalization issue, rights issue, consolidation, sub-division or reduction of share capital of our Company, or otherwise howsoever, such corresponding alterations (if any) shall be made in (i) the number of Shares subject to any outstanding options; and/or (ii) the exercise price per Share of each outstanding option; and/or (iii) the method of exercise of the options as the auditors of our Company or an approved independent financial advisor shall certify in writing to our Board or its duly authorized committee to be in their opinion fair and reasonable, provided that any such alterations shall be made on the basis that a grantee shall have the same proportion of the equity capital of our Company (as interpreted in accordance with the Supplementary Guidance on Main Board Listing Rule 17.03(13) GEM Listing Rule 23.03(13) and the Note to the Rule attached to the Frequently Asked Questions on share schemes (FAQ13 – No. 16) published by the Stock Exchange (as may be amended and updated from time to time) (the "**Supplemental Guidance**")) as that to which he/she was entitled to subscribe had he/she exercised all the options held by him/her immediately before such adjustments and the aggregate exercise price payable by a grantee on the full exercise of any option shall remain as nearly as possible the same as (but shall not be greater than) it was before such event. Any adjustment to be made shall comply with the Listing Rules, the Supplemental Guidance and any future guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time.

(s) Lapse of the [**REDACTED**] *Share Options*

An option shall automatically lapse and not be exercisable (to the extent not already exercised) on the earliest of:

(i) the date of expiry of the option as may be determined by our Board;

(ii) the expiry of any of the periods referred to in paragraphs (l), (m), (n), (o) or (p);

(iii) the date on which the scheme of arrangement of our Company referred to in paragraph (p) becomes effective;

(iv) subject to paragraph (o), the date of commencement of the winding-up of our Company in accordance with the Companies Act;

(v) the date on which the grantee ceases to be an eligible participant by reason of such grantee's resignation from the employment with our Company or any of our subsidiaries or the termination of his/her employment or contract on any one or more of the grounds that he/she has been guilty of serious misconduct, or has been convicted of any criminal offense involving his/her integrity or honesty, or in relation to an employee of our Group (if so determined by our Board), or has been insolvent, bankrupt or has made compositions with his creditors generally or any other ground as determined by our Board that would warrant the termination of his/her employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group or any ground as specified in the Offer Letter. A resolution of our Board or the board of our relevant subsidiary to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or

(vi) the date on which our Board or shall exercise our right to cancel the option at any time after the grantee commits a breach of paragraph (i) above or the options are canceled in accordance with paragraph (u) below.

Other provisions in relation to the lapse of an option shall be specified in the Offer Letter.

(t) Alteration of the [**REDACTED**] *Share Option Scheme*

The terms and conditions of the [**REDACTED**] Share Option Scheme may be altered in any respect by resolution of our Board except that:

(i) any change to the terms of options granted to a grantee must be approved by our Board or its duly authorized committee, the Remuneration Committee, our independent non-executive Directors and/or our Shareholders (as the case may be) if the initial grant of the options was approved by our Board or its duly authorized committee, the Remuneration Committee, the independent non-executive Directors and/or our Shareholders (as the case may be) (except any changes which take effect automatically under the terms of the [**REDACTED**] Share Option Scheme); and

(ii) any alterations to the terms and conditions of the [**REDACTED**] Share Option Scheme which are of a material nature or any alterations to the provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the eligible participants or any change to the authority of our Directors or the administrators of the [**REDACTED**] Share Option Scheme to alter the terms of the [**REDACTED**] Share Option Scheme must be approved by our Shareholders in general meeting.

The amended terms of the [**REDACTED**] Share Option Scheme shall still comply with Chapter 17 of the Listing Rules.

(u) Cancelation of options

Subject to paragraph (i) above, any cancelation of options granted but not exercised must be approved by the grantees of the relevant options in writing. For the avoidance of doubt, such approval is not required in the event any option is canceled pursuant to paragraph (m).

(v) Termination of the [**REDACTED**] ***Share Option Scheme***

Our Company may by resolution in general meeting or our Board or its duly authorized committee at any time terminate the [**REDACTED**] Share Option Scheme, and in such event, no further options shall be offered but the provisions of the [**REDACTED**] Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the [**REDACTED**] Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the [**REDACTED**] Share Option Scheme.

(w) Administration of our Board

The [**REDACTED**] Share Option Scheme shall be subject to the administration of our Board or its duly authorized committee which (i) shall administer the [**REDACTED**] Share Option Scheme in accordance with the provisions hereof and all applicable requirements of the Listing Rules; and (ii) may make such rules not being inconsistent with the terms and conditions hereof and the Listing Rules for the conduct of the [**REDACTED**] Share Option Scheme and the determination and terms of each entitlement under an Option as our Board or its duly authorized committee thinks fit. Any decision of our Board or its duly authorized committee with respect to any matter arising under the [**REDACTED**] Share Option Scheme (including the interpretation of any provisions herein) shall be final and binding on all parties.

(x) Conditions of the **[REDACTED]** *Share Option Scheme*

The [**REDACTED**] Share Option Scheme shall take effect subject to and is conditional upon:

(i) the passing of the necessary resolutions by our Shareholders to approve and adopt the rules of the [**REDACTED**] Share Option Scheme;

(ii) the Stock Exchange granting the approval for the [**REDACTED**] of, and permission to deal in, our Shares which may fall to be issued pursuant to the exercise of options to be granted under the [**REDACTED**] Share Option Scheme;

(iii) the obligations of the [**REDACTED**] under the [**REDACTED**] Agreements becoming unconditional (including if relevant, as a result of the waiver(s) thereof) and not being terminated in accordance with the terms of the [**REDACTED**] Agreements or otherwise; and

(iv) the commencement of dealings in our Shares on the Stock Exchange.

If the conditions in paragraph (x) above are not satisfied within twelve calendar months from the adoption date:

(i) the [**REDACTED**] Share Option Scheme shall forthwith determine;

(ii) any option granted or agreed to be granted pursuant to the [**REDACTED**] Share Option Scheme and any offer of such a grant shall be of no effect; and

(iii) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the [**REDACTED**] Share Option Scheme or any option granted thereunder.

(y) Disclosure in annual and interim reports

We will disclose details of the [**REDACTED**] Share Option Scheme in our annual and interim reports in accordance with the Listing Rules in force from time to time.

(z) Present status of the **[REDACTED]** *Share Option Scheme*

As of the Latest Practicable Date, no option had been granted or agreed to be granted under the [**REDACTED**] Share Option Scheme.

Application has been made to the Stock Exchange for the approval for the [**REDACTED**] of and permission to deal in our Shares which may fall to be issued pursuant to the exercise of the options to be granted under the [**REDACTED**] Share Option Scheme, being [**REDACTED**] Shares in total.

E. OTHER INFORMATION

1. Tax and other indemnities

Our Controlling Shareholders [have entered] into the Deed of Indemnity with and in favor of our Company (for ourselves and as trustee for each of our subsidiaries) to provide indemnities on a joint and several basis in respect of, among other matters, (i) any liability for estate duty under the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong), or legislation similar thereto in Hong Kong or any jurisdictions outside Hong Kong which may be incurred by any member of our Group on or before the [**REDACTED**]; (ii) other taxation which may be suffered by any member of our Group in respect of, among other things, any income, profits or gains earned, accrued or received on or before the [**REDACTED**], including any additional demands or penalties incurred after the [**REDACTED**] and any other tax liabilities resulting from any applicable laws or regulations in the relevant jurisdiction by any member of our Company on or before the [**REDACTED**]; and (iii) any claims, penalties or other indebtedness which may arise after the [**REDACTED**], save (a) to the extent that sufficient provision or reserve has been made for such taxation, legal proceeding or non-compliance incident in the audited combined financial statements of our Group as set out in Appendix IA and Appendix IB; (b) to the extent that the liability for such taxation would not have arisen but for any act or omission of, or delay by, any member of our Group after the [**REDACTED**] without the prior written consent or agreement of our Controlling Shareholders, unless such act or omission is conducted or agreed upon in the ordinary course of business of our Group or under a legally binding obligation created on or before the [**REDACTED**]; and (c) to the extent such loss arises or is incurred only as a result of a retrospective change in law or regulations or the interpretation or practice thereof by any relevant authority coming into force after the [**REDACTED**].

2. Litigation

As of the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

3. Joint Sponsors

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules. The Joint Sponsors will receive an aggregate fee of US$1.44 million for acting as the sponsors for the [**REDACTED**].

The Joint Sponsors have made an application on our Company's behalf to the Stock Exchange for the [**REDACTED**] of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this document (including any Shares which may be issued pursuant to the exercise of the [**REDACTED**] Option and any options that may be granted under the [**REDACTED**] Share Option Scheme). All necessary arrangements have been made for the Shares to be admitted into CCASS.

4. Preliminary expenses

The preliminary expenses incurred and paid by our Company relating to the incorporation of our Company were RMB33,100.

5. No material adverse change

Our Directors confirm that there has been no material adverse change in our Group's financial or trading position since September 30, 2024 (being the date on which the latest audited consolidated financial information of our Group was prepared).

6. Promoters

Our Company has no promoter. Within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the [**REDACTED**] and the related transactions described in this document.

7. Qualifications and consents of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this document:

Name	Qualifications
China International Capital Corporation Hong Kong Securities Limited	Licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
CITIC Securities (Hong Kong) Limited	Licensed corporation to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
GF Capital (Hong Kong) Limited	Licenced corporation to conduct Type 6 (advising on corporate finance) regulated activity as defined under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Commerce & Finance Law Offices	Legal advisors to our Company as to PRC laws
Frost & Sullivan Limited	Industry consultant

Each of the experts named above has given and has not withdrawn its written consent to the issue of this document with the inclusion of its reports, letters, opinions, summaries of opinions and/or references to its name included herein in the form and context in which they respectively appear.

8. Interests of experts in our Company

Except as disclosed in this document and save for its obligations under the [**REDACTED**] Agreements, none of the persons named in "—7. Qualifications and consents of experts" above is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

9. Taxation of holders of Shares

(a) Hong Kong

The sale, purchase and transfer of Shares registered with our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

Under the present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfer of Shares.

(c) Consultation with professional advisors

Intending holders of the Shares are recommended to consult their professional advisors if they are in doubt as to the taxation implications of holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the [**REDACTED**] will accept responsibility for any tax effect on, or liabilities of, holder of Shares resulting from their holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

10. Binding effect

This document shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

11. Miscellaneous

(a) Within the two years immediately preceding the date of this document:

(i) save as disclosed in "History, Reorganization and Corporate Structure" in this document, no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and

(iv) no commission has been paid or payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;

(b) no founder, management or deferred Shares nor any debenture in our Company or any of our subsidiaries have been issued or agreed to be issued;

(c) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document;

(d) the principal register of members of our Company will be maintained in the Cayman Islands by the Conyers Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company's share register in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted to CCASS;

(e) no company within our Group is presently [**REDACTED**] on any stock exchange or traded on any trading system and our Group is not seeking or proposing to seek any [**REDACTED**] of, or permission to deal in, the share or loan capital of our Company on any other stock exchange;

(f) our Directors have been advised that under Cayman Companies Act the use of a Chinese name by our Company in conjunction with its English name does not contravene the Cayman Companies Act;

(g) our Company has no outstanding convertible debt securities or debentures;

(h) there is no arrangement under which future dividend are waived or agreed to be waived; and

(i) there is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong and from outside Hong Kong.

12. Bilingual document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

In case of any discrepancies between the English language version and Chinese language version of this document, the English language version shall prevail.

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

(a) the written consents referred to in "Appendix IV—Statutory and General Information—E. Other Information—7. Qualifications and consents of experts" to this document; and

(b) a copy of each of the material contracts referred to in "Appendix IV—Statutory and General Information—B. Further Information about Our Business—1. Summary of material contracts" to this document.

B. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (**www.hkexnews.hk**) and our Company (**www.softcarehome.com**) up to and including the date which is 14 days from the date of this document:

(a) the Memorandum of Association and the Articles of Association;

(b) the Accountant's Report and the Review Report from the Reporting Accountants, the text of which is set out in Appendix IA and Appendix IB to this document;

(c) the report from the Reporting Accountants in respect of the unaudited [**REDACTED**] financial information, the text of which is set out in Appendix II to this document;

(d) the audited consolidated financial statements of our Group for the two years ended December 31, 2023 and the unaudited consolidated financial information of our Group for the nine months ended September 30, 2024;

(e) the legal opinion issued by Commerce & Finance Law Offices, our PRC Legal Advisors, in respect of certain general corporate matters of the Group members established in the PRC;

(f) the letter of advice prepared by Conyers Dill & Pearman, our legal advisors as to the Cayman Islands laws, summarizing certain aspects of the company law of the Cayman Islands referred to in Appendix III to this document;

(g) the industry report issued by Frost & Sullivan;

(h) the written consents referred to in "Appendix IV—Statutory and General Information—E. Other Information—7. Qualifications and consents of experts" to this document;

(i) the material contracts referred to in "Appendix IV—Statutory and General Information—B. Further Information about Our Business—1. Summary of material contracts" to this document;

(j) the service agreements and letters of appointment entered into between our Company and each of our Directors referred to in "Appendix IV—Statutory and General Information—C. Further Information about Our Directors and Substantial Shareholders—1. Directors—(b). Particulars of service agreements and letters of appointment" to this document;

(k) the rules of [**REDACTED**] Share Option Scheme;

(l) the rules of the [**REDACTED**] Share Option Scheme; and

(m) the Cayman Companies Act.