SUMMARY

This summary aims to give you an overview of the information contained in this document and is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial information appearing elsewhere in this document. As this is a summary, it does not contain all the information that may be important to you and we urge you to read the entire document carefully before making your investment decision. As it is a summary, it does not contain all the information that may be important to you and we urge you to read the entire document carefully before making your investment decision. Various expressions used in this summary are defined in the section headed "Definition" and "Glossary of Technical Terms" in this document. There are risks associated with any investment. Some of the particular risks in investing in the **[REDACTED]** *are set out in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to invest in the* **[REDACTED]**. *You should read the entire document before you decide to invest in the* **[REDACTED]**.

OVERVIEW

We are principally engaged in the manufacturing and sales of hygienic disposables and the sales of hygienic disposable materials. Established in 2014, we were initially an OEM of hygienic disposables for local brands of overseas countries. During this initial stage, we accumulated expertise in manufacturing hygienic disposables meeting international standards. Leveraging the technical know-how and quality control protocols gained through OEM experience, we expanded our capabilities to develop and market our own brands for the PRC market. During the Track Record Period, our hygienic disposables comprise three categories: (i) baby care products; (ii) feminine care products; and (iii) adult incontinence products. We also conduct sales of hygienic disposable materials. We adopt a multi-brand strategy, featuring "Cotton Sun" (全棉小時光) "Focus Baby" (焦點寶貝) and "Bemoe" (貝姆樂) for our baby care products, and "Veermoon" (薇月) and "Blue Cotton" (藍棉花) for our feminine care products. We discontinued our adult incontinence branded product line under "Tieban" (貼伴) in May 2024 to optimise resource allocation and focus on core business segments with higher growth potential. We consider the discontinuation reflected a strategic reallocation of human, R&D and capital resources away from a low-margin, slower-growing product line toward higher-growth branded baby and feminine care markets. Notwithstanding the cessation of our self-owned brand operation in our adult incontinence, we continue to engage in the manufacture of adult incontinence products for third-party customers on an OEM basis.

In 2024, our market share in terms of retail sales value (which reflects the final transaction price paid by end-consumers) in the hygienic disposables market in the PRC was approximately 0.1%. No relevant data is available in respect of our market share in terms of export value in China, as the PRC hygienic disposables export market is measured by aggregate customs trade value based on production sales value (i.e., ex-factory or wholesale prices), which does not track or publish market share figures for individual exporters. For FY2024, our total revenue was RMB447.1 million, of which approximately RMB200.7 million (representing 44.9%) was generated from the PRC market and RMB246.4 million (representing 55.1%) was derived from overseas markets. Our total revenue for FY2025 stood at RMB533.4 million, with around RMB335.9 million (representing 63.0%) coming from the PRC market and approximately RMB197.5 million (representing 37.0%) derived from overseas market.

OUR BUSINESS MODEL

OEM Business

Under our OEM Business, we manufacture and sell hygienic disposables in accordance with our OEM customers' specifications under their proprietary brands. Our OEM Business provides manufacturing services for PRC and local brands of overseas countries and has both PRC and international reach, with customers across various countries and regions primarily in Southeast Asia (such as Malaysia and Vietnam) during the Track Record Period. Sales channels include (i) international B2B e-commerce platform and (ii) traditional direct business dealings. Revenue increased from RMB65.9 million in FY2023 to RMB107.6 million in FY2024, representing 24.1% of total revenue in FY2024. For the period from FY2024 to FY2025, this revenue stream declined from RMB107.6 million to RMB101.2 million, representing 19.0% of total revenue in FY2025.

Branded Product Business

Under our Branded Product Business, we conduct R&D, manufacture and sell hygienic disposables under multiple proprietary brands primarily in the PRC. During the Track Record Period, our products were sold mainly to business customers through PRC based B2C e-commerce platforms (including Douyin, Kuaishou and Pinduoduo) and offline retail channels such as supermarkets and baby care stores, with international B2B platforms contributing only marginal revenue.

Revenue from this segment increased from RMB125.7 million in FY2023 to RMB160.2 million in FY2024, representing 35.8% of total revenue, and further increased to RMB226.7 million in FY2025, accounting for 42.5% of total revenue. Between July 2022 and October 2024, we also operated self-run online stores on domestic e-commerce platforms to reach end consumers in the PRC. Prior to the Track Record Period, we had limited branded product sales in the Dominican Republic and Vanuatu; however, since late 2022, our Directors refocused Branded Product Business on the PRC market.

Hygienic Disposable Materials Business

Under our Hygienic Disposable Materials Business, leveraging our experience in the hygienic disposables industry, we procure and process raw materials into intermediate materials such as SAP, hot melt adhesives, and nonwoven fabrics according to the terms outlined in our agreements and purchase orders. Our process begins with sourcing raw materials from selected suppliers who meet our quality requirements. Based on customer specifications, we further process these raw materials through subdivision, gluing, repackaging, and labelling into intermediate materials. We then supply these intermediate materials to sanitary product manufacturers and hygiene product suppliers, primarily hygienic disposables overseas customers. Sales are conducted through international B2B e-commerce platforms and traditional direct business dealings. Revenue from this segment increased from RMB180.7 million in FY2023 to RMB179.2 million in FY2024, representing 40.1% of total revenue in FY2024. Similarly, this segment saw a revenue increase from FY2024 to FY2025, increasing from RMB179.2 million to RMB205.5 million in that period. During the Track Record Period, we mainly sell our hygienic disposable materials to overseas customers (primarily located in Uzbekistan, Pakistan and Nigeria).

The following table sets out a breakdown of revenue of our Group by our business segments for the periods indicated. For a more detailed breakdown by specific product categories within each business segment, see "Financial Information – Description and analysis of principal items of our combined statements":

	FY2023		FY2024		FY2025	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*
Branded Product Business						
E-commerce sales	46,952	12.6	22,413	5.0	–	–
Offline sales[1]	78,735	21.2	137,803	30.8	226,718	42.5
Subtotal of Branded Product Business	125,687	33.8	160,216	35.8	226,718	42.5
Hygienic Disposable Materials Business						
E-commerce sales	26,874	7.2	3,948	0.9	3,861	0.7
Offline sales	153,826	41.3	175,255	39.2	201,613	37.8
Subtotal of Hygienic Disposable Materials Business	180,700	48.5	179,203	40.1	205,474	38.5
OEM Business						
E-commerce sales	13,626	3.7	11,680	2.6	937	0.2
Offline sales	52,309	14.0	95,954	21.5	100,240	18.8
Subtotal of OEM Business	65,935	17.7	107,634	24.1	101,177	19.0
Total	372,322	100.0	447,053	100.0	533,369	100.0

Note: (1) Customer who purchased our branded products through offline sales during the Track Record Period were mainly hygiene product suppliers based in PRC.

From FY2023 to FY2025, the Group's total revenue grew from RMB372.3 million to RMB533.4 million. OEM Business revenue increased by 63.3% from RMB65.9 million in FY2023 to RMB107.6 million in FY2024, driven by higher sales volume, particularly from baby care products supplied to OEM customers in Malaysia and South Korea. Branded Product Business recorded revenue growth from RMB125.7 million in FY2023 to RMB160.2 million in FY2024. E-commerce revenue declined from RMB47.0 million in FY2023 to RMB22.4 million in FY2024 due to a strategic shift to third-party operators. The "strategic shift to third-party operators" involved transferring the management of self-operated online shops to independent e-store operators (such as Customer A1 and A2).

While this transition reduced the Group's direct B2C exposure, it enabled the Group to streamline its cost structure and concentrate resources on manufacturing and brand supply. Offline sales increased, rising from RMB78.7 million in FY2023 to RMB137.8 million in FY2024, supported by distribution network expansion. Hygienic Disposable Materials Business revenue remained stable at approximately RMB180.7 million in FY2023 and RMB179.2 million in FY2024.

From FY2024 to FY2025, the Group's total revenue increased from RMB447.1 million to RMB533.4 million, representing growth of 19.3%. The OEM Business revenue decreased from RMB107.6 million in FY2024 to RMB101.2 million in FY2025, primarily due to reduced order volumes from OEM baby care product customers in Malaysia. The Branded Product Business recorded revenue growth from RMB160.2 million to RMB226.7 million. Offline sales increased from RMB137.8 million in FY2024 to RMB226.7 million in FY2025, reflecting the continued expansion of the domestic distribution network. The Hygienic Disposable Materials Business revenue increased from RMB179.2 million in FY2024 to RMB205.5 million in FY2025, supported by consistent demand for major products including hot melt adhesives, SAP and non-woven fabrics.

We may face competition from established international and domestic brands which may benefit from stronger brand recognition and greater financial, R&D and marketing resources, as well as from smaller players that may be more agile in introducing new products and capturing niche demand through ecommerce channels. Competitive dynamics may require us to adjust pricing, increase promotional spending or allocate additional resources to product development and customer acquisition, which could adversely affect our profitability, particularly during periods of rising raw material or logistics costs.

OUR PRODUCTS AND BRANDS

Our product portfolio

We provide different series of products under each product category and each series has its own design, features and characteristics to fit the target consumer group's needs. We aim to continue to optimise our product offerings and expand our product categories. We believe that such strategy allows us to diversify our business and broaden our consumer reach.

Baby care products

Our branded baby care products comprise baby diapers and pull-ups. We manufacture and sell our baby care products up to nine sizes from NB (newborn) to XXXXL. Our "Cotten Sun" (全棉小時光) brand features products targeted at premium market while "Focus Baby" (焦點寶貝) and Bemoe (貝姆樂) brands focuses on offering to mass market. During the Track Record Period, we offered a total of over 47 SKUs of baby diapers and pull-ups.

Feminine care products

Our branded feminine care products feature disposable period underwear, which are absorbent underpants specifically designed to catch moisture and prevent leaking of menstrual blood, in addition to menstrual pad. During the Track Record Period, we offered a total of over 32 SKUs of feminine care products. Our branded feminine care products are marketed under the "Veermoon" (薇月) and "Blue Cotton" (藍棉花) brands.

Adult incontinence products

Prior to May 2024, we marketed "Tieban" (貼伴) as our own brand for adult incontinence products, including adult diapers. In May 2024, as part of our strategic business streamlining to prioritise our product offering, we ceased the sale of adult incontinence products under "Tieban" (貼伴). While we no longer operate a self-branded adult incontinence product line, we continue to provide OEM manufacturing services for such products to third-party customers. During the Track Record Period, we offered a total of over 3 SKUs of adult incontinence products.

For a more detailed product category breakdown, including sales volume and average selling price, see "Financial Information – Description and analysis of principal items of our combined statements.

PRODUCTION

Our production capacity and utilisation rate

Our production facility in Quanzhou, Fujian Province support the production and warehousing of our hygienic disposables as well as storage of the raw materials we procure. As at 31 December 2025, our production facility operated a total of 8 production lines. While most of our production lines are designed for specific product types and are not interchangeable, we possess one dual-purpose line acquired in January 2021 that can produce both adult pull-ups and disposable period underwears and is counted as one production line for each of our feminine care products and adult incontinence products. Except for the initial stage of insertion of raw materials and the final stage of packaging process, our production lines are substantially automated.

Below is a summary of the annual production capacity in terms of the number of products produced and utilisation rates for each of our product categories in our production facility for the years indicated:

Product category	FY2023				FY2024				FY2025			
	Number of production lines	Production capacity *'000 pieces/year*	Annual production volume *'000 pieces/year*	Utilisation rate *%*	Number of production lines	Production capacity *'000 pieces/year*	Annual production volume *'000 pieces/year*	Utilisation rate *%*	Number of production lines	Production capacity *'000 pieces/year*	Annual production volume *'000 pieces/year*	Utilisation rate *%*
Baby care products												
– Baby pull-ups	2	159,600	114,800	71.9	2	159,600	155,200	97.2	2	159,600	109,020	68.3
– Baby diapers	1	80,600	100,900	125.2	2	94,100	84,800	90.1	1	100,800	93,673	92.9
Feminine care products												
– Disposable period underwears	1	73,900	69,100	93.5	2	98,300	93,100	94.7	2	74,760	70,776	94.7
– Menstrual pads	–	–	–	–	1	11,200	5,900	52.7	2	203,700	137,594	67.6
Adult incontinence products												
– Adult pull-ups	1	4,200	3,600	85.7	1	16,800	11,600	69.0	1	46,200	47,019	101.8
– Adult diapers	1	42,000	4,600	11.0	–	38,500	6,100	15.8	–	–	–	–
Total number of production lines	6				8				8			

Please refer to the section headed "Business – Production" in this document for details of assumptions and calculation of the above utilisation figures.

MAJOR CUSTOMERS AND SUPPLIERS

Our major customers

Our five largest customers in each year during the Track Record Period accounted for approximately 36.3%, 39.9%, and 39.1% of our total revenue, respectively, and the largest customer accounted for approximately 13.7% and 13.1% and 16.3%, respectively of our total revenue for the corresponding periods. A majority of our five largest customers had over 5 years of business relationship with us as at the Latest Practicable Date.

Our major suppliers

Our five largest suppliers in each year during the Track Record Period accounted for approximately 58.3%, 55.4% and 56.1% of our total purchases, respectively, while the largest supplier accounted for approximately 19.0% and 18.2%, and 13.2%, respectively of our total purchases for the corresponding periods. A majority of our five largest suppliers had over 5 years of business relationship with us as at the Latest Practicable Date.

LEGAL PROCEEDING

In 2023, we were involved in a civil litigation commenced in the Pudong New Area People's Court of Shanghai by a claimant who alleged that certain marks and packaging elements used on baby diaper products sold by our Group infringed the claimant's registered trademarks. On 29 November 2024, the court delivered a judgment, ordering to cease using the trademarks in question and awarding a damage of RMB300,000 to the claimant. We settled the judgment in full on 6 February 2025. The judgment is final and the matter is now closed. The products subject to the proceedings generated revenue of approximately RMB1.1 million, RMB0.3 million and RMB0.9 million for FY2023, FY2024 and FY2025, representing approximately 0.3%, less than 1%, less than 1% of our total revenue for the respective periods. Following the judgment, we have strengthened our internal intellectual property compliance policies and procedures. For details, see "Business – Intellectual Property – Litigation and Claims relating to Intellectual Property Rights".

COMPETITIVE STRENGTHS

We believe that the following competitive strengths differentiate us from other industry participants, have contributed to our success and will continue to enable us to increase our market share and capture future growth opportunities: (i) product portfolio catering to consumer needs through product development and quality control; (ii) business model and sales channels developed for multiple markets and revenue streams; and (iii) management team with solid industry knowledge and execution experience.

BUSINESS STRATEGIES

Our goal is to strengthen our position as a well-recognised hygienic disposables enterprise in the PRC and to further penetrate both PRC and international markets. We aim to achieve this by effecting the following strategies: (i) expanding production capacity through new facility and cleanroom construction and procurement of additional production lines; (ii) enhancing brand promotion through diversified marketing initiatives and brand collaborations; and (iii) improving operational efficiency through smart manufacturing, intelligent warehousing and IT infrastructure upgrades.

OUR CONTROLLING SHAREHOLDERS

Immediately after completion of the **[REDACTED]**, our Controlling Shareholders, namely Mr. Zhou, Ms. He, Wansheng and Wanrong will control, in aggregate, the exercise of voting rights of approximately **[REDACTED]** of the Shares eligible to vote in the general meeting of our Company (assuming that none of the **[REDACTED]** and options to be granted under the Share Option Scheme is exercised). Accordingly, Mr. Zhou, Ms. He, Wansheng and Wanrong are regarded as a group of Controlling Shareholders under the Listing Rules. See "Relationship with our Controlling Shareholders".

[REDACTED] INVESTMENT

Pursuant to the capital increase and equity enlargement agreement dated 30 September 2024 entered into among Mr. Zhou, Ms. He and HK Yueda, Jiaodian increased its registered capital from RMB20.0 million to RMB20.2 million and issued approximately 1% of its enlarged equity interest to HK Yueda for a consideration of RMB1.91 million, and was registered as a sino foreign equity joint venture enterprise on 11 October 2024. As part of the **[REDACTED]** Investment and the Reorganisation, pursuant to the share swap agreement dated 11 June 2025 entered into between our Company and Centrum, Centrum transferred the entire issued share capital of Happy Medicine Care to our Company in consideration for the issuance of 500 Shares, representing approximately 1.0% of the entire issued shares of our Company. Upon completion of the share swap on 11 June 2025, Happy Medicine Care and HK Yueda became wholly owned subsidiaries of our Company. See "History, Reorganisation and Corporate Structure – **[REDACTED]** Investment".

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following table sets forth a summary of financial information for the years indicated, which have been extracted from the Accountants' Report in Appendix I to this document.

	FY2023 *RMB'000*	**FY2024** *RMB'000*	**FY2025** *RMB'000*
Revenue	372,322	447,053	533,369
– Hygienic Disposable Materials Business	180,700	179,203	205,474
– Baby care	111,988	139,079	131,372
– Adult incontinence	15,063	15,065	32,825
– Feminine care	64,571	113,706	163,698
Cost of sales	(284,729)	(324,270)	(380,996)
Gross profit	87,593	122,783	152,373
Other income	2,029	6,070	5,818
Selling and distribution expenses	(24,348)	(26,312)	(27,029)
Administrative and other operating expenses	(14,365)	(21,088)	(25,443)
(Provision for) Reversal of loss allowance on trade receivables, net	(2,303)	690	306
Provision for impairment on other receivables	–	–	(330)
Finance costs	(395)	(192)	(747)
[REDACTED] expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Profit before taxation	48,211	78,486	96,341
Income tax expenses	(8,744)	(12,881)	(15,433)
Profit and total comprehensive income for the year	39,467	65,605	80,908

During the Track Record Period from FY2023 to FY2025, the Company's revenue increased from RMB372.3 million in FY2023 to RMB533.4 million in FY2025, attributable to expansion in the OEM Business, Branded Product Business, and Hygienic Disposable Materials Business segments. Revenue growth provided the base, while fluctuations in net profit were primarily driven by (i) changes in gross margin mix; (ii) variations in other income (including foreign exchange gains and additional VAT input deduction in FY2024); and (iii) net reversal of loss allowance on trade receivables in FY2024. The cost of sales increased at a slower rate than revenue, rising from RMB284.7 million to RMB381.0 million, resulting in gross profit increasing from RMB87.6 million to RMB152.4 million.

Gross profit growth exceeded the rate of cost increases due to a higher proportion of revenue from higher-margin branded SKUs. Manufacturing overhead as a percentage of revenue remained moderate at approximately 4.2%, 5.4% and 3.3% in FY2023, FY2024 and FY2025, respectively, and direct labour costs remained stable. Gross profit margin improved from 23.5% in FY2023 to 27.5% in FY2024 and further to 28.6% in FY2025. The gross profit margin of branded baby care products increased from 17.8% in FY2023 to 35.5% in FY2024, primarily driven by the launch of "Focus Tianchi Series (焦點天賜系列)" under our Focus Baby brand, while branded feminine care products maintained a gross profit margin in the range of 44.2% to 50.8%. The Group discontinued its adult incontinence branded product business, and inventory clearance had minimal impact on overall results.

In terms of cost structure, direct materials were the predominant component of cost of sales, representing approximately 92.5%, 90.3% and 93.4% in FY2023, FY2024 and FY2025, respectively, principally comprising nonwoven fabrics, SAP and fluff pulp, with the balance comprising manufacturing overheads and direct labour.

Other income increased from RMB2.0 million in FY2023 to RMB6.1 million in FY2024, mainly due to net exchange gains, additional VAT input deduction and increased scrap sales. In FY2025, other income was RMB5.8 million.

Selling and distribution expenses increased from RMB24.3 million in FY2023 to RMB26.3 million in FY2024. The increase in FY2023 was mainly due to e-commerce promotion and logistics. In FY2024, offline advertising increased, partially offset by a reduction in online promotion following the transfer of self-operated e-stores to Customer A1 and Customer A2. For FY2025, selling and distribution expenses reached RMB27.0 million, reflecting continuous marketing efforts to maintain brand visibility and drive revenue growth.

Administrative and other operating expenses increased from RMB14.4 million in FY2023 to RMB21.1 million in FY2024, mainly due to higher R&D expenses related to hygiene technologies. In FY2025, these expenses increased to RMB25.4 million, reflecting ongoing investment in product development.

Net provision for loss allowance on trade receivables was RMB2.3 million in FY2023, reversed to a gain of RMB0.7 million in FY2024, reflecting improved receivable management. In FY2025, a net reversal of provision of RMB0.3 million was recorded due to changes in credit risk assessments of certain customers.

Finance costs were RMB0.4 million in FY2023, RMB0.2 million in FY2024, and increased to RMB0.7 million in FY2025. **[REDACTED]** expenses of **[REDACTED]** were recognised in FY2024 and **[REDACTED]** in FY2025.

Profit before tax increased from RMB48.2 million in FY2023 to RMB78.5 million in FY2024 and further to RMB96.3 million in FY2025. Net profit increased from RMB39.5 million in FY2023 to RMB65.6 million in FY2024, and further to RMB80.9 million in FY2025.

Selected items of the combined statement of financial position

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets	30,039	30,178	50,388
Current assets	167,320	234,553	279,701
Non-current liabilities	746	760	374
Current liabilities	138,985	140,738	156,983
Net current assets	28,335	93,815	122,718
Net assets	57,628	123,233	172,732

The combined statements of financial position as at 31 December 2023, 2024 and 2025 reflected a strengthening of the Group's financial position, with net assets increasing from RMB57.6 million to RMB123.2 million to RMB172.7 million over the same period, supported by growth in current assets and accumulated profits.

Current assets increased from RMB167.3 million as at 31 December 2023 to RMB234.6 million as at 31 December 2024 and further to RMB279.7 million as at 31 December 2025. The increase from FY2023 to FY2024 was primarily attributable to an increase in trade and other receivables (from RMB120.9 million to RMB131.2 million), recognition of an amount due from the Controlling Shareholders of RMB71.5 million (non-trade, unsecured, interest-free, repayable on demand and to be settled prior to **[REDACTED]**), and an increase in bank balances and cash (from RMB8.0 million to RMB10.3 million), partially offset by a decrease in inventories (from RMB38.4 million to RMB21.6 million), with turnover days improving from 51 to 34 days. The increase from FY2024 to FY2025 was primarily attributable to higher trade receivables (from RMB68.1 million to RMB175.5 million) and bank balances and cash (from RMB10.3 million to RMB33.6 million), partially offset by the settlement of the amount due from the Controlling Shareholders and a decrease in other receivables (from RMB63.1 million to RMB37.0 million). Inventory turnover days continued to improve from 34 to 25 days.

Current liabilities remained relatively stable at RMB139.0 million, RMB140.7 million and RMB157.0 million as at 31 December 2023, 2024 and 2025, respectively. The amount due to the Controlling Shareholders of RMB25.6 million as at 31 December 2023 was reduced to nil by FY2024. The increase from FY2024 to FY2025 was primarily due to higher interest-bearing borrowings (RMB10.1 million to RMB30.2 million) and trade payables (RMB68.9 million to RMB74.5 million), partially offset by lower income tax payable (RMB15.8 million to RMB7.1 million).

Total equity increased from RMB57.6 million as at 31 December 2023 to RMB123.2 million as at 31 December 2024, mainly attributable to profit of RMB65.6 million. Total equity further increased to RMB172.7 million as at 31 December 2025, mainly attributable to profit of RMB80.9 million, partially offset by consideration of RMB33.3 million paid to the Controlling Shareholders under the Reorganisation. No dividends were declared during the Track Record Period.

Net current assets improved from RMB28.3 million as at 31 December 2023 to RMB93.8 million as at 31 December 2024, primarily due to the recognition of the amount due from the Controlling Shareholders and improved receivable collections, and further to RMB122.7 million as at 31 December 2025, as increases in trade receivables and bank balances more than offset increases in borrowings and trade payables.

Selected items of the combined statements of cash flows

	FY2023 *RMB'000*	**FY2024** *RMB'000*	**FY2025** *RMB'000*
Net cash (used in)/from operating activities	(6,854)	105,788	(9,064)
Net cash used in investing activities	(8,312)	(10,289)	(27,532)
Net cash (used in)/from financing activities	19,759	(93,194)	59,896
Net increase in cash and cash equivalents	4,593	2,305	23,300
Cash and cash equivalents at the beginning of the year	3,430	8,023	10,328
Cash and cash equivalents at the end of the year	8,023	10,328	33,628

During the Track Record Period, the Group's cash and cash equivalents increased by approximately RMB25.6 million from RMB8.0 million as at 31 December 2023 to RMB33.6 million as at 31 December 2025, reflecting the combined effect of cash flows from operating, investing and financing activities. In FY2023, net cash used in operating activities increased to approximately RMB6.9 million, despite higher pre-working capital operating cash flows of approximately RMB57.4 million. This reflected an increase in trade and other receivables of RMB87.5 million in line with revenue growth and credit terms, partly offset by a reduction in inventories of RMB3.3 million. Changes in trade and other payables of RMB23.0 million and income tax paid of RMB3.1 million further reduced operating cash flow. In FY2024, net cash from operating activities was positive at approximately RMB105.8 million, supported by profit before tax of approximately RMB78.5 million and a favourable working capital shift. The improvement was driven by a working capital inflow of RMB29.3 million, mainly due to inventory reduction of RMB16.9 million and a decrease in trade and other payables of RMB22.1 million, partially offset by an increase in receivables of RMB9.6 million. In FY2025, net cash used in operating activities was approximately RMB9.1 million. Despite profit before tax of RMB96.3 million, operating cash flow was affected by a working capital outflow of RMB89.9 million, mainly due to increases in trade and other receivables of RMB81.4 million and inventories of RMB8.7 million, partially offset by an increase in trade and other payables of RMB3.6 million. Income tax paid amounted to RMB24.1 million.

SUMMARY OF KEY FINANCIAL RATIOS

The following sets out our key financial ratios for the periods and as at the dates indicated.

	For the year/At the end of the year		
	2023	**2024**	**2025**
Profitability			
Gross profit margin	23.5%	27.5%	28.6%
Net profit margin	10.6%	14.7%	15.2%
Return on equity	68.5%	53.2%	46.8%
Return on total assets	20.0%	24.8%	24.5%
Liquidity			
Current ratio	1.2 times	1.7 times	1.8 times
Quick ratio	0.9 times	1.5 times	1.6 times
Capital sufficiency			
Gearing ratio(1)	0.1	0.1	0.2
Interest coverage ratio(2)	123.1	409.8	130.0

For details of the calculation basis, see "Financial Information – Summary of Key Financial Ratios".

IMPACT OF THE COVID-19 PANDEMIC

The COVID-19 pandemic has had a significant impact on the global economy since December 2019. More specifically, the pandemic had a profound impact on the production of non-woven fabrics, a key raw material for epidemic prevention materials, causing a surge in demand for non-woven fabrics. For further details, see the sections headed "Financial Information – Impact of the COVID-19 pandemic".

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that our business operations and business model have remained stable after the Track Record Period and up to the date of this document, and there were no material adverse changes to our business focus and the general economic and regulatory environment in which we operate during this same period. Our financial performance for FY2025 may be affected if, among other things, ongoing geopolitical tensions lead to unpredictable tariffs, sanctions, capital controls and restrictions on access to financial institutions, which may affect our customers' ability to maintain normal business with our Company. Additionally, as detailed in the "Financial Information" section of this document, the **[REDACTED]** expenses to be borne by our Company are estimated to be approximately HK$**[REDACTED]**, within which approximately HK$**[REDACTED]** was recognized in our combined statement of profit and loss and other comprehensive income for FY2024 and FY2025, and HK$**[REDACTED]** is expected to be recognized in FY2026. In addition to this cost, we anticipate to incur additional professional fees and expenses after the **[REDACTED]**. As a result, we may expect a decrease in net profit for FY2025. Save as above, our Directors confirm that there have been no material adverse changes to our financial or trading position after the Track Record Period and up to the date of this document. We also confirm that there have been no events since 31 December 2025 which would materially affect the financial information shown in the Accountants' Report, the text of which is set out in Appendix I to this document.

Trade Restrictions, Tariff Policies and International Sanctions

Business Activities in relation to the Relevant Regions

During the Track Record Period, we have sold sanitary products (e.g. diapers and tampons) and raw materials (e.g. non-woven cloth and hot melt adhesives used in the manufacture of diapers and tampons) for such sanitary products to our non-sanctioned customers in the Relevant Regions.

As advised by our legal advisors as to International Sanctions, given that (i) our sales to Iran and Russia were dominated in RMB and did not involve any U.S. nexus; (ii) our sales to Iran and Russia did not involve any items that are subject to the EAR; and (iii) the humanitarian nature of the our products and the raw materials for such products, our transactions with the Relevant Regions (i) did not represent a violation of the applicable U.S. primary sanctions; and (ii) we are unlikely to be viewed as engaging in certain Iran-related activities and/or operating in certain sectors of Russia that would result in U.S. secondary sanctions designations risk during the Track Record Period. As such, the risk is low that our activities with the Relevant Regions would result in the imposition of sanctions on the Relevant Persons. Our Directors are therefore of the view that our business operations and financial performance are not materially adversely affected by the current International Sanctions restrictions.

Impact of U.S. Tariffs

The applicable Section 301 Tariff rate on our products imposed by the U.S. government is 7.5% or 25% (in addition to any of the applicable most favored nation rate and reciprocal tariff rate). Our consolidated gross revenue attributable to export to the United States were approximately RMB2.1 million, RMB0.9 million, and RMB1.3 million in the years ended December 31, 2023, 2024 and 2025, respectively, representing approximately 0.6%, 0.2%, 0.2% of our total consolidated gross revenue in the respective years. As advised by our legal advisors as to International Sanctions after performing the procedures they consider necessary, given (i) the sales revenue generated from our U.S. exports is minimal (less than 1%), and (ii) we do not plan to expand its U.S. exports and sales significantly, our Directors believe that the recent changes of U.S. tariff policies have not had and will not have any material adverse impact, directly or indirectly, on our business operations and financial performance.

OUR BUSINESS RESULTS OF OPERATIONS AFTER THE TRACK RECORD PERIOD

Our business model, revenue structure, and cost structure have maintained consistency subsequent to the Track Record Period. As at 31 January 2026, our Group has recorded sales of no less than approximately RMB36.5 million (unaudited), with revenue contributions across our product segments as follows:

- Baby care products of no less than RMB10.0 million;
- Feminine care products of no less than RMB7.9 million;
- Adult incontinence products of no less than RMB6.2 million; and
- Hygienic Disposable Materials Business of no less than RMB12.2 million.

[REDACTED] STATISTICS

[REDACTED] size	: **[REDACTED]**% of the enlarged issued share capital of our Company
Number of **[REDACTED]**	: **[REDACTED]** Shares (subject to the **[REDACTED]**)]
Number of Hong Kong **[REDACTED]**	: **[REDACTED]** Shares (subject to **[REDACTED]**)
Number of **[REDACTED]**	: **[REDACTED]** Shares (subject to **[REDACTED]** and the **[REDACTED]**)

	Based on the [REDACTED] of [HK$[REDACTED]] per [REDACTED] (low-end)	**Based on the [REDACTED] of [HK$[REDACTED]] per [REDACTED] (high-end)**
Market **[REDACTED]** of our Shares[1]	**[REDACTED]**million	**[REDACTED]** million
Unaudited **[REDACTED]** adjusted combined net tangible assets attributable to owners of our Company per Share[2]	**[REDACTED]**	**[REDACTED]**

(1) The calculation of the market capitalization is based on **[REDACTED]** Shares expected to be in issue immediately after completion of the **[REDACTED]** (assuming the **[REDACTED]** and the **[REDACTED]** are not exercised).

(2) The unaudited **[REDACTED]** adjusted consolidated net tangible assets per **[REDACTED]** has been arrived at after adjustments referred to "Appendix II – Unaudited **[REDACTED]** Financial Information" and on the basis that **[REDACTED]** Shares were in issue at the respective **[REDACTED]** of **[REDACTED]** and **[REDACTED]**, assuming that the Shares issued pursuant to the **[REDACTED]** were issued on [31 December 2025], which does not take into account (i) any Share which may be allotted and issued upon the exercise of the **[REDACTED]** and the **[REDACTED]**, or (ii) any Share which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of Shares granted to the Directors. For further details, please refer to "Appendix II – Unaudited **[REDACTED]** Financial Information – A. Unaudited **[REDACTED]** Statement of Adjusted Consolidated Net Tangible Assets" to this document.

DIVIDENDS AND DIVIDEND POLICY

No dividends were paid or declared to the then equity owners of the entities now comprising our Group during the Track Record Period. We do not have a predetermined dividend payout ratio, and the declaration and payment of dividends, if any, is subject to the discretion of our Board, applicable laws and regulations (including the Companies Act), the Articles and approval of our Shareholders. Any future dividends will depend on factors including our financial condition, operating results, liquidity, future cash requirements, restrictions imposed by lenders, market conditions and other factors deemed relevant by our Board. There is no assurance that dividends will be declared or paid in any given year, and currently we do not intend to adopt a formal dividend policy or fixed dividend distribution ratio following the **[REDACTED]**.

[REDACTED] EXPENSES

Our estimated **[REDACTED]** expenses primarily consisted of **[REDACTED]** fees and **[REDACTED]** as well as legal and professional fees in relation to the **[REDACTED]**. Assuming an **[REDACTED]** of HK$**[REDACTED]** per Share, being the mid-point of the **[REDACTED]** range stated in the section headed "SUMMARY– **[REDACTED]** STATISTICS" to this document, the **[REDACTED]** expenses to be borne by our Company are estimated to be approximately HK$**[REDACTED]** (representing approximately **[REDACTED]**% of the total gross **[REDACTED]** from the **[REDACTED]**), of which (i) approximately HK$**[REDACTED]** (approximately RMB**[REDACTED]**) is to be accounted for as a deduction from equity; (ii) approximately HK$**[REDACTED]** (approximately RMB**[REDACTED]**) was recognised in our combined statement of profit and loss and other comprehensive income for FY2024 and FY2025; and (iii) approximately HK$**[REDACTED]** (approximately RMB**[REDACTED]**) is expected to be recognised in our combined statement of profit or loss and other comprehensive income for FY2026. The aforementioned total estimated **[REDACTED]** expenses (based on the low-end of the **[REDACTED]** range stated in the section headed "SUMMARY– **[REDACTED]** STATISTICS" to this document and assuming that the **[REDACTED]** is not exercised) in relation to the **[REDACTED]** includes (i) **[REDACTED]**-related expenses (including but not limited to **[REDACTED]** fees and **[REDACTED]**) of approximately HK$**[REDACTED]** (approximately RMB**[REDACTED]**); and (ii) non-**[REDACTED]**-related expenses of approximately HK$**[REDACTED]** (approximately RMB**[REDACTED]**), which can be further categorised into (a) fees and expenses of legal advisers and reporting accountants of approximately HK$**[REDACTED]** (approximately RMB**[REDACTED]**); and (b) other fees and expenses of approximately HK$**[REDACTED]** (approximately RMB**[REDACTED]**).

FUTURE PLANS AND [REDACTED]

We estimate that the aggregate net **[REDACTED]** to our Company from the **[REDACTED]** (after deducting **[REDACTED]** fees and estimated expenses in connection with the **[REDACTED]** payable by us, assuming no exercise of the **[REDACTED]** and an **[REDACTED]** of **[REDACTED]** per **[REDACTED]**, being the mid-point of the indicative **[REDACTED]** range stated in the section headed "Summary – **[REDACTED]** Statistics") will be approximately HK$**[REDACTED]** million. We currently intend to apply such net **[REDACTED]** as follows, subject to changes in light of our evolving business needs and changing market conditions:

(a) Approximately [**[REDACTED]**%, or HK$**[REDACTED]**] for acquisition of land and construction of a new production facility, comprising (i) approximately [**[REDACTED]**% or HK$**[REDACTED]**] for land acquisition; and (ii) approximately [**[REDACTED]**% or HK$**[REDACTED]**] for construction of a new production workshop.

(b) Approximately [**[REDACTED]**%, or HK$**[REDACTED]**] for purchasing new equipment and production lines, comprising (i) approximately [**[REDACTED]**% or HK$**[REDACTED]**] for two baby diapers production lines; (ii) approximately [**[REDACTED]**% or HK$**[REDACTED]**] for two disposable period underwears production lines; and (iii) approximately [**[REDACTED]**% or HK$**[REDACTED]**] for one adult pull-ups production line.

(c) Approximately [**[REDACTED]**% or HK$**[REDACTED]**] for brand promotion. To elevate brand visibility and capture a larger market share, we will invest in promotional activities including traditional offline advertising, short videos and social media platforms, and brand collaboration and intellectual property licensing.

(d) Approximately [**[REDACTED]**%, or HK$**[REDACTED]**] for improving operating efficiency, comprising (i) approximately [**[REDACTED]**% or HK$**[REDACTED]**] for a 5G-enabled intelligent automated warehouse facility; (ii) approximately [**[REDACTED]**% or HK$**[REDACTED]**] for 5G-enabled smart manufacturing systems; and (iii) approximately [**[REDACTED]**% or HK$**[REDACTED]**] for IT infrastructure upgrades.

(e) Approximately [**[REDACTED]**%, or HK$**[REDACTED]**] for research and development.

(f) Approximately [**[REDACTED]**%, or HK$**[REDACTED]**] for potential strategic investments or acquisitions complementary to our existing business.

(g) Approximately [**[REDACTED]**%, or HK$**[REDACTED]**] for general working capital purposes.

For a detailed description of our future plans, see "Business – Our Strategies" in this document.

SUMMARY OF MATERIAL RISK FACTORS

Our operations are subject to certain risks beyond our control, as further described in the section headed "Risk Factors" in this document. Key risks include intense market competition, our ability to respond effectively to changing consumer preferences in the hygienic disposables market, potential intellectual property infringement or misappropriation claims, challenges in managing risks arising from our multiple business models, and our ability to develop and maintain effective customer networks and sales channels, any of which could materially and adversely affect our business, financial condition and results of operations.