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Application Proof of

FOCUS INTERNATIONAL GROUP LTD.
(焦點國際有限公司)

(Incorporated in the Cayman Islands with limited liability)

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FOCUS INTERNATIONAL GROUP LTD.

(焦點國際有限公司)

(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] and the [REDACTED])
Number of [REDACTED]	:	[REDACTED] Shares (subject to [REDACTED])
[REDACTED]	:	Not more than HK\$[REDACTED] per [REDACTED] and expected to be not less than 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	:	[HK\$0.0001] per Share
Stock code	:	[REDACTED]

Sole Sponsor, [REDACTED], [REDACTED], [REDACTED]



建泉融資有限公司
VBG Capital Limited

[REDACTED]

[•]

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The final [REDACTED] is expected to be determined by agreement between the [REDACTED] (for [themselves] and on behalf of the [REDACTED]) and us on the [REDACTED], which is expected to be on or around [REDACTED] (Hong Kong time). The [REDACTED] will be not more than HK\$[REDACTED] per [REDACTED] and is currently expected to be not less than HK\$[REDACTED] per [REDACTED] unless otherwise announced. Applicants for [REDACTED] may be required to pay, on application (subject to application channels), the [REDACTED] of HK\$[REDACTED] for each [REDACTED] together with a brokerage fee of 1%, a SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% subject to refund if the [REDACTED] as finally determined is lower than HK\$[REDACTED] per [REDACTED]. If, for any reason, the [REDACTED] (for [themselves] and on behalf of the [REDACTED]) and us are unable to agree on the final [REDACTED] by 12:00 noon on [REDACTED] (Hong Kong time), the [REDACTED] will not proceed and will lapse.

The [REDACTED] (for [themselves] and on behalf of the [REDACTED]) may, with our consent, reduce the number of [REDACTED] [REDACTED] under the [REDACTED] and/or reduce 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 such reduction will be published on the Stock Exchange’s website at www.hkexnews.hk and our Company’s website at www.qzfocust.com. Further details are set out in the section headed “Structure and Conditions of the [REDACTED]”.

Prior to making an investment decision, prospective investors should carefully consider all of the information set out in this document, including the risk factors set out in the section headed “Risk Factors”.

The obligations of the [REDACTED] under the [REDACTED] are subject to termination by the [REDACTED] (for [themselves] and on behalf of the [REDACTED]) if certain grounds arise prior to 8:00 a.m. on the [REDACTED]. See “[REDACTED]”.

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[REDACTED]

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

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IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

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You should rely only on the information contained in this document to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this document. Any information or representation not included in this document must not be relied on by you as having been authorised by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of our or their respective directors, officers, employees, agents or representatives of any of them, or any other person or party involved in the [REDACTED]. Information contained on our website (www.qzfocus.com) does not form part of this document.

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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.

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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.

SUMMARY

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

SUMMARY

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.

SUMMARY

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.

SUMMARY

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.

SUMMARY

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

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

SUMMARY

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].

SUMMARY

[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.

DEFINITIONS

“Accountants’ Report”	the accountants’ report set out in Appendix I to this document
“affiliate(s)”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	Accounting and Financial Reporting Council
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company conditionally adopted on [•] and will come into effect upon [REDACTED] (as amended, supplemented or otherwise modified from time to time), a summary of which is set out in Appendix [III] to this document
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Bad Weather Signal”	means a No. 8 typhoon warning signal or above, a black rainstorm warning signal and/or “extreme conditions” as announced by the Hong Kong Government <i>Note:</i> According to the “Code of Practice in Times of Adverse Weather and ‘Extreme Conditions’”, the Hong Kong Government may issue an announcement on “extreme conditions” in the case where a Super Typhoon or other natural disaster of a substantial scale seriously affects the working public’s ability to resume work or brings safety concern for a prolonged period. When “extreme conditions” are in force, the Hong Kong Government will review the situation and will announce whether to extend the “extreme conditions” prior to the expiry of the specified period.
“Board”	our board of Directors
“Business Day” or “business day”	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	British Virgin Islands
	[REDACTED]
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Centrum”	Centrum International Holding Limited, a business company incorporated in the BVI with limited liability on 30 August 2024, which is wholly owned by Mr. Hung
“China” or “PRC”	the People’s Republic of China, for the purpose of this document only, excluding Hong Kong, the Macao Special Administrative Region and Taiwan

[REDACTED]

DEFINITIONS

“Companies Act”	the Companies Act, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, modified and supplemented from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, modified and supplemented 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, modified and supplemented from time to time
“Company” or “our Company”	FOCUS INTERNATIONAL GROUP LTD. (焦點國際有限公司) (formerly known as FOCUS INTERNATIONAL LTD.), an exempted company with limited liability incorporated in the Cayman Islands on 5 January 2023 and registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 11 February 2025
“Comprehensively Sanctioned Countries”	any country or territory subject to a general and comprehensive export, import, financial or investment embargo under sanctions related law or regulation of the Relevant Jurisdiction. For the purpose of this document, Comprehensively Sanctioned Countries include Cuba, Iran, North Korea, Syria, the Crimea Region of Russia/Ukraine, the self-proclaimed Luhansk People’s Republic (LPR) and Donetsk People’s Republic (DPR) regions and Zaporizhzhia and Kherson regions
“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 in the context of this document, refers to Mr. Zhou, Ms. He, Wansheng and Wanrong
“COVID-19”	Coronavirus Disease 2019
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)” or “our Director(s)”	director(s) of our Company
“EAR”	United States Export Administration Regulations, 15 C.F.R. Parts 730–774
“EIT Law”	Enterprise Income Tax Law of the People’s Republic of China (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

DEFINITIONS

“EU”	the European Union, including its member states
“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

[REDACTED]

“Focus Global”	FOCUS GROUP GLOBAL LTD., a company incorporated in the BVI with limited liability on 2 February 2023, which is a direct wholly owned subsidiary of our Company
“Focus Technology”	FOCUS TECHNOLOGY GROUP CO., LIMITED (焦點科技集團有限公司), a limited liability company incorporated in Hong Kong on 2 March 2023, which is wholly owned by Focus Global, and is an indirect wholly owned subsidiary of our Company
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent industry research consultant commissioned to prepare the Frost & Sullivan Report
“Frost & Sullivan Report”	the market research report prepared by Frost & Sullivan
“FY”	the financial year ended/ending 31 December
“General Rules of HKSCC”	General Rules of HKSCC published by the Stock Exchange and as amended from time to time

[REDACTED]

“Group”, “our Group”, “we” or “us”	our Company and its subsidiaries or, where the context so requires, in respect of the period before our Company becoming the holding company of our present subsidiaries, the present subsidiaries of our Company and the businesses carried out by them or their predecessors (as the case may be)
“Guide”	the Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Happy Medicine Care”	Happy Medicine Care International Holding Limited, a business company incorporated in the BVI with limited liability on 3 September 2024, which is a direct wholly owned subsidiary of our Company

[REDACTED]

DEFINITIONS

[REDACTED]

“HK\$” or “HK dollars”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited

[REDACTED]

“HKSCC Nominees”	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
“HKSCC Participant”	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
“HK Yueda”	HK Yueda International Group Co., Limited (香港悦達國際集團有限公司), a limited liability company incorporated in Hong Kong on 11 September 2024 which is wholly owned by Happy Medicine Care, and is an indirect wholly owned subsidiary of our Company
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DEFINITIONS

[REDACTED]

“IFRSs”	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Board
“Independent Third Party(ies)”	individual(s) or company(ies) who is (are) not a connected person(s) of our Company within the meaning ascribed under the Listing Rules

[REDACTED]

[REDACTED]

“International Sanctions”	all applicable laws and regulation to economic sanctions, export controls, trade embargoes and wider prohibitions and restrictions on international trade and investment related activities, including those adopted administered and enforced by the U.S. Government, the UK, the EU and its member states, UN or Government of Australia
“International Sanctions Legal Advisors”	Hogan Lovells International LLP, our legal advisors as to U.S. regulatory laws and International Sanctions laws in connection with the [REDACTED].

[REDACTED]

[REDACTED]

DEFINITIONS

“Jiaodian”	Quanzhou Focus Hygiene Products Co., Ltd.* (泉州市焦點衛生用品有限公司), a company established under the laws of the PRC with limited liability on 21 February 2014 which is 99% owned by Focus Technology and 1% owned by HK Yueda, and is an indirect wholly owned subsidiary of our Company
[REDACTED]	the [REDACTED] as named in “Directors and Parties Involved in the [REDACTED]”
	[REDACTED]
	[REDACTED]
“Latest Practicable Date”	23 March 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication
	[REDACTED]
	[REDACTED]
	[REDACTED]
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“MOF”	the Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Hung” or “[REDACTED] Investor”	Mr. Hung Po (洪波), being the sole shareholder of Centrum and our [REDACTED] investor
“Mr. Zhou”	Mr. Zhou Hang (周航), an executive Director, chairman of our Board, CEO, and one of our Controlling Shareholders who is also the spouse of Ms. He
“Ms. He”	Ms. He Shanshan (何珊珊), an executive Director and one of our Controlling Shareholders who is also the spouse of Mr. Zhou
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)

[REDACTED]

[REDACTED]

DEFINITIONS

[REDACTED]

[REDACTED]

“PBOC”	the People’s Bank of China (中國人民銀行)
“PRC Company Law”	the Company Law of the PRC (中華人民共和國公司法), as adopted by the Standing Committee of the National People’s Congress (全國人民代表大會常務委員會) on 29 December 1993, and latest amended on 29 December 2023
“PRC government” or “State”	the Central People’s Government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof, or where the context requires, any of them
“PRC Legal Advisers”	Tian Yuan Law Firm, the PRC legal advisers to our Company for the [REDACTED]
“[REDACTED]Investment”	the [REDACTED] investment in our Company undertaken by the [REDACTED] Investor, details of which are set out in “History, Reorganisation and Corporate Structure – [REDACTED] Investment”

[REDACTED]

“province”	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
“Quanzhou Jinshan”	Quanzhou Jinshan Investment Company Limited* (泉州金杉投資有限公司), a company established under the laws of the PRC with limited liability on 7 November 2019, which was owned as to 100% by Jiaodian, immediately prior to its deregistration on 7 March 2023
“Quanzhou Tieban”	Quanzhou Tieban Technology Company Limited* (泉州貼伴科技有限公司) (formerly known as Xiamen Tieban Technology Co., Ltd.* (廈門市貼伴科技有限公司)), a company established under the laws of the PRC with limited liability on 17 May 2019, which was owned as to 100% by Yuejian, immediately prior to its deregistration on 17 January 2024

DEFINITIONS

“Regulation S”	Regulation S under the US Securities Act
“Relevant Persons”	means the Company, together with its investors and shareholders and persons who might directly or indirectly, be involved in permitting the [REDACTED], trading clearing and settlement of its shares including the Stock Exchange and related group companies
“Relevant Regions”	Iran, Hong Kong, Yemen, Ukraine (excluding Crimea, LPR, DPR, Kherson and Zaporizhzhia regions), Russia (excluding Crimea, LPR, DPR, Kherson and Zaporizhzhia regions), Turkey, Egypt, Sudan, Ethiopia, Somalia, and Iraq
“Relevant Jurisdiction”	any jurisdiction that is relevant to the Company and has sanctions related law or regulation restricting, among other things, its nationals and/or entities which are incorporated or located in that jurisdiction from directly or indirectly making assets or services available to or otherwise dealing in assets or certain countries, governments, person or entities targeted by such law or regulation. For the purpose of this document, Relevant Jurisdictions include the U.S., UK, EU, UN and Australia
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“Reorganisation”	the reorganisation of the group of companies now comprising our Group conducted in preparation for the [REDACTED], details of which are set out in the section headed “History, Reorganisation and Corporate Structure” in this document
“Sanctioned Target”	any person or entity (i) designated on any list of targeted persons or entities issued under the sanctions-related law or regulation of a Relevant Jurisdiction; (ii) that is, or is owned or controlled by, a government of a Comprehensively Sanctioned Countries; or (iii) that is the target of sanctions under the law or regulation of a Relevant Jurisdiction because of a relationship of ownership, control, or agency with a person or entity described in (i) or (ii).
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“Secondary Sanctionable Activity”	certain activity by the Company that may result in the imposition of sanctions against the Relevant Person(s) by a Relevant Jurisdiction (including designation as a Sanctioned Target or the imposition of penalties), even though the Company is not incorporated or located in that Relevant Jurisdiction and does not otherwise have any nexus with that Relevant Jurisdiction
“SFC”	the Securities and Futures Commission of Hong Kong

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, modified and supplemented from time to time
“Share(s)”	the ordinary share(s) with par value of [HK\$0.0001] each in the share capital of our Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company on [•], the principal terms of which are set out in the paragraph headed “E. Share Option Scheme” in Appendix IV to this document
“Sole Sponsor”	VBG Capital Limited, a licenced corporation under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities
[REDACTED]	
“State Council”	State Council of the People’s Republic of China (中華人民共和國國務院)
“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into between [•] and the [REDACTED], pursuant to which the [REDACTED] may borrow up to an aggregate of [•] Shares to cover any [REDACTED] in the [REDACTED]
“Stock Exchange”	The Stock Exchange of Hong Kong 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
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs, as amended, modified and supplemented from time to time
“Taxation”	all forms of tax, duty, rate, levy, charge or other imposition or withholding whenever created, imposed or arising and whether of Hong Kong or elsewhere, including all forms of profit tax, provisional profit tax, interest tax, salaries tax, property tax, tax on capital gains, sales and value added tax, estate duty, death duty, inheritance tax, capital duty, stamp duty, payroll tax, withholding tax, rates, customs and other import and excise duties, and generally any tax, duty, impost, levy or rate or any amount payable to the revenue, customs of fiscal authorities whether in Hong Kong or elsewhere
“Track Record Period”	FY2023, FY2024 and FY2025

[REDACTED]

DEFINITIONS

[REDACTED]

“UN”	the United Nations
“US” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“US\$” or “US dollars”	United States dollars, the lawful currency of the United States
“Wanrong”	WANRONG INTERNATIONAL LTD. (萬榮國際有限公司), a business company incorporated in the BVI with limited liability on 29 November 2022, which is wholly owned by Ms. He
“Wansheng”	WANSHENG INTERNATIONAL LTD. (萬盛國際有限公司), a business company incorporated in the BVI with limited liability on 29 November 2022, which is wholly owned by Mr. Zhou
“Yuejian”	Fujian Yuejian Care Products Co., Ltd.* (福建省悅健護理用品有限公司), a company established under the laws of the PRC with limited liability on 1 December 2020 which is wholly owned by Jiaodian and an indirect wholly owned subsidiary of our Group
“%”	per cent

Certain amounts and percentage figures included in this document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

The English names of the PRC entities, PRC laws or regulations, and the PRC governmental authorities referred to in this document are translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.

GLOSSARY OF TECHNICAL TERMS

This glossary contains certain definitions and technical terms used in this document in connection with our business. As such, some terms and definitions may not correspond to standard industry definitions or usage of such terms.

“ASP”	average sales price, refers the average price at which a product is sold, calculated by dividing the total revenue generated from such sales by the total volume of units sold
“B2B”	business-to-business, refers to transactions or relationships between two businesses, such as a manufacturer and a wholesaler
“B2C”	business-to-consumer, refers to transactions or relationships between a business and the end consumer of the product or service
“Branded Product Business”	a business model where products are developed, manufactured, and sold under the company’s own brand name directly to consumers or retailers
“CAGR”	compound annual growth rate
“CEO”	chief executive officer of our Group
“CIF”	acronym for “Cost, Insurance and Freight”, whereby the seller covers costs, insurance and freight charges to the destination port, after which the buyer assumes responsibility and bears all subsequent risks and expenses
“ERP”	enterprise resource planning
“FOB”	acronym for “Free On Board”, whereby the seller covers costs until goods are loaded onto a vessel, after which the buyer assumes responsibility
“GDP”	gross domestic product
“ISO”	International Organisation for Standardisation
“kg”	kilogramme(s)
“OEM”	acronym for “Original Equipment Manufacturing”, whereby products are manufactured in accordance with the specifications and designs from customers for sale under their brands
“OEM Business”	a business model in which products are manufactured in accordance with the specifications and designs from customers for sale under their brands
“R&D”	research and development
“Hygienic Disposable Materials Business”	a business model focused on the production and supply of raw materials (e.g., nonwoven fabrics, SAP, pulp) used in the manufacturing of hygienic disposables such as diapers, pads, and incontinence products
“SKU”	stock keeping unit, a unique alphanumeric code assigned to a product
“SAP”	superabsorbent polymers
“sq.m.”	square metre(s)
“tonne”	metric tonne/thousand kilograms

FORWARD-LOOKING STATEMENTS

FORWARD-LOOKING STATEMENTS CONTAINED IN THIS DOCUMENT ARE SUBJECT TO RISKS AND UNCERTAINTIES

This document contains forward-looking statements relating to our plans, objectives, expectations and intentions, which may not represent our overall performance for the periods of time to which such statements relate. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialise 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: (a) our business strategies and plans to achieve these strategies; (b) expected growth of and changes in the industry and markets in which we operate; (c) our future debt levels and capital needs; (d) our expectations with respect to our ability to acquire and maintain regulatory licences or permits; (e) changes in competitive conditions and our ability to compete under these conditions; (f) future developments, trends and conditions in the industry and markets in which we operate; (g) general economic, political, regulatory and business conditions in the markets in which we operate; (h) effects of the global financial markets and economic crisis; (i) our financial condition and performance; and (j) change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

In some cases, we use the words “aim”, “anticipate”, “believe”, “can”, “continue”, “could”, “estimate”, “expect”, “going forward”, “intend”, “ought to”, “may”, “might”, “plan”, “potential”, “predict”, “project”, “seek”, “should”, “will”, “would” and similar expressions to identify forward-looking statements. In particular, we use these forward-looking statements in the “Business” and “Financial Information” sections in this document in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets. These forward-looking statements are based on current plans and estimates, and speak only as at the date they were made. We undertake no obligation to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements. Our Directors confirm that the forward-looking statements are made after reasonable care and due consideration. Nonetheless, due to the 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 contained in this document are qualified by reference to this cautionary statement.

RISK FACTORS

You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an investment in our Shares. These risks could materially and adversely affect our business, financial condition and results of operations. The trading price of our Shares could significantly decrease due to any of these risks, and you may lose all or part of your investment. These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring.

RISKS RELATING TO OUR INDUSTRY AND BUSINESS

We are operating in a highly competitive market.

We operate in the highly competitive hygienic disposable market in the PRC. We face challenges from both existing competitors and new market entrants, with many new brands and product offerings emerging in the marketplace. Some of our competitors, including both domestic and international brands, with their established market positions, stronger brand recognition and greater financial, R&D, marketing or other resources, are more adept at responding to market trends and introducing improved products that meet evolving consumer needs. We also face competition from smaller players that could be more innovative and adept at quickly introducing new products and penetrating niche markets with emerging growth in e-commerce channels, to which we might not be able to respond successfully.

During the Track Record Period, our Group’s OEM Business and Branded Product Business were particularly exposed to such competitive pressures in the PRC market, where, according to the Frost & Sullivan Report, the hygienic disposables market is fragmented with numerous domestic manufacturers offering similar products in feminine care and baby care segments. For instance, in FY2025, our Group’s revenue from feminine care products under our Branded Product Business accounted for approximately 69.8% of our total Branded Product Business revenue, but we face direct competition from established brands that dominate the mid-tier and mass market segments targeted by our “Veermoon” and “Blue Cotton” brands. Similarly, our OEM Business, which derived approximately 69.3% of its revenue from PRC customers in FY2025, competes with larger-scale manufacturers that may offer lower production costs due to economies of scale, potentially eroding our market share if we cannot maintain cost efficiencies through our integrated operations.

Competitive pressures may also compel us to lower our prices or restrict our ability to increase prices, which could adversely affect our profitability, particularly when faced with rising costs for raw materials or other expenses. Increased competition could also result in increased marketing expenditures and loss of market share. Furthermore, our competitors might expand their market shares through mergers, acquisitions, and consolidations. Some may engage in aggressive, potentially predatory pricing strategies or undertake actions that could tarnish our reputation. In addition, under our Hygienic Disposable Materials Business we also sell hygienic disposable materials, and our suppliers and customers may choose to bypass us and transact directly with the raw material supplier and process these raw material themselves. We generally do not have long-term sales agreements with our customers, and our customers purchase from us on an order-by-order basis. There is no guarantee that our customers will continue to purchase any hygienic disposables or hygienic disposable materials from us. These competitive dynamics constitute business risks for our Group, as any failure to compete effectively may materially and adversely affect our business, financial condition and results of operations.

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We may not effectively adapt to evolving consumer preferences in the hygienic disposables market, whether by enhancing our current products, developing and promotion of new products, which could adversely affect our business and financial performance.

Our continued success hinges on our ability to effectively respond to evolving consumer preferences and spending habits. The demand for hygienic disposables is influenced by a variety of factors, including demographic changes, evolving social trends, shifts in consumer lifestyles and health perceptions, as well as concerns about the materials and methods used in product manufacturing. Hygienic and environmental considerations are playing an increasingly important role in consumer decisions. For example, according to Frost & Sullivan, the growing emphasis on hygiene and environmental awareness has increased the popularity of products such as antimicrobial or hypoallergenic baby diapers, pull-ups and menstrual pads, as well as other hygienic disposables featuring organic or eco-friendly properties.

During the Track Record Period, consumer preferences in the PRC market have continued to shift towards premium, skin-friendly hygienic disposable products. Our Branded Product Business, which accounted for approximately 35.8% and 42.5% of our total revenue in FY2024 and FY2025, respectively, is particularly sensitive to such shifts. Revenue from our branded feminine care products increased from approximately RMB111.4 million in FY2024 to approximately RMB158.2 million in FY2025, while revenue from our branded baby care products decreased from approximately RMB64.4 million in FY2023 to approximately RMB48.5 million in FY2024, before recovering to approximately RMB68.3 million in FY2025. Any failure on our part to anticipate or respond to evolving consumer preferences, such as demand for ultra-thin cores or hypoallergenic materials, could result in reduced demand for our products, excess inventory or inventory obsolescence, which could in turn have a material adverse effect on our business, financial condition and results of operations.

Continuous innovation and responsiveness to market demands are crucial to our growth and sustained success in the highly competitive market of hygienic disposables. There are inherent risks associated with introducing new products, including uncertainties on market acceptance, potential impacts on existing product lines, and the protection of intellectual property. We may also need to increase expenditures for new product development. If we fail to anticipate and adequately cater to the evolving consumer preferences, or if we are unable to manage these risks, it could compromise our competitive position, and adversely affect our sales, financial condition and results of operations. If the proportion of lower-margin products in our product sales mix increases due to such changes, we may experience a decline in our overall gross profit margin, which may materially and adversely affect our business, financial condition and results of operations.

Our failure to anticipate or respond effectively to increasing demand for eco-friendly hygienic products may materially and adversely affect our business, financial condition and results of operations

Increasing environmental awareness among consumers and industry stakeholders has resulted in a pronounced global trend towards eco-friendly hygienic products incorporating renewable, plant-based or recycled materials. In developed and emerging markets, biodegradable super-absorbent polymers and non-woven fabrics manufactured from bamboo, cotton and other compostable polymers are gaining traction. At the same time, regulatory authorities may introduce more stringent requirements, such as

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extended producer responsibility frameworks, prohibitions on certain single-use plastics and mandatory life-cycle impact disclosure, which reinforce expectations for manufacturers to adopt sustainable sourcing and production practices.

According to the Frost & Sullivan Report, the PRC eco-friendly hygienic disposables market is projected to grow at a CAGR of 12.5% from 2024 to 2028; however, our current product portfolio utilises conventional materials such as SAP, nonwoven fabrics and hot melt adhesives during the Track Record Period. Failure to adapt may require R&D and compliance costs, potentially increasing cost of sales and compressing our gross profit margin.

If we fail to anticipate or promptly and effectively respond to these evolving market and regulatory expectations, demand for our existing product portfolio may decline significantly, resulting in revenue shortfalls and loss of market share to competitors offering greener alternatives. The costs associated with reformulating products, qualifying new bio-based raw materials, retrofitting production facilities, revising packaging, and obtaining recognised eco-certifications may materially increase our operating and capital expenditures, thereby exerting downward pressure on our profit margins. Furthermore, any perception that we have lagged behind industry peers in sustainability initiatives may result in reputational damage, customer attrition, increased scrutiny from the media and social platforms, and heightened regulatory oversight, particularly in jurisdictions imposing strict environmental labelling or product stewardship requirements.

Additionally, our supply chain may be disrupted if incumbent suppliers fail to meet evolving standards for biodegradable or recycled inputs, requiring us to qualify alternative sources on compressed timelines. If we are unable to manage these transition risks, including escalating compliance burdens and environmental liabilities, or if we fail to mitigate the associated operational and financial impacts, our business, financial condition and results of operations could be materially and adversely affected.

Declining birth rates in Asia may adversely affect demand for baby care hygienic disposable products, which is a key revenue segment for our Group.

Birth rates in several key Asian markets, including PRC, South Korea, Japan have been declining over recent years. According to data from the World Bank, crude birth rates (per 1,000 people) in the PRC, South Korea and Japan continued to decline between 2020 and 2023, recording CAGRs of approximately -9.1%, -4.1% and -5.3%, respectively. Our baby care hygienic disposable products, which include baby diapers and baby pull-up pants, are primarily targeted at infants and toddlers. A sustained or accelerating decline in birth rates could reduce the size of our target consumer base for baby care products over the long term. While the Frost & Sullivan Report indicates that market growth is expected to be sustained by factors including rising per-capita consumption, product premiumisation, and increased product penetration, there can be no assurance that these factors will fully offset the impact of declining birth rates. If demand for baby care products decreases, our revenue, gross profit, and financial performance could be materially and adversely affected.

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Infringement or misappropriation claims by any third parties against us or unauthorised use of our intellectual property rights could adversely affect our business and reputation.

Our success depends on our ability to use, develop, and sell our products without infringing on the intellectual property rights of others. Third parties may hold or secure trademarks, patents, copyrights, or other proprietary rights that could prevent, limit, or interfere with our ability to produce, use, develop, sell, or market our products, which could disrupt our daily operations. We cannot guarantee that third parties with patents or other intellectual property rights will not file lawsuits alleging infringement or otherwise assert their rights against us. Our use of trademarks in our products and marketing could potentially infringe upon the rights of existing trademark owners. The validity and scope of such intellectual property claims often involve complex legal and factual issues and analyses, which entail uncertainty and ambiguity. If we are found to have infringed upon a third-party’s intellectual property rights, we may be required to cease to sell products that are involved in the challenged intellectual property rights, pay damages, redesign our products or establish and maintain alternative brands for our products.

Where registration of intellectual property rights is a feasible and cost-effective measure to secure protection, we will do so after seeking professional advice. However, whilst registration will usually confirm ownership and subsistence of rights, some registrations can still be challenged due to prior existing rights. We cannot assure you that our intellectual property registrations are complete or are invulnerable. If there is any unauthorised use of our intellectual property rights, such as counterfeit products or products using confusingly similar designs, trademarks or other intellectual property rights, our business, in particular, the distinctiveness of our product brands would be harmed and it would lead to reduced consumer confidence and therefore a loss of sales for our products. Moreover, in the event that our competitors initiate malicious lawsuits or wrongful legal procedures, defending these claims, regardless of their merit, would involve additional litigation expense and may be a diversion of our management’s time and energy.

We operate under different business models related to our OEM Business, Branded Product Business and Hygienic Disposable Materials Business, and if we fail to effectively manage the risks, difficulties, and challenges arising from these diverse models, our business, financial condition, and operational results could be materially and adversely affected.

We operate under our OEM Business, Branded Product Business and Hygienic Disposable Materials Business. Revenue from our OEM Business accounted for 17.7% in FY2023, 24.1% in FY2024, and 19.0% in FY2025 of our total revenue, and revenue from our Branded Product Business made up 33.8% in FY2023, 35.8% in FY2024, and 42.5% in FY2025 to our total revenue. Moreover, revenue from our Hygienic Disposable Materials Business accounted for 48.5% in FY2023, 40.1% in FY2024, and 38.5% in FY2025 of our total revenue.

Under our OEM business model, we manufacture hygienic disposables based on designs and specifications provided by these brand owners. We then sell these products back to the brand owners, who market them under their proprietary brands through their distribution channels. The success of this business model depends on several factors, including our ability to maintain high standards of product quality control, our pricing competitiveness and manufacturing capabilities, the market perception and consumer acceptance of the brands owned by third parties, and the effectiveness of the distribution channels of the local brands of overseas countries.

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If we fail to maintain our product quality, or if competitors develop superior manufacturing capabilities or offer products at more competitive prices, we may not be able to successfully sustain this business model with local brands of overseas countries. In addition, we have no control over the brand recognition of third-party brands or the distribution channels of the international brand owner customers. In the event that there is erosion in market perception of the third-party brands or disruption in the distribution channels of our international brand owner customers, there could be a reduced demand for our products under these third-party brands. We cannot assure you that we will be able to effectively address the risks, difficulties and challenges presented by the different business models that we operate.

For our Branded Product Business, we principally market our branded hygienic disposables to business customers in China. These business customers then supply our products to wholesalers and retailers through their channels or sell directly to end consumers through online e-commerce platforms and physical stores. The success of this business model depends on the effective maintenance and promotion of our brands, our ability to sustain and attract new customers in the Chinese market, and our commitment to maintaining high product quality control. We cannot guarantee success in enhancing or preserving our brand recognition, expanding or sustaining our customer network, or upholding our product quality standards. If we fail to maintain our brand recognition, distribution network, or product quality, we may face challenges in sustaining this business model for our self-owned brand operations. Such difficulties could materially and adversely impact our financial condition, operational results, and future prospects.

For our Hygienic Disposable Materials Business, we procure and process raw materials into intermediate material such as SAP, hot melt adhesives, nonwoven fabrics. We then supply these intermediate materials to hygienic disposable material customers, primarily other overseas hygienic disposable manufacturers and hygiene product materials resellers. The success of this business model depends on our ability to maintain stable supply relationships with raw material suppliers, ensure consistent processing quality, and sustain our customer network in overseas markets. We cannot guarantee success in securing raw material supplies, maintaining processing capabilities, or retaining our customer base. If we fail to maintain our supply chain relationships, processing quality, or customer network, we may face challenges in sustaining this business model for our materials business operations. Such difficulties could materially and adversely impact our financial condition, operational results, and future prospects.

We may not be able to effectively manage and develop our customer network and sales channels, or efficiently sustain our business relationships with or manage our customers, which could adversely affect our brands, operations and results of operations.

Maintaining an effective customer network enables smooth deliveries of our hygienic disposables to consumers, and our business customers play an important role in expanding our geographic footprint and driving sales of our hygienic disposables. Purchases by business customers accounted for the majority of our sales during the Track Record Period. Revenue contributed by our business customers accounted for 87.4%, 95.0%, and 100% of our total revenue in FY2023, FY2024, and FY2025 respectively. Failure to maintain our business relationships with existing business customers, or to establish relationships with new business customers upon the loss of our existing business customers, could adversely affect our customer network and hence our business, as well as our results of operations and financial condition.

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In addition, our product distribution network includes other third parties with whom we do not have contractual relationships. Our business customers purchase products from us and then resell them to wholesalers, retailers, or consumers through their channels. These wholesalers, retailers, or consumers have no direct purchase, payment, or other transactions with us. Any failure by our business customers or their wholesalers, retailers, or distributors to distribute our products in a timely manner or to market them appropriately could adversely affect our market presence and ultimately harm our business operations and financial performance.

Moreover, we also sell products directly to end consumers via online e-commerce platforms. Revenue from our sales to e-commerce customers contributed to 12.6%, 5.0% and nil of our total revenue in FY2023, FY2024 and FY2025, respectively. During the Track Record Period, our revenue from end consumers was attributable to purchases made through our self-operated e-commerce platforms. However, in line with our strategic realignment to concentrate on core business operations, we transferred the operating rights of these e-stores to Customer A1, an Independent Third-Party e-store operator, over the period from June to October 2024. In any event, as e-commerce and social media platforms gain popularity, we may face competition and cannibalisation between our offline and online sales channels. If we fail to balance the marketing efforts or optimise product mix and pricing strategies among our online and offline sales channels, or otherwise fail to effectively manage the integration of these channels, the competition and cannibalisation among these channels may adversely affect our business, financial condition and results of operations. If we fail to effectively manage the continual and effective development of our e-commerce sales, our business, results of operations and financial condition may be adversely affected.

We do not have long-term sales agreements with our customers, and our business will be adversely affected if we cannot retain existing customers or bring in new customers.

We do not enter into long-term sales agreements for hygienic disposables or hygienic disposable materials with our customers. Our orders are received on an order-by-order basis. We cannot guarantee that we will be able to retain the business of our existing customers at the desired levels or at all. A decision by any major customer, whether motivated by competitive considerations, financial difficulties, economic conditions or otherwise, to reduce its purchases from us or to change its manner of doing business with us, could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, any significant changes in the operations or financial condition of a key customer, including consolidation or change of ownership, restructuring, bankruptcy and liquidation could cause us to limit or even discontinue our business with them. Any such change might also increase our exposure to credit risk from receivables or impair our ability to collect payments from that customer, all of which could have a material adverse effect on our business, financial condition, results of operations and prospects. Furthermore, any economic decline in our overseas markets, could significantly affect our customers’ demand for our products, and have a material adverse effect on our business, results of operations, financial condition and prospects.

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We are subject to risks arising from geopolitical uncertainties and adverse economic and political conditions in overseas markets where our customers are located, which could materially and adversely affect our business and results of operations

A portion of our revenue is derived from business customers located in various overseas jurisdictions. During the Track Record Period, our revenue derived from overseas markets and business customers located in overseas jurisdictions was as follows: RMB228.5 million (FY2023, 61.4%), RMB246.4 million (FY2024, 55.1%), and RMB197.5 million (FY2025, 37.0%).

Geopolitical developments, shifting trade policies and cross-border regulatory changes may materially disrupt the operations of our customers. Ongoing geopolitical tensions and conflicts may give rise to unpredictable sanctions, tariffs, capital controls and restrictions on access to financial institutions, any of which could negatively impact our customers’ ability to obtain raw materials, settle payments or maintain normal production and distribution schedules. Heightened trade tensions or the imposition of export controls, quotas or licensing requirements may delay or prevent shipment of our products to key export markets, thereby adversely affecting our sales and operational efficiency.

Economic downturns or political instability in these regions, including recession, currency devaluation or civil unrest, may significantly reduce end-market demand for our products, potentially resulting in order cancellations, suspended purchase commitments or prolonged payment cycles. In extreme circumstances, protracted conflict or governmental actions may require our customers to cease operations, exposing us to increased credit losses, bad debt write-offs and potential impairment of receivables. Moreover, changes in local content requirements or foreign investment regulations may require us to renegotiate commercial terms on less favourable conditions, thereby reducing our pricing flexibility and adversely impacting our margins.

We cannot assure you that sudden changes in regulations or policies beyond our control will not temporarily disrupt our customers’ procurement or logistics activities, limit their ability to place orders or settle payments, or otherwise adversely affect our business. Failure to anticipate or manage these risks could result in material disruptions to our cash flows, increased financing costs, and a material and adverse impact on our business, financial condition and results of operations.

We are subject to risks associated with sanctions and export controls, which may adversely affect our business, financial condition and results of operations.

Our operations may be negatively affected by deterioration in the political and economic relations among countries, including sanctions, export controls and related restrictions. See “Regulatory Overview – Sanctions Laws and Regulations” and “Regulatory Overview – U.S. Export Controls.” International trade regulations, particularly export controls and trade barriers, could limit our ability to operate in, or export to, certain markets. In addition, our suppliers, customers or other business counterparties may themselves become subject to sanctions or other restrictions, which could disrupt our supply chain, hinder cooperation and adversely affect our operations.

For instance, since mid-2022, the U.S. administration has announced new rules and export controls policies aimed at regulating certain technologies, products and services. These measures may impose restrictions on the export, re-export or transfer of specified items to certain countries or entities. The scope, implementation and enforcement of such rules are subject to change and may be updated or expanded over time. In addition, geopolitical tensions, including sanctions and export restrictions

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imposed on Russia by the U.S., the EU, and other jurisdictions, have led to heightened scrutiny of cross-border transactions involving Russian entities, which may affect our ability to conduct business with certain counterparties or in certain territory. Furthermore, potential secondary sanctions risks may discourage certain international suppliers, financial institutions, or other business partners from engaging in transactions involving Russian parties, indirectly affecting our operations and supply chain. Such laws and regulations are likely subject to frequent changes, and their interpretations and enforcements involve substantial uncertainties, which may be heightened by national security concerns or driven by political or other factors that are outside of our control. Therefore, existing or future restrictions imposed by the U.S. or other jurisdictions may increase our burdens, disrupt our sales and procurement activities, limit access to critical technologies or components for us or our partners, and adversely affect our ability to serve certain foreign markets.

Product defects, product contamination or other product quality and safety issues related to our products, or concerns about the quality or health effects of our products could damage our reputation, and may materially and adversely affect our business and results of operations.

The success of our business relies in part on our ability to maintain consumer confidence in the quality and safety of all our products, whether OEM Business, Branded Product Business or Hygienic Disposable Materials Business. We adhere to quality standards and operate a quality control system, the effectiveness of which depends on its design and the effectiveness of its implementation. During the Track Record Period and up to the Latest Practicable Date, we did not experience any product liability claim or incident related to material product liability exposure, which was, individually or on an aggregate basis, material to us.

Our quality control system may not always be effective, or we may not be able to identify any defects in our quality control system in a timely manner. Failure to detect, prevent, or effectively respond to product quality or safety issues could result in liability claims, reputational damage, and penalties from regulatory authorities, all of which could materially and adversely affect our business and results of operations.

Moreover, we outsource part of the production of disposable period underwears to third-party manufacturers. During FY2023, FY2024, and FY2025, we engaged 16, 15 and 20 third party manufacturers, respectively. The related costs were RMB4.3 million, RMB14.7 million, RMB4.8 million representing approximately 1.5%, 4.5%, and 1.3% of our total cost of sales for the respective years. See “Business – Third Party Manufacturers”. We may not have effective control over those third-party manufacturers on their compliance with our specifications and instructions. If they do not comply with our specifications and we are not able to discover such non-compliance immediately, we may be exposed to product liability claims, administration penalties and/or revocation of business licence which may in return cause damage to our reputation and adversely affect our business, financial condition and results of operations.

Any failure or perceived failure to meet our quality standards, including product contamination and other accidents, non-compliant production, or allegations of mislabelling, whether actual or perceived, could occur in our operations or those of our customers or suppliers. This could result in significant disruptions, including time-consuming and expensive production interruptions, product recalls, product liability claims and negative publicity. It could also result in the destruction of product inventory, loss in sales, fines from regulatory agencies, and higher-than-expected rates of returns of

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products. In addition, we may need to negotiate with or litigate against our raw material and packaging material suppliers and customers for the losses arising out of contamination of raw materials and packaging materials, and product quality issues. Such litigation could lead to substantial costs, which may further affect our sales, profitability and prospects.

Any or all of these events could lead to a loss of consumer confidence and trust, damage the reputation associated with our brands, and prompt consumers to choose products from our competitors, which could adversely affect our business, operational results, and financial condition.

The price volatility, declining quality or other risks related to the supply of our raw materials and packaging materials may materially and adversely affect our business and profitability.

The principal type of raw materials we use in the production are SAP, non-woven fabric, fluff pulp and hot melt adhesive for manufacturing our hygienic disposables. Our other raw materials and packaging materials primarily include polyethylene film, adhesive tapes, packaging bags and cardboard boxes. In FY2023, FY2024, and FY2025, our direct material costs was RMB263.4 million, RMB292.6 million and RMB355.8 million, representing 92.5%, 90.3% and 93.4% of our cost of sales, respectively. Given that our direct material costs are expected to continue accounting for a substantial portion of total cost of sales, any significant increase in the prices of our raw materials could materially and adversely affect our profit margins. The raw materials we use are subject to price volatility caused by various factors beyond our control, such as commodity price fluctuations, changes in supply and demand, logistics and processing costs, inflation and governmental policies, and we cannot guarantee that we will be able to pass these price increases onto our customers. For instance, the average price of super absorbent polymers increased from approximately RMB12,500 per ton in 2020 to RMB15,500 per ton in 2024, representing a CAGR of approximately 5.6% from 2020 to 2024. In the future, the market demand for super absorbent polymers is expected to continue to grow, thereby supporting a stable increase in the price of super absorbent polymers. See “Industry Overview – Raw Materials Price Trend”. During the Track Record Period, the average direct material cost per tonne of SAP declined by approximately 3.5% from FY2023 to FY2024, and further by approximately 4.5% from FY2024 to FY2025. Such fluctuations in raw material prices are generally subject to changes in global supply and demand dynamics and are considered normal within our industry. See “Business – Availability and costs of our critical raw materials”.

Entering 2020, the pandemic of COVID-19 has caused the demand for epidemic prevention materials such as medical masks and protective clothing increased rapidly. As a key raw material, the market demand for non-woven fabrics has surged, leading to a rapid increase in prices. After that, the average price of non-woven fabrics have dropped significantly from around RMB25,100 per ton in 2020 to RMB20,300 per ton in 2021. In 2024, the average price of nonwoven fabrics stabilised at approximately RMB19,800 per ton, showing a slight CAGR of -0.4% since 2020. Moving forward, the price of non-woven fabrics is expected to remain stable, with a projected average of approximately RMB22,000 per ton by 2029, representing a CAGR of approximately 2.1% from 2024. See “Industry Overview – Raw Materials Price Trend”. During the Track Record Period, the average purchase cost per tonne of nonwoven fabrics increased slightly by approximately 1.6% from FY2023 to FY2024. The average purchase cost per tonne of non-woven fabrics increased by approximately 13.8% from FY2024 to FY2025. See “Business – Availability and costs of our critical raw materials”.

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In any event, we cannot predict precisely the possibility of the raw material price movements in the future, and therefore any price movement, whether upward or downward, may continue to affect our gross profit margin.

Moreover, if all or a significant number of our raw material suppliers are unable or unwilling to meet our requirements, we could suffer shortages or cost increases in raw materials. Our raw material suppliers may fail to meet our needs for various reasons, including natural disasters, weather, manufacturing problems, epidemics, strikes, transportation interruptions or government policies. Changing suppliers for raw materials may be costly and time-consuming. If we are unable to obtain raw materials timely in sufficient quantities, of satisfactory quality or at acceptable prices, our production volumes, quality of products and profit margins may be materially and adversely affected.

Any adverse publicity involving our brands or the hygienic disposable industry in general will harm our reputation, which may materially and adversely affect our business and results of operations.

Our success depends on our ability to build and maintain the brand image for our existing and new products. We market our hygienic disposables under multiple brands, each dedicated to different types of products including baby care, feminine care, and adult incontinence. These brands cater to diverse consumer demographics, including varying needs, age groups, genders, and purchasing behaviours. Each brand is distinctively designed with unique features and characteristics to meet the specific requirements of its target consumers.

Claims regarding the safety, quality, raw materials or packaging materials of our hygienic disposables, along with allegations of product contamination or unethical, illegal or socially irresponsible practises, even if unfounded, could damage the reputation of our brands. Adverse publicity, including litigation, unfavourable media reports, third-party studies, whether or not valid, or regulatory actions related to the hygienic disposable industry could damage our brand image and perceived product quality. Moreover, negative comments on social media, even if inaccurate or malicious, could erode consumer trust or potentially trigger boycotts of our products and have a negative impact on the demand for our products as well as our reputation and results of operations.

In addition, adverse publicity related to the hygienic disposable industry or other companies operating in this industry may result in consumers having a negative perception of our brands and influence consumer demand for our products, and our business and prospects may be materially and adversely affected as a result.

Our failure to adequately manage our inventories will lead to inventory obsolescence, which may increase our cost and reduce our profitability.

Maintaining optimal inventory levels is critical to the success of our business. As at 31 December 2023, 2024 and 2025, our balance of inventories was RMB38.4 million, RMB21.5 million, and RMB30.3 million respectively. Our inventory turnover days in FY2023, FY2024 and FY2025 were 51 days, 34 days, 25 days respectively. Failure to adequately manage inventory risks may lead to inventory obsolescence, decline in inventory value or inventory write-offs. Our inventory levels are determined based on our sales and production plans. For raw materials and packaging materials, we generally maintain a safety stock aligned with business needs to guard against significant price

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increases. For finished goods, we closely monitor our inventory levels, stocking up appropriately based on the estimated demand derived from historical data in our daily inventory reports, market trends, and customer orders. See “Business – Inventory and Logistics – Inventory Management”.

However, we may not be able to accurately predict relevant trends and events and maintain adequate levels of inventory at all times. On the one hand, an unexpected decrease in market demand for our products could lead to excessive inventory, and we may [REDACTED] discounts or carry out marketing promotions to clear slow-moving inventory. On the other hand, understocked inventory may cause us to lose sales opportunities and our profitability may also be negatively affected. Any failure to maintain appropriate level of inventories may adversely affect our results of operations and financial condition.

We recorded net cash outflows from operating activities for the years ended 31 December 2023 and 2025, and may require additional financing to fund our operations

For the financial years ended 31 December 2023 and 2025, we recorded net cash outflows from operating activities of approximately RMB6.9 million and RMB9.1 million, respectively. These cash outflows were primarily attributable to significant R&D expenses and administrative costs incurred in connection with the development of our core products. If we are unable to achieve positive operating cash flows in the future, we may need to obtain additional financing to fund our ongoing operations and growth initiatives.

There is no assurance that such financing will be available on terms favourable to us, or at all. If we are unable to secure necessary funding, our ability to maintain our operations, invest in new projects or implement our business strategies may be adversely affected, which could in turn have a material and adverse effect on our business, financial condition and results of operations.

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We are exposed to significant foreign exchange risk, which may adversely affect our revenue and profit margins

For the year ended 31 December 2024, overseas markets accounted for approximately 55% of our total revenue, with all export sales denominated and settled in USD under FOB or CIF shipping terms. In contrast, the majority of our production costs and domestic operating expenses are denominated and settled in RMB. Accordingly, any appreciation of the RMB against the USD will reduce the RMB-equivalent value of our export proceeds, compress gross margins and reported revenue, even if underlying sales volumes remain unchanged. Conversely, depreciation of the RMB may boost our top-line results in RMB terms but would increase the RMB cost of servicing any USD-denominated payables, such as logistics, imported equipment or trade finance facilities, thereby eroding net margins.

Given the inherent volatility of foreign exchange markets, we cannot assure that future currency movements will not have a material and adverse impact on our revenue, profitability and financial position.

Local currency fluctuations in key markets may adversely affect demand for our products and our overall performance

Although we do not invoice in customers’ local currencies, significant fluctuations in the exchange rates of our customers’ domestic currencies relative to the USD (or other applicable currencies) may materially affect their purchasing power and demand for our products. Sharp appreciation of a local currency may reduce the USD (or other applicable currencies) cost and stimulate purchase volumes but could also limit our ability to raise prices. Conversely, depreciation of a local currency may render our products prohibitively expensive for distributors and end-users, leading to order cancellations or demands for discounts. As exchange rate movements are inherently unpredictable and influenced by central-bank policies, geopolitical developments and market sentiment, we cannot reliably forecast their timing or magnitude.

Any sustained adverse shifts in exchange rates, whether between the USD (or other applicable currencies) and RMB or between the USD (or other applicable currencies) and local currencies, could materially and adversely affect our revenue, profitability and overall financial condition.

Business interruptions at our production facility or failure to manage our supply chains could adversely and materially affect our business.

We manufacture our hygienic disposables at the production facility in China. See “Business – Production”. Disruptions at our production facility could have a material adverse effect on our business. Disruptions could occur for many reasons, including fires, natural disasters, weather, water scarcity, production or distribution issues, disease, widespread illness, strikes, labour shortages, transportation or supply interruption, contractual dispute, governmental regulation and actions, cybersecurity attacks, war or terrorism. Under these circumstances, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We also outsource part of the production process of disposable period underwears to third-party manufacturers. Third-party manufacturers may not be able to provide us with products of sufficiently high quality either in a timely manner or at a competitive price. We may, from time to time, need to reject products that do not meet our specifications, which could result in a stock shortage or potential

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delays in delivering products to our customers. In addition, if there are significant increases in the prices quoted by our third-party manufacturers, we may not be able to pass these increases on to our customers due to competitive pricing pressures. In such cases, we may have to seek alternative third-party manufacturers with comparable prices and products or develop similar manufacturing capabilities internally which may result in delivery delays to our customers. If we are unable to locate suitable alternative third-party manufacturers or manufacture these products internally, we may have to cease sales of such items, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Effective supply chain management and efficient production is key to our business success. Any delay or disruption in our supply chains may adversely affect our ability to perform our contractual obligations to customers. Problems may arise during the production process for various reasons beyond our control, including quality defects in raw materials and packaging materials, lack of production conditions or suspension of production due to natural disasters or other catastrophic events, labour issues, power outages, or technical or mechanical problems. Failure to effectively manage any of the above could interrupt our production process and delivery of our products, and thereby impair our business and reputation.

Our business and operational outcomes could be negatively affected by any delays in delivery, mishandling of goods or increases in transportation costs of our logistics service providers.

During the Track Record Period, we generally deliver our products to our customers through third-party logistics service providers. For PRC customers, most of our products are delivered by road, rail or waterway. For overseas business customers, we generally deliver our products to a designated port in China on either FOB or CIF terms. Under FOB terms, we are responsible for the goods until they are loaded onto the vessel. Under CIF terms, we arrange and pay for freight to the destination port, while the buyer assumes the risk upon loading. We also engage third-party agents in China to handle export clearance matters, while our customers are responsible for handling import clearance in their respective destination country or region. Any failure to maintain or develop stable relationships with logistics service providers or export clearance agents may hinder our ability to deliver products in sufficient quantities, on time, or at prices acceptable to our customers. We may not be able to maintain or renew contractual relationships with our existing logistics service providers or export clearance agents on terms commercially acceptable to us, or at all, or that we will be able to find suitable substitutes.

Since we do not have direct control over these logistics service providers or the export clearance agent, we cannot guarantee the quality of their services. Any delayed delivery, product damage or other relevant issues may lead to product recalls, product liabilities and damage to our reputation, which may in turn adversely affect our business and results of operations. Moreover, the transportation costs of our logistics service providers are subject to factors beyond our control, including fluctuations in the price of fuel, increases in road tolls and bridge tolls, and changes in transportation regulations. Any increase in the service costs of our logistics service providers may adversely affect our results of operations and financial condition.

Failure to manage our future growth effectively may materially and adversely affect our business operations and prospects.

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We experienced revenue growth during the Track Record Period, with our revenue increasing from RMB372.3 million in FY2023 to RMB447.1 million in FY2024 and further to RMB533.4 million in FY2025. However, this only reflects our historical performance and may not be indicative of our future performance. The sustainability of our growth depends on a number of factors, many of which are beyond our control, including evolving consumer preferences and demand, competition, regulatory evolution and changes in economic condition. If we are not able to effectively manage our business growth and further expand our operations as needed, we may not be able to successfully implement the strategies necessary to further our business prospects on schedule or within our budget, or at all. As competition in the hygienic disposable industry intensifies, both in terms of domestic sales and export to overseas countries, it may become more difficult for us to sustain or further increase our revenue and our expansion plan may be unsuccessful. In particular, end consumers and/or our customers may become more price-sensitive or demand higher quality products at the same price, therefore subjecting us to the risk of loss of customers. Accordingly, we may not be able to sustain the growth we achieved in the past. Any failure to manage our future growth effectively may materially and adversely affect our business operations and prospects.

We received government grants and preferential tax treatment during the Track Record Period, and any discontinuation of government grants or preferential tax treatment or any change in the relevant policies may adversely affect our financial performance and results of operations.

We received government grants and preferential tax treatment under relevant preferential tax policies during the Track Record Period. However, we may not be able to continue to enjoy similar government grants and preferential tax treatment in the future. In FY2023, FY2024 and FY2025, we recognised government grants of RMB0.3 million, RMB0.2 million and RMB1.0 million, respectively. Meanwhile, during the Track Record Period, Yuejian was eligible for a preferential EIT rate of 15% as a National High and New Technology Enterprise (國家高新技術企業). In addition, we are entitled to export tax rebates in connection with our export sales. Subject to the relevant PRC laws, except as otherwise stipulated by the State Council, VAT rate for export goods shall be zero and we are currently entitled to rebates from the PRC tax authorities in connection with our export sales and the tax rebate shall comprise a refund of the input VAT incurred for the production of our products in the PRC which are subsequently exported. If we cease to receive or benefit from government grants or be entitled to preferential tax treatment, our financial condition and results of operations may be adversely affected.

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

Our trade receivables primarily arise from sales of our products. For business customers in China, we generally grant credit terms of no more than 90 days. For overseas customers, we usually require partial payment before delivery of products with credit terms of no more than 90 days for the remaining balances. The balance of our trade receivables (net of loss allowances) was RMB105.3 million, RMB68.1 million and RMB175.5 million as at 31 December 2023, 2024 and 2025, respectively. The collection of amounts due from our customers may not be timely. This might result in slow turnover of our trade receivables and restrict our working capital resources.

In FY2023, FY2024 and FY2025, our trade receivables turnover days were 62 days, 71 days, and 83 days. See “Financial Information – Description and Analysis of Selected Items of Our Combined Statements of Financial Position”. We cannot assure you that we will be able to recover all or any part of the amounts due from our customers within the agreed credit terms, or at all. If we fail to receive

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payments from our customers on a timely basis, our cash flows and financial position could be adversely affected. In addition, disputes that arise due to default in payment by customers may also be time-consuming and costly for us in the event we decide to claim for such payments, and we may not be successful, in which case our liquidity, business, results of operations and financial condition may be adversely affected.

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

During the Track Record Period, a number of our customers (individually or collectively, the “**Relevant Customer(s)**”) settled payments with us through accounts that do not belong to the contractual parties under the corresponding sales agreements (the “**Third-Party Payment Arrangements**”). In FY2023, FY2024 and FY2025, there were 18, 40 and 26 Relevant Customers, respectively, who in aggregate settled approximately RMB36.5 million, RMB57.1 million and RMB32.9 million under the Third-party Payment Arrangements, or 9.8%, 12.8% and 6.1% in terms of our total revenue, in the same periods. See “Business – Third-Party Payment Arrangements.” Since May 2025, we have begun to rectify the Third-Party Payment Arrangements by requiring that our customers make payments either (i) directly from their own accounts or, (ii) if not directly, through accounts belonging to: (a) for sole proprietorships, the actual controllers (or their spouses) of these businesses; or (b) for corporate entities, their subsidiaries within the same corporate group or their legal representatives and/or actual controllers. We are subject to various risks relating to such Third-Party Payment Arrangements, including: (i) possible claims for return of funds from third-party payors who were not contractually indebted to us; (ii) potential risks arising from the fact that we have limited knowledge about the source and purpose of the funds utilised by the third-party payors; and (iii) possible claims from liquidators of third-party payors. In the event of any claims from third-party payors or their liquidators, or legal proceedings instituted or brought against us in respect of any third-party payments, we may have to expand financial and managerial resources to defend against such claims or legal proceedings, and our financial condition and results of operations may be adversely affected as a result.

We have not made full contribution to the social insurance and housing provident funds for certain employees in the PRC, which may expose us to settlements of outstanding contributions, late payments, and fines imposed by relevant authorities.

In accordance with relevant PRC laws and regulations, we are required to make social insurance contribution and housing provident fund contributions for the benefit of the employees of our PRC subsidiaries. During the Track Record Period, we did not make full contributions to the social insurance and housing provident funds for certain employees. The relevant social security authority may order an enterprise to pay the outstanding social insurance contributions within a prescribed time limit and may impose a late payment fee of the outstanding contribution from the date on which the amount is overdue. If payment is not made within the prescribed period, the relevant social security authority may impose a fine in an amount equivalent to one to three times of the overdue social insurance payment. The relevant housing provident fund authorities may order us to pay the outstanding amounts of housing provident fund within the prescribed time period. If we fail to do so, the relevant housing provident fund authorities may apply to the relevant PRC court for the enforcement of the unpaid amounts. See “Business – Legal Proceedings and Non-compliance”. We cannot assure that we will not be required to settle the outstanding amount within a specified time limit, which may adversely affect our results of operations and financial condition.

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We have made full provisions in respect of the shortfall of social insurance and housing provident funds amounting to approximately RMB3.1 million, RMB3.0 million and RMB0.9 million for the Track Record Period and approximately RMB2.8 million prior to the Track Record Period.

To the best of our Directors’ understanding, our Directors confirmed that the Group has not received any demand letter from the relevant social security authority in respect of any underpayment of social insurance and housing provident funds. Thus, the Group has not made any provision for the maximum potential penalties with respect to the underpayment of social insurance and housing provident funds.

Our expansion plans are subject to uncertainties and risks, and may not succeed at all.

As part of our business strategies, we intend to enhance our production capacity by acquiring new production lines, upgrading equipment and underlying infrastructure, and increasing marketing efforts. See “Business – Our Strategies” and “Future Plans and [REDACTED]”. Our new production lines may not be ready on time, or our production capacity may not expand as planned. A number of factors could delay our expansion plan or increase our costs, including (i) failure to raise sufficient funds to establish and maintain working capital for operating our business; (ii) failure to obtain environmental and regulatory approvals, permits, or licences from the relevant government authorities in a timely manner; (iii) shortage or late delivery or increased prices of building materials and production machinery and equipment, as well as various other factors affecting the construction progress, resulting in late delivery of our newly constructed or expanded production lines; and (iv) technological changes, capacity expansion or other changes to our plans for the new factories necessitated by changes in market conditions.

Furthermore, if market demand declines in the future, we may not be able to recoup the costs incurred for construction of any new production lines and/or maintenance of expanded production capacity. Any delay or cancellation of our expansion plan could also subject us to disputes with various counterparties, including, but not limited to, general contractors and subcontractors, equipment suppliers, financiers and relevant government authorities. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

In addition, there is a possibility that we may not achieve sustained growth or successfully implement our business strategies. Our business strategies are based on assumptions about future events, which inherently involve risks and uncertainties. These assumptions may prove to be incorrect, potentially affecting the viability of our future plans. Therefore, there is no guarantee that our future plans will be successfully implemented according to schedule, in terms of timing or cost, or that they will be implemented at all. If we fail to effectively and efficiently implement our business plans, we may not be successful in achieving desirable and profitable results. Even if we do manage to implement our plans effectively, unforeseen events or factors may still prevent us from attaining the desired profitability. If our future business plans fail to yield desired results, it could have a material and adverse impact on our financial condition, operating results, and growth prospects.

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Our insurance coverage may be insufficient to cover our potential liabilities or losses.

We maintain insurance policies to cover potential product liabilities and potential safety issues relating to our production. In addition, we have purchased several property-related insurance policies covering our buildings, facilities, machinery, vehicles, equipment, inventories and other assets. See “Business – Insurance”. Our insurances may not provide adequate coverage for all the risks in connection with our business operations. If we were to incur substantial losses and liabilities that are not covered by our insurance policies, we may be required to bear our losses to the extent that our insurance coverage is insufficient. As a result, we could suffer significant costs, which could have an adverse effect on our financial condition and results of operations.

We may be involved in legal or other proceedings arising out of our operations, including product liability claims, from time to time and may face significant liabilities.

We may, from time to time, be involved in disputes with various parties involved in our business operations, including but not limited to our customers, suppliers, employees, logistics service providers, and banks. These disputes may lead to legal or other proceedings, which could damage our reputation, incur substantial costs, and divert our resources and management’s attention. Further, we may encounter additional compliance issues during our operations, which could subject us to administrative proceedings and unfavourable results, and cause liabilities and delays concerning our production or product launch schedules. We cannot assure you of the outcome of such legal proceedings, and any adverse result could materially and adversely affect our business, financial condition, and results of operations.

One of the properties that we currently lease is subject to defect.

The lessors of one out of six of our leased properties with an aggregate gross floor area of 46 sq.m. was unable to provide valid title or proper authorisation, namely the property located at No. 185-A5-301, Dongcun, Shengxin Town, Nan’an City, Quanzhou, Fujian (福建省泉州市南安市省新鎮省東村太林185-A5-301號). As advised by our PRC Legal Advisers, such leased property has title defects. See “Business – Properties – Title Defects”.

Our future performance is dependent on our ability to attract and retain key personnel.

Our future performance depends to a significant extent upon our ability to continue to attract, retain and motivate key personnel, including members of our senior management team and our managerial, scientific, sales and technical personnel. See “Directors and Senior Management”. Any loss of such personnel could adversely affect our ability to sustain and develop our business. In addition, our key personnel may join a competitor or establish a competing business or fail to comply with the terms and conditions of their employment contracts. Any loss of key personnel or failure to promptly recruit such personnel for our future business development may adversely affect our business.

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RISKS RELATING TO DOING BUSINESS IN THE PRC

Changes in the PRC’s economic, political or regulatory environment may adversely affect our business and results of operations.

Substantially all of our operations and assets are located in the PRC. Our financial condition and results of operations are, to a significant extent, subject to economic, political and legal developments in the PRC. Although the PRC government has implemented various measures to promote economic growth, its policies and the regulatory environment continue to evolve. Any material change in these policies or regulations, or the interpretation and enforcement thereof, may have a material adverse effect on our business, results of operations and financial condition.

We may be deemed a PRC resident enterprise under the EIT Law and be subject to PRC taxation on our worldwide income.

Under the PRC Enterprise Income Tax Law (“**EIT Law**”), an enterprise established outside the PRC with its “de facto management body” located within the PRC may be regarded as a PRC resident enterprise and subject to a 25% enterprise income tax on its worldwide income. As our management is primarily based in the PRC, we and our offshore subsidiaries may be treated as PRC tax residents, which could result in additional tax liabilities and reporting obligations. Dividends and capital gains derived by our non-PRC Shareholders may also be regarded as PRC-sourced income and therefore be subject to PRC withholding tax, which could materially and adversely affect the value of your investment.

Dividends from our PRC subsidiaries are subject to PRC withholding tax.

We rely on dividends from our PRC subsidiaries for funding purposes. Under the EIT Law, dividends paid by a foreign-invested enterprise to its non-PRC immediate holding company are subject to a withholding tax of 10%, which may be reduced to 5% under the tax arrangement between the PRC and Hong Kong if prescribed conditions are satisfied. However, PRC tax authorities have discretion to deny such preferential treatment if the arrangement is deemed to lack a reasonable commercial purpose. There is no assurance that a reduced rate will be granted or maintained, which may reduce the amount of funds available for distribution or reinvestment.

Restrictions on foreign currency conversion may limit our ability to make distributions or obtain foreign currency to fund operations.

We generate substantially all of our revenue in Renminbi (“**RMB**”). The conversion of RMB into foreign currencies is subject to PRC foreign exchange regulations and government control. While conversion for current account items, including the payment of dividends, may generally be conducted without prior approval, conversion for capital account items remains subject to registration or approval by the State Administration of Foreign Exchange (“**SAFE**”). Any tightening of foreign exchange controls may adversely affect our ability to make distributions to Shareholders or to obtain foreign currency for funding or investment purposes.

Fluctuations in the exchange rate of the Renminbi may adversely affect the value of our Shares and our financial condition.

The exchange rate of the RMB against foreign currencies is affected by a number of factors, including changes in the PRC’s foreign exchange policies, as well as domestic and international economic and political developments. Any depreciation of the RMB may reduce the value of, and

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dividends payable on, our Shares in foreign currency terms, while any appreciation may reduce the value of [REDACTED] from the [REDACTED]. Exchange rate volatility may therefore have a material adverse effect on our business, results of operations and financial condition.

It may be difficult for investors to effect service of process or enforce judgments against us or our directors and senior management.

We are incorporated in the Cayman Islands and substantially all of our assets and operations are located in the PRC, where most of our directors and senior management reside. As a result, it may be difficult for investors to effect service of process within Hong Kong or elsewhere outside the PRC, or to enforce judgments obtained in non-PRC courts against us or our management. Although the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters between the Courts of the Mainland and of the Hong Kong Special Administrative Region (the “2019 Arrangement”) has come into effect, its implementation is in the process of development. Accordingly, there is no assurance that such judgments can be effectively enforced in the PRC due to the practical complexities of enforcement proceedings.

PRC regulation of loans and direct investments by offshore holding companies may restrict our use of [REDACTED] [REDACTED] and capital flows to our PRC subsidiaries.

As an offshore holding company, our ability to provide funding to our PRC subsidiaries, whether through loans or capital contributions, is subject to registration, reporting or approval requirements with relevant PRC authorities. The Circular on Reforming the Administration Measures on Conversion of Foreign Exchange Registered Capital of Foreign-invested Enterprises (“Circular 19”) and the Circular Regarding Further Promotion of the Facilitation of Cross-Border Trade and Investment (“SAFE Circular 28”) impose restrictions on the use and conversion of foreign currency capital. There is no assurance that the requisite filings or registrations can be completed in a timely manner or at all. Any restrictions or delay in completing such procedures may materially and adversely affect our ability to utilise the [REDACTED] from the [REDACTED], fund our PRC operations or implement our expansion plans.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our Shares, and an active trading market may not develop or be sustained.

Prior to the [REDACTED], there was no public market for our Shares. The [REDACTED] will be determined through negotiations between the [REDACTED] (for itself and on behalf of the [REDACTED]) and us, and may not reflect the market price of our Shares after [REDACTED]. There is no assurance that an active, liquid public market for our Shares will develop or, if it develops, that it will be sustained following the [REDACTED]. The market price of our Shares may decline below the [REDACTED], and investors may not be able to sell their Shares at or above the [REDACTED], or at all.

The price and trading volume of our Shares may be volatile.

The market price and trading volume of our Shares may fluctuate significantly due to factors beyond our control, including actual or anticipated variations in our results of operations, changes in market perception or analyst recommendations, announcements of significant transactions, changes in key management personnel, market conditions, regulatory developments, and sales or anticipated sales of our Shares. Broader market or sector volatility may also adversely affect the market price of our Shares, regardless of our actual performance, and could lead to losses for investors.

RISK FACTORS

There is no assurance that we will declare or distribute dividends in the future.

We are a holding company and our ability to pay dividends depends on dividends received from our operating subsidiaries. The declaration and payment of dividends is at the discretion of our Board and depend on a number of factors, including our results of operations, cash flow, financial position, business prospects, future capital requirements and the availability of distributable profits. Accordingly, there can be no assurance as to the timing, amount or form of future dividends, if any.

Investors may experience immediate dilution and could face further dilution from future share issuances.

The [REDACTED] is expected to be higher than the net tangible asset value per Share immediately prior to the [REDACTED]. As such, investors purchasing Shares in the [REDACTED] will experience an immediate dilution in net tangible asset value per Share. We may in the future issue additional Shares or equity linked securities to raise capital or for strategic purposes, which may result in further dilution to existing Shareholders.

Future sales, or perceived sales, of substantial amounts of our Shares may adversely affect the market price of our Shares and our ability to raise capital.

The market price of our Shares may decline as a result of future sales, or expected sales, of a substantial number of Shares or other securities in the public market, or the issuance of new Shares by us. Such sales or potential sales could also adversely affect our ability to raise further capital through equity financing on favourable terms, and existing Shareholders may experience dilution of their shareholdings.

Our Controlling Shareholders will continue to exercise significant influence over our affairs after the [REDACTED].

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), our Controlling Shareholders will collectively hold approximately [REDACTED]% of our issued share capital. Accordingly, they will be able to exercise significant influence over our business decisions, including the election of Directors, declaration of dividends, approval of major transactions and future capital raising activities. Their interests may not always align with those of our other Shareholders, and they may take actions that are not in the best interests of our Company or other Shareholders.

There may be difficulties in protecting your interests under the laws of the Cayman Islands.

Our corporate affairs are governed by our Memorandum and Articles, the Companies Act and common law of the Cayman Islands. The rights of Shareholders to take action against our Directors, actions by minority shareholders 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 interest of minority shareholders differ in some respects from those in other jurisdictions. Such differences may mean that the remedies available to the minority shareholders may be different from those they would have under the laws of other jurisdictions.

RISK FACTORS

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 “believe”, “expect”, “estimate”, “predict”, “aim”, “intend”, “will”, “may”, “plan”, “consider”, “anticipate”, “seek”, “should”, “could”, “would”, “continue”, and other 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 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 publicly to update or otherwise revise the forward-looking statements in this document, 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.

These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. Subject to the ongoing disclosure obligations of the Listing Rules or other requirements of the Stock Exchange, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Investors should not place undue reliance on such forward-looking statements and information.

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various official government sources contained in this document.

Facts, forecasts and statistics in this document relating to the hygienic disposables industry are obtained from various official government sources. The information from official government sources has not been independently verified by us, the Sole Sponsor, the [REDACTED], [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of their respective directors, officers, employees, advisers or agents, or any other persons or parties involved in the [REDACTED], and no representation is given as to the accuracy or completeness of such information and statistics. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practise, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. Accordingly, the information from official government sources contained herein should not be unduly relied upon.

You should read the entire document carefully, and we caution you to not rely on any information contained in press articles or other media regarding us or the [REDACTED].

Prior to the publication of this document, there has been press and media coverage regarding us and the [REDACTED], including but not limited to certain financial information, projections, industry comparison, valuations and/or other forward-looking information about us and the [REDACTED]. We have not authorised the disclosure of any such information in the press or media and do not accept any responsibility for the accuracy or completeness of such media coverage or forward-looking statements. We make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. To the extent that any such information appearing in publications other than this document is inconsistent with, or conflicts with, the information contained in this document, we disclaim it, and accordingly you should not rely on any such information. In making your decision as to whether to purchase our Shares, you should rely only on the information included in this document.

Grant of share options under our Share Option Scheme may result in dilution of your shareholding and increased earnings volatility

Pursuant to the Share Option Scheme, our Board may grant share options to directors, employees, related-entity participants and service providers, subject to eligibility criteria at its discretion, including factors such as experience, service length and contribution to the Group’s development. The aggregate number of Shares issuable under the Share Option Scheme and other share-based arrangements is limited to 10% of our issued share capital as at the [REDACTED], with a further 1% sub-limit for service providers and an individual grant limit of 1% in any 12-month period absent separate shareholder approval. Should all outstanding options be exercised in full, the interests of existing shareholders would be diluted, with a corresponding reduction in net asset value and earnings per share, which may weaken our market position and trigger negative investor sentiment or shareholder actions. Share-based payment expenses arising from granted options are recognised over the vesting period. Accelerated vesting events (such as a change of control) could result in significant charges concentrated in a single reporting period, thereby depressing our reported profits and return on equity. As options may be granted only during permitted windows and remain exercisable for up to ten years, the clustering of option grants may heighten expense volatility. Furthermore, a substantial overhang of unexercised options may exert downward pressure on our share price upon exercise and create uncertainty regarding future dilution. Any of the foregoing could materially and adversely affect our share price, earnings and financial position.

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the [REDACTED], our Company has sought for the following waiver from strict compliance with the relevant provisions of the Listing Rules.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer for a primary [REDACTED] on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. We do not have a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules. Accordingly, we have applied for a waiver from strict compliance with Rule 8.12 of the Listing Rules primarily on the basis that our management is best able to attend its function by being situated in the PRC, given that (i) the principal business operations, properties, offices and facilities of our Group are primarily located, managed and conducted in the PRC, and (ii) substantially all of our assets are based in the PRC.

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

As such, 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 authorised representatives, namely Mr. Zhou Hang and Ms. Wong Po Lam, who will act as our principal channel of communication with the Stock Exchange. Ms. Wong Po Lam, the company secretary of our Company, who is situated and based in Hong Kong, and Mr. Zhou Hang, the executive Director, 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 and email, and any other contact details prescribed by the Stock Exchange from time to time. Each of the authorised representatives is duly authorised to communicate on behalf of our Company with the Stock Exchange and their respective contact details have been provided to the Stock Exchange and will notify the Stock Exchange from time to time of any changes thereof; (b) both authorised representatives have means to contact all members of our Board (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. Our Company has implemented a policy whereby (1) each Director has provided his or her valid phone numbers or other means of communication to the authorised representatives; (2) in the event that a Director expects to travel or is otherwise out of office, he or she will endeavour to provide his or her phone number of the place of his or her accommodation to the authorised representatives or maintain an open line of communication via his or her mobile phone; and (3) each Director has provided his or her mobile phone number and/or office phone number and e-mail address to the Stock Exchange and will inform the Stock Exchange promptly if there are any changes to the contact details of the Directors; (c) pursuant to Rule 3.20 of the Listing Rules, to further enhance communication between the Stock Exchange and our Directors, each executive Director and independent non-executive Director has provided his or her contact details including office phone number and/or mobile phone number and email address to the Stock Exchange and will notify the Stock Exchange from time to time of any changes thereof; (d) save for Mr. Ng Tat Fung, an independent non-executive Director, each of our Directors who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and will be available to meet with the Stock Exchange within a reasonable period upon request of the Stock Exchange; (e) our Company has appointed Ms. Wong Po Lam, who is ordinarily resident in Hong Kong as the company secretary of our Company. Her contact details have been provided to the Stock Exchange; (f) in compliance with Rule 3A.19 of the Listing Rules, the Company has appointed VBG Capital Limited as the compliance adviser of our Company to act as an additional channel of communication with the Stock Exchange. The compliance adviser will advise on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong for the period commencing on the date of the [REDACTED] and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the date of the [REDACTED]; (g) meetings between the Stock Exchange and our Directors could be arranged through our authorised representatives or the compliance adviser of our Company, or directly with our Directors within a reasonable time frame. Our Company will inform the Stock Exchange promptly in respect of any change in our Company’s authorised representatives and the compliance adviser of our Company; and (h) our Company will retain other professional advisers (including legal advisers and accountants) in Hong Kong, after the [REDACTED] to assist us in dealing with any questions which may be raised by the Stock Exchange from time to time.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

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INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality

Executive Directors

Mr. Zhou Hang (周航)	No. 24, Xiapu Village Tancheng Town Pingtan County Fujian Province	Chinese

Ms. He Shanshan (何姍姍)	No. 349, Xiting Fengnan Village Wangchuan Town Hui'an County Fujian Province	Chinese

Mr. Chen Zhenbing (陳振兵)	No. 75, Tulou Huangtian Village Tuling Town Quangang District Quanzhou City Fujian Province	Chinese

Ms. Yu Yahuan (俞雅環)	No. 58, Caopu Qianshan Village Jintao Town Nan'an City Fujian Province	Chinese

Independent Non-executive Directors

Mr. Chen Chaohui (陳朝暉)	Room 208, Building 12 North District No. 438 Xinmen Street Licheng District Quanzhou City Fujian Province	Chinese

Mr. Ng Tat Fung (吳達峰)	Flat C, 46/F Tower 3, Sky Tower No. 38 Sung Wong Toi Road Hong Kong	Chinese

Mr. Shi Wei (時為)	Room 2001, Unit 1, Building 5 Crystal City, Binjiang District Hangzhou City Zhejiang Province	Chinese

Please refer to the section headed “Directors and Senior Management” in this document for further information.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor, [REDACTED]	VBG Capital Limited Suites 707-709, 7/F. 12 Taikoo Wan Road, Taikoo Hong Kong [REDACTED]
Legal Advisers to the Company	<i>As to Hong Kong laws:</i> ZM Lawyers 20/F, Central 88 88-98 Des Voeux Road Central Hong Kong <i>As to PRC laws:</i> Tian Yuan Law Firm 20-21/F, China Life Finance Centre 23 Zhenzhi Road Chaoyang District Beijing PRC <i>As to Cayman Islands laws:</i> Ogier 11th Floor Central Tower 28 Queen’s Road Central Hong Kong <i>As to International Sanctions laws</i> Hogan Lovells International LLP 11th Floor, One Pacific Place 88 Queensway Hong Kong
Legal Advisers to the Sole Sponsor and the [REDACTED]	<i>As to Hong Kong laws:</i> King & Wood 13/F, Gloucester Tower The Landmark 15 Queen’s Road Central Hong Kong <i>As to PRC laws:</i> Jingtian & Gongcheng Units 10–12, Room 01 39/F, Guangzhou CTF Finance Centre No. 6 Zhujiang East Road, Tianhe District Guangzhou City, Guangdong Province PRC
Reporting Accountants and Independent Auditors	Forvis Mazars CPA Limited <i>Certified Public Accountants and Registered Public Interest Entity Auditor</i> 42nd Floor, Central Plaza 18 Harbour Road Wan Chai Hong Kong
Industry Consultant	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. Suite 2504 Wheelock Square 1717 Nanjing West Road Shanghai PRC [REDACTED]

CORPORATE INFORMATION

Registered office in the Cayman Islands	89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands
Principal place of business and head office in the PRC	No. 185-A5-301 Tailin, Shengdong Village, Shengxin Town Nan’an City, Quanzhou City Fujian Province PRC
Principal place of business in Hong Kong	Unit 1910, 19/F, C C Wu Building 302-308 Hennessy Road Wan Chai, Hong Kong
Company website	www.qzfocust.com <i>(the information contained on the website does not form part of this document)</i>
Company secretary	Ms. Wong Po Lam (黃寶琳) <i>Certified Public Accountant</i> Unit 1910, 19/F, C C Wu Building 302-308 Hennessy Road Wan Chai, Hong Kong
Authorised representatives	Mr. Zhou Hang (周航) No. 24, Xiapo Village, Tancheng Town, Pingtan County, Fujian Province Ms. Wong Po Lam (黃寶琳) Unit 1910, 19/F, C C Wu Building 302-308 Hennessy Road Wan Chai, Hong Kong
Audit Committee	Mr. Ng Tat Fung (吳達峰) (Chairperson) Mr. Chen Chaohui (陳朝暉) Mr. Shi Wei (時為)
Remuneration Committee	Mr. Chen Chaohui (陳朝暉) (Chairperson) Ms. He Shanshan (何珊珊) Mr. Shi Wei (時為)
Nomination Committee	Mr. Zhou Hang (周航) (Chairperson) Mr. Chen Chaohui (陳朝暉) Mr. Shi Wei (時為)
Compliance Adviser	VBG Capital Limited Suites 707-709, 7/F. 12 Taikoo Wan Road, Taikoo Hong Kong

[REDACTED]

CORPORATE INFORMATION

[REDACTED]

Principal Bank

Industrial and Commercial Bank of China (ICBC)

Quanzhou Luojiang Branch

No. 175, 177, 179, 181, 185, 187, 189 Detai Road

Quanzhou Economic and Technological Development Zone

Quanzhou, Fujian PRC

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this document were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by Frost & Sullivan (the “Frost & Sullivan Report”). We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the [REDACTED]. The information from official government sources has not been independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of the [REDACTED], any of their respective directors and advisers, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.

SOURCES OF INFORMATION

We commissioned Frost & Sullivan to analyse and prepare a report regarding China’s hygienic disposables market as well as China’s hygienic disposables export market. 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 RMB950,000 to Frost & Sullivan pursuant to a service agreement reached by 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 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, such as the National Bureau of Statistics of China and other industrial associations. The market projections in the Frost & Sullivan Report are based on the following key assumptions: (i) the overall social, economic, and political environment in China is expected to remain stable during the forecast period; (ii) China’s economic and industrial development is likely to maintain a steady growth in the forecast period; (iii) related industry key drivers are likely to drive the growth of the hygienic disposables market and hygienic disposables export market in China in the forecast period; and (iv) there is no extreme force majeure or industry regulation which may affect the market dramatically or fundamentally.

Our Directors confirm that, to the best of their knowledge, after making reasonable inquiries and exercising reasonable care, there is no material adverse change in the market information since the date of the relevant data contained in the Frost & Sullivan Report which may qualify, contradict or have an impact on the information in this section.

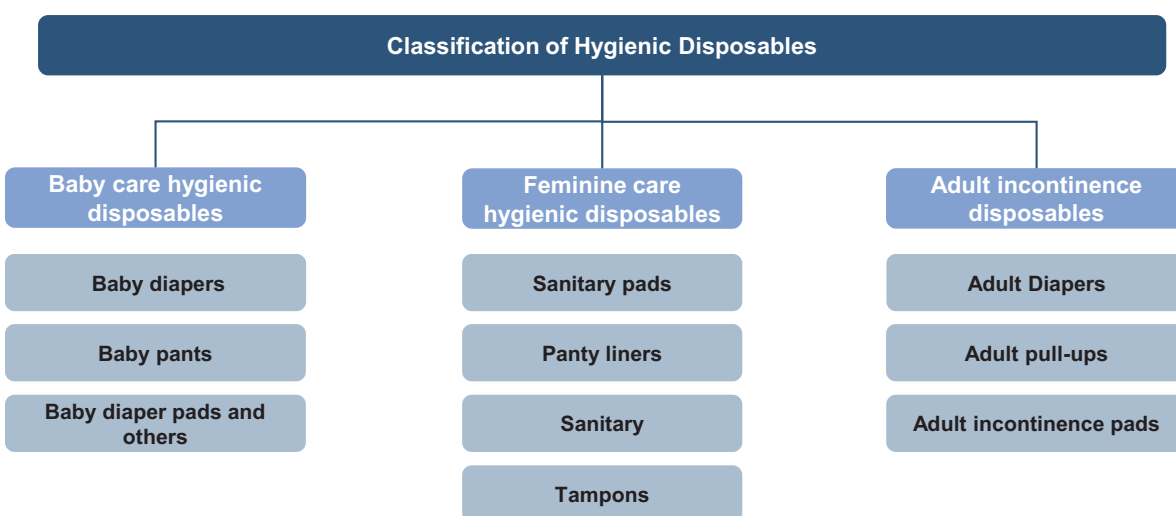
OVERVIEW OF HYGIENIC DISPOSABLES MARKET IN ASIA

Definition and Classification

Hygienic disposables refer to disposable hygiene products that come into direct contact with the human body, primarily composed of materials such as fluff pulp, nonwoven fabrics, highly absorbent resin, and other components. They feature a layered structure consisting of a surface layer, an absorbent core layer, and a leak-proof bottom film layer, designed to absorb and collect human excretions.

Divided by target consumers, hygienic disposables mainly refer to baby care hygienic disposables, feminine care hygienic disposables and adult incontinence disposables.

INDUSTRY OVERVIEW



Source: Frost & Sullivan

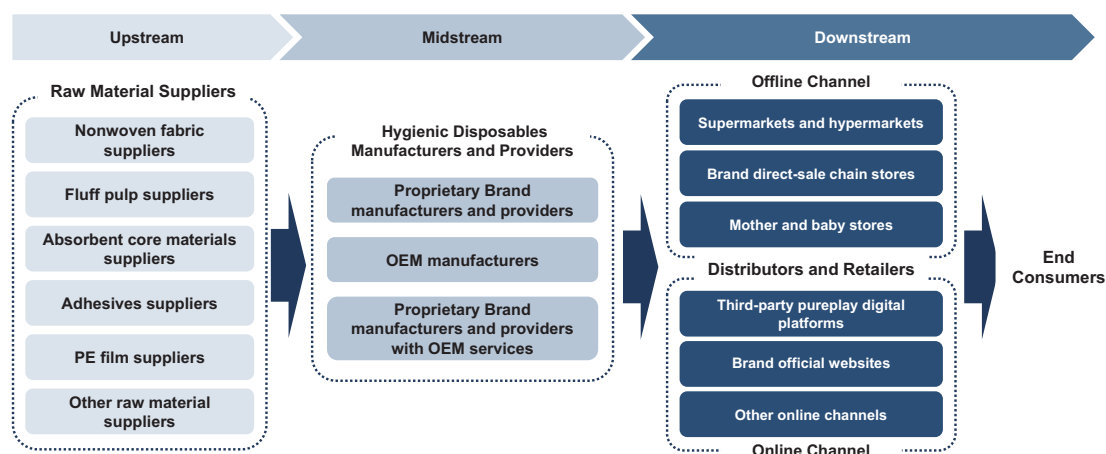
Value chain of Hygienic Disposables Market

The value chain of the hygienic disposables market includes upstream raw material supply, midstream hygienic disposables manufacturers and suppliers, and downstream end customers.

In the manufacturing and processing process, ODM (Original Design Manufacturing) and OEM (Original Equipment Manufacturing) modes are commonly used for hygienic disposables. Hygienic disposables suppliers can outsource production to selected domestic third-party manufacturers under ODM arrangements, allowing these suppliers to focus their resources on R&D, product planning and design, branding and marketing, and sales and distribution.

In the distribution process, the distribution channels for hygienic disposables include third-party pureplay digital platforms, brands official websites, key account (“KA”) channels (such as supermarkets and hypermarkets), brand direct-sale chain stores, mother and baby stores, among others, to reach end customers.

Value chain of Hygienic Disposables Market



Source: Frost & Sullivan

INDUSTRY OVERVIEW

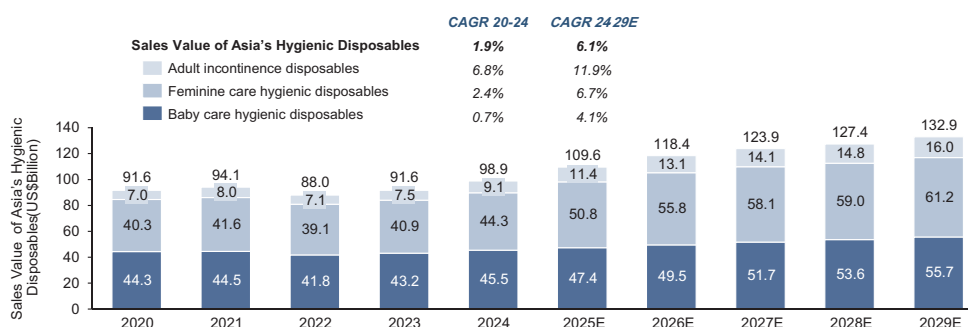
Market Size and Growth of Asia’s Hygienic Disposables Market

Despite economic fluctuations, the impact of the COVID-19 pandemic, and volatility in raw material prices, the Asian market continues to strengthen its position as a key growth region for hygienic disposables. This growth is driven by several factors, including population growth, aging demographics in multiple economies, and the continuous rise in hygiene awareness. The market size for hygienic disposables in terms of sales value in Asia increased from approximately US\$91.6 billion in 2020 to around US\$98.9 billion in 2024, representing a CAGR of about 1.9%. This market is expected to continue expanding, reaching US\$132.9 billion by 2029, with a CAGR of around 6.1% from 2024.

Countries like Japan and South Korea, with their significant aging populations, are experiencing increasing demand for adult diapers and incontinence products. The adult hygienic disposables market is the fastest-growing segment within the hygienic disposables market in Asia. It increased from around US\$7.0 billion in 2020 to approximately US\$9.1 billion in 2024, with a CAGR of approximately 6.8%. This market is expected to continue expanding, reaching US\$16.0 billion by 2029, which would represent a CAGR of around 11.9% from 2024. The market size of Asia’s baby care hygienic disposables in terms of sales value, which represents the largest segment within the overall hygienic disposables market in Asia, increased from approximately US\$44.3 billion in 2020 to around US\$45.5 billion in 2024, representing a CAGR of about 0.7%. Although Asia has experienced a gradual decline in birth rates and a corresponding reduction in the target infant population in recent years, the baby care hygienic disposables market has continued to expand. This growth is primarily driven by increases in product pricing, higher usage frequency, and rising penetration rates, which have collectively more than offset the impact of a shrinking user base. In particular, ongoing premiumization trends such as the adoption of higher-value products with enhanced functionality and growing consumer awareness of hygiene and convenience have led to greater per-child consumption. At the same time, improved affordability and distribution access in developing markets have supported further penetration, especially in lower-tier cities and rural areas. As a result, the overall market has maintained steady growth despite demographic headwinds. Looking ahead, the market is expected to continue expanding, reaching approximately US\$55.7 billion by 2029, with a CAGR of around 4.1% from 2024. This growth is anticipated to be driven by ongoing premiumization, increasing product penetration, and higher per-child consumption across key Asian markets.

The market size of hygienic disposables in Asia is estimated based on a comprehensive analysis of regional macroeconomic trends, demographic changes, and evolving hygiene consumption behaviours, drawing on publicly available statistics and authoritative industry databases. Asia’s sustained economic growth remains a fundamental driver of demand in this sector. According to the International Monetary Fund (IMF), Asia’s total GDP grew at a CAGR of 5.3% between 2020 and 2024 and is projected to accelerate to 5.8% from 2024 to 2028. This solid economic foundation underpins the continued growth of the hygienic disposables market in Asia.

Sales Value of Asia’s Hygienic Disposables by Category (Asia), 2020–2029E



Source: Frost & Sullivan

INDUSTRY OVERVIEW

Key Drivers of Hygienic Disposables Market in Asia

Population and Economic Growth in Asia: The large and growing population, especially in developing economies such as India, Indonesia, Vietnam and other Southeast Asian countries, remains a key driver of demand for hygienic disposable products. Despite a gradual decline, birth rates in these markets continue to stay at relatively elevated levels, and, together with their substantial population base, provide sustained support for demand growth. According to the United States Census Bureau, Asia’s total population is projected to grow at a CAGR of approximately 0.6% between 2024 and 2029. Concurrently, sustained economic growth in Asia has led to notable improvements in living standards, allowing consumers to allocate more disposable income to hygiene and personal care products. According to IMF, Asia’s nominal GDP grew at a CAGR of 5.3% between 2020 and 2024 and is expected to accelerate to 5.8% from 2024 to 2028. This combination of population growth and robust economic growth is a key driver behind the strong expansion of the hygienic disposables market in the region.

Changing Demographics: Asia’s hygienic disposables market is experiencing strong growth, largely driven by shifting demographics in the region. The aging populations in countries like Japan, South Korea, and China have driven increased demand for adult incontinence products. As life expectancy rises and the proportion of elderly citizens grows, the need for these products continues to expand. At the same time, the region’s growing female population and changing societal norms are contributing to a higher demand for feminine care hygienic disposables. Greater awareness of personal hygiene and women’s health, along with evolving lifestyles and increased workforce participation, has spurred this demand. While the overall birth rates are declining across much of Asia, the continuous increase in urbanization rate, especially the growth of urban middle-class families and their heightened focus on the quality of baby care, has offset the impact of the decline in the birth rates and supported the growth of the baby care hygienic disposables market in Asia.

Future Trends of Hygienic Disposables Export Market in Asia

Rise of emerging brands: The rise of emerging brands is reshaping Asia’s hygienic disposables market. Local companies are leveraging their deep understanding of regional preferences to gain traction, using cost-effective innovation, unique products, and competitive pricing to capture market share from established international players. In rapidly growing markets like Southeast Asia, India, and China, emerging brands’ ability to quickly adapt to market dynamics, combined with their focus on value and innovation, positions them to play a crucial role in the future of Asia’s hygienic disposables market.

Increasing focus on product functionality and comfort: As consumer expectations rise, the hygienic disposables market in Asia is increasingly emphasising product functionality and comfort. Manufacturers are prioritising innovation to meet the demand for high-quality, user-friendly products that provide not only basic hygiene but also superior comfort, a better fit, and skin-friendly features. To enhance comfort while maintaining effectiveness, brands are incorporating advanced materials, ergonomic designs, and breathable fabrics. Features such as odor control, moisture-wicking, and hypoallergenic surfaces are becoming more prominent as consumers demand more from hygienic disposables.

Development of E-commerce channels: E-commerce growth is transforming Asia’s hygienic disposables market. As internet penetration increases, especially in emerging markets, online shopping has become the preferred method for purchasing hygienic products, offering convenience, variety, and competitive pricing. It also enables brands to reach underserved areas, particularly rural regions, and provide personalised shopping experiences. The rise of mobile shopping, social commerce, and digital payment solutions is further accelerating e-commerce adoption. Hygienic disposable brands are leveraging these channels for subscription services, promotions, and targeted digital marketing, enhancing consumer engagement and loyalty.

Opportunities and Challenges of Hygienic Disposables Export Market in Asia

Sustainability and Technological Innovations: As environmental concerns rise, consumers are increasingly seeking sanitary products made from biodegradable, recyclable, and natural materials. In response, manufacturers are innovating to develop more eco-friendly products, particularly to cater to the preferences of younger consumer groups. This shift is creating new opportunities for innovation in the market.

INDUSTRY OVERVIEW

Rapid development of e-commerce and digital channels: The rise of e-commerce and digital platforms in Asia will continue to transform how consumers purchase hygienic disposables. Companies will increasingly leverage online channels, subscription models, and targeted marketing to provide convenience and personalised shopping experience. The e-commerce market in Asia is growing rapidly, especially in China, India and Southeast Asia. Online shopping platforms provide brands with a way to directly reach consumers while lowering the barrier to entry. Emerging channels such as social e-commerce and live streaming have created new growth opportunities for hygienic disposables.

Price sensitivity: Despite strong economic growth, price sensitivity remains high in many Asian markets, particularly in low- and middle-income countries. Consumers are highly price-conscious, compelling hygienic disposable brands to balance cost competitiveness with product quality. Intense price competition can put pressure on brands’ profit margins and impact their market positioning.

Supply chain managements: A significant challenge facing Asia’s hygienic disposables market is supply chain management. The region’s diverse and often fragmented supply chains can lead to inefficiencies and delays, particularly when sourcing raw materials or distributing finished products across vast distances. Manufacturers often struggle with logistical complexities, such as fluctuating transportation costs and limited infrastructure in rural or remote areas. These supply chain challenges can affect product availability, pricing, and the ability of brands to maintain competitiveness in a fast-evolving market.

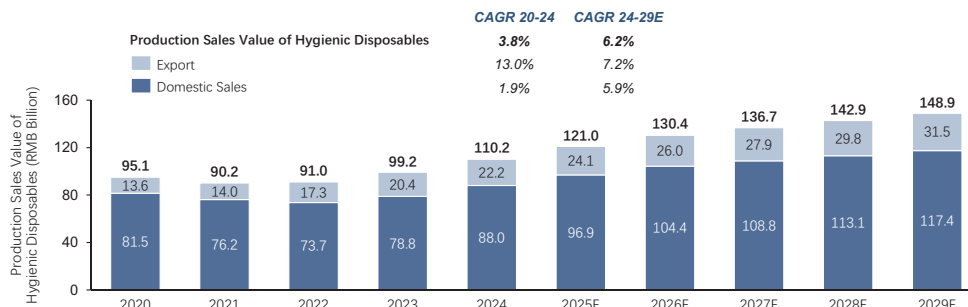
OVERVIEW OF HYGIENIC DISPOSABLES EXPORT MARKET IN THE PRC

Production Sales Value of Hygienic Disposables by Export and Domestic Sales in the PRC

“Production sales value” refers to the total revenue generated by manufacturers of hygienic disposable products, including both domestic sales and export sales to overseas markets, and therefore reflects the overall production-side commercial value realized by manufacturers regardless of the final destination of the products. In contrast, “sales value” typically refers only to the value of products sold within the domestic market on an ex-factory basis, excluding export sales.

Revenue generated from the manufacturing of hygienic disposables, indicative of production sales value, increased from RMB95.1 billion in 2020 to RMB110.2 billion in 2024, demonstrating a CAGR of 3.8%. Projections indicate a further increase to RMB148.9 billion by 2029, representing a CAGR of 6.2% from 2024. At present, the production sales value attributed to exports experienced substantial growth, surging from RMB13.6 billion in 2020 to RMB22.2 billion in 2024, marking a notable CAGR of 13.0%. Forecasts predict a continued upward trajectory, reaching RMB31.5 billion by 2029, with a CAGR of 7.2% from 2024. Moreover, the share of export value relative to total production sales value rose from 14.3% in 2020 to 20.1% in 2024 and is expected to rise to 21.2% by 2029.

Production Sales Value (Value-added Tax inclusive) of Hygienic Disposables by Export and Domestic Sales (China), 2020–2029E



Source: China Paper Association, General Administration of Customs, Frost & Sullivan

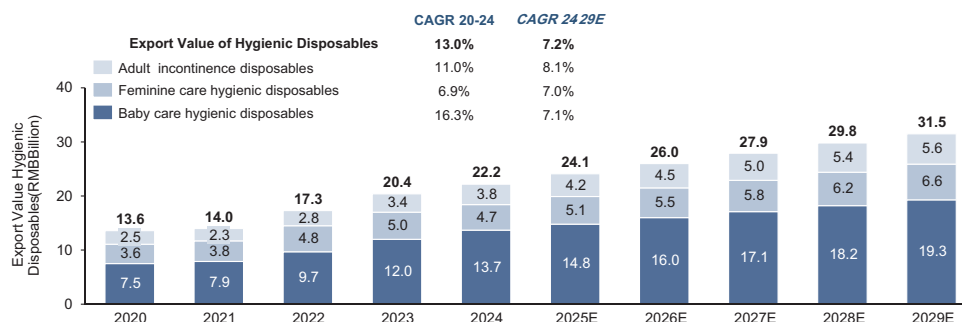
Market Size and Growth of Hygienic Disposables Export Market in the PRC

The export value of hygienic disposables increased significantly from approximately RMB13.6 billion in 2020 to around RMB22.2 billion in 2024, representing a CAGR of about 13.0%. This upward trend is expected to continue, with the export value projected to reach approximately RMB31.5 billion by 2029, representing a CAGR of approximately 7.2% from 2024. Baby care hygienic disposables export market is a fast growing subset of the hygienic disposables export market, which grew from

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approximately RMB7.5 billion in 2020 to approximately RMB13.7 billion in 2024, representing a CAGR of approximately 16.3%. This market is expected to continue expanding, reaching RMB19.3 billion by 2029, which would represent a CAGR of around 7.1% from 2024.

Export Value of Hygienic Disposables by Category (China), 2020–2029E

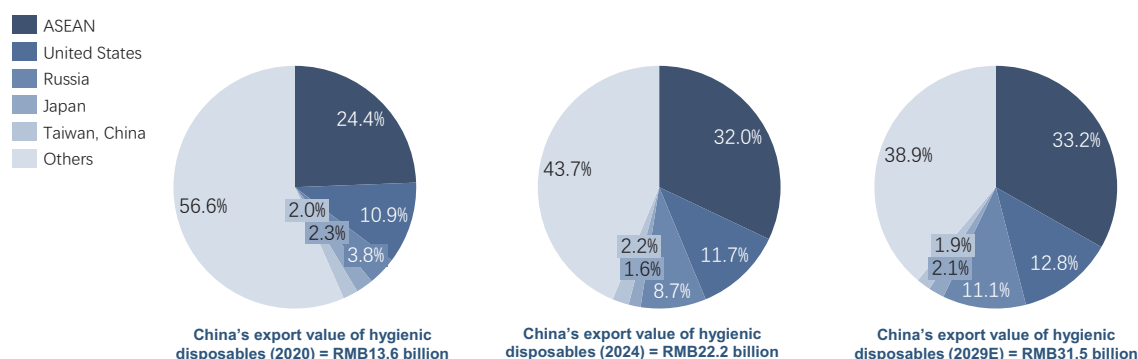


Source: General Administration of Customs, Frost & Sullivan

The primary export destinations for China’s hygienic disposables are ASEAN, the United States, and Russia. From 2020 to 2024, the share of China’s hygienic disposables exports to these regions increased, rising from 24.4%, 10.9%, and 3.8%, respectively, to 32.0%, 11.7%, and 8.7%.

This growth is attributed to improvements in China’s production capabilities, technological advancements, and strengthened trade relations, which have created more opportunities for export. Looking ahead, it is anticipated that by 2029, the export share of China’s hygienic disposables to these regions will reach 33.2%, 12.8%, and 11.1%, respectively.

Export Value of Hygienic Disposables by Regions (China), 2020 vs 2024 vs 2029E



Note: ASEAN includes Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.

Source: General Administration of Customs, Frost & Sullivan

Key Drivers of Hygienic Disposables Export Market in the PRC

Cost competitiveness: China’s manufacturing sector benefits from cost advantages, including lower labour costs and economies of scale. This advantage allows Chinese manufacturers of hygienic disposables to produce at a lower cost than many other countries. In addition, China’s mature industrial clusters and vertically integrated supply chains enhance cost efficiency across procurement, manufacturing, and logistics. As a result, Chinese products remain competitive in the global market, attracting buyers looking for affordable yet high-quality hygienic disposables.

Technological advancements: Continuous investment in research and development is a key driver of China’s hygienic disposables export growth, fostering technological upgrades across machinery, production processes, and material science. These advancements have significantly enhanced product performance, manufacturing efficiency, and innovation, enabling Chinese producers to compete more effectively in international markets. The adoption of superabsorbent polymers (SAPs), breathable nonwoven fabrics, and skin-friendly materials has strengthened their ability to deliver products that meet global demand for softness, rapid absorption, leakage protection, and dermatological safety. By

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achieving higher quality standards and diversifying product offerings, Chinese manufacturers are better positioned to satisfy stringent international regulations and cater to the evolving preferences of a broad global customer base, thereby sustaining export momentum.

Trade partnerships and market penetration: China is actively engaged in promoting trade partnerships and expanding its market reach for hygienic disposables. Efforts to penetrate emerging markets or strengthen foothold in established markets contribute significantly to the growth of China’s export market in the hygienic disposables sector. Market penetration strategies, such as effective distribution networks, targeted marketing, and understanding local consumer preferences, facilitate increased exports to new regions and strengthen overall export growth. In 2025, China exported hygienic disposables to 197 trade partners. The market penetration rate, calculated by dividing China’s export value of hygienic disposables by the market size of the global hygienic disposables market excluding China, increased from 1.0% in 2020 to 1.0% as at 6M2025.

Future Trends of Hygienic Disposables Export Market in the PRC

Advancing toward sustainable and eco-friendly products: Global concern for the environment is driving a shift towards eco-friendly products worldwide, including in China’s hygienic disposables exports. Manufacturers will invest in eco-conscious R&D for biodegradable materials, reducing environmental impact and adoption of eco-friendly production processes meets consumer demand for environmentally responsible choices.

Innovating through customisation and tailored offerings: China’s hygienic disposables exports will prioritise customisation and innovation, tailoring products to diverse consumer needs with advanced materials and technologies to enhance competitiveness globally. Such customisation will open up the market for private label and contract manufacturing.

Embracing digitalisation and expanding E-commerce integration: The adoption of digital technologies and the increasing penetration of e-commerce will significantly impact the export landscape for hygienic disposables from China. Manufacturers will leverage digital platforms for marketing, sales and distribution, capitalising on the global reach of e-commerce. Improved online visibility, efficient supply chain management, and optimised logistics will facilitate higher export volumes through online channels. This trend is driven by evolving consumer preferences for seamless shopping experiences, convenience, and accessibility to a wide range of products. As a result, leveraging digitalisation and e-commerce will become integral for Chinese manufacturers to expand their global market presence and meet consumer demands more effectively.

Opportunities and Challenges of Hygienic Disposables Export Market in the PRC

Intense market competition: The PRC export market for hygienic disposables is highly competitive and rapidly evolving. A large number of domestic manufacturers and international brands may offer comparable product specifications, resulting in competition on pricing, quality, branding and delivery performance. Overseas retailers and brand owners may from time to time adopt tender-based procurement and periodic vendor re-selection, which can heighten buyers’ bargaining power and compress contract tenors. Competition may also be reinforced by the expansion of private-label programmes and consolidation among international retailers and distributors.

Meanwhile, digital channels can further increase competitive intensity. Cross-border e-commerce and social commerce may lower route-to-market barriers for smaller or new entrants, shorten product launch cycles and increase promotional activity, thereby raising price transparency across markets. In this environment, manufacturers generally compete not only on ex-factory prices but also on total landed cost, service levels and the capability to refresh designs and materials in line with evolving consumer preferences (for example, skin-friendly or eco-related features). Sustaining competitiveness may require continued investment in R&D, tooling and quality systems, as well as disciplined cost management to mitigate raw-material and logistics cost volatility. Market participants with stronger brands, broader customer networks or greater financial and marketing resources may be able to respond to trends more quickly, while smaller entrants may differentiate through agility and niche positioning.

Technological advancements and innovation: China’s advances in technology and manufacturing capabilities provide an opportunity to innovate in the hygienic disposables sector. Continued R&D efforts can lead to the creation of innovative products that respond to evolving consumer preferences. Leveraging technology for better product design, materials, and manufacturing processes can enhance the competitiveness of Chinese products in the global market.

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Quality and compliance standards: Meeting international quality standards and compliance regulations remains a major challenge for Chinese manufacturers. Adhering to stringent quality control measures and complying with various regulations in different export markets can be complex. Ensuring consistent quality, safety, and certification requirements across regions requires significant investment in research, testing, and production practises, posing a challenge for some manufacturers.

Entry Barriers of Hygienic Disposables Export Market in the PRC

Large initial investment: Hygienic disposables manufacturing is a capital-intensive industry, and new entrants require large initial investments to purchase production equipment, raw materials, and set up production lines. In addition, manufacturers need to continue to invest in technology upgrades and product R&D.

Technical knowledge and production experience: The production of hygienic disposables involves complex technological processes, including the selection of raw materials, the optimisation of absorption performance, and the design of products. Manufacturers need to have the relevant technical knowledge to ensure that product quality meets the standards of domestic and international markets and consumer expectations.

Brand Building and Marketing: In a competitive market, building a brand and increasing awareness is the key to success. New entrants need to invest resources in marketing and branding to attract consumers and build a loyal customer base, and tailor their marketing strategies to match the consumption habits of local consumers. Given that existing brands may already have market share, new entrants must devise strategies to differentiate themselves and appeal to consumers.

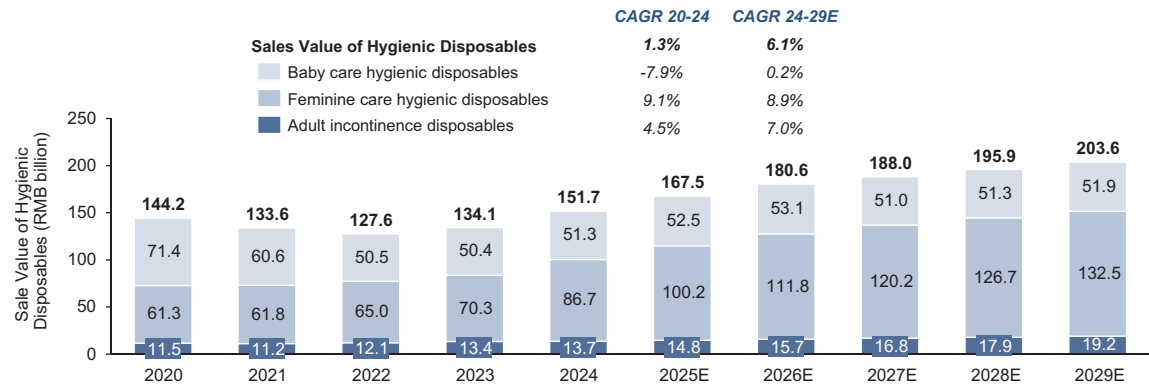
OVERVIEW OF HYGIENIC DISPOSABLES MARKET IN THE PRC

Market Size and Growth of Hygienic Disposables Market in the PRC

Hygienic disposables include baby care hygienic disposables, feminine care hygienic disposables and adult incontinence disposables. Due to the ongoing decline in the birth rate in China, the sales value of the baby care hygienic disposables market decreased from approximately RMB71.4 billion in 2020 to RMB51.3 billion in 2024, with a CAGR of approximately -7.9%. The significant growth of feminine care hygienic disposables is mainly due to the decrease in the age of women’s menarche and the delay of menopause, which has expanded the user population and usage cycle of feminine care hygienic disposables. Its sales value increased from approximately RMB61.3 billion in 2020 to RMB86.7 billion in 2024, with a CAGR of about 9.1%. This segment is expected to reach approximately RMB132.5 billion by 2029, representing a CAGR of about 8.9% from 2024. The sales value of adult incontinence disposables market increased from approximately RMB11.5 billion in 2020 to RMB13.7 billion in 2024, with a CAGR of about 4.5%. This segment is expected to continue expanding, reaching approximately RMB19.2 billion by 2029, representing a CAGR of about 7.0% from 2024.

Consequently, the overall sales value of the hygienic disposables market is mainly driven by the female and adult disposables market and shows a growth trend, from RMB144.2 billion in 2020 to RMB151.7 billion in 2024, with a CAGR of about 1.3%. It is projected to grow to approximately RMB203.6 billion by 2029, with a CAGR of around 6.1% from 2024.

Sales Value of Hygienic Disposables by Category (China), 2020–2029E



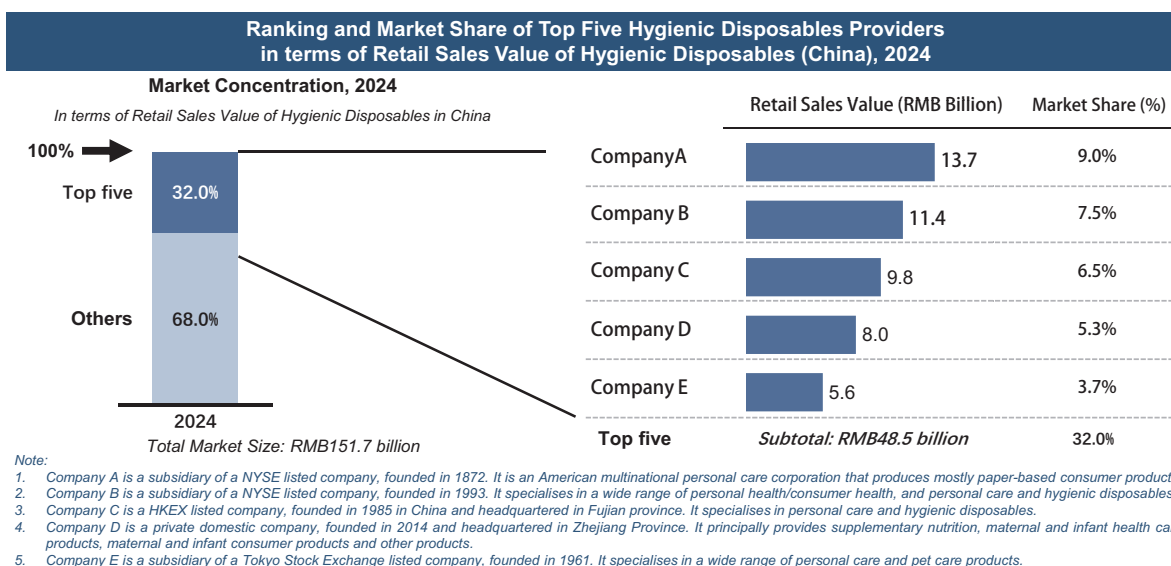
Source: China Paper Association (CPA), National Bureau of Statistics, Frost & Sullivan

INDUSTRY OVERVIEW

Ranking and Market Share of China’s Hygienic Disposables Providers

The hygienic disposables market in China was relatively concentrated, with the top five hygienic disposables providers accounting for an aggregate market share of 32.0% in terms of retail sales value in 2024.

In 2024, the Company’s market share in terms of retail sales value in the hygienic disposables market in China was 0.1%.



Source: China Paper Association (CPA), Frost & Sullivan

Key Drivers of Domestic Hygienic Disposables Market in the PRC

The table below presents a comparative analysis of brand positioning and price range coverage in China’s hygienic disposables market, segmented into baby care, feminine care, and adult incontinence products. It highlights the principal product categories and retail price segments of major market players, outlining average selling prices (RMB per unit) across the mass, mid-range, and premium tiers.

Market Comparison	Brand positioning	Average Retail Sales Price per Piece (RMB)								
		Babycare Hygienic Disposables			Feminine care Hygienic Disposables			Adult Incontinence Disposables		
		Mass	Mid-tier	Premium	Mass	Mid-tier	Premium	Mass	Mid-tier	Premium
Price range		<1.0	1.0-2.0	>2.0	<1.0	1.0-2.0	>2.0	<1.5	1.5-2.5	>2.5
The Group	The group's portfolio spans all major categories, with baby products as its core offering, covering products from mass to premium tiers.	✓	✓	✓	✓	/	✓	/	✓	/
Company A	Company A spans multiple categories, with babycare products at its core covering mass to premium tiers, while feminine care and adult incontinence products are mainly positioned in the mass and mid-tier markets.	✓	✓	✓	✓	✓	/	/	✓	/
Company B	Company B primarily focuses on babycare and feminine care products, featuring a comprehensive price range.	✓	✓	✓	✓	✓	✓	/	/	/
Company C	Company C's portfolio spans all major categories, with a strong presence in mass and mid-tier markets.	✓	✓	/	✓	✓	/	✓	✓	/
Company D	Company D's core offerings center on babycare and feminine care products, covering mainly mid-tier and premium markets.	/	✓	✓	/	✓	✓	/	/	/
Company E	Company E maintains a complete presence across three major segments, covering products from mass to premium markets.	✓	✓	✓	/	✓	✓	/	✓	/

Source: Frost & Sullivan

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Growing elderly population and increased penetration rate of incontinence: The expanding elderly population and the concurrent rise in incontinence prevalence significantly affect China’s domestic hygienic disposables market. The proportion of the elderly population aged 65 and above increased from 13.5% in 2020 to 15.6% in 2024. As the number of elderly individuals increases, so does the incidence of incontinence problems in this demographic. This surge in the elderly population, coupled with increased awareness and acceptance of incontinence-related concerns, is driving a substantial demand for high-quality hygienic disposables tailored to elderly care. According to the China Paper Association, adult incontinence product consumption grew from 5.4 billion pieces in 2020 to 9 billion in 2024, with a CAGR of 9.4%. This demographic transition, together with the rising awareness and acceptance of elderly care needs, is fueling strong demand for hygienic disposables specifically tailored to the requirements of the aging population.

Rapid growth of e-commerce and digital marketing: The development and expansion of different sales channels have made a wider range of hygienic disposables more accessible to consumers across China and have increased the frequency of consumption of products. While traditional sales channels (KA channel, specialty channel, etc.) are, and will remain as important sales channels for hygienic disposables, e-commerce channels are growing rapidly benefiting from consumers’ habits of online shopping as well as the greater convenience and accessibility offered by such channels. In addition, hygienic disposables companies will continue to launch digital marketing campaigns to promote their brands and products to reach a wider range of consumers.

Future Trends of Hygienic Disposables Market in the PRC

Growing usage of sustainable and eco-friendly raw materials: With increasing environmental awareness and concerns among consumers and manufacturers, there is a notable shift towards more sustainable and eco-conscious sourcing of raw materials for hygienic disposables. This trend is expected to drive the development and adoption of innovative, environmentally friendly materials and production methods, catering to the demand for products that have a reduced environmental footprint and are in line with global sustainability goals.

Increasing penetration of domestic hygienic disposables brands: The rising penetration of domestic hygienic disposables brands is another upcoming trend in China’s hygienic disposables market. This trend is further supported by the “Guiding Opinions on the High-Quality Development of the Industrial Textiles Industry” issued in 2022 by the National Development and Reform Commission and the Ministry of Industry and Information Technology. These guidelines highlight the government’s focus on fostering domestic consumer product brands, and is expected to drive the growth of local hygienic disposables brands and increase their presence in the market.

Continuous improvement of industry standards: The Chinese government is actively revising standards for the hygienic disposables industry to advance industrial upgrades and raise consumer product standards and quality. To meet evolving consumer demands, manufacturers in China’s hygienic disposables market are expected to establish and adhere to more stringent quality and safety standards. This commitment to the continuous improvement of industry standards will serve as a cornerstone for the high-quality development of the hygienic disposables sector.

OVERVIEW OF RAW MATERIALS OF HYGIENIC DISPOSABLES IN THE PRC

Market Size of Nonwoven Fabric Market

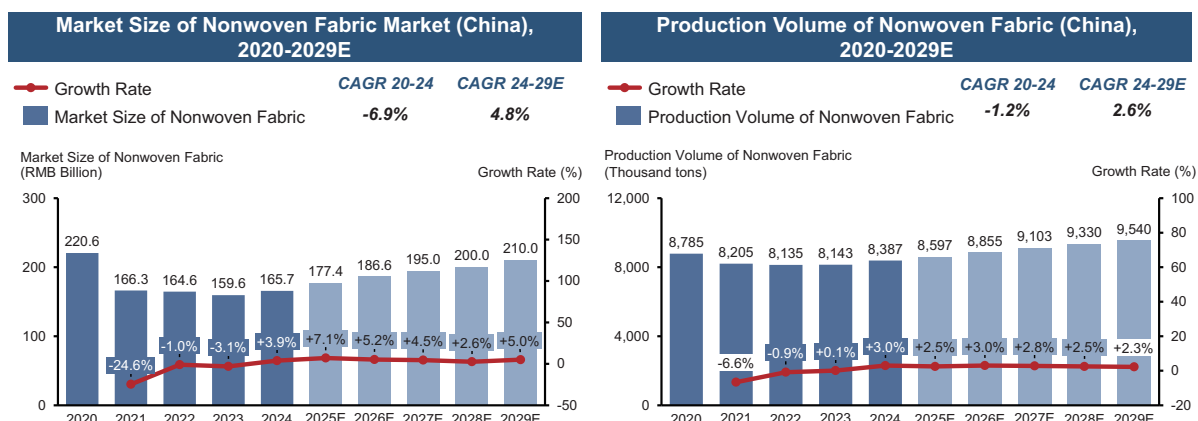
The COVID-19 pandemic has had a profound impact on the production of nonwoven fabrics. During the pandemic, demand for nonwoven fabrics surged as consumer behaviour shifted, with heightened awareness of personal hygiene and health protection. This has led to a marked increase in the utilisation and stockpiling of hygienic disposable products, the market demand for non-woven fabrics has also increased significantly, and will return to normal after the epidemic is under control. The market size of nonwoven fabric in terms of revenue drop from approximately RMB220.6 billion in 2020 to RMB166.3 billion in 2021, with a year-on-year deceleration of approximately -24.6%. In 2024, the market size of nonwoven fabric was approximately RMB165.7 billion, representing a CAGR of approximately -6.9% from 2020. It is expected to reach approximately RMB210.0 billion in 2029, representing a CAGR of approximately 4.8% from 2024.

The production of nonwoven fabric surged in 2020, driven by the increased demand for epidemic prevention materials amid the COVID-19 pandemic. Due to the gradual reduction in the impact of the COVID-19 pandemic, the overall production of nonwoven fabric is expected to progressively slow down in 2021 and 2022, maintaining stability thereafter. The production volume of nonwoven fabric

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decreased from 8,785 thousand tons in 2020 to 8,387 thousand tons in 2024, representing a CAGR of about -1.2%. By 2029, production is projected to reach 9,540 thousand tons, representing a CAGR of approximately 2.6% from 2024.

Market Size & Production Volume of Nonwoven Fabric Market (China), 2020–2029E



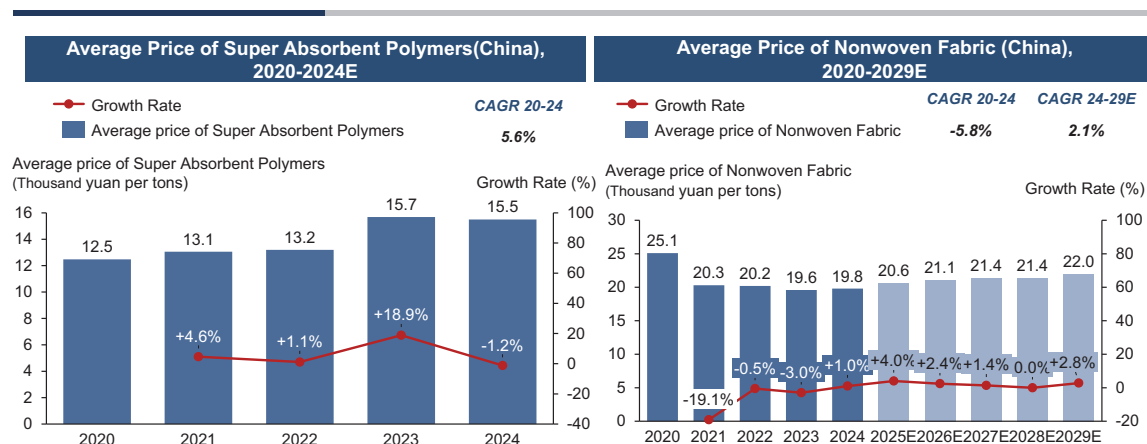
Source: China Nonwovens & Industrial Textiles Association (CNITA), Frost & Sullivan

Raw Materials Price Trend

The average price of super absorbent polymers is expected to increase from approximately RMB12,500 per ton in 2020 to RMB15,500 per ton in 2024, representing a CAGR of approximately 5.6% from 2020 to 2024. In the future, the market demand for super absorbent polymers is expected to continue to grow, thereby supporting a stable increase in the price of super absorbent polymers.

Entering 2020, the pandemic of COVID-19 has caused the demand for epidemic prevention materials such as medical masks and protective clothing increased rapidly. As a key raw material, the market demand for non-woven fabrics has surged, leading to a rapid increase in prices. After that, the average price of nonwoven fabrics have dropped significantly from around RMB25,100 per ton in 2020 to RMB20,300 per ton in 2021. In 2024, the average price of nonwoven fabrics stabilised at approximately RMB19,800 per ton, showing a slight CAGR of -0.4% since 2020. Moving forward, the price of nonwoven fabrics is expected to remain stable, with a projected average of approximately RMB22,000 per ton by 2029, representing a CAGR of approximately 2.1% from 2024.

Average Price of Super Absorbent Polymers(China), 2020–2024E& Average Price of Nonwoven Fabric (China), 2020–2029E



Source: China Nonwovens & Industrial Textiles Association (CNITA), Frost & Sullivan

REGULATORY OVERVIEW

We are subject to a variety of PRC laws, rules and regulations affecting many aspects of our business. This section summarises PRC laws and regulations that we believe are relevant to our business and operations in the PRC.

PRINCIPAL REGULATORY PROVISIONS

The Company Law of the PRC

The Company Law of the PRC (《中華人民共和國公司法》), which was promulgated by the Standing Committee of the National People’s Congress (the “SCNPC”) on 29 December 1993, last amended on 29 December 2023 and became effective on 1 July 2024, provides for the establishment, corporate structure and corporate management of companies, which also applies to foreign-invested enterprises in the PRC. The Company Law of the PRC is enacted for the purposes of regulating the organisation and activities of companies, protecting the legitimate rights and interests of companies, shareholders, employees and creditors, maintaining the social economic order, and promoting the development of the socialist market economy. It stipulates that a limited liability company shall prepare a shareholders’ register, which shall record (i) the name and address of each shareholder; (ii) the amounts of subscribed and paid-in capital contribution and the form and date of capital contribution of each shareholder; (iii) the serial number of each capital contribution certificate; and (iv) dates of acquiring or losing a shareholder status. Shareholders recorded in the shareholders’ register may, pursuant to the shareholders’ register, claim and exercise shareholders’ rights. A company shall register the name of each shareholder and the shareholder’s capital contribution at the company registration authority and shall carry out amendment of the registration for any change of the registration details. Any detail which shall be registered but fails to be amended or registered shall not be valid against any third-party. The latest amendments involve perfecting the company’s capital system, improving the company’s establishment and exit system, optimising the company’s organisational structure and strengthening the responsibilities of controlling shareholders and management personnel, etc.

Laws and Regulations on Foreign Investment

Since 1 January 2020, the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the “**Foreign Investment Law**”), promulgated by the National People’s Congress (the “NPC”) has come into effect. The Sino-Foreign Equity Joint Ventures Law of the PRC (《中華人民共和國中外合資經營企業法》), the Wholly Foreign-owned Enterprises Law of the PRC (《中華人民共和國外資企業法》) and the Sino-Foreign Cooperative Joint Ventures Law of the PRC (《中華人民共和國中外合作經營企業法》) were abolished at the same time. Since then, the Foreign Investment Law has become the basic law regulating foreign-invested enterprises wholly or partially invested by foreign investors. While the organisation form, institutional framework and standard of conduct of foreign-invested enterprises shall be subject to the provisions of the Company Law of the PRC and other relevant laws. Pursuant to the Foreign Investment Law, the state shall implement the management systems of pre-establishment national treatment and negative list for foreign investment and shall give national treatment to foreign investment beyond the negative list.

Implementation Regulations for the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) have been in force since 1 January 2020. These regulations further elaborate on the relevant provisions in the Foreign Investment Law. Specifically, they supplement the specific implementation details of the foreign investment security review system, such as clarifying the procedures of the security review and the responsibilities of the review agencies. At the same time, more practical provisions have been made for the implementation of the negative list management system and the foreign investment information reporting system.

REGULATORY OVERVIEW

The foreign investment information reporting is subject to the Foreign Investment Information Reporting Method (《外商投資信息報告辦法》) jointly developed by the Ministry of Commerce of the PRC (the “**MOFCOM**”) and the State Administration for Market Regulation (the “**SAMR**”), which came into effect on 1 January 2020. According to the Foreign Investment Information Reporting Method, where a foreign investor who directly or indirectly carry out investment activities in China, the foreign investor or its foreign-invested enterprise shall submit investment information to the competent commercial department through the enterprise registration system and the National Enterprise Credit Information Publicity System and the reporting scenarios include initial reports, change reports, deregistration reports, and annual reports.

On 6 September 2024, the MOFCOM and the National Development and Reform Commission (the “**NDRC**”) promulgated the Special Management Measures for the Market Entry of Foreign Investment (2024 Version) (the “**Negative List**”) (《外商投資准入特別管理措施 (負面清單)》(2024年版)), which took effect from 1 November 2024. The Negative List sets out the restrictive measures in a unified manner, such as the requirements on shareholding percentages and management, for the access of foreign investments, and the industries that are prohibited for foreign investment. The Negative List covers 11 industries, the restriction measures for foreign investment in the manufacturing industry have been completely lifted, achieving a “zero” status. any field not included in the Negative List shall be administered under the principle of equal treatment for both domestic and foreign investment.

Laws and Regulations Relating to E-Commerce

According to the E-Commerce Law of the PRC (《中華人民共和國電子商務法》) which was promulgated by the SCNPC on 31 August 2018 and became effective on 1 January 2019, e-commerce operators refer to natural persons, legal persons or organisations without the status of legal person that engage in business activities of selling commodities or offering services through the internet or any other information networks, including e-commerce platform operators, intra-platform business operators and other e-commerce operators that sell commodities or offer services through a self-built website or other network services. Intra-platform business operators shall mean e-commerce business operators selling goods or providing services through an e-commerce platform. An e-commerce operator shall, in business operation, abide by the principles of voluntariness, equality, fairness and good faith, observe the law and business ethics, fairly participate in market competition, perform obligations in aspects including protection of consumer rights and interests, environment, intellectual property rights, cybersecurity and individual information, assume responsibility for the quality of products or services and accept the supervision by the government and the public. E-commerce operators shall complete the market entity registration (unless no such registration is required by laws and administrative regulations) and obtain the relevant administrative licences for conducting those operational activities which are required by law. Commodities sold or services offered by e-commerce operators shall meet the requirements for protecting personal and property safety and for environmental protection, and e-commerce operators shall not sell or provide any commodity or service prohibited by laws and administrative regulations.

Laws and Regulations on Advertisements

The Advertising Law of the People’s Republic of China (中華人民共和國廣告法) was promulgated in 1994 and amended for the second time in 2021. This law mainly regulates advertising activities to ensure that advertisements are true, legal and protect the legitimate rights and interests of consumers. It clarifies the responsibilities of advertisers, advertising operators, advertising publishers and advertising spokespersons. Advertising content must be true and legal and must not contain false or misleading content. Advertising spokespersons cannot recommend or prove goods they have not used or services they have not received. In 2023, the State Administration for Market Regulation adopted and issued the Administrative Measures for Internet Advertising (互聯網廣告管理辦法). This measure

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mainly regulates Internet advertising activities, clarifies the definition and scope of Internet advertising, and standardises Internet advertising behaviours. Internet advertising should be identifiable so that consumers can distinguish advertising from non-advertising content. Making specific provisions for special forms of advertising such as pop-up ads and search ads. If live streaming marketers recommend and prove goods and services in their own names or images and constitute advertising endorsements, they shall assume the responsibilities and obligations of advertising spokespersons in accordance with the law.

Regulations on Online Transactions

The Measures for the Supervision and Administration of Online Transactions (網絡交易監督管理辦法) implemented in 2021 and revised in 2025 mainly regulates online transaction behaviours. It clarifies the registration obligations and information publicity requirements of online transaction operators. The responsibilities of online trading platforms are stipulated, including the management of operators within the platform and the protection of consumer rights and interests. The implementation of this measure further standardises the order of the online transaction market and protects the legitimate rights and interests of consumers.

Regulations on Online Live-Streaming

The Administrative Measures for Online Live-Streaming Marketing (for Trial Implementation) (網絡直播營銷管理辦法(試行)) was promulgated and implemented in 2021. It mainly regulates network live streaming marketing activities. It clarifies the responsibilities and obligations of subjects such as live streaming marketing platforms, live stream room operators and live streaming marketers. It requires live streaming marketing platforms to establish and improve management mechanisms and review and manage live streaming content. Live streaming marketers should abide by laws and regulations and must not engage in false publicity and other behaviours.

The Opinions on Further Regulating the Profit-Making Behaviour of Network Live Streaming and Promoting the Healthy Development of the Industry (關於進一步規範網絡直播營利行為促進行業健康發展的意見) released in 2022 mainly regulates the profit-making behaviour of network live streaming. It clarifies the responsibilities of subjects such as network live streaming platforms, brokerage agencies and anchors in profit-making activities. It requires strengthening the management of profit-making behaviours such as live streaming with goods, standardising tax collection and management, and cracking down on tax evasion. The Guiding Opinions of State Administration for Market Regulation on Strengthening the Regulation of Online Live-streaming Marketing Activities (市場監管總局關於加強網絡直播營銷活動監管的指導意見) released in 2020 mainly regulates the supervision of network live streaming marketing activities. It clarifies the regulatory responsibilities of market supervision departments in network live streaming marketing activities and requires strengthening supervision over commodity quality, advertising promotion, consumer rights and interests’ protection.

Laws and Regulations on Internet Information Security and Privacy Protection

Regulations on Internet information security

On 1 July 2015, the SCNPC promulgated the National Security Law of the PRC (《中華人民共和國國家安全法》), which became effective on the same day, pursuant to which the state shall safeguard the sovereignty, security and cybersecurity development interests of the state, and that the state shall establish a national security review and supervision system to review, among other things, foreign investments, specific items and key technologies, internet and information technology products and services, construction projects involving the national security and other important matters and activities.

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On 7 November 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the “Cybersecurity Law”), which became effective on 1 June 2017 and is applied to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. According to the Cybersecurity Law, network operators shall comply with laws and regulations and fulfil the obligations to safeguard the security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures in accordance with the mandatory requirements of laws, regulations and national standards to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities committed on the network, and maintain the integrity, confidentiality and availability of network data, and network operators shall not collect the personal information irrelevant to the services provided, or collect or use the personal information in violation of the provisions of laws or agreements between both parties.

On 10 June 2021, the SCNPC promulgated the Data Security Law of PRC (《中華人民共和國數據安全法》) (the “Data Security Law”), which became effective on 1 September 2021. The Data Security Law mainly sets forth specific provisions regarding the establishment of basic systems for data security management, including hierarchical data classification management system, risk assessment system, monitoring and early warning system, and emergency response system. In addition, the Data Security Law clarifies the data security protection obligations of organisations and individuals carrying out data processing activities and requires the processor of important data to implement data security protection responsibilities.

On 24 September 2024, the State Council issued the Regulation on Network Data Security Management (《網絡數據安全管理條例》), which became effective on 1 January 2025, aiming to standardise network data processing activities and safeguard security and rights. It covers general provisions, general regulations, personal information protection, important data security, cross-border security management, platform obligations, supervision and management, legal liabilities, and supplementary provisions. It clarifies the security responsibilities of data processors, emphasises the protection of personal information and important data, regulates cross-border data flows, stipulates the responsibilities of platforms, strengthens supervision and management, and pursues legal liabilities.

On 28 December 2021, the CAC and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the “Cybersecurity Review Measures”), which became effective on 15 February 2022. The Cybersecurity Review Measures provides that, among others, (i) critical information infrastructure operators that purchase network products and services or network platform operators that engage in data processing activities that affect or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office, the department which is responsible for the implementation of cybersecurity review under the CAC; (ii) network platform operators with personal information data of more than one million users that seek for listing in a foreign country are obliged to apply for a cybersecurity review by the Cybersecurity Review Office; and (iii) the Cybersecurity Review Office may initiate cybersecurity review upon approval by the Central Cyberspace Affairs Commission, if members of the cybersecurity review working mechanism determine that the enterprise’s network products or services, or data processing activities affect or may affect national security.

According to the Security Protection Regulations for Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), which was promulgated by the State Council on 30 July 2021 and became effective on 1 September 2021, critical information infrastructure refers to the important network facilities and information systems in important industries and fields such as public telecommunications, information services, energy, transportation, water conservancy, finance, public services, e-government and national defense science, technology and industry, as well as other important network facilities and

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information systems which, in case of destruction, loss of function or leak of data, may result in serious damage to national security, the national economy and the people’s livelihood and public interests. The competent authorities and supervisory authorities of the abovementioned important industries and fields are the authorities responsible for the security protection of critical information infrastructure. As at the Latest Practicable Date, we have not received notice from any competent authority identifying us as a critical information infrastructure operator nor received any sanctions or investigations in this regard.

In addition, we rely on the third-party e-commerce platform for online sales currently. After consumers place orders through the e-commerce platform, the e-commerce platform will transcode and desensitise the personal data. We may only know the receiving address but cannot obtain the name, telephone number and other personal information of the consignee, and the desensitised personal information will not be stored by us.

Laws and Regulations on Privacy protection

Pursuant to the PRC Civil Code (《中華人民共和國民法典》), personal information of a natural person shall be protected by the law. Any organisation or individual that needs to obtain personal information of the others shall obtain such information legally and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of the others, or illegally purchase or sell, provide, or make public personal information of the others.

Further, the Ninth Amendment to the Criminal Law of the PRC (《中華人民共和國刑法修正案(九)》), which was issued by the SCNPC on 29 August 2015 and became effective on 1 November 2015, stipulates that any network service provider that fails to fulfil the obligations related to information network security management as required by applicable laws and administrative regulations and refuses to take corrective measures after being ordered by the regulatory authority to take correction measures, will be subject to criminal liability for causing (i) any large-scale dissemination of illegal information; (ii) any severe effect due to the leakage of users’ information; (iii) the loss of evidence of criminal case, with serious circumstances; or (iv) other severe situations. In addition, any individual or entity that (a) illegally sells or provides personal information to the others or (b) illegally obtains any personal information by stealing or other methods will be subject to criminal liability in severe situations.

On 20 August 2021, the SCNPC promulgated the Personal Information Protection Law of PRC (《中華人民共和國個人信息保護法》) (the “**Personal Information Protection Law**”), which became effective on 1 November 2021. Pursuant to the Personal Information Protection Law, the processing of personal information includes the collection, storage, use, processing, transmission, provision, disclosure, deletion, etc. of personal information, and before processing personal information, personal information processors shall truthfully, accurately and completely inform individuals of the following matters in a conspicuous manner and in clear and easy-to-understand language: (i) the name and contact information of the personal information processor; (ii) purpose of processing personal information, processing method, type of personal information processed, and retention period; (iii) methods and procedures for individuals to exercise their rights under the Personal Information Protection Law; and (iv) other matters that shall be notified as required by laws and administrative regulations. Based on the processing purposes and processing methods of personal information, types of personal information, impacts on personal rights and interests, and possible security risk, etc., personal information processors shall also take the following measures to ensure that personal information processing activities comply with laws and administrative regulations and to prevent unauthorised access and personal information leakage, tampering, and loss: (i) formulating internal management systems and operating procedures; (ii) implementing classified management of personal information; (iii) adopting corresponding security technical measures such as encryption and de-identification; (iv) reasonably determining the operating authority for personal information processing, and regularly conduct safety education and training for

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practitioners; (v) formulating and organising the implementation of emergency plans for personal information security incidents; and (vi) other measures stipulated by laws and administrative regulations.

Where personal information is processed in violation of the provisions of the Personal Information Protection Law, or the processing of personal information fails to fulfil the personal information protection obligations thereunder, the department performing personal information protection duties shall order corrections, give warnings, confiscate illegal gains, and order to suspend or terminate the provision of services by the applications that illegally process personal information; if the personal information processor refuses to make corrections, a fine of not more than RMB1 million shall be imposed; the directly responsible person in charge and other directly responsible personnel shall be fined for not less than RMB10,000 but not more than RMB100,000. For any aforesaid illegal act with serious circumstances, the department performing personal information protection duties at or above the provincial level shall order the personal information processor to make corrections, confiscate the illegal gains, impose a fine of not more than RMB50 million or not more than 5% of the previous year’s turnover, order the suspension of relevant business or suspend business for rectification and notify the relevant competent authority to revoke the relevant permits or business license; impose a fine of not less than RMB100,000 but not more than RMB1 million on the directly responsible person in charge and other directly responsible personnel, and may decide to prohibit them from serving as a director, supervisor, senior management and person in charge of personal information protection of related companies within a certain period of time.

Laws and Regulations Relating to Consumer Rights Protection

Our business is subject to a variety of consumer protection laws, including the PRC Consumer Rights and Interests Protection Law (《中華人民共和國消費者權益保護法》) came into effect on 1 January 1994, as last amended in October 2013 and the latest amendment became effective on 15 March 2014, which imposes stringent requirements and obligations on business operators. A business operator providing goods or services that cause consumers to suffer property damages shall bear civil liability such as repair, redo, replacement, return of goods, making up the quantity of goods, refund of purchase price and service fees or compensation of losses, etc. Failure to comply with these consumer protection laws could subject business operators to administrative sanctions, such as the issuance of a warning, confiscation of illegal income, imposition of fines, an order to cease business operations, revocation of business licences, as well as potential civil or criminal liabilities. According to the Measures for Penalties for Infringement upon Rights and Interests of Consumers (Revised in 2020) (《侵害消費者權益行為處罰辦法》(2020修訂)), market regulatory authorities shall, pursuant to the PRC Consumer Rights and Interests Protection Law and related laws and regulations and these measures, protect the rights and interests of consumers to purchase and use goods or receive services for daily needs, and impose administrative penalties for infringement upon rights and interests of consumers by business operators.

Regulations Related to Disinfection Hygienic Products

According to the Hygiene License Regulations for Disinfection Product Production Enterprises (《消毒產品生產企業衛生許可規定》) (the “Hygiene License Regulation”) which was promulgated by the Ministry of Health (has been revoked) on 16 November 2009 and partially amended on 12 February 2010, enterprises who engaged in the production and packaging of disinfection products in the PRC must apply for the Hygiene License for Disinfection Product Production Enterprises (the “**Hygiene License**”) in accordance with the requirements of the Hygiene License Regulation. Disinfection product production enterprises shall engage in production activities in accordance with the approved content and

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shall only produce disinfection products that fall within the approval scope of the Hygiene license, and shall not change the approved production methods, production items, production categories, production processes, and production workshop layout without authorisation.

After obtaining the Hygiene license, if there are changes in the approved production method, production item, or production category, an application for change shall be submitted to the provincial health administrative department. If there are changes in the approved production process or workshop layout, new production process flow diagrams or workshop layout diagrams shall be submitted to the provincial health administrative department and shall be included in the original document, as they meet the requirements after review.

Regulations Related to Administration of Medical Devices

According to the Regulation on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》), which was promulgated on 4 January 2000, last amended on 6 December 2024 and became effective on 20 January 2025, and the Measures for the Supervision and Administration of Medical Devices Operation (《醫療器械經營監督管理辦法》) promulgated on 10 March 2022 and became effective from 1 May 2022, and the Administrative Measures for the Registration and Filing of Medical Devices (《醫療器械註冊與備案管理辦法》) promulgated by the SAMR and took effect on 1 October 2021, the state adopts classified administration for medical devices according to the degree of risk of such devices. Class I medical devices are subject to record-filing administration, and Class II and Class III medical devices are subject to registration administration. According to the Measures for the Supervision and Administration of Medical Device Manufacture (《醫療器械生產監督管理辦法》) which was promulgated on 10 March 2022 and became effective on 1 May 2022, those engaged in the manufacture of Class I medical devices shall go through the record-filing formalities for the manufacture of medical devices with the local drug regulatory authority at the level of city divided into districts. Meanwhile, the relevant departments will conduct supervision and inspection of production activities to ensure product quality and production compliance.

According to the Administration and Supervision Measures of Online Sales of Medical Devices (《醫療器械網絡銷售監督管理辦法》), which became effective on 1 March 2018, enterprises engaged in online sales of medical devices must be medical device manufacture and operation enterprises with medical devices production licences or operation licences or have been filed for record in accordance with laws and regulations, unless such licences or record-filing is not required by laws and regulations.

As at the Latest Practicable Date, the medical device products produced and sold by us are Class I medical devices, we have obtained the filing certificate for such medical devices and have fulfilled the record-filing formalities for the manufacture of the same, and the filing certificate obtained are legal and valid. The Good Supply Practise for Medical Devices (《醫療器械經營質量管理規範》) has been implemented since 1 July 2024. The main content includes the establishment and improvement of the quality management system for medical devices, aiming to strengthen the quality management of operation, standardise the business behaviour, and ensure the safety and effectiveness of medical devices used by the public.

Laws and Regulations on Product Quality and Safety Production

Product Quality Law of the PRC

Manufacturers and vendors of defective products in the PRC may incur liability for losses and injuries caused by such products. Under the Civil Code of the PRC (《中華人民共和國民法典》), which became effective on 1 January 2021, manufacturers or retailers of defective products that cause property damage or physical injury to any person will be subject to civil liability.

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The principal legal provisions governing product liability are set out in the Product Quality Law of the PRC (《中華人民共和國產品質量法》)(the “**Product Quality Law**”), which was promulgated by the SCNPC on 22 February 1993, became effective on 1 September 1993 and last amended and the latest amendment became effective on 29 December 2018. The Product Quality Law is applicable to all production and sale activities of any product within the territory of the PRC. The producers and sellers shall develop and improve the internal product quality management system, and rigorously implement quality standards, quality liabilities and relevant assessment measures for each position. Quality of products shall pass standard examinations and no sub-standard products shall be used as standard ones. Producers and sellers shall be responsible for the quality of their products and assume product quality liabilities in accordance with the requirements of such law.

Safety Production Law of the PRC

Pursuant to the Fire Safety Law of the PRC (《中華人民共和國消防法》) promulgated by the SCNPC on 29 April 1998 and last amended on 29 April 2021, for special construction projects stipulated by the housing and urban-rural development authority of the State Council, the developer shall submit the fire safety design documents to the housing and urban-rural development authority for examination, while for construction projects other than those stipulated as special development projects, the developer shall, at the time of applying for the construction permit or approval for work commencement report, provide the fire safety design drawings and technical materials which satisfy the construction needs. According to the Interim Regulations on Administration of Examination and Acceptance of Fire Control Design of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated on 1 April 2020 and amended on 21 August 2023, an examination system for fire prevention design and acceptance only applies to special construction projects, and for other projects, a record-filing and spot-check system would be applied.

According to the Production Safety Law of the PRC (《中華人民共和國安全生產法》) promulgated by the SCNPC on 29 June 2002 and last amended on 10 June 2021 and the latest amendment came into effect on 1 September 2021, an enterprise shall (i) provide production safety conditions as stipulated in the Production Safety Law of the PRC and other relevant laws, administrative regulations, national and industry standards, (ii) establish a comprehensive production safety accountability system and production safety rules, and (iii) develop production safety standards to ensure production safety. Any entity that fails to provide required production safety conditions is prohibited from engaging in production activities. The person-in-charge of an enterprise shall be fully responsible for the safety of production of the enterprise. An enterprise having more than 100 employees shall establish a production safety management institution or be equipped with dedicated production safety management personnel. Personnel who is responsible for managing production safety shall inspect the safety of production regularly based on the characteristics of production of the enterprise and shall deal with any safety issue identified during the inspection immediately. Any unsolved issue shall be reported to the person-in-charge in a timely manner and the person-in-charge shall solve such issue in a timely manner. Enterprises and institutions shall provide their employees with training on production safety and shall truthfully inform their employees of any potential risks in relation to the workplace and duties, preventive measures and emergency measures. In addition, an enterprise shall provide its employees with personal protective equipment that meets the national or industry standards and supervise and train them to use such equipment.

According to the Measures for the Supervision and Administration of “Three Simultaneities” for the Safety Facilities of Construction Projects (《建設項目安全設施“三同時”監督管理辦法》) promulgated by the former State Administration of Work Safety (currently known as the Ministry of Emergency Management) on 14 December 2010 and amended on 2 April 2015, the safety facilities in a newly built, reconstructed or expanded construction project must be designed, constructed and put into use simultaneously with the main body of the project. The enterprises shall carry out comprehensive

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analysis on work safety conditions and facilities of construction projects or pre-assess the safety conditions of its construction projects, prepare a dedicated safety design report or prepare a written report for inspection. If an enterprise violates the relevant requirements, it may be ordered to make corrections within a specified time limit, discontinue the construction process or suspend its production and business operation for rectification, and imposed a fine.

Laws and Regulations on Intellectual Properties

Patent

Patents in the PRC are mainly protected by the Patent Law of the PRC (《中華人民共和國專利法》), which was promulgated by the SCNPC on 12 March 1984, last amended on 17 October 2020 and became effective on 1 June 2021, and the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》), which were promulgated by the State Council on 21 December 1992 and last amended on 11 December 2023 and became effective on 20 January 2024. The Patent Law of the PRC and its Implementation Rules provide for three types of patents, “invention”, “utility model” and “design”. “Invention” refers to any new technical solution relating to a product, a process or improvement thereof; “utility model” refers to any new technical solution relating to the shape, structure, or their combination, of a product, which is suitable for practical use; and “design” refers to any new design of the shape, pattern, colour or the combination of any two of them, of a product, which creates an aesthetic feeling and is suitable for industrial application. The duration of a patent right for “invention” is 20 years, the duration of a patent right for “utility model” is 10 years, and the duration of a patent right for “design” is 15 years, all starting from the date of application.

Trademark

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on 23 August 1982, last amended on 23 April 2019 and became effective on 1 November 2019, the period of validity for a registered trademark is 10 years, commencing from the date of registration. Upon expiry of the period of validity, the registrant shall go through the formalities for renewal within twelve months prior to the date of expiry if the registrant needs to continue to use the trademark. Where the registrant fails to do so, a grace period of six months may be granted. The period of validity for each renewal of registration is 10 years, commencing from the day immediately after the expiry of the preceding period of validity for the trademark. In the absence of a renewal upon expiry, the registered trademark shall be cancelled. Industrial and commercial administrative authorities have the authority to investigate any behaviour in infringement of the exclusive right under a registered trademark in accordance with the law. In case of a suspected criminal offence, the case shall be timely referred to a judicial authority and decided in accordance with applicable laws. Where another party is licenced to use a registered trademark, the licensor shall report the license to the Trademark Office for recordation, and the Trademark Office shall publish it. An unrecorded license may not be used as a defense against a third party in good faith.

Copyright

Copyright in the PRC is primarily protected by the Copyright Law of the PRC (《中華人民共和國著作權法》), which was promulgated by the SCNPC on 7 September 1990, last amended on 11 November 2020 and became effective on 1 June 2021, and Implementation Regulations of the Copyright Law of PRC (《中華人民共和國著作權法實施條例》), which was promulgated by the State Council on 30 May 1991 and last amended on 30 January 2013. These laws and regulations provide provisions on the classification of works and the obtaining and protection of copyright. Pursuant to the Copyright Law of the PRC and its implementation regulations, Chinese citizens, legal persons, or unincorporated organisations shall, whether published or not, enjoy copyright in their works, which

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include, among others, works of literature, art, architecture, photography, graphic, model and computer software. Any person, who concludes an exclusive licencing contract or assignment contract with a copyright owner, may submit, for filing, to the copyright administrative department.

Laws Related to Trade Secret

The PRC Civil Code (《中華人民共和國民法典》) recognise trade secrets as one the objects of intellectual property rights enjoyed by right holders. Pursuant to the PRC Civil Code, a trade secret or any other confidential information that the parties have learned in contracting shall not be disclosed or improperly used, no matter the contract is formed or not; and if the party discloses or improperly uses such trade secret or information, causing loss to the other party, it shall be liable in damages. According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), promulgated by the SCNPC in September 1993 and last amended on 23 April 2019, the term “trade secrets” refers to technical, operational or other commercial information that is unknown to the public, has utility, may create business interests or profits for its legal owners or holders, and has been subject to confidentiality measures by its legal owners or holders. Under the Anti-Unfair Competition Law of the PRC, business persons are prohibited from infringing on others’ trade secrets by: (1) acquiring a trade secret from the right holder by theft, bribery, fraud, coercion, electronic intrusion, or any other improper means; (2) disclosing, using, or allowing another person to use a trade secret acquired from the right holder by any means as specified in the item (1) above; (3) disclosing, using, or allowing another person use a trade secret in its possession, in violation of its confidentiality obligation or the requirements of the right holder for keeping the trade secret confidential; (4) abetting or tempting another person into acquiring, disclosing, using, or allowing another person to use the trade secret of the right holder in violation of his or her non-disclosure obligation of the requirements of the right holder for keeping the trade secret confidential. If a third party knows or should have known of the above-mentioned illegal conduct but still obtains, uses or discloses others’ trade secrets, the third party may be deemed to have committed a misappropriation of the others’ trade secrets. The parties whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and impose fines on the infringing parties.

Laws and Regulations on Labour Protection

Labour, Social Insurance and Housing Provident Funds

According to the Labour Law of the PRC (《中華人民共和國勞動法》), which was promulgated by the SCNPC in July 1994 and last amended and came into effect on 29 December 2018, the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated by the SCNPC in June 2007 and amended in December 2012 and came into effect on 1 July 2013, and the Implementing Regulations of the Labour Contracts Law of the PRC (《中華人民共和國勞動合同法實施條例》), which was promulgated by the State Council and came into effect on 18 September 2008, labour contracts in written form shall be executed to establish labour relationships between employers and employees. In addition, wages pay to the employee shall not be lower than local minimum wages standard. The employers must establish a system for labour safety and sanitation, strictly comply with national rules and standards, provide education regarding labour safety and sanitation to its employees, provide employees with labour safety and sanitation conditions and necessary protection materials in compliance with national rules, and carry out regular health examinations for employees engaged in work involving occupational hazards.

According to the Social Insurance Law of PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on 28 October 2010 and last amended and came into effect on 29 December 2018, and the Interim Regulations on the Collection and Payment of Social Security Funds (《社會保險費徵繳暫行條例》), which was promulgated by the State Council on 22 January 1999 and

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last amended on 24 March 2019, and the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》)(the “Housing Provident Funds Regulations”), which was promulgated by the State Council on 3 April 1999 and last amended on 24 March 2019, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance and maternity insurance and to housing provident funds. Employers who fail to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times of the amount in arrears. With respect to companies who fails to process housing provident fund registrations or open housing provident fund accounts for their employees according to the Housing Provident Funds Regulations, such companies shall be ordered by the housing provident fund administration centre to complete such procedures within a prescribed time limit; where failing to do so by the expiration of the time limit, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed. In addition, employers who fail to promptly contribute housing provident fund contributions in full amount shall be ordered by the administrative centre of housing provident fund to pay the outstanding housing provident fund contributions within the time period; where payment is not made within the stipulated period, the relevant administrative authorities may apply to the PRC courts for compulsory enforcement.

According to the Reform Plan of the State Tax and Local Tax Collection Administration System (《國稅地稅徵管體制改革方案》), which was promulgated by the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council, from 1 January 2019, all the social insurance premiums, including the premiums of the basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance, are collected by tax authorities.

According to the Notice by the General Office of the State Administration of Taxation (the “SAT”) on Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady Orderly and Effective Manner (《國家稅務總局辦公廳關於穩妥有序做好社會保險費徵管有關工作的通知》) issued on 13 September 2018 and the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Implementing the Spirit of the Executive Meeting of the State Council in Stabilising the Collection of Social Security Contributions (《人力資源和社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) issued on 21 September 2018, all the local authorities responsible for the collection of social insurance are strictly forbidden to conduct self-collection of historical unpaid social insurance contributions from enterprises. The Notice by the SAT on Implementing Measures on Further Support and Serve the Development of Private Economy (《國家稅務總局關於實施進一步支持和服務民營經濟發展若干措施的通知》), which was promulgated by the SAT on 16 November 2018, repeats that tax authorities at all levels shall not organise self-collection of arrears of taxpayers including private enterprises in the previous years.

The Prevention and Control of Occupational Diseases Law of the PRC (《中華人民共和國職業病防治法》), which was promulgated by the SCNPC on 27 October 2001 and latest amended on 29 December 2018 (the “**Prevention and Control of Occupational Diseases Law**”), is the basic law for the prevention and control of occupational diseases. According to the Prevention and Control of Occupational Diseases Law, if a new construction, an expansion, or a reconstruction project or a technical transformation or technology introduction project may cause any occupational hazards, the construction entity shall conduct the pre-assessment of occupational hazards at the feasibility study stage. The budget for facilities for the prevention and control of occupational diseases of a construction

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project shall be included in the budget of the project and those facilities shall be designed, constructed and put into operation simultaneously as the main body of the project. The construction entity should carry out the assessment of the effectiveness of measures for the prevention and control of occupational diseases before the final acceptance of the construction project. In addition, employers shall take required administrative measures to prevent and control occupational diseases at work.

Pursuant to the Prevention and Control of Occupational Diseases Law and the Measures for the Declaration of Projects with Occupational Hazards (《職業病危害項目申報辦法》) promulgated on 27 April 2012, where hazardous factors of occupational diseases as listed in the Classification Catalogue of Occupational Hazards (《職業病危害因素分類目錄》) exist in the workplace of the employer (excluding coal mine), the employer shall timely and truthfully declare such hazardous items to the local public health authority for supervision.

Laws and Regulations Relating to Real Estate Leasing

According to the PRC Civil Code (《中華人民共和國民法典》) which took effect on 1 January 2021, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. Where the lessee subleases the premises to a third party with the consent of the lessor, and the sublease term exceeds the remaining lease term of the lessee, the agreement on the part in excess shall not be legally binding upon the lessor, unless otherwise agreed upon by the lessor and the lessee. If the parties to a lease contract fail to go through the formalities of registration of such contract in accordance with the provisions of laws and administrative regulations, the validity of the contract shall not be affected.

On 1 December 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), which became effective on 1 February 2011. According to such measures, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development authorities or real estate authorities of the municipality or county where the leased property is located. If a company fails to comply with the aforementioned requirements, it may be ordered to rectify the situation within a stipulated period, and if such a company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

Laws and Regulations Environmental Protection

Environment Protection

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), which was promulgated by the SCNPC on 26 December 1989, came into effect on the same day and was last amended on 24 April 2014, outlines the authorities and duties of various environmental protection regulatory agencies. The environmental protection administrative department of the State Council is authorised to issue national standards for environmental quality and pollutant emissions, and to prepare the environmental protection scheme of the PRC in conjunction with the relevant departments. Meanwhile, for matters not included in the national pollutant discharge standards, the people's government of provinces, autonomous regions, and municipalities directly under the Central Government may develop local pollutant discharge standards; and for matters included in the national pollutant discharge standards, they may formulate local standards that are more rigorous than the national standards, in which case, the concerned enterprises must comply with both the national standards and the local standards.

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The Administrative Measures for Pollutant Discharge Licencing (《排污許可管理辦法》), which was released by the Ministry of Ecology and Environment on 1 April 2024 and came into effect on 1 July 2024, and the Categorised Management Catalogue of Pollutant Discharge Permits for Stationary Sources of Pollution (2019 Version)(《固定污染源排污許可分類管理名錄(2019年版)》), which was announced and implemented by the Ministry of Ecology and Environment on 20 December 2019, classifies pollutant discharge entities into three categories: key management, simplified management, and registration management, based on factors such as the amount of pollutants generated, the amount of emissions, and the degree of impact on the environment, and clearly defines the management categories of various industries.

Environmental Impact Appraisal

According to the Administration Rules on Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), which was promulgated by the State Council on 29 November 1998, amended on 16 July 2017 and became effective on 1 October 2017, and the Environmental Impact Appraisal Law of PRC (《中華人民共和國環境影響評價法》), which was promulgated by the SCNPC on 28 October 2002, amended on 2 July 2016 and 29 December 2018, depending on the impact of the construction project on the environment, a construction employer shall submit an environmental impact report or an environmental impact statement, or file a registration form. As to a construction project, for which an environmental impact report or the environmental impact statement is required, the construction employer shall, before the commencement of construction, submit the environmental impact report or the environmental impact statement to the relevant authority at the environmental protection administrative department for approval. If the environmental impact assessment documents of the construction project have not been examined or approved upon examination by the approval authority in accordance with the law, the construction employer shall not commence the construction. According to the Interim Measures for the Acceptance Inspection for Environmental Protection upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》)(the “**Interim Measures**”), which was promulgated on 20 November 2017, came into effect on the same day, the Interim Measures are applicable to construction projects for which an environmental impact report (statement) is prepared, the acceptance inspection upon completion of environmental protection facilities by a construction employer shall be carried out according to laws and regulations on environmental protection, and the relevant supervision and administration. The construction employer is the subject responsible for the acceptance inspection for environmental protection upon completion of the construction project, and shall, under the procedures and standards provided in the Interim Measures, prepare an acceptance monitoring (investigation) report, organise the acceptance inspection of the supporting environmental protection facilities completed and put forward acceptance opinions thereof. The acceptance report, including the content of the acceptance monitoring (investigation) report, the acceptance opinions and other matters to be stated, shall make public for at least 20 working days. Within 5 working days after the expiration of the publicity period of the acceptance report, the construction employer shall submit the basic information of its construction project, environmental protection facilities acceptance and other relevant information to the environment protection authority via the National Construction Project Completion Environmental Protection Acceptance Information System.

Regulations on Foreign Exchange and Taxation

Foreign Exchange

On 29 January 1996, the State Council promulgated the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) which became effective on 1 April 1996 and was amended on 14 January 1997 and 5 August 2008. Foreign exchange payments under current account items shall, pursuant to the administrative provisions of the foreign exchange control

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department of the State Council on payments of foreign currencies and purchase of foreign currencies, be made using self-owned foreign currency or foreign currency purchased from financial institutions engaging in conversion and sale of foreign currencies by presenting the valid document. Domestic entities and domestic individuals making overseas direct investments or engaging in the issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council.

On 19 November 2012, the State Administration of Foreign Exchange (the “SAFE”) issued the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (the “SAFE Circular 59”), which came into effect on 17 December 2012 and was amended on 4 May 2015, 10 October 2018 and partially abolished on 30 December 2019. The SAFE Circular 59 aims to simplify the foreign exchange procedure and promote the facilitation of investment and trade. According to the SAFE Circular 59, the opening of various special purpose foreign exchange accounts under direct investment, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, and the reinvestment of legitimate RMB proceeds derived by foreign investors in the PRC, no longer require the approval or verification of SAFE, as well multiple capital accounts for the same entity may be opened in different provinces. Later, the SAFE promulgated the Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) on 13 February 2015, which was partially abolished on 30 December 2019 and prescribed that the bank instead of SAFE can directly review and handle the foreign exchange registration under foreign direct investment and domestic direct investment, while SAFE and its branches indirectly supervise the aforesaid foreign exchange registration through the bank.

On 11 May 2013, the SAFE issued the Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) (the “SAFE Circular 21”), which became effective on 13 May 2013, amended on 10 October 2018 and partially abolished on 30 December 2019. The SAFE Circular 21 specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

Pursuant to the Circular on Relevant Issues Relating to Domestic Residents’ Investment and Financing and Round-Trip Investment through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the “Circular 37”) promulgated by the SAFE and became effective on 4 July 2014, a “special purpose vehicle” means an overseas enterprise directly established or indirectly controlled by a domestic resident (including domestic institution and domestic individual residents) for the purpose of engaging in investment and financing with the domestic enterprise assets or interests he legally holds, or with the overseas assets or interests he legally holds. And the registration for and the relevant foreign exchange administration over a special purpose vehicle established by a domestic resident shall be subject to the Circular 37. Pursuant to the Circular 37, before contributing capital to a special purpose vehicle with its legal assets or interests within or outside China, a domestic resident shall apply to the foreign exchange authority for undergoing the foreign exchange registration procedure for foreign investment. According to the Notice of the SAFE on Further Simplifying and Improving the Foreign Exchange Management Policy for Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), all foreign exchange businesses under direct investment have been delegated to banks for handling.

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Laws and Regulations on Import and Export of Goods

Pursuant to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) promulgated by the SCNPC on 12 May 1994 and last amended on 30 December 2022 and the “Notice by the Department of Enterprise Management and Audit-Based Control of Matters Concerning the Recordation of the Consignees and Consignors of Imported and Exported Goods” (《企業管理和稽查司關於進出口貨物收發貨人備案有關事宜的通知》) issued by the General Administration of Customs of the PRC on 3 January 2023, a consignee or consignor of imported or exported goods who applies for filing shall be qualified as a market entity and is not required to be filed as a foreign trade business operator.

According to the Customs Law of the PRC (《中華人民共和國海關法》) promulgated by the SCNPC on 22 January 1987 and last amended on 29 April 2021, unless otherwise stipulated, the declaration of imported or exported goods may be made by the consignees or the consignors, or by the entrusted customs brokers. To undergo customs declaration formalities, the consignee or consignor of imported or exported goods, or their entrusted customs brokers shall file with the Customs in accordance with the law. According to the Provisions on the Recordation of Customs Declaration Entities of the PRC (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs on 19 November 2021 and executed on 1 January 2022, the consignee or consignor of imported or exported goods or a customs declaration enterprise, as filed with the customs may undergo customs declaration within the customs territory of the PRC. Where a consignee or consignor of imported or exported goods or a customs declaration enterprise applies for filing, it shall obtain the qualification of market entities.

The Law of the PRC on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法》) last released and implemented by the SCNPC on 29 April 2021, and the Implementation Regulations for the Law of the PRC on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法實施條例》) last released by the State Council on 29 March 2022 and implemented on 1 May 2022, stipulate that the General Administration of Customs is in charge of the national import and export commodity inspection work, and formulates and adjusts the catalogue of import and export commodities that must be inspected, and clarifies the scope of statutory inspection, inspection methods, etc.

Laws and Regulations on Taxation

Enterprise Income Tax

The Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (“**the EIT Law**”), promulgated by the NPC on 16 March 2007, came into effect on 1 January 2008 and amended on 24 February 2017 and 29 December 2018, as well as the Implementation Rules of the EIT Law (《中華人民共和國企業所得稅法實施條例》) (the “**Implementation Rules**”), promulgated by the State Council on 6 December 2007, came into force on 1 January 2008 and last amended on 6 December 2024, are the principal law and regulation governing enterprise income tax in the PRC. According to the EIT Law and its Implementation Rules, enterprises are classified into resident enterprises and non-resident enterprises. Resident enterprises refer to enterprises that are legally established in the PRC, or are established under foreign laws but whose actual management bodies are located in the PRC. Non-resident enterprises refer to enterprises that are legally established under foreign laws and have set up institutions or sites in the PRC but with no actual management body in the PRC, or enterprises that have not set up institutions or sites in the PRC but have derived incomes from the PRC. A uniform income tax rate of 25% applies to all resident enterprises and non-resident enterprises that have setup institutions or sites in the PRC to the extent that such incomes are derived from their set-up institutions or sites in the PRC, or such income is obtained outside the PRC but have an actual connection with the set-up institutions or sites. Non-resident enterprises that have not set up institutions or sites in the PRC

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or have set up institutions or sites in the PRC but the incomes obtained by the said enterprises have no actual connection with the set-up institutions or sites, shall pay enterprise income tax at the rate of 10% in relation to their income sources from the PRC.

Value-Added Tax (the “VAT”)

The major PRC law and regulation governing value-added tax are the Interim Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) issued on 13 December 1993 by the State Council, came into effect on 1 January 1994, and revised on 10 November 2008, 6 February 2016 and 19 November 2017, as well as the Implementation Rules for the Interim Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) issued on 25 December 1993 by the Ministry of Finance (中華人民共和國財政部) (the “MOF”), came into effect on the same day and revised on 15 December 2008 and 28 October 2011, any entities and individuals engaged in the sale of goods, supply of processing, repair and replacement services, and import of goods within the territory of the PRC are taxpayers of VAT and shall pay the VAT in accordance with the law and regulation. The rate of VAT for the sale of goods is 17% unless otherwise specified, such as the rate of VAT for the sale of transportation is 11%. With the VAT reforms in the PRC, the rate of VAT has been changed several times. The MOF and the STA issued the Notice of on Adjusting VAT Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》) on 4 April 2018 to adjust the tax rates of 17% and 11% applicable to any taxpayer’s VAT taxable sale or import of goods to 16% and 10%, respectively, this adjustment became effect on 1 May 2018. Subsequently, the MOF, the SAT and the General Administration of Customs jointly issued the Announcement on Relevant Policies for Deepening the VAT Reform (《財政部、國家稅務總局關於深化增值稅改革有關政策的公告》) on 20 March 2019 to make a further adjustment, which came into effect on 1 April 2019. The tax rate of 16% applicable to the VAT taxable sale or import of goods shall be adjusted to 13%, and the tax rate of 10% applicable thereto shall be adjusted to 9%.

Withholding Tax on Dividend Distributions

According to the EIT Law and its Implementation Rules, the dividends distributed to investors who are non-resident enterprises (which have not established any organisation or premises in the PRC, or although they have established organisation or premises in the PRC, the income obtained has no de facto connection with such organisation or premises), to the extent of being sourced from the PRC, are subject to the withholding tax of 10% in the PRC, except for the availability of tax credit on the relevant tax under an applicable tax treaty signed between the PRC and the jurisdiction of such non-resident enterprises. Similarly, if any gain obtained by such investors from the transfer of shares is deemed to be a gain in income sourced within the PRC, such gain is taxable for PRC income tax at the tax rate of 10% (or at a lower rate under a tax treaty, if applicable).

According to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) effective on 8 December 2006 and amended by the Fifth Protocol to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排第五議定書》) effective on 6 December 2019, the withholding tax rate for dividends paid by a PRC enterprise to a Hong Kong enterprise shall not exceed 5% in case the Hong Kong enterprise is the beneficial owner and directly holds at least 25% of equity interests of the subject PRC enterprise. Notwithstanding the above, the arrangements or transactions made for the primary purpose of obtaining the above-mentioned tax benefits are not subject to the above-mentioned provisions.

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Pursuant to the Circular of the SAT on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) promulgated by the SAT and effective on 20 February 2009, all of the following requirements shall be satisfied where a taxable resident of the other party to a tax agreement is entitled to such tax agreement treatment to be taxed at a rate specified in the tax agreement for the dividends paid to it by a Chinese resident company: (i) such a taxable resident should be a company as provided in the tax agreement; (ii) such a taxable resident directly holds equity interests and voting shares in a Chinese resident company which is above a particular percentage; and (iii) such a taxable resident directly holds the equity interests in a Chinese resident company above a particular percentage (25% or 10%, in the normal course), at any time during the twelve months prior to the obtainment of the dividends.

Regulations on Overseas Securities Offering and Listing by Domestic Companies

On 17 February 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**”) and relevant supporting guidelines, which came into effect on 31 March 2023. The Overseas Listing Trial Measures comprehensively improve and reform the existing regulatory regime for overseas securities offering and listing of PRC domestic companies and regulate both direct and indirect overseas securities offering and listing of PRC domestic companies. Any PRC domestic company that is deemed to conduct overseas securities offering and listing activities shall file with the CSRC in accordance with the Overseas Listing Trial Measures.

The Overseas Listing Trial Measures provides that the overseas securities offering and listing will be considered as a direct overseas offering by a PRC domestic company if the issuer is a company limited by shares established in mainland China. In addition, the overseas securities offering and listing will be considered as an indirect overseas offering by a PRC domestic company if the issuer meets both of the following criteria: (i) 50% or more of any of the issuer’s operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by domestic companies; and (ii) the main parts of the issuer’s business activities are conducted in mainland China, or its main place(s) of business are located in mainland China, or the majority of senior management staff in charge of its business operations and management are PRC citizens or have their usual place(s) of residence located in mainland China.

Pursuant to the Overseas Listing Trial Measures, an issuer shall file with the CSRC within three business days after its application for initial public offering is submitted to competent overseas securities regulators. As advised by our PRC Legal Advisers, our [REDACTED] and [REDACTED] is an indirect overseas securities [REDACTED] and [REDACTED] by a PRC domestic company under the Overseas Listing Trial Measures. We will comply with the filing requirements under the Overseas Listing Trial Measures and we do not fall under any of the prohibited circumstances that would disallow an overseas securities [REDACTED] and [REDACTED] as stipulated in the Overseas Listing Trial Measures up to the latest practicable date. We have submitted the filing materials to the CSRC on [•] and the CSRC officially accepted the filing materials on [•].

Besides, PRC domestic companies seeking to overseas offering and listing shall strictly comply with the laws, administrative regulations and relevant provisions of the PRC government on foreign investment, State-owned asset management, industry regulation, overseas investment, cybersecurity, data security, etc., shall not disrupt domestic market order, and shall not harm national interests, public interests and the legitimate rights and interests of domestic investors. A domestic company that conducts overseas offering and listing shall (i) formulate its articles of association, improve its internal control system and standardise its corporate governance, financial affairs and accounting activities in accordance with the PRC Company Law, the PRC Accounting Law and other PRC laws, administrative regulations and applicable provisions; and (ii) abide by the legal system of the PRC on confidentiality

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and take necessary measures to fulfil its confidentiality responsibility, shall not divulge any state secret or the work secrets of state organs, and shall also comply with laws, administrative regulations and the relevant provisions of the PRC if it is involved in the overseas provision of personal information and important data. In addition, the Overseas Listing Trial Measures also list out the circumstances where overseas offering and listing is explicitly prohibited, including: (i) such securities offering and listing is explicitly prohibited by specific PRC laws and regulations; (ii) overseas offering and listing may endanger national security as determined by the relevant competent department under the State Council after examination according to the Law; (iii) the PRC domestic company, or its controlling shareholder(s) and de facto controller(s), have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the last three years; (iv) the domestic company is currently under investigations for alleged criminal offences or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over the equity held by the controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or de facto controller(s).

On 24 February 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “**Provision on Confidentiality**”), which came into force on 31 March 2023. According to the Provision on Confidentiality, where any PRC domestic company provides or publicly discloses, either directly or through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report the same to the competent department with examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic companies providing accounting archives or copies thereof to entities and individuals including securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the State. The working papers formed within the territory of the PRC by securities companies and securities service institutions that provide corresponding services for domestic companies seeking overseas offering and listing shall be kept within the territory of the PRC, and those that need to leave the PRC shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

SANCTIONS LAWS AND REGULATIONS

United States

The Office of Foreign Assets Control (“**OFAC**”) is the primary agency responsible for administering U.S. sanctions programmes against targeted countries, entities, and individuals. “Primary” U.S. sanctions apply to “U.S. persons” or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency even if performed by non-U.S. persons), and “secondary” U.S. sanctions apply extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus.

Depending on the sanctions program and/or parties involved, U.S. law also may require a U.S. company or a U.S. person to “block” (freeze) any assets/property interests owned, controlled or held for the benefit of a sanctioned country, entity, or individual when such assets/property interests are in the United States or within the possession or control of a U.S. person. Upon such blocking, no transaction may be undertaken or effected with respect to the asset/property interest – no payments, benefits, provision of services or other dealings or other type of performance (in case of contracts/agreements) – except pursuant to an authorization or license from OFAC.

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OFAC’s comprehensive sanctions programmes currently apply to Cuba, Iran, North Korea, the Crimea region of Russia/Ukraine, and the self-proclaimed Luhansk People’s Republic (“**LPR**”) and Donetsk People’s Republic (“**DPR**”) regions (the comprehensive OFAC sanctions programme against Sudan was terminated on October 12, 2017). OFAC also prohibits virtually all business dealings with persons and entities identified in the SDN List. Entities that a party on the SDN List owns (defined as a direct or indirect ownership interest of 50% or more, individually or in the aggregate) are also blocked, regardless of whether that entity is expressly named on the SDN List. Additionally, U.S. persons, wherever located, are prohibited from approving, financing, facilitating, or guaranteeing any transaction by a non-U.S. person where the transaction by that non-U.S. person would be prohibited if performed by a U.S. person or within the United States.

United Nations

The United Nations Security Council (the “**UNSC**”) can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. The UNSC measures have ranged from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions.

European Union

Under European Union sanction measures, there is no “blanket” ban on doing business in or with a jurisdiction targeted by sanctions measures. It is not generally prohibited or otherwise restricted for a person or entity to do business (involving non-controlled or unrestricted items) with a counterparty in a country subject to European Union sanctions where that counterparty is not a Sanctioned Person and not engaged in prohibited activities, such as exporting, selling, transferring or making certain controlled or restricted products available (either directly or indirectly) to, or for use in a jurisdiction subject to sanctions measures, provided that no funds and economic resources are made available to the Sanctioned Persons.

United Kingdom and United Kingdom overseas territories

The United Kingdom applies its own sanctions programs and has extended its autonomous sanctions regimes to apply to and in the United Kingdom overseas territories.

Australia

The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to any person in Australia, any Australian anywhere in the world, companies incorporated overseas that are owned or controlled by Australians or persons in Australia, and/or any person using an Australian flag vessel or aircraft to transport goods or transact services subject to United Nations sanctions.

U.S. EXPORT CONTROLS

The United States has implemented and has proposed additional restrictions, some of which may impact Chinese companies, including us. The United States has increased export controls restrictions on China through the Export Administration Regulations (the “**EAR**”), administered by the Bureau of Industry and Security of the U.S. Department of Commerce (the “**BIS**”), which includes a list of foreign persons on which certain trade restrictions are imposed (the “**Entity List**”). Where a foreign person is included on the Entity List, the export, re-export and/or transfer (in-country) of items which are subject to the EAR generally is prohibited unless the specified license requirements are met.

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In addition, EAR also maintains a list of items, software, and technology that are subject to export controls (the “**Commerce Control List**”). BIS can also implement unilateral licensing requirements and other controls on items subject to U.S. export controls jurisdiction that can restrict exports and reexports to certain countries, as well as transfers within a country to a different end-user or end-use. The Commerce Control List is divided into ten categories, represented by the first digit of the Export Control Classification Number (“ECCN”). Each ECCN is subject to the respective control(s) and licensing requirement applicable for sales to controlled countries and/or entities.

U.S. TARIFFS

On May 14, 2024, the Office of the United State Trade Representative announced a plan to raise the tariff rate applicable to U.S. imports of electric vehicles from China from 25% to 100%. On September 13, 2024, the United States Trade Representative announced the final Section 301 tariff increases on imports from China, which imposed a tariff rate of 100% effective from September 27, 2024. China responded with increased tariffs. Since February 2025, both countries raised reciprocal tariffs on each other’s imported goods to 125%. However, on May 12, 2025, both the U.S. and China modified these tariff measures: the U.S. removed the 125% tariff and temporarily reduced tariffs on Chinese goods to 10% by suspending a 24% duty for 90 days. The PRC government announced the same tariff adjustments, removing the 125% retaliatory tariff and cutting tariffs on U.S. goods from 34% to 10% for the same period. On August 12, 2025, both the U.S. and China announced to extend these tariff measures for another 90 days. On November 1, 2025, the U.S. government announced that the 10% reciprocal tariff will be maintained until November 10, 2026. On February 24, 2026, through July 24, 2026. Pursuant to the Proclamation issued by President Trump, “Imposing a Temporary Import Surcharge to Address Fundamental International Payments Problems”, effective from February 24, 2026, and for a period of 150 days (effective through July 24, 2026), a temporary import surcharge of 10% shall be imposed on all articles imported into the United States (so-called “section 122 tariffs”). On February 23, 2026, the U.S. Customs and Border Protection issued a message that, on or after 12:01 a.m. eastern standard time on February 24, 2026, and through 12:01 a.m. eastern daylight time on July 24, 2026, except for products described in headings HTS 9903.03.02–9903.03.11, and other than products for personal use included in accompanied baggage of persons arriving in the United States, articles the product of any country, as provided for in subdivision (aa) of U.S. note 2 to subchapter III of chapter 99 of the HTSUS, will be subject to an additional ad valorem rate of 10%.

During the Track Record Period, our exports to the U.S. represented less than 1% of our total revenue for the same period. Given that (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.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

OVERVIEW

Our Group has principally engaged in the manufacturing and sales of hygienic disposables and the sales of hygienic disposable materials for over ten years. The history of our Group traces back to 2014 when Mr. Zhou and Ms. He established our first operating subsidiary, Jiaodian, in February 2014 initially as an OEM of hygienic disposables for local brands of overseas countries. In January 2021, Jiaodian acquired 30.0% equity interest in Yuejian with an aim to engage in the manufacturing and sales of hygienic disposables. In May 2023, Yuejian became a wholly-owned subsidiary of Jiaodian.

After a decade of development, we are positioned as an hygienic disposables manufacturer and sales enterprise that integrates R&D, manufacturing, sales and marketing services. Under the leadership of Mr. Zhou and Ms. He, our Group has expanded the geographical coverage of our products through diversified channels which expanded end-customers reach and strengthened our brand image.

Mr. Zhou and Ms. He have been participating in the day-to-day management and operation of our Group since the establishment of Jiaodian. See “Directors and Senior Management” for details.

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on 5 January 2023. Pursuant to the Reorganisation as more particularly described in the paragraph headed “Reorganisation” in this section, our Company has become the holding company of our Group for the purpose of the [REDACTED] and holds the entire interest of six subsidiaries, namely, Focus Global, Focus Technology, Happy Medicine Care, HK Yueda, Jiaodian and Yuejian.

Our Directors are of the view that the [REDACTED] is strategically beneficial to the long-term development of our Group by enabling us to capture more business opportunities, providing additional avenues to raise capital in the long run and reinforcing our corporate recognition and image. See “Future Plans and [REDACTED]” for details.

OUR BUSINESS MILESTONES

The following table sets forth a summary of the major business milestones in our Group’s business development:

Year	Event
2014	Jiaodian was established in Quanzhou, Fujian Province, the PRC on 21 February 2014 with its business scope including the sales of baby diapers, baby pull-ups, menstrual pads, adult diapers, adult pull-ups and hygienic disposable materials.
2021	Jiaodian acquired 30% equity interest in Yuejian, and as a result, our Group expanded our business in manufacturing of baby diapers, baby pull-ups, menstrual pads, adult diapers, adult pull-ups and sanitary products materials. Yuejian obtained the disinfection product manufacturing enterprises hygiene permit (消毒產品生產企業衛生許可證) for feminine sanitary napkins, urinary pads and diapers, which were issued by Fujian Provincial Health and Family Planning Commission (福建省衛生和計劃生育委員會).
2021 to 2023	Jiaodian acquired the remaining 70.0% equity interest in Yuejian from other shareholders and Yuejian became our wholly-owned subsidiary in May 2023.
2023	Yuejian was recognised as a High and New Technology Enterprise (高新技術企業) by Fujian Provincial Department of Science and Technology (福建省科學技術廳), Fujian Provincial Department of Finance (福建省財政廳), and Fujian Provincial Taxation Bureau of the State Taxation Administration (國家稅務總局福建省稅務局).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Year	Event
	Yuejian obtained the “Certificate of Medical Devices – Quality Management System” (醫療器械質量管理體系認證) for its medical device quality management system compliance with YY/T 0287–2017 idt ISO 13485:2016, to produce medical sanitary napkins (menstrual pants), diapers, diaper pads, and Class I medical underpads (within the scope of administrative licencing), which was granted by Zhonggan International Certification Co., Ltd. (中贛國際認證有限公司). We began to market and sell our feminine care products under our own brand “Veermoon” (薇月) and baby care products under our own brands “Bemoe” (貝姆樂) and “Focus Baby” (焦點寶貝).
2024	Yuejian obtained the certificates of “Medical-Grade Product Certificate” (醫護級產品認證證書) for Blue Cotton (藍棉花) sanitary napkins and Blue Cotton (藍棉花) feminine sanitary pants (super leakage protection period panty (特護抱抱褲)), which were issued by Zhongweian (Beijing) Certification Centre (中衛安(北京)認證中心). We began to market and sell our feminine care products under our own brand “Blue Cotton” (藍棉花) and baby care products under our own brands “Cotton Sun” (全棉小時光).
2025	Yuejian obtained the “Certification of Environmental Management System” (環境管理體系認證證書) and “Certification of Quality Management System” (質量管理體系認證證書) from Universe International certification (Shenzhen) Co., Ltd. (寰宇國際認證(深圳)有限公司) for its sales and relevant management activities involving the production of menstrual pads (menstrual pants), diapers conforming with GB/T24001–2016/ISO14001:2015 standard and GB/T19001-2016/ISO9001:2015 standard, respectively.

OUR PRINCIPAL OPERATING ENTITIES

The following table contains brief information of our Company and principal operating subsidiaries as at the Latest Practicable Date:

Name	Place of incorporation/ establishment	Date of incorporation/ establishment	Principal business activities
Our Company	Cayman Islands	5 January 2023	Investment holding
Jiaodian	PRC	21 February 2014	Sales of baby diapers, baby pull-ups, menstrual pads, adult diapers, adult pull-ups and hygienic disposable materials
Yuejian	PRC	1 December 2020	Manufacturing and sales of baby diapers, baby pull-ups, menstrual pads, adult diapers, adult pull-ups and hygienic disposable materials

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Establishment and shareholding changes of our Company and principal operating subsidiaries before the Reorganisation

Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 5 January 2023 with an authorised share capital of US\$10,000 divided into 50,000 ordinary Shares of US\$0.20 each. On 29 May 2025, the authorised share capital of our Company was re-denominated and increased from US\$10,000 of 50,000 ordinary Shares of US\$0.20 each to HK\$380,000 of 3,800,000,000 ordinary Shares of HK\$0.0001 each. Our Company was registered in Hong Kong under Part 16 of the Companies Ordinance as a non-Hong Kong company on 11 February 2025. Upon completion of the Reorganisation, it became the holding company of our Group with the business conducted through the operating subsidiaries of our Group. See “History, Reorganisation And Corporate Structure – Reorganisation” for details.

Jiaodian

Establishment of Jiaodian

Jiaodian was established as a limited liability company in the PRC on 21 February 2014 with an initial registered capital of RMB1.0 million, which were owned as to RMB0.6 million by Mr. Zhou and RMB0.4 million by Ms. He, representing 60% and 40% of the equity interest in Jiaodian, respectively. The principal business of Jiaodian upon establishment was sales of baby diapers, baby pull-ups, menstrual pads, adult diapers, adult pull-ups and hygienic disposable materials.

Increase in registered capital in 2023

To align the business development of Jiaodian, on 21 December 2023, Jiaodian increased its registered capital from RMB1.0 million to RMB20.0 million and the additional capital contributions of RMB11.4 million and RMB7.6 million were subscribed by Mr. Zhou and Ms. He respectively in proportion to their then respective shareholding. The registered capital in Jiaodian after the increase in registered capital was owned as to RMB12.0 million and RMB8.0 million by Mr. Zhou and Ms. He respectively, representing 60% and 40% of the equity interest in Jiaodian.

Yuejian

Establishment of Yuejian

Yuejian was established as a limited liability company in the PRC on 1 December 2020 with an initial registered capital of RMB30.0 million, which were owned as to RMB18.78 million, RMB7.2 million, RMB2.01 million, RMB1.71 million and RMB0.3 million by Mr. Zhuang Yongfeng (莊永烽), Mr. Huang Zhiqiang (黃志強), Mr. Su Wangsong (蘇旺松), Mr. Li Mujin (李木金) and Mr. Wu Youshui (吳游水), who are all Independent Third Parties (the “**Then Shareholders of Yuejian**”), representing 62.6%, 24.0%, 6.7%, 5.7% and 1.0% of the equity interest in Yuejian, respectively. According to the then applicable Company Law of the PRC and the then articles of association of Yuejian, shareholders can make capital contribution to Yuejian within 20 years after the establishment of Yuejian, thus there were certain then shareholders who had not made any capital contribution to Yuejian. Yuejian and certain of the Then Shareholders of Yuejian were the OEM partners of Jiaodian. Save as disclosed above, to the best knowledge of our Directors, none of the Then Shareholders of Yuejian has any past or present relationships (including, without limitation, business, employment, family, trust, financing, fund flow or otherwise) with our Group, its shareholders, directors, senior management or any of their respective associates. The business scope of Yuejian upon establishment included the manufacturing and sales of sanitary products and disposable medical supplies.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Equity interest transfer in January 2021

In or about 2020, with an aim to establish its own brand, Jiaodian sought to integrate production and sales in order to control product quality by acquiring its then manufacturer, Yuejian. Since (i) the Then Shareholders of Yuejian intended to gradually withdraw from Yuejian; (ii) Mr. Zhou intended to gain full control of Yuejian; (iii) shareholders could make capital contribution to Yuejian within 20 years after its establishment according to the Company Law of the PRC and the articles of association of Yuejian; and (iv) Yuejian had readily available production facilities and manpower, Mr. Zhou decided to invest in Yuejian and was then appointed as the sole director of Yuejian, despite some of the Then Shareholders of Yuejian had not made any capital contribution to Yuejian. Therefore, on 27 January 2021, Jiaodian entered into an equity transfer agreement with Mr. Zhuang Yongfeng, pursuant to which Jiaodian acquired 30% of the equity interest in Yuejian from Mr. Zhuang Yongfeng at nil consideration as (i) Mr. Zhuang Yongfeng has not made any capital contribution to Yuejian for the portion of the equity to be transferred up to the date of transfer; (ii) Yuejian was suffering from an operating loss; and (iii) a result of arm’s length negotiations between the parties. Our Directors take the view that such transfers with nil consideration (i) would not cause any material adverse impact on our business, financial condition and results of operations; and (ii) are in compliance with the PRC laws and regulations. Such transfer was registered on 28 January 2021. The registered capital in Yuejian after the above equity interest transfer was owned as to RMB9.78 million, RMB9.0 million, RMB7.2 million, RMB2.01 million, RMB1.71 million and RMB0.3 million by Mr. Zhuang Yongfeng, Jiaodian, Mr. Huang Zhiqiang, Mr. Su Wangsong, Mr. Li Mujin and Mr. Wu Youshui, representing 32.6%, 30.0%, 24.0%, 6.7%, 5.7% and 1.0% of the equity interest in Yuejian, respectively.

On 27 January 2021, the Then Shareholders of Yuejian passed the resolutions to approve the change of sole director of Yuejian from Mr. Wu Youshui to Mr. Zhou.

Equity interest transfers in October 2021

Since Yuejian had an operating loss, Mr. Li Mujin decided to withdraw from Yuejian, while Mr. Su Wangsong decided to reduced his equity stake in Yuejian. On 28 October 2021, Jiaodian entered into an equity transfer agreement with Mr. Li Mujin, pursuant to which Jiaodian acquired 5.7% of the equity interest in Yuejian at a consideration of RMB1.71 million. The consideration was determined with reference to the registered capital already paid up by Mr. Li Mujin in Yuejian at the time of transfer. On the same day, Mr. Su Wangsong entered into an equity transfer agreement with Mr. Zhuang Yongfeng pursuant to which Mr. Zhuang Yongfeng acquired 3.33% of the equity interest in Yuejian at nil consideration as (i) Mr. Su Wangsong has not made any capital contribution to Yuejian up to the date of transfer; (ii) Yuejian was suffering from an operating loss; and (iii) a result of arm’s length negotiations between the parties. Our Directors take the view that such transfers with nil consideration (i) would not cause any material adverse impact on our business, financial condition and results of operations; and (ii) are in compliance with the PRC laws and regulations. Such transfers were registered on 29 October 2021. The registered capital in Yuejian after the above equity interest transfers was owned as to RMB10.779 million, RMB10.71 million, RMB7.2 million, RMB1.011 million and RMB0.3 million by Mr. Zhuang Yongfeng, Jiaodian, Mr. Huang Zhiqiang, Mr. Su Wangsong and Mr. Wu Youshui, representing 35.93%, 35.7%, 24.0%, 3.37% and 1.0% of the equity interest in Yuejian, respectively.

Equity interest transfers in May 2022

In 2022, Mr. Huang Zhiqiang, Mr. Su Wangsong and Mr. Wu Youshui decided to withdraw from Yuejian completely as they were looking for other business developments. On 20 May 2022, Jiaodian entered into several equity transfer agreements with Mr. Zhuang Yongfeng, Mr. Huang Zhiqiang, Mr. Su Wangsong and Mr. Wu Youshui, respectively, pursuant to which Jiaodian acquired an aggregate of 3.43%, 24.0%, 3.37% and 1.0% of the equity interest in Yuejian from Mr. Zhuang Yongfeng, Mr. Huang Zhiqiang, Mr. Su Wangsong and Mr. Wu Youshui at a consideration of nil, RMB1.4 million, nil and RMB0.3 million respectively, as (i) Mr. Zhuang Yongfeng has not made any capital contribution for the portion of the equity to be transferred, and Mr. Su Wangsong has not made any actual contribution to Yuejian up to the date of transfer; and (ii) a result of arm’s length negotiations between

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the parties. Our Directors take the view that such transfers with nil consideration (i) would not cause any material adverse impact on our business, financial condition and results of operations; and (ii) are in compliance with the PRC laws and regulations. With the exception of these two people, the consideration was determined with reference to the registered capital already paid up by the transferors to Yuejian in respect of such equity interest up to the date of transfer. Such transfers were registered on 20 May 2022. The registered capital in Yuejian after the above equity interest transfers was owned as to RMB20.25 million and RMB9.75 million by Jiaodian and Mr. Zhuang Yongfeng, representing 67.5% and 32.5% of the equity interest in Yuejian, respectively.

Equity interest transfer in May 2023

As Mr. Zhuang Yongfeng was mindful of the costs needed for overseas [REDACTED], Mr. Zhuang Yongfeng decided to withdraw from Yuejian. On 29 May 2023, Jiaodian entered into an equity transfer agreement with Mr. Zhuang Yongfeng pursuant to which Jiaodian acquired remaining 32.5% of the equity interest in Yuejian from Mr. Zhuang Yongfeng at a consideration of approximately RMB3.52 million. Such transfer was registered on 30 May 2023. The consideration was determined after arm's length negotiation between the parties with reference to the paid-up capital in Yuejian at the time of transfer. The registered capital in Yuejian after the above equity interest transfers was owned as to RMB30.0 million by Jiaodian, representing 100% of the equity interest in Yuejian.

On 5 July 2024, all RMB30.0 million share capital of Yuejian was paid up. As advised by our PRC Legal Advisers, the various transfers of equity interests in Yuejian have complied with the applicable PRC laws and regulations.

Consolidation of Yuejian into our Group

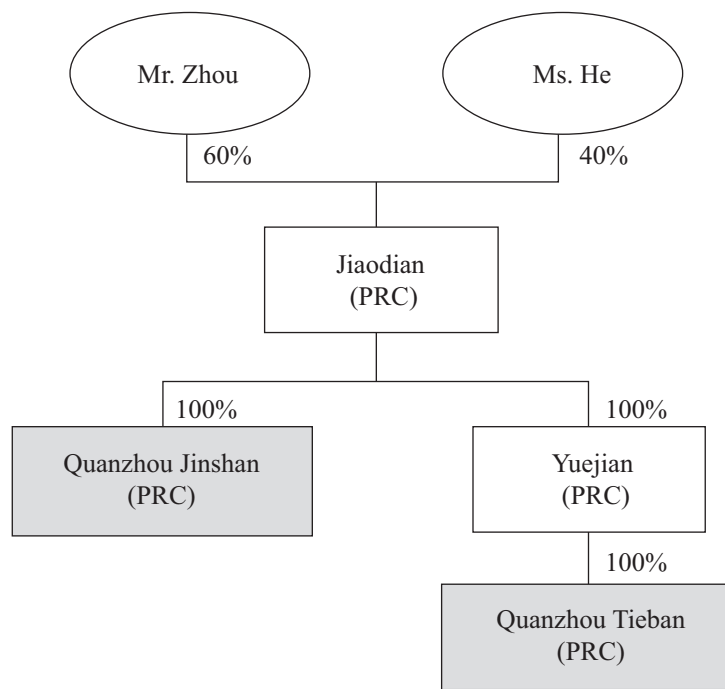
Given that, notwithstanding our Group did not hold majority registered capital in Yuejian prior to the completion of equity interest transfers on 20 May 2022, our Group contributed a majority of paid-up capital of Yuejian since 28 October 2021, and therefore our Group has majority voting rights in shareholders' meeting of Yuejian and the right to appoint the sole director of Yuejian to direct operating and financing decision making activities of Yuejian, our Directors concluded that our Group has obtained control over Yuejian as it has power over Yuejian from its majority voting rights, and our Group is exposed, or has rights, to variable returns from its involvement with Yuejian and has the ability to affect those returns through its power over Yuejian since 28 October 2021. Accordingly, our Group has combined the relevant financial information of Yuejian and accounted for its allocation of results and residual interests on Yuejian and relative non-controlling interests in Yuejian in proportion to their respective actual paid-up capital contribution in Yuejian for the Track Record Period. For further details regarding the accounting policy relating to the consolidation of Yuejian into our Group, please refer to “Merger accounting for business combination involving entities under common control” in note 3 to the Accountants' Report in Appendix I to this document.

As our Group has combined the relevant financial information of Yuejian since the commencement of the Track Record Period, therefore the acquisition of Yuejian does not fall under Rule 4.05A of the Listing Rules.

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REORGANISATION

In preparation for the [REDACTED], our Group carried out the following restructuring steps for the purpose of establishing our corporate structure. Our corporate and shareholding structure before the Reorganisation are set forth below:-



 Former subsidiaries of our Company that have been voluntarily deregistered, see “Step 3. Deregistration of Quanzhou Jinshan and Quanzhou Tieban” for more details

The principal steps of the Reorganisation are as follows:

Step 1. Incorporation of Wansheng and Wanrong

Wansheng was incorporated in the BVI with limited liability on 29 November 2022 and was authorised to issue a maximum of 50,000 shares of one class with a par value of US\$0.20 each. On the same day, 50,000 shares of Wansheng were allotted and issued to Mr. Zhou.

Wanrong was incorporated in the BVI with limited liability on 29 November 2022 and was authorised to issue a maximum of 50,000 shares of one class with a par value of US\$0.20 each. On the same day, 50,000 shares of Wanrong were allotted and issued to Ms. He.

Step 2. Incorporation of our Company, Focus Global and Focus Technology

For the purpose of the [REDACTED], our Company was incorporated under the laws of the Cayman Islands as an exempted company with limited liability and was authorised to issue a maximum of 50,000 shares of one class with a par value of US\$0.20 each, of which 40,000 Shares and 10,000 Shares were allotted and issued to Wansheng and Wanrong, respectively. Subsequently, on 4 April 2023, 10,000 Shares were transferred from Wansheng to Wanrong. Our Company was then owned as to 60% and 40% by Wansheng and Wanrong, respectively.

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Focus Global was incorporated in the BVI with limited liability on 2 February 2023 and was authorised to issue a maximum of 50,000 shares of one class with a par value of US\$0.20 each. On the same day, 50,000 shares of Focus Global were allotted and issued to our Company. Focus Global became a direct wholly-owned subsidiary of our Company.

Focus Technology was incorporated in Hong Kong with limited liability on 2 March 2023. On the date of its incorporation, Focus Technology allotted and issued 10,000 ordinary shares as fully paid to Focus Global. Focus Technology became an indirect wholly-owned subsidiary of our Company.

Step 3. Deregistration of Quanzhou Jinshan and Quanzhou Tieban

We deregistered Quanzhou Jinshan and Quanzhou Tieban (collectively, the “**Deregistered Subsidiaries**”) in 2023 and 2024, respectively, and details of which are summarised as below. As part of our Group’s plan to streamline our business operations and optimise the allocation of our resources, Quanzhou Jinshan and Quanzhou Tieban, which had limited operation since their establishments, were deregistered on 7 March 2023 and 17 January 2024, respectively.

As advised by our PRC Legal Advisers, (i) the deregistration of each of the Deregistered Subsidiaries was lawful, valid and in compliance with the relevant PRC legal requirements; (ii) each of the Deregistered Subsidiaries had not been involved in any material claim, complaint, investigation or litigation immediately prior to their respective deregistration; and (iii) there was not any material non-compliance, administrative fine or penalty against the Deregistered Subsidiaries immediately prior to their respective deregistration. To the best of our Directors’ understanding, our Directors confirmed that (i) each of the Deregistered Subsidiaries was solvent and there were no undischarged outstanding liabilities immediately before deregistration; and (ii) the deregistration of the Deregistered Subsidiaries had no material adverse impact on our financial performance and business operation.

No.	Entity	Business scope immediately prior to the deregistration	% of shareholding owned by our Group immediately prior to the deregistration	Registered capital	Date of establishment	Date of deregistration
1.	Quanzhou Jinshan	Investment in the manufacturing, wholesale and retail, education, real estate, accommodation and catering, construction, leasing and business services, information technology services, and health and social work industries.	100%	RMB1,000,000	7 November 2019	7 March 2023
2.	Quanzhou Tieban	Software development; information system integration services; information technology consulting services; data processing and storage support services; professional design services; cosmetics wholesale; cosmetics retail; personal hygiene products sales; daily necessities sales; retail of home appliances; sales of household electrical appliances; retail of kitchenware ware and daily miscellaneous goods; sales of daily miscellaneous goods; internet sales (excluding the sale of goods that require permits); sales of Class I medical devices; technology import and export; goods import and export; import and export agency; domestic trade agency.	100%	RMB8,337,000	17 May 2019	17 January 2024

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Step 4. [REDACTED] Investment in Jiaodian

Pursuant to the capital increase and equity enlargement agreement (增資擴股協議)(the “**Capital Increase Agreement**”) dated 30 September 2024 entered into among Mr. Zhou, Ms. He and HK Yueda, Jiaodian proposed to increase its registered capital from RMB20.0 million to RMB20.2 million and allot and issue approximately 1% of its enlarged equity interest to HK Yueda at a consideration of RMB1.91 million. The consideration of the Capital Increase Agreement was determined after arm’s-length negotiation between the parties, with reference to the valuation of 100% equity interest of Jiaodian of approximately RMB191.3 million as at 31 December 2023 pursuant to the valuation report prepared by an independent valuer. Income approach (also named as discounted future earnings approach) was adopted for the valuation for the following reasons, (1) the valuation was conducted primarily for the purpose of introducing Mr. Hung, who is an external third party investor and the [REDACTED] Investor, to our Group; and (2) Mr. Hung was optimistic about the development and future prospects of the industry of our Group’s worth based on forecasted future earnings. Therefore, the independent valuer was of the view that income approach, focusing on potential output and estimated growth in the net profit, better aligns with the parties’ intention. Jiaodian applied to the Market Supervision and Administration Bureau of Nan’an City and subsequently was registered as a sino-foreign equity joint venture enterprise on 11 October 2024.

HK Yueda is a company wholly owned by Happy Medicine Care, which in turn is wholly owned by Centrum. Centrum is an investment holding company wholly owned by Mr. Hung. As Mr. Hung considered himself being not familiar with the manufacturing and sales of hygienic disposables and the sales of hygienic disposable materials, he preferred to remain as a passive investor with no involvement in our Group’s managements and operations. For further details, please refer to “[REDACTED] Investment” in this section.

Step 5. Acquisition of 99% equity interest in Jiaodian by our Company

Pursuant to the equity transfer agreements (the “**Equity Transfer Agreements**”) dated 19 December 2024 entered into between Mr. Zhou, Ms. He and Focus Technology, respectively, each of Mr. Zhou and Ms. He agreed to transfer 59.4% and 39.6% in Jiaodian to Focus Technology for a consideration of approximately RMB19.95 million and RMB13.3 million, respectively. The considerations of the Equity Transfer Agreements were determined with reference to the valuation of 100% equity interest of Jiaodian of approximately RMB33.59 million as at 30 June 2024 pursuant to the valuation report prepared by an independent valuer. The valuation was determined based on the assets approach since the independent valuer was of the view that, (1) the valuation was conducted for the purpose of Reorganisation to allow Focus Technology to be the holding entity of Jiaodian; (2) effectively, there was no change in ultimate beneficial ownership in Jiaodian; and (3) assets approach can reflect the value of Jiaodian as at the date of the valuation report. Therefore, the independent valuer was of the view that assets approach was more suitable to determine the valuation of Jiaodian.

Step 6. Share swap between Centrum and our Company

As part of the arrangements under the [REDACTED] Investment and as part of the Reorganisation, pursuant to the share swap agreement dated 11 June 2025 entered into between our Company and Centrum (the “**Share Swap Agreement**”), Centrum agreed to transfer the entire issued share capital of Happy Medicine Care to our Company in consideration of issuance of 500 Shares by our Company to Centrum which represents approximately 1% of the entire issued shares of our Company. Immediately after completion of such 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” for details.

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[REDACTED] INVESTMENT

The following table summarises the details of the investment by the [REDACTED] Investor:

**Name of the [REDACTED]
Investor**

Mr. Hung Po (洪波)

**Information of the
[REDACTED] Investor**

Mr. Hung is an individual investor who specialises in land, real property, mining and business valuation in PRC, Hong Kong and overseas, for the purposes of auditing, initial public offering on the Stock Exchange and circular and announcement in compliance with Listing Rules. He is currently the managing director of AP Appraisal Limited, a company specialising in providing valuation and professional consultancy services for companies listed on the Stock Exchange. Before joining AP Appraisal Limited, he worked as an associate director in CBRE Ltd. and a business valuer in Savills Valuation and Professional Services Limited and was responsible for the business valuation in the PRC and Hong Kong.

Mr. Hung has over 10 years’ experience on valuation of mineral resources projects in Hong Kong and the PRC. Mr. Hung obtained his bachelor’s degree in banking and finance from the University of Canberra in July 2001 and his doctoral’s degree in Enterprise Management from Wuhan University in May 2014. Mr. Hung has been a certified business appraiser, Institute of Business Appraisers of United States since 2004, an accredited senior appraiser of the American Society of Appraisers since 2009, a member of the Australasian Institute of Mining and Metallurgy since 2011, a professional member of the Geological Society of America since 2011, a professional member of the Society for Mining, Metallurgy and Exploration since 2011, a member of the Society of Petrophysicists and Well Log Analysts since 2011, a registered surveyor and member of Royal Institution of Chartered Surveyors since 2012 and a member of the Canadian Institute of Mining, Metallurgy, and Petroleum since 2012.

To the best of our Directors’ knowledge, Mr. Hung is an Independent Third Party.

Mr. Hung first became acquainted with Mr. Zhou through a foreign trade expo. In 2024, Mr. Hung came to know about the potential [REDACTED] Investment opportunity through Mr. Zhou. Mr. Hung, being a competent valuer, is confident in our Group’s potential business growth and decided to participate in the [REDACTED] Investment.

Our Directors believe that the investment by Mr. Hung demonstrates his confidence in our Group and serves as an endorsement of our Group’s performance, strength and prospects.

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**Strategic benefits of the
[REDACTED] Investor
brought to our Company**

Our Directors believe that the [REDACTED] Investor does not only diversify the shareholders’ portfolio of our Group, but also has demonstrated his confidence in the operation of our Group which serves as an endorsement of our performance, strength and future business prospects, which may broaden our shareholding base through introduction of investors with diversified background. Taking into account his experience as a professional appraiser, our Directors believe that the [REDACTED] Investment could create a synergistic effect to the future development of our Company. While the [REDACTED] Investor would not take part in our day-to-day management, our Directors believe that, leveraging on his knowledge, experience and business networks in various valuation projects in the PRC, Hong Kong and overseas, the [REDACTED] Investor will provide strategic input in our business strategies, management and general corporate governance practises of our Company and improvement of the overall corporate strategies, financial reporting, internal control and risk management policies of our Company.

**Details of investment and date
of investment**

Pursuant to the Capital Increase Agreement dated 30 September 2024, Jiaodian increased its registered capital from RMB20.0 million to RMB20.2 million and allotted and issued approximately 1% of its enlarged equity interest to HK Yueda at a consideration of RMB1.91 million. HK Yueda is indirectly wholly-owned by Mr. Hung. As part of the Reorganisation, pursuant to the Share Swap Agreement dated 11 June 2025, Centrum transferred the entire issued share capital of Happy Medicine Care to our Company in consideration of issuance of 500 Shares by our Company to Centrum, which represents approximately 1% of the entire issued shares of our Company. Upon completion of the aforesaid share swap on 11 June 2025, Mr. Hung, through Centrum, held approximately 1% of the entire issued share capital of our Company, and each of Happy Medicine Care and HK Yueda has become a wholly-owned subsidiary of our Company. See “History, Reorganisation And Corporate Structure – Reorganisation” for details.

**Amount of consideration
Basis of determination of the
consideration**

HKD equivalent of RMB1.91 million (i.e. HKD2.06 million)
The consideration was determined with reference to the valuation of 100% equity interest of Jiaodian of approximately RMB191.3 million as at 31 December 2023 pursuant to a valuation report prepared by an independent valuer.

**Settlement date of
consideration**

Payment of consideration received on 9 May 2025.

Number of Shares subscribed

500 Shares (representing approximately 1% of the entire issued share capital of our Company at the time of the [REDACTED] Investment).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Number of Shares held by the [REDACTED] Investor upon completion of the [REDACTED] and the [REDACTED]	[REDACTED] Shares ((i) representing approximately 1% of the entire issued share capital of our Company upon the completion of the [REDACTED] but without taking into account the new Shares to be issued pursuant to the [REDACTED]; and (ii) representing approximately [REDACTED]% of the issued share capital of our Company upon completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised and taking into no account of the Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme)).
Cost per Share paid by the [REDACTED] Investor (taking into account the [REDACTED])	Approximately HK\$[REDACTED] (representing a discount of approximately [REDACTED]% to the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED]).
Special rights	Nil
Lock-up	The terms of the Capital Increase Agreement and the Share Swap Agreement did not impose any lock-up obligations over the Shares.
Public Float	The Shares held by the [REDACTED] Investor are considered as part of the public float for the purpose of Rule 8.24 of the Listing Rules as (i) the [REDACTED] Investor is not a director, chief executive or substantial shareholder of our Company or its subsidiaries or a close associate of any of them (the “Non-Public Shareholders”); (ii) the acquisition of the Shares by the [REDACTED] Investor was not financed by the Non-Public Shareholders; and (iii) the [REDACTED] Investor is not accustomed to taking instructions from a Non-Public Shareholder for the voting or dispositions in respect of the Shares held by the [REDACTED] Investor.
Use of proceeds	We utilised the proceeds from the [REDACTED] Investment to increase the registered capital and capital reserves of Jiaodian for the long-term development and operation of our Group. As at the Latest Practicable Date, the net proceeds received by us from the [REDACTED] Investment had been fully utilised.

Save as the [REDACTED] Investment, the [REDACTED] Investor was not involved in and did not have any role in the operation nor the proposed [REDACTED] of our Group up to the Latest Practicable Date. To the best of our Directors’ knowledge, information and belief and having made all reasonable enquiries, the [REDACTED] Investor invested in our Group because he appreciates the prospects and potential growth of our Group. Save for the [REDACTED] Investment, the [REDACTED] Investor did not have any past or present relationships (including, without limitation, family, trust, business, employment relationships) or any agreements, arrangements, understanding or undertakings with our Company, our subsidiaries, Shareholders, Directors or senior management and any of their respective associates and is an Independent Third Party as at the Latest Practicable Date. As the [REDACTED] Investor is not a core connected person of our Company, the Shares held by him will be counted towards the public float after the [REDACTED].

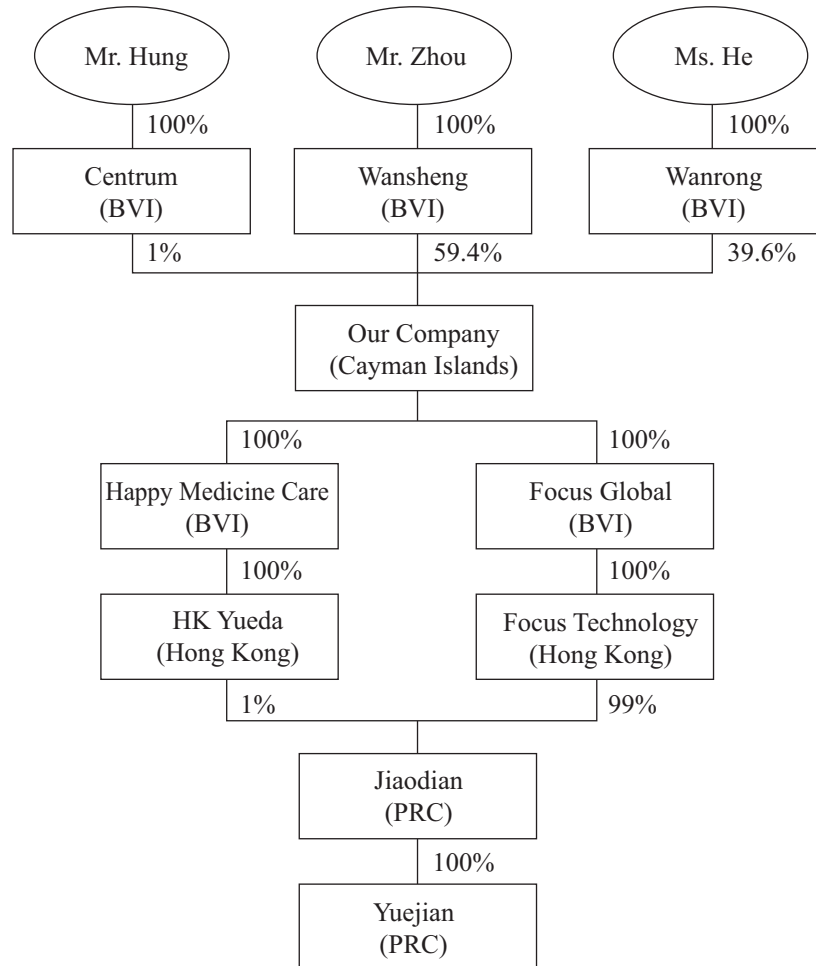
HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Sole Sponsor’s confirmation

After reviewing the terms of the Capital Increase Agreement and on the basis that (i) our Directors confirmed that the terms of the [REDACTED] Investment (including the consideration) were determined on arm’s length basis; and (ii) the [REDACTED] Investment was completed more than 28 clear days before the date of the first submission of the application for the [REDACTED], the Sole Sponsor confirms that the [REDACTED] Investment is in compliance with Chapter 4.2 of the Guide.

Corporate structure of our Group immediately after the Reorganisation

The following chart sets forth our corporate and shareholding structure immediately after the Reorganisation:



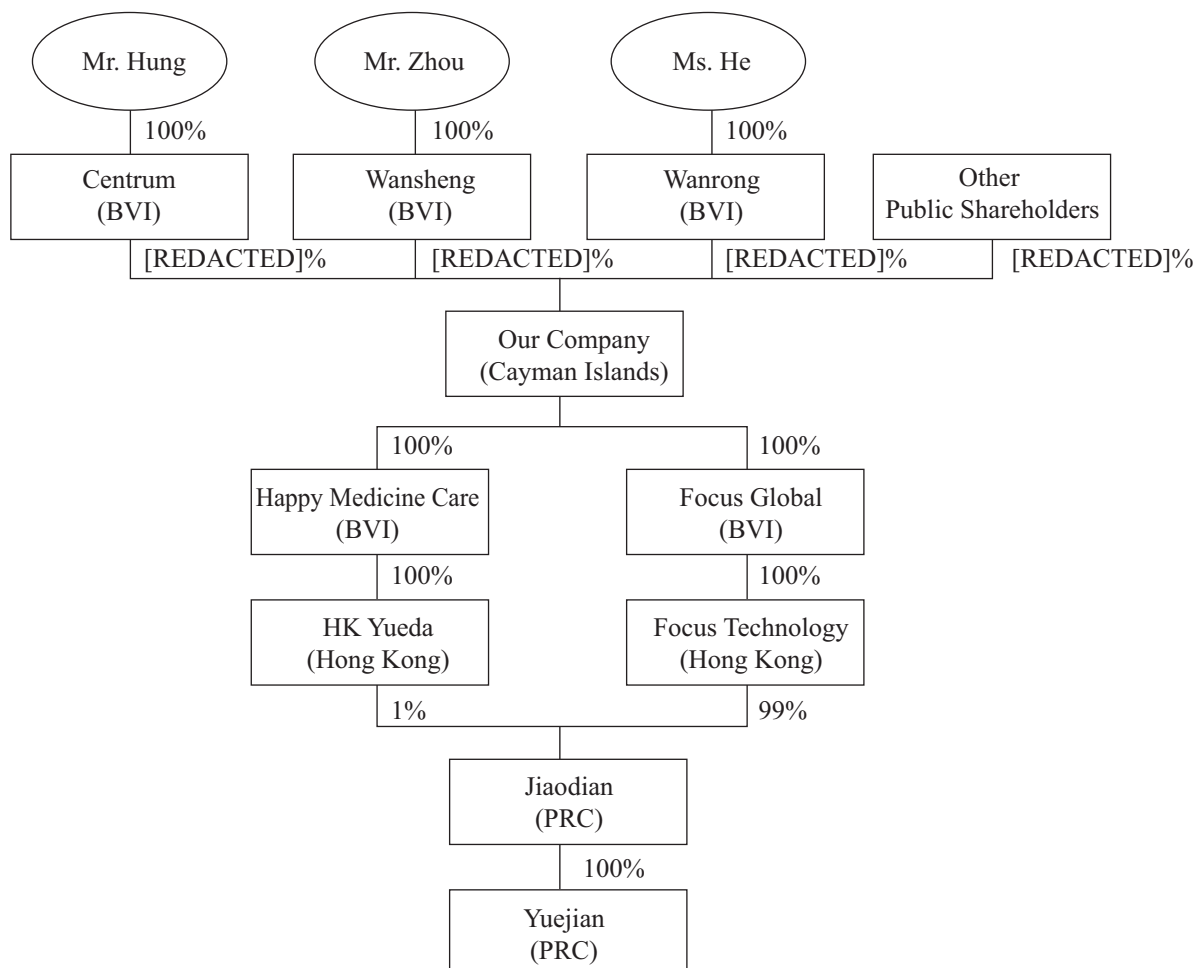
[REDACTED]

Conditional upon the crediting of our Company’s share premium account as a result of the new issue of Shares pursuant to the [REDACTED], an amount of HK\$[REDACTED] standing to the credit of the share premium account of our Company will be capitalised by applying such sum to pay up in full at par a total of [REDACTED] Shares to be allotted and issued to Wansheng, Wanrong and Centrum, in proportion (as nearly as possible without involving fractions) to their then respective shareholding percentage in our Company, so that the number of Shares so allotted and issued (the “[REDACTED]”), when aggregated with the number of Shares already owned by them, will constitute [REDACTED]% of the issued share capital of our Company immediately after completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be allotted and issued upon exercise of the options which may be granted under the Share Option Scheme).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Corporate structure of our Group upon [REDACTED]

The shareholding and corporate structure of our Group upon [REDACTED] (without taking into account any shares of our Company which may be issued upon exercise of the [REDACTED] or the options under the Share Option Scheme) is set out in the below diagram:



PUBLIC FLOAT

The Shares held by Mr. Zhou and Ms. He, our Controlling Shareholders and executive Directors, representing approximately [REDACTED]% of our total issued Shares upon the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), will not be counted towards public float. As at the Latest Practicable Date, Mr. Zhou and Ms. He did not enter into any acting-in-concert agreement.

Save as disclosed above, no other Shareholder is a core connected person of our Company as defined in the Listing Rules. Therefore, the Shares held by the other Shareholders (including the Shareholders participating in the [REDACTED]), representing approximately [REDACTED]% of our total issued Shares upon the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), will count towards the public float for the purposes of Rule 8.08 of the Listing Rules.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Free Float

Rule 8.08A of the Listing Rules requires that there must be sufficient shares for which [REDACTED] is sought by a new applicant that are held by the public and available for trading upon [REDACTED]. This will normally mean that the portion of the class of shares for which [REDACTED] is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of [REDACTED] must (i) represent at least 10% of the total number of issued Shares in the class of shares for which [REDACTED] is sought (excluding treasury shares), with an expected market value at the time of [REDACTED] of not less than HK\$50,000,000; or (ii) have an expected market value at the time of [REDACTED] of not less than HK\$600,000,000.

On the basis that (i) no [REDACTED] will be allocated under the [REDACTED] to any core connected person of our Company or person which is not regarded as a member of the public under Rule 8.24 of the Listing Rules, (ii) all Shares to be issued to the cornerstone investors (if any) and (iii) all Shares held by existing Shareholders are subject to lock-up undertakings and therefore are excluded for the purpose of satisfying the free float requirement (assuming the [REDACTED] are not exercised) and based on the [REDACTED] of HK\$[REDACTED] or HK\$[REDACTED], upon completion of the [REDACTED], it is expected that [REDACTED] Shares, with an expected market value at the time of [REDACTED] of approximately HK\$[REDACTED] or HK\$[REDACTED] respectively, will be held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise) at the time of the [REDACTED]. Accordingly, the Company will satisfy the free float requirement under Rule 8.08A of the Listing Rules.

RULES ON THE MERGERS AND ACQUISITIONS OF DOMESTIC ENTERPRISES BY FOREIGN INVESTORS IN THE PRC

According to the “Provisions Regarding Mergers and Acquisitions of Domestic Enterprises by Foreign Investors” (《關於外國投資者併購境內企業的規定》) (the “Circular No. 10”), jointly issued by MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會), SAT, CSRC, SAMR and SAFE on 8 August 2006 and effective as at 8 September 2006 and amended by MOFCOM on 22 June 2009, where a domestic company, enterprise or natural person intends to acquire its or his or her related domestic company in the name of an offshore company which it or he or she lawfully established or controls such that it becomes a foreign invested enterprise, the acquisition shall be subject to the examination and approval of the MOFCOM. As advised by our PRC Legal Advisers, as Jiaodian is a sino-foreign equity joint venture enterprise upon the equity interest transfer from Mr. Zhou and Ms. He to Focus Technology, not a domestic company as defined in Circular No. 10, our restructuring and reorganisation corporate actions were not subject to Article 11 of the Circular No. 10.

CSRC FILING

On 17 February 2023, the CSRC promulgated the Overseas Listing Trial Measures and relevant supporting guidelines, which has come into effect on 31 March 2023. As advised by our PRC Legal Advisers, based on the Overseas Listing Trial Measures and relevant notices, our Directors are of the view that we are required to submit the filings with CSRC in accordance with the Overseas Listing Trial Measures and relevant notices. On [•], the CSRC issued a notification on our completion of the PRC filing procedures for the [REDACTED] of our Shares on the Stock Exchange. As advised by our PRC Legal Advisers, no other approvals from the CSRC are required to be obtained for the [REDACTED] of our Shares on the Stock Exchange. See “Regulatory Overview – Regulations on Overseas Securities Offering and [REDACTED] by Domestic Companies” for details.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

SAFE REGISTRATION

According to the Circular on Relevant Issues Relating to Domestic Residents’ Investment and Financing and Round-Trip Investment through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the “**SAFE Circular No. 37**”) issued by SAFE on 4 July 2014, where domestic individual residents conduct investment in offshore special purpose vehicles with their legitimate onshore and offshore assets or equities, they must register with local SAFE branches with respect to their investments. A “domestic individual resident” refers to a Chinese citizen who holds a Chinese domestic resident, military or armed police ID card, as well as any overseas individual who has no legal identity documents within the territory of the PRC but habitually resides within the territory of the PRC for reasons of economic interest. Pursuant to the Circular of the SAFE on Further Simplifying and Improving the Direct Investment-related in Foreign Exchange Administration Policies (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (the “**SAFE Circular No. 13**”), promulgated on 13 February 2015 by SAFE and which became effective on 1 June 2015, the power to accept SAFE registration was delegated from local SAFE branch to local banks where the assets or interests in the domestic entity were located. Our PRC Legal Advisers confirmed that Mr. Zhou and Ms. He, our Controlling Shareholders, who are PRC residents, have completed the registration on 1 November 2024, according to the SAFE Circular No. 37 and the SAFE Circular No. 13.

BUSINESS

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. Gradually, by leveraging the technical know-how and quality control protocols gained through years of 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 can be grouped into three categories: (i) baby care products; (ii) feminine care products; and (iii) adult incontinence products. In addition, we conduct sales of hygienic disposable materials.

We adopt a multi-brand strategy to offer a broad range of hygienic disposables, principally in the PRC, featuring “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. Prior to May 2024, we also operated an adult incontinence product line under the brand “Tieban” (貼伴). As part of our strategic initiative to optimise resource allocation and enhance our focus on core business segments (i.e., OEM and Branded Product Business in the baby and feminine care segments), we discontinued the operation of our adult incontinence product line in May 2024. We view the discontinuation as a strategic [REDACTED] of human, R&D, and capital resources from a low-margin, slower-growing product line to product categories with higher growth potential, specifically branded baby care and feminine care. This decision enables more effective resource allocation, as follows:

1. Resource optimisation:

- The Company reviewed its product portfolio and decided to focus capital, management attention, R&D, and production resources on product lines with stronger market momentum, namely baby care and feminine care.
- During the Track Record Period, adult incontinence products accounted for only three SKUs and contributed less revenue compared to baby and feminine care products.
- Continued investment in adult incontinence products was not considered an efficient deployment of resources.

2. Focus on core segments:

- The Company’s OEM and branded businesses in baby care and feminine care have shown rapid expansion, supported by established brands such as “Cotton Sun” (全棉小時光), “Focus Baby” (焦點寶貝), “Veermoon” (薇月) and “Blue Cotton” (藍棉花).
- By discontinuing the “Tieban” (貼伴) branded adult incontinence line, the Company can streamline operations and allocate production and marketing capacity to core brands with stronger growth trajectories.

BUSINESS

- Although the Company has ceased its proprietary adult incontinence brand, it continues to provide OEM manufacturing services for such products to third-party customers, maintaining utilization of its manufacturing capabilities while reducing the operational and marketing requirements associated with supporting an in-house brand.

Notwithstanding the cessation of our self-owned brand operation in our adult incontinence products product line, 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. For FY2025, our total revenue reached approximately RMB533.4 million, with RMB335.9 million (accounting for 63.0%) from the PRC market and RMB197.5 million (accounting for 37.0%) from overseas markets.

The following table sets out a breakdown of revenue of our Group by our business segments for the years indicated:

	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	<u>125,687</u>	<u>33.8</u>	<u>160,216</u>	<u>35.8</u>	<u>226,718</u>	<u>42.5</u>
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	<u>180,700</u>	<u>48.5</u>	<u>179,203</u>	<u>40.1</u>	<u>205,474</u>	<u>38.5</u>
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	<u>65,935</u>	<u>17.7</u>	<u>107,634</u>	<u>24.1</u>	<u>101,177</u>	<u>19.0</u>
Total	<u>372,322</u>	<u>100.0</u>	<u>447,053</u>	<u>100.0</u>	<u>533,369</u>	<u>100.0</u>

Note:

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

BUSINESS

The following table sets out a breakdown of revenue of our Group by our major products for the years indicated:

	FY2023		FY2024		FY2025	
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
Hygienic disposable materials	180,700	48.5	179,203	40.1	205,474	38.5
Feminine care	64,571	17.3	113,706	25.4	163,698	30.7
Baby care	111,988	30.1	139,079	31.1	131,372	24.6
Adult incontinence	15,063	4.1	15,065	3.4	32,825	6.2
	<u>372,322</u>	<u>100.0</u>	<u>447,053</u>	<u>100.0</u>	<u>533,369</u>	<u>100.0</u>

During the Track Record Period, our business operates through three segments serving different markets and customer bases.

- Branded Product Business** sells our own brand products to consumers mainly in the PRC through multiple channels. Sales channels include (i) PRC-based B2C e-commerce platforms; and (ii) offline channels through wholesalers or retailers such as supermarkets and baby care stores. To a lesser extent, we also sell our branded products through international B2B e-commerce platforms, although such sales contribute only a marginal portion of our overall revenue under this segment. Revenue grew from RMB125.7 million in FY2023 to RMB160.2 million in FY2024, accounting for 35.8% of total revenue in FY2024, and further to RMB226.7 million in FY2025, representing 42.5% of total revenue in FY2025.
- Hygienic Disposable Materials Business** supplies intermediate materials to mainly international hygienic disposables manufacturers and hygiene product suppliers. Sales channels include (i) international B2B e-commerce platform and (ii) traditional direct business dealings. Revenue remained relatively stable at RMB180.7 million in FY2023 and RMB179.2 million in FY2024, representing 40.1% of total revenue in FY2024. For FY2025, revenue from the Hygienic Disposable Materials Business increased to approximately RMB205.5 million, representing 38.5% of total revenue.
- OEM Business** provides manufacturing services for PRC and local brands of overseas countries. We produce hygienic disposables under client brand names. 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, and further to RMB101.2 million in FY2025, representing 19.0% of total revenue in FY2025.

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:

BUSINESS

Product portfolio catering to consumer needs through product development and quality control

As at the Latest Practicable Date, under our Branded Product Business, our portfolio of branded hygienic disposables encompassed five brands and over 79 SKUs across two primary categories: (i) baby care products and (ii) feminine care products. Previously, we also marketed adult incontinence products under our self-owned brand “Tieban” (貼伴) with 3 SKUs. However, in May 2024, as part of our strategic business streamlining to prioritise our product offering, we ceased the sale of these products. While we no longer operate a self-branded adult incontinence product line, we continue to provide OEM services for such products to third-party customers.

Moreover, our product R&D capabilities have allowed us to obtain 45 patents as at the Latest Practicable Date. Since 2023, we have been a “High and New Technology Enterprise” (高新技術企業) awarded jointly by Fujian Provincial Department of Science and Technology (福建省科學技術廳), Fujian Province Department of Finance (福建省財政廳) and Fujian Provincial Taxation Bureau of State Taxation Administration (國家稅務總局福建省稅務局). In 2023 and 2024, we were further shortlisted as a Technology-based Small and Medium-sized Enterprise (科技型中小企業) by the Department of Science and Technology of Fujian Province (福建省科學技術廳).

We have also implemented a quality control system across all stages of our operations, from sourcing raw materials to manufacturing, packaging, storage and transportation to uphold our quality standards. Our production process fulfilled the requirement of ISO 9001 (quality management system), ISO 14001 (environmental management system) and ISO 13485 (quality management system for medical devices) certified.

Business model and sales channels developed for multiple markets and revenue streams

Since our establishment in 2014, we have been building our expertise on manufacturing hygienic disposables. Initially an OEM, we leveraged our technical knowledge and experience to develop and market our own brands catered to the PRC market. This strategic transformation allowed us to utilise our manufacturing experiences and apply our understanding of consumer preferences and industry trends in the PRC. Our Branded Product Business has since grown steadily in the PRC while we continue developing our OEM Business, both in the PRC and internationally. Added to these is our Hygienic Disposable Materials Business, which we believe would allow us to enjoy economies of scale and provide us with stronger bargaining power in obtaining better prices for our raw materials as compared to competitors with smaller operations.

Under our Hygienic Disposable Materials Business, our experience in procuring hygienic disposable materials, both as raw materials of our products and for onward sales is important. We have built and maintained stable relationships with suppliers of various hygienic disposable materials, including but not limited to SAP, nonwoven fabrics and hot melt adhesives. As at 31 December 2024, we maintained a list of over 155 approved suppliers across the PRC and overseas which satisfy our quality requirements, including but not less than three suppliers for each of our key raw materials. As at 31 December 2025, the number of our approved suppliers had remained as 155 across the PRC and overseas, with no less than three suppliers secured for each of our key raw materials, further strengthening the resilience of our supply chain. Our supplier network facilitates inventory control, cost savings, and ensuring the quality of both our raw materials and end products, which in turn supporting our business operations.

BUSINESS

We believe that our success and business growth is attributable to our business model, and we are able to achieve continuous growth in our operations. During the Track Record Period, our revenue grew from RMB372.3 million in FY2023 to RMB447.1 million in FY2024, and further to RMB533.4 million in FY2025.

Management team with solid industry knowledge and execution experience

We have an experienced and dedicated management team with strong execution capabilities and in-depth knowledge of the hygienic disposables industry. Our management team consists of individuals with diverse backgrounds, focusing on the hygienic disposables industry in the PRC. The management team is led by our founder, Chairman and executive Director, Mr. Zhou Hang (周航), who has over 10 years of management experience in our business since founding our Group in 2014.

Furthermore, our general manager and executive Director, Ms. He Shanshan (何珊珊), has over 13 years of experience in our industry, including over 10 years as the vice general manager of our foreign trade department, gaining solid management experience in the process. We believe that the knowledge and experience of our Chairman and general manager have contributed to and will continue to support our success and the development, execution, and optimisation of our business model.

OUR 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:

1. Expanding production capacity

Expanding production capacity through new facility and cleanroom construction and procurement of additional production lines

To meet the growing market demand for our hygienic disposables, we plan to acquire a lot of land at Xintang Subdistrict, Jinjiang (晋江市新塘街道) and construct new production facility equipped with a 300,000-class cleanroom production workshop. This facility will ensure the hygiene and quality control meeting regulatory requirements and consumer expectations essential for producing hygienic disposables, particularly in our baby care and feminine hygiene products. It is expected to commence trial production by third or fourth quarter of 2028, increasing our annual production capacity of baby diapers by approximately 92,400,000 pieces, disposable period underwears by approximately 92,400,000 pieces and Adult pull-ups by approximately 46,200,000 pieces.

To achieve this, we will invest approximately [HK\$[REDACTED]], representing [[REDACTED]] of the net [REDACTED] from the [REDACTED] for the acquisition of land and the construction of new production facility. In particular, approximately [HK\$[REDACTED]] will be allocated for land acquisition; and [HK\$[REDACTED]] will be used for the construction of the 300,000-class cleanroom production workshop.

BUSINESS

Procuring equipment for baby care products

As stated above, our new equipment for producing baby diapers will enable us to produce more pieces of baby diapers annually, supporting our expansion and aligning with the growing demand highlighted in the Frost & Sullivan Report, which forecasts the export value of baby care hygienic disposables is expected to reach RMB19.3 billion by 2029, with a CAGR of 7.1% from 2024 to 2029. To achieve this, we will invest approximately [HK\$[REDACTED]], representing [REDACTED]% of the net [REDACTED] from the [REDACTED] for the procurement of two baby diapers production lines.

Procuring equipment for feminine hygiene products

According to Frost & Sullivan Report, the feminine hygiene sector in the PRC is poised for steady growth, driven by increasing consumer awareness and demand for premium products. Moreover, according to the Frost & Sullivan Report, the market size of feminine care hygienic disposables in China increased from approximately RMB61.3 billion in 2020 to RMB86.7 billion in 2024, representing a CAGR of 9.1%. The market is projected to reach RMB132.5 billion by 2029, reflecting a CAGR of 8.9% from 2024 to 2029. In particular, the online segment of the feminine care hygienic disposables market is experiencing strong growth, projected to expand from RMB27.5 billion in 2024 to RMB59.7 billion in 2029, representing a CAGR of 16.8%. The new equipment for producing disposable period underwears will increase our output of disposable period underwears annually. To achieve this, we will invest approximately HK\$[REDACTED], representing [REDACTED]% of the net [REDACTED] from the [REDACTED] for the procurement of two disposable period underwear production lines.

Procuring equipment for adult pull-ups products

Although the Company ceased its proprietary “Tieban” (貼伴) adult incontinence brand in May 2024, it continues to manufacture adult incontinence products on an OEM basis for third-party customers. Revenue from adult incontinence products increased from approximately RMB15.1 million in FY2023 to RMB15.1 million in FY2024 and further to approximately RMB32.8 million in FY2025, reflecting growing OEM demand. To capture this growth, we intend to procure 1 additional adult pull-ups production line. To achieve this, we will invest approximately [HK\$[REDACTED]], representing [[REDACTED]%] of the net [REDACTED] from the [REDACTED].

Relocation of existing production lines

As the old production facility does not have sufficient space to accommodate the new machines, after the decoration of the new production facility is completed, we will relocate the existing production lines to the new production facility.

For further details regarding our expansion plan, please refer to the subsection headed “–Expansion Plan” in this section.

BUSINESS

2. Enhancing brand promotion through diversified marketing initiatives and brand collaborations

To elevate brand visibility and capture a larger market share, we will invest in our promotional activities, including (a) traditional offline advertising, (b) short videos and social media platforms, and (c) brand collaboration and intellectual property licensing initiatives, specifically:

- (a) *Traditional offline advertising:* We will expand our presence through, print media, outdoor billboards, and point-of-sale displays in high-traffic areas.
- (b) *Short videos and social media platforms:* We will strategically harness short video content and social media platforms to deliver shareable experiences tailored to modern consumers. Our approach includes the following initiatives:
 - Engaging short video campaigns: We will create, short-form videos (e.g., 15–60 seconds) optimised for platforms like Douyin Reels, Kuaishou Shorts. These videos are intended to highlight product features, usage demonstrations, and customer testimonials in a visually appealing and concise format.
 - Social media community building: We will engage consumers on platforms such as Weibo and Xiaohongshu through interactive content like polls, Q&A sessions, and live streams. These activities will increase brand visibility while providing insights into consumer preferences and feedback.
- (c) *Brand collaborations and intellectual property licensing:* We intend to pursue collaborations with domestic IP holders, authorised licensing agents or IP operators focusing on female and child oriented IPs, to develop co-branded or licensed product lines, designed to enhance brand recognition among target consumer segments.

To achieve this, we will invest approximately [HK\$[REDACTED] ([REDACTED]%) of the net [REDACTED] from the [REDACTED], comprising: (i) approximately [HK\$[REDACTED] ([REDACTED]%) for digital marketing; (ii) approximately [HK\$[REDACTED] ([REDACTED]%) for traditional offline advertising; and (iii) approximately [HK\$[REDACTED] ([REDACTED]%) for brand collaborations and IP licensing.

3. Improving operational efficiency through smart manufacturing, intelligent warehousing, and IT infrastructure upgrades

To optimise our operations and support long-term growth, we will invest in the following key operational efficiency initiatives:

- i. 5G intelligent automated warehouse: We intend to construct a 5G-enabled intelligent automated warehouse facility to address our current warehousing capacity constraints. The facility is expected to increase storage capacity by approximately 3–5 times and improve inbound/outbound logistics efficiency by approximately 60% or more, while reducing warehouse labour requirements and minimising goods damage through automated handling. We will invest approximately [HK\$[REDACTED] ([REDACTED]%) for this initiative.

BUSINESS

- ii. 5G smart manufacturing: We intend to implement 5G-enabled smart manufacturing systems at our production facility, including automated production line monitoring, predictive maintenance, and real-time quality inspection. We will invest approximately [HK\$[REDACTED]] ([REDACTED]%) for this initiative.
- iii. IT infrastructure upgrades: Our IT enhancement initiative, include implementing an ERP system; developing production monitoring and quality control systems; establishing cloud-based data management platforms; and upgrading hardware infrastructure. We will invest approximately [HK\$[REDACTED]] ([REDACTED]%) for this initiative.

To achieve this, we will invest approximately [HK\$[REDACTED]], representing [REDACTED]% of the net [REDACTED] from the [REDACTED].

4. Strengthening research and development capabilities

To maintain and enhance our competitive position, we intend to strengthen our R&D capabilities in the following areas: (i) development of new product lines; (ii) improvement of existing production processes; and (iii) expansion of our R&D team and facilities. As at the Latest Practicable Date, our Group held 45 patents and has been recognised as a “High and New Technology Enterprise” (高新技術企業) since 2023. To achieve this, we will invest approximately [HK\$[REDACTED]], representing [REDACTED]% of the net [REDACTED] from the [REDACTED].

5. Pursuing selective strategic investments and acquisitions

To accelerate our growth and strengthen our market position, we intend to selectively pursue strategic investments or acquisitions that are complementary to our existing business, including: (i) complementary brands in the hygienic disposables or personal care sector; (ii) vertical integration through upstream raw material suppliers; and/or (iii) strategic equity investments in companies with proprietary technology in the hygiene products sector.

As at the Latest Practicable Date, the Company has not entered into any binding agreement, letter of intent, or memorandum of understanding in respect of any acquisition. The Company will comply with all applicable requirements under the Listing Rules in connection with any such transaction. We intend to allocate approximately [HK\$[REDACTED]], representing [REDACTED]% of the net [REDACTED] from the [REDACTED], to this strategy.

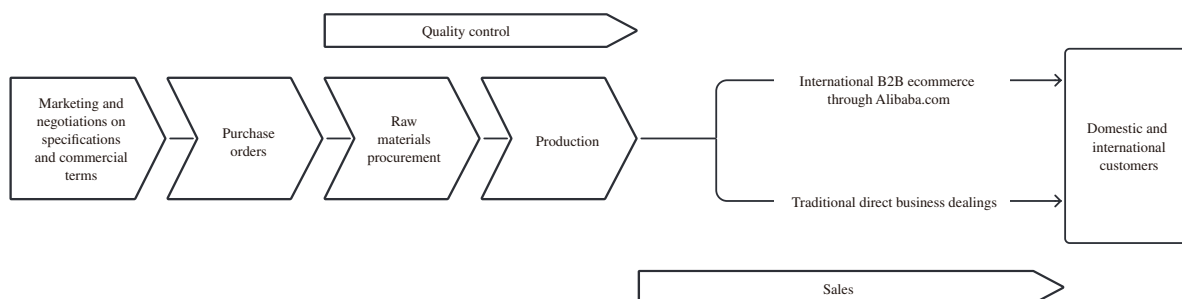
OUR BUSINESS MODEL

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. Gradually, by leveraging the technical know-how and quality control protocols gained through years of OEM experience, we expanded our capabilities to develop and market our own brands for the PRC market.

BUSINESS

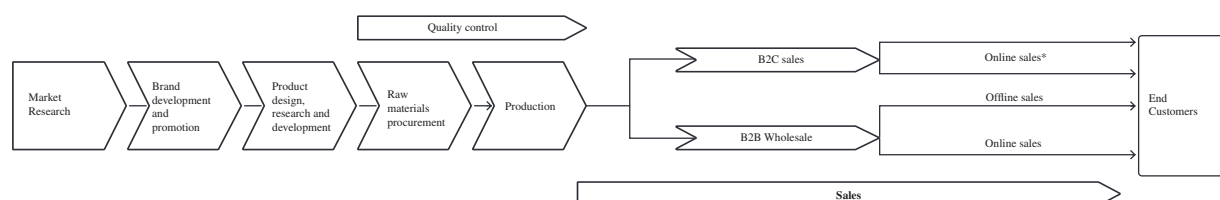
Our business model can be summarised as follows:

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 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 includes (i) international B2B e-commerce platform and (ii) traditional direct business dealings.

Branded Product Business



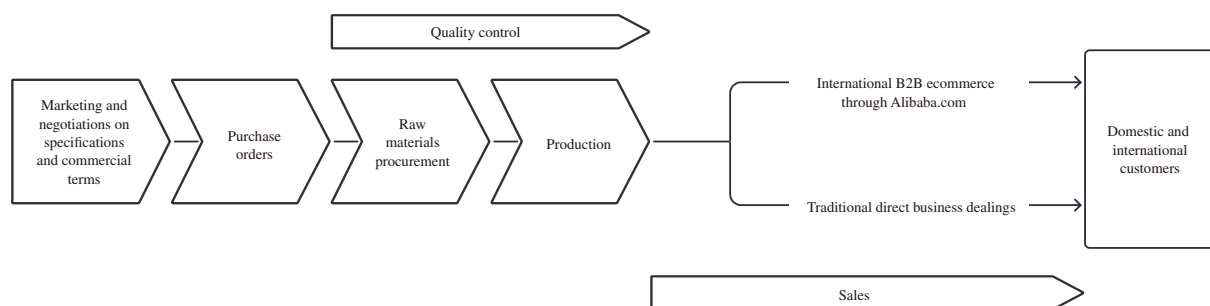
* B2C E-commerce channel was self-operated from July 2022 to October 2024, and directly sold online to end customers.

Under our Branded Product Business, we conduct R&D, produce and sell hygienic disposables under our own brands mainly in the PRC. We adopt a multi-brand strategy to market and offer a broad range of products under different brands in the PRC. During the Track Record Period, customers of our branded products were business customers who resell our products through various channels, including both PRC-based B2C e-commerce platforms (including Douyin, Kuaishou, and Pinduoduo) and offline channels such as supermarkets and baby care stores. Between July 2022 to October 2024, we also operate our own e-shops on PRC-based B2C e-commerce platforms including short video and livestreaming platforms to sell our branded products directly to end consumers in the PRC.

Prior to the Track Record Period, although we sold our branded products to customers located in the Dominican Republic and Vanuatu, since late 2022, our Directors considered foreign sales to be inefficient and refocused our Branded Product Business in the PRC.

BUSINESS

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 a process that includes: cutting and sizing nonwoven fabrics to specified dimensions, blending and treating SAP to achieve specific absorption performance levels; and packaging and labeling. The processing steps described do not involve the use of any dedicated production line. We then supply these intermediate materials to hygienic disposables 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 remained stable at RMB180.7 million in FY2023 and RMB179.2 million in FY2024 while increasing to RMB205.5 million in FY2025.

During the Track Record Period, we mainly sell our hygienic disposable materials to overseas customers (primarily located in Uzbekistan, Pakistan and Nigeria) and the portion of local sales to PRC-based customers represented less than 5% of total sales under this segment for each year during the Track Record Period.

OUR PRODUCTS AND BRANDS

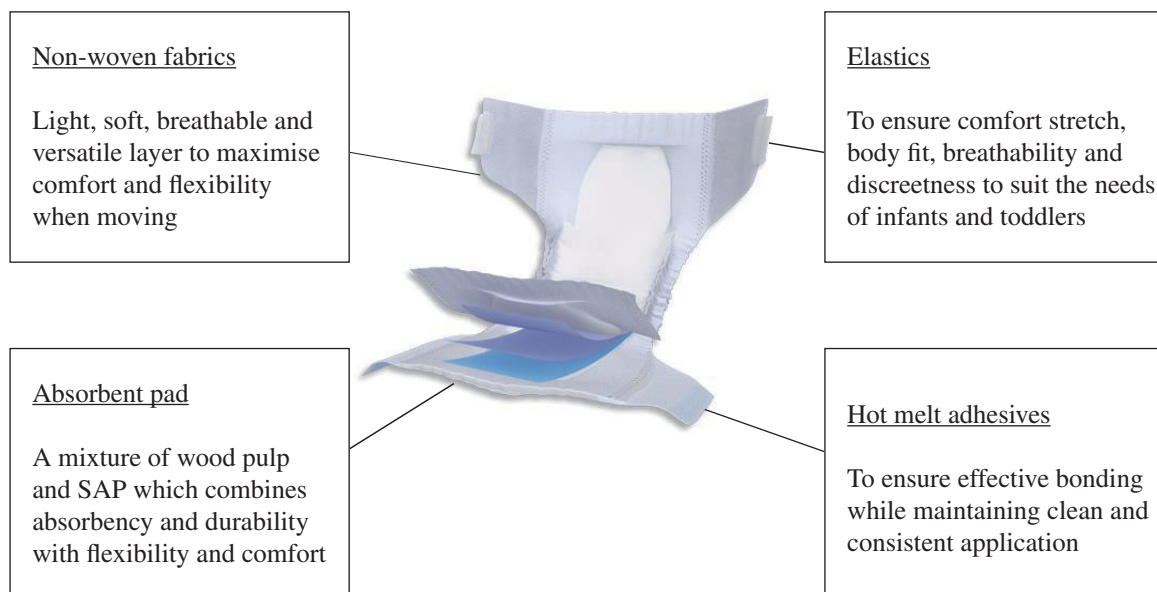
Our product portfolio

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.

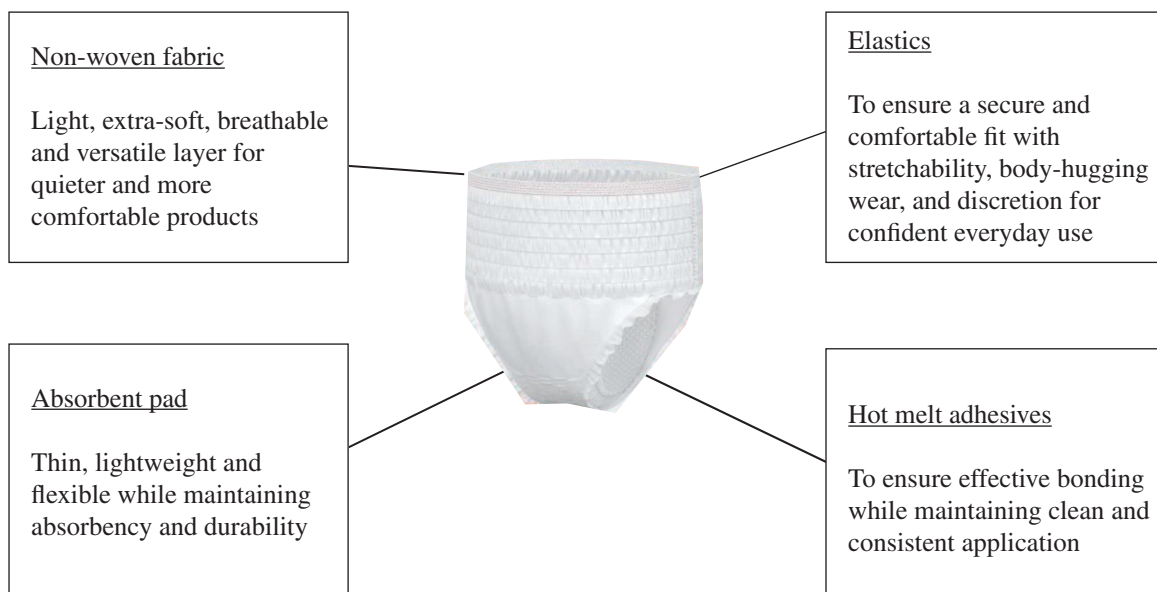
BUSINESS

Set forth below are the key components of each major category of our hygienic disposables:

Baby care products (baby diapers)

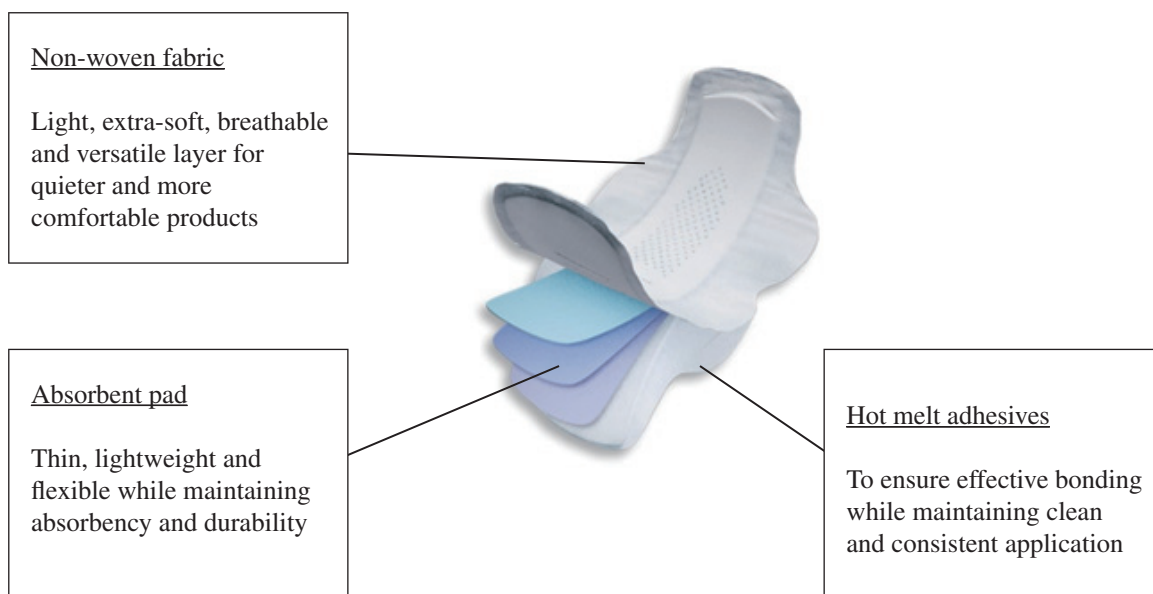


Feminine care products (disposable period underwear)

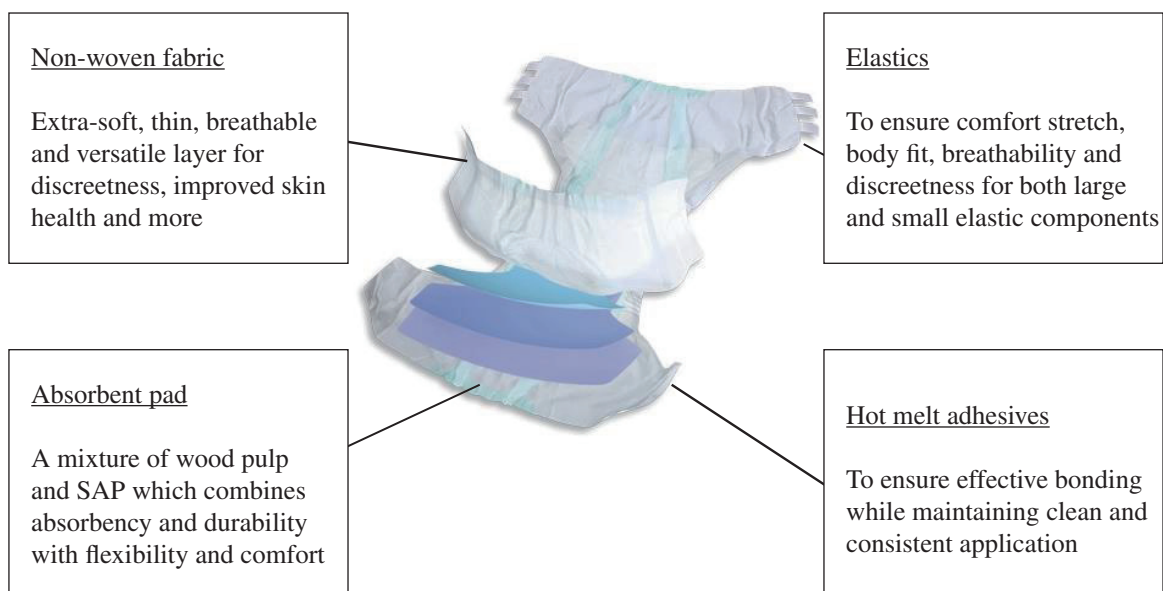


BUSINESS

Feminine care products (menstrual pads)



Adult incontinence products (adult diapers)



BUSINESS

The following table sets forth a breakdown of our revenue by simplified product category, each expressed in absolute amounts and as percentages of revenue and sales volume for the years indicated. For a more detailed product category breakdown, see “Financial Information – Description and analysis of principal items of our combined statements”.

		FY2023				FY2024				FY2025			
		Revenue	Sales volume		ASP RMB/	Revenue	Sales volume		ASP RMB/	Revenue	Sales volume		ASP RMB/
		RMB'000	% ('000 pieces/kg)		pieces/kg	RMB'000	% ('000 pieces/kg)		pieces/kg	RMB'000	% ('000 pieces/kg)		pieces/kg
Hygienic Disposable													
Materials	Business	180,700	48.5	14,164	12.8	179,203	40.1	14,732	12.2	205,474	38.5	17,397	11.8
Feminine care		64,571	17.3	90,008	0.7	113,706	25.4	202,421	0.6	163,698	30.7	222,294	0.7
Baby care		111,988	30.1	230,602	0.5	139,079	31.1	247,720	0.6	131,372	24.6	216,959	0.6
Adult incontinence		15,063	4.1	12,634	1.2	15,065	3.4	15,961	0.9	32,825	6.2	35,639	0.9
Subtotal		191,622	51.5			267,850	59.9			327,895	61.5		
Total		372,322	100.0			447,053	100.0			533,369	100.0		

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) brand 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 with an ASP of approximately RMB0.5, RMB0.6 and RMB0.6 per piece in FY2023, FY2024 and FY2025 respectively. Set out below are some sample products of the branded baby care products we offer:



Baby diapers



Baby pull-ups

BUSINESS

Brands	Trademark	Brand features and positioning	Launch date	Price range (RMB/piece excl. tax)
“Focus Baby” (焦點寶貝)	焦点宝贝	Infused with Chinese national cultural identity, positioned towards the mass market ⁽¹⁾	2023	0.33-0.67
“Bemoe” (貝姆樂)	贝姆乐	Cost-effective, soft and comfortable, positioned towards the mid-tier market ⁽¹⁾⁽²⁾	2023	0.47-0.80
“Cotton Sun” (全棉小時光)	全棉小时光	Fully breathable, soft and cotton-like with a thin profile, positioned towards the premium market ⁽¹⁾⁽³⁾	2024	0.72-1.33

Notes:

- (1) Brand positioning reflects our internal market segmentation approach. See “Internal market segmentation approach for Branded Products” below.
- (2) Bemoe is positioned towards the mid-tier market based on its product features offering balanced cost-effectiveness. The price range of Bemoe (RMB0.47–0.80 per piece) falls primarily within the mid-tier price band under “Industry Overview” section, with the upper end of the range extending slightly above the mid-tier threshold.
- (3) Cotton Sun is positioned towards the premium market based on its enhanced product features (fully breathable, soft, cotton-like texture and thin profile), target consumer segment and brand identity. The price range of Cotton Sun (RMB0.72–1.33 per piece) falls partially within the mid-tier price range under the “Industry Overview” section.

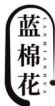
Feminine care products

Our branded feminine care products feature disposable period underwears, which are absorbent underpants specifically designed to catch moisture and prevent leaking of menstrual blood, in addition to menstrual pads.

During the Track Record Period, we offered a total of over 32 SKUs of feminine care products with an ASP of approximately RMB0.7, RMB0.6 and RMB0.7 per piece in FY2023, FY2024 and FY2025 respectively. Set out below are some sample products of the branded feminine care products we offer:



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Disposable period underwears			Menstrual pads	
Brands	Trademark	Brand features and positioning	Launch date	Price range (RMB/piece excl. tax)
“Veermoon” (薇月)		Thin design, tailored to meet everyday menstrual needs, equipped with antibacterial materials for enhanced hygiene. Positioned towards the mass market ⁽¹⁾ .	2023	0.14-0.80
“Blue Cotton” (藍棉花)		Ultra-thin design, tailored to meet the needs of professional women, equipped with probiotic antibacterial materials for enhanced hygiene. Positioned spans from the mass market to the premium market ⁽¹⁾⁽²⁾ .	2024	0.26-1.73

Notes:

- (1) Brand positioning reflects our internal market segmentation approach. See “Internal market segmentation approach for Branded Products” below.
- (2) Blue Cotton is positioned towards the premium market based on its enhanced product features (ultra-thin design, probiotic antibacterial materials), target consumer segment (professional women) and brand identity. The price range of Blue Cotton (RMB0.26-1.73 per piece) spans across the mass market and mid-tier price bands under the “Industry Overview” section.

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.

BUSINESS

During the Track Record Period, we offered a total of over 3 SKUs of adult incontinence products with an ASP of approximately RMB1.2, RMB0.9 and RMB0.9 per piece in FY2023, FY2024 and FY2025, respectively. Set out below are the sample product of the branded adult incontinence product we offer:



Adult diapers

Brand	Trademark	Primary product offerings	Brand features and positioning	Launch date	Price range (RMB/piece excl. tax)
“Tieban” (貼伴)		Adult diapers	High absorbency and catering for aged individual. Previously positioned towards the mid-tier market.	2023	0.75-1.24

Internal market segmentation approach for Branded Products

Our approach to market segmentation for branded products is determined through internal analysis, which considers a combination of product (i) design features (such as materials, breathability, and functional attributes like antibacterial properties); (ii) target consumer demographics; (iii) intended market positioning to address district consumer preferences; (iv) brand identity and commercial strategy; and (v) pricing strategy. Higher average selling prices are generally assigned to premium segments characterised by enhanced features; mid-tier segments are positioned for balanced cost-effectiveness; and mass market segments are aligned with affordability and broad accessibility. This methodology enables us to diversify our product portfolio across consumer demographics and price sensitivities within the PRC hygienic disposables market. Our segmentation is based primarily on our internal research and strategic considerations.

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The brand positioning disclosed in this document (including references to “premium market”, “mid-tier market” and “mass market”) reflects our internal segmentation approach and our strategic intent to position each brand towards a particular consumer segment, rather than being determined solely by reference to selling price or the industry consultant’s price band classifications disclosed in the “Industry Overview” section.

The following table sets forth a breakdown of our revenue by sales channel and as percentages of revenue for the years indicated. A breakdown of revenue by country of customer can be found in “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	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

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, and the largest customer accounted for approximately 13.7%, 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.

BUSINESS

The table below sets out information of our five largest customers for each of the respective years indicated:

FY2023

Customer	Background	Major products/services sold	Year of commencement of business relationship	Revenue (RMB'000)	% of our total revenue	Credit period/ payment terms
Customer A	See Note 1	Branded products	2023	51,114	13.7%	90 days
Customer B	See Note 2	Hygienic Disposable Materials	2020	30,228	8.1%	90 days
Customer C	See Note 3	Hygienic Disposable Materials	2020	22,702	6.1%	90 days
Customer D	See Note 4	OEM	2016	17,675	4.7%	90 days
Customer E	See Note 5	Hygienic Disposable Materials	2018	<u>13,813</u>	<u>3.7%</u>	90 days
Total				<u><u>135,532</u></u>	<u><u>36.3%</u></u>	

FY2024

Customer	Background	Major products/services sold	Year of commencement of business relationship	Revenue (RMB'000)	% of our total revenue	Credit period/ payment terms
Customer A	See Note 1	Branded products	2023	58,589	13.1%	90 days
Customer C	See Note 3	Hygienic Disposable Materials	2020	36,780	8.2%	90 days
Customer D	See Note 4	OEM	2016	36,340	8.2%	90 days
Customer B	See Note 2	Hygienic Disposable Materials	2020	31,969	7.2%	90 days
Customer F	See Note 6	Hygienic Disposable Materials	2022	<u>14,100</u>	<u>3.2%</u>	90 days
Total				<u><u>177,978</u></u>	<u><u>39.9%</u></u>	

BUSINESS

FY2025

Customer	Background	Major products/services sold	Year of commencement of business relationship	Revenue (RMB'000)	% of our total revenue	Credit period/ payment terms
Customer A	See Note 1	Branded products	2023	87,184	16.3%	90 days
Customer B	See Note 2	Hygienic Disposable Materials	2020	44,215	8.3%	90 days
Customer C	See Note 3	Hygienic Disposable Materials	2020	41,107	7.7%	90 days
Customer E	See Note 5	Hygienic Disposable Materials	2018	18,211	3.4%	90 days
Customer G	See Note 7	OEM	2024	18,046	3.4%	60 days
Total				<u>208,763</u>	<u>39.1%</u>	

Notes:

- Customer A is a privately owned group comprising two operating entities incorporated in Jiangxi Province, China. One entity was established on 26 June 2023 with a registered capital of RMB2.0 million and is principally engaged in the wholesale and retail of personal hygiene products, with a primary focus on online sales channels. It employed 25 staff and recorded revenue of approximately RMB60.0 million and RMB33.0 million for FY2023 and FY2024, respectively. The second entity was incorporated on 1 December 2023 with a registered capital of RMB2.0 million and was formed specifically to support the online promotion and sales of feminine care products under an in-house brand. As at the Latest Practicable Date, this entity employed 35 staff and recorded revenue of approximately RMB36.0 million for FY2024. During the Track Record Period, the group procured various hygienic disposables from our Group, including feminine sanitary products, baby pull-up pants, and baby diapers.
- Customer B is a privately owned group incorporated in Tashkent, Uzbekistan, comprising two operating entities principally engaged in the manufacture of household and sanitary products. Established on 31 May 2010, the group has developed a diversified product portfolio covering baby diapers, adult diapers, medical masks, feminine sanitary pads, armpit pads, and chest pads, marketed under various self-owned brands. Based on public information, the group employs over 1,000 staff and operates a production facility of approximately 30,000 to 50,000 square metres, with a recorded total annual revenue in the range of US\$5 million to US\$10 million. Its principal sales are derived from the domestic market (75%), followed by Southeast Asia (10%), the Middle East (8%), and Eastern Asia (7%). It has registered capital of UZS218,178.0 million (equivalent to approximately HK\$139.6 million) and sourced various hygienic disposable materials from our Group, including superabsorbent polymers (SAP), nonwoven fabrics, and hot melt adhesives.
- Customer C is a private limited company incorporated in Hong Kong. Established on 7 July 2008, the company is principally engaged in the wholesale and sales of hygienic disposable materials. During the Track Record Period, the company procured hot melt adhesives from our Group for use in its distribution and supply operations.
- Customer D is a private limited company incorporated in Petaling Jaya, Malaysia. Established on 3 May 2012, the company is principally engaged in the wholesale trade of baby care products. Public records indicate that it employs a workforce of approximately 20 staff and maintains operational subsidiaries in both Malaysia and Singapore. The company procures baby pull-up pants and baby diapers from our Group for distribution across its regional network.

BUSINESS

5. Customer E is a privately owned group consisting of two companies incorporated in Uzbekistan, primarily engaged in the manufacture of baby diapers and sanitary products. Founded on June 20, 2014, the company operates a factory of 1,000 to 3,000 square meters with a workforce of 11 to 50 employees. Its annual revenue ranges between USD5 million and USD10 million, with 60% of sales coming from the domestic market and 40% from South Asia. It has a registered capital of UZS17,602.8 million (approximately HKD11.2 million). The company procures a range of hygienic disposable materials from our Group, including SAP, nonwoven fabrics, hot melt adhesives, fluff pulp, and breathable fabrics.
6. Customer F is a private limited company incorporated in Nigeria with its registered office located in Lagos State. Established on 24 October 1978, the company is principally engaged in the manufacture of textiles and sanitary products, including household and toilet requisites. As at the Latest Practicable Date, the company procured a range of hygienic disposable materials from our Group, including SAP, nonwoven fabrics, hot melt adhesives, fluff pulp, and breathable fabrics.
7. Customer G is a wholly foreign-owned enterprise established on 24 November 2020, with a registered capital of RMB52 million. The company engages primarily in online retail and wholesale of mother and baby care products, cosmetics, apparel, and related daily necessities. The company positioned itself as an emerging mother-and-baby new retail platform.

As at the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or, to the knowledge of our Directors, had owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year during the Track Record Period.

OEM customers

During the Track Record Period, we had a total of 8 OEM customers primarily located in the PRC and Southeast Asia (such as Malaysia and Vietnam). We market and sell our OEM products primarily through our own sales team to our OEM customers who in turn market and sell hygienic disposables under their proprietary brands. For our OEM customers, our sales channels include (i) international B2B e-commerce platforms and (ii) traditional direct business dealings. We believe it is essential to maintain our brand presence and visibility on international B2B e-commerce platforms, as they enable us to showcase our products and services to a global customer base.

We have limited control over our OEM customers. To the best of our Directors’ knowledge, information and belief having made reasonable enquiries, each of our OEM customers is an independent third-party and is not managed by us, our ex-employees, connected person nor does any of them use our trade or brand names.

We generally enter into separate OEM agreement with our OEM customers. Besides, we typically do not enter into any exclusivity agreements with our OEM customers in order to provide us with flexibility to adjust contracts terms in accordance with market trends and our relationship with our OEM customers as and when necessary. Our OEM customers’ purchases are made on a purchase order basis, and in general we must confirm orders per agreement placed by our OEM customers 30-45 days in advance of scheduled product delivery.

Set out below are the material terms of the OEM agreement we generally enter into with our OEM customers:

- Service scope – We are responsible for the supply of products according to the product requirement set by our OEM customers.
- Contract duration – Our OEM agreements are typically effective for a term of 12 months.

BUSINESS

- Purchase orders – Purchases by our OEM customers are made on a purchase order basis. During the term of the OEM agreement, OEM customers may place orders with us and we shall sell products in accordance with the requirement, quantity and date of delivery specified in the purchase orders and the terms and conditions of the OEM framework agreement.
- Logistics – We generally deliver our products in accordance with either FOB or CIF terms. Under these terms, we arrange delivery of our products to a designated port in the PRC for shipment to destinations specified by our OEM customers. Under FOB terms, we are responsible for domestic transportation up to the point of loading at the port. Under CIF terms, we also arrange and bear the freight charges to the destination port, while insurance and import-related costs are typically borne by our business customers. In both cases, we generally bear freight and insurance costs within the PRC.
- Product return/replacement – In the absence of any quality objections raised by the OEM customer on the date of product inspection, the products shall be deemed accepted. If quality issues are identified, we shall redeliver conforming products in accordance with the OEM customer’s instructions. A deviation in delivery quantity of $\pm 5\%$ is permissible, with settlement based on the actual quantity delivered.
- Liability for breach – Neither party may unilaterally modify or terminate the agreement without the mutual written consent of the other party. In the event our products do not conform to the agreed standards, the OEM customer may require us to provide replacement products within a stipulated timeframe. The breaching party shall assume full legal responsibility, including compensation for all losses incurred by the non-breaching party, such as litigation expenses, attorney fees, damages and penalties. If any materials or content provided by a party infringe upon the rights of a third party, the responsible party shall independently resolve the dispute and indemnify the other party against all resulting losses.
- Payment terms – We generally require our OEM customers to pay a deposit ranging from 10% to 30% of the total purchase amount upon issuance of our invoice or confirmation of the purchase order. The remaining balance is payable in full within 90 days following the delivery of the products.
- Pricing terms – Product prices are to be negotiated from time to time based on the agreed product requirement and related production costs in accordance with market condition.
- Dispute resolution – Any disputes arising in connection with the execution, performance, termination or interpretation of the agreement shall first be resolved through amicable negotiation between the parties. If such negotiation fails to resolve the dispute, either party may submit the matter to the People’s Court at the place of contract execution for adjudication.
- Termination rights – We and our OEM customers are both entitled to terminate the agreement by mutual consent.

BUSINESS

Branded products customers

During the Track Record Period, we marketed and sold a broad range of hygienic disposables under our own brands, primarily in the PRC. Our branded product portfolio includes baby care products sold under the “Focus Baby” (焦點寶貝), “Cotton Sun” (全棉小時光) and “Bemoe” (貝姆樂) brands, and feminine care products marketed under the “Veermoon” (薇月) and “Blue Cotton” (藍棉花) brands. We mainly distribute our branded products through two principal sales channels: (i) PRC-based B2C e-commerce platforms, including Douyin, Kuaishou, and Pinduoduo; and (ii) offline retail channels, such as supermarkets and baby care stores. To a lesser extent, we also sell our branded products through wholesalers or retailers through international B2B e-commerce platforms, although such sales contribute only a marginal portion of our overall revenue under this segment.

Prior to the Track Record Period, we exported our branded products to international markets including the Dominican Republic and Vanuatu. However, prior to the commencement of the Track Record Period, our Directors considered foreign sales to be inefficient due to logistics and cost considerations. As such, we have since refocused our Branded Product Business on the domestic PRC market.

Our Directors considered foreign sales under the Branded Product Business to be inefficient primarily due to logistics and cost considerations, this is largely due to:

1. Small-scale and scattered demand:

- Prior to the Track Record Period, we exported a limited quantity of branded products to markets such as the *Dominican Republic* and *Vanuatu*, which gave negligible revenue impact.
- We consider maintaining these foreign sales required proportionally high logistical efforts and export arrangements relative to the low sales volume.

2. High logistics and transportation costs:

- Exporting consumer-focused branded items (compared with bulk OEM shipments) involved small-batch, fragmented shipments, leading to higher freight cost per unit, more complex customs procedures, and additional packaging requirements.

3. Inefficiency in marketing and distribution overseas:

- Our marketing strategy and branding resources were primarily tailored for the PRC market and not localised for foreign consumers.
- The lack of in-market distributors and brand recognition caused low brand penetration abroad, which did not justify continued overseas promotional spending.

BUSINESS

4. Strategic domestic refocus:

- Consequently, prior to the commencement of the Track Record Period, we decided to refocus the Branded Product Business domestically in the PRC, where logistics were simpler, consumer familiarity was higher, and online marketing could directly reach end purchasers at lower cost.

E-commerce launch and direct sales

We began selling our branded products online in July 2022 through self-operated e-stores on major e-commerce platforms. These channels enabled us to reach individual consumers directly. Due to the nature of e-commerce, we did not enter into formal contracts with these end-consumers and did not offer any credit terms. Consumers were required to pay in full through the respective platforms before the products were delivered.

Collaboration with Customer A1 and Customer A2

In 2023, our Controlling Shareholders met Mr. W, an entrepreneur active in the domestic PRC e-commerce market, during a business conference on e-commerce development. Mr. W, the ultimate beneficial owner of Customer A1 and Customer A2 (collectively, Customer A), has experience in marketing and distributing feminine care products through platforms such as Douyin and Kuaishou.

Information on Mr. W

As at the Latest Practicable Date, Mr. W holds senior management positions such as executive director and general manager, or has significant shareholdings in several PRC companies engaged in the development, marketing, and sale of feminine care products. These companies include:

- Jiangxi Lishi Hygiene Products Co., Ltd. (江西麗氏衛生用品有限公司), a retailer of “Lishi (麗氏)” branded feminine sanitary products.
- Jiangxi Future Blueprint Hygiene Products Co., Ltd. (江西未來藍圖衛生用品有限公司), which is the trademark holder of the “Duowei (朵唯)” and “Lishi (麗氏)” brands, and operator of “Duowei (朵唯)” branded products.
- Customer A1, a retailer of “Veermoon (薇月)” branded feminine care products.
- Customer A2, a retailer of “Blue Cotton (藍棉花)” branded feminine care products.

Mr. W previously served as executive director of Jiangxi Beixiu Hygiene Products Co., Ltd. (江西蓓秀衛生用品有限公司), which was principally engaged in the distribution of “Besoo Period Underwear (蓓秀安心褲)” prior to its deregistration in 2022. Mr. W also serves as director and general manager in two other e-commerce and marketing companies.

Mr. W is also involved in the promotion and distribution of “Forest Story (森之物語)”, a brand under Hangzhou Haoyue Care Products Co., Ltd. (杭州豪悅護理用品股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 605009) and has collaborated with Soft International Group Ltd. (舒寶國際集團有限公司), a company listed on the Main Board of the Stock Exchange of Hong Kong (stock code: 2569), to distribute “Lishi (麗氏)” and “Duowei (朵唯)” branded products.

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With a view to enhancing the online visibility of our brand and strengthening consumer engagement, we started cooperation with Mr. W in 2023 considering his previous online promotion and sales experience in the hygienic product industry. Mr. W will establish two separate companies to sell our products in brands of “Veermoon (薇月)” and “Blue Cotton (藍棉花)”. Also, to facilitate platform authorisation and strengthen brand identity, the registered names of Customer A1 and Customer A2 incorporate our “Veermoon (薇月)” and “Blue Cotton (藍棉花)” brand names, respectively. The particulars of the establishment of the collaboration are set out below:

Establishment of Customer A1: Mr. W established Customer A1 in September 2023 with a registered capital of RMB[REDACTED] million for the purpose of promoting and selling our “Veermoon (薇月)” branded products through authorised flagship stores on major e-commerce platforms. Customer A1 commenced purchasing products from our Group and conducting sales activities on those platforms shortly thereafter.

Establishment of Customer A2: Following the encouraging performance of our Veermoon-branded products, Mr. W established Customer A2 in December 2023 with a registered capital of RMB[REDACTED] million, specifically for the purposes of supporting the online promotion and sales of our Blue Cotton (藍棉花) branded feminine care products. We commenced transactions with Customer A2 in March 2024, following which Customer A2 began selling our Blue Cotton branded products through branded flagship stores on e-commerce platforms.

Transfer of e-stores: Between June and October 2024, we transferred our three remaining self-operated “Veermoon (薇月)” branded e-stores to Customer A1. Details of the transfer are set out in the paragraph headed “- Transfer of e-stores” below.

Salient terms of engagement/collaboration with Mr. W

The collaboration operates on a non-exclusive, business-to-business (B2B) basis. All transactions between our Group and Customer A are conducted on arm’s length terms pursuant to standard purchase and sale agreements, the principal commercial terms of which are summarised below.

- The arrangement constitutes a supplier-and-customer relationship.
- There is no joint venture, partnership, equity participation, profit-sharing or other form of cooperative arrangement between our Group and Mr. W and/or any member of Customer A.
- Our Group retains full and exclusive ownership of all registered trademarks and other intellectual property in respect of our branded products. Customer A1 and Customer A2 are each authorised to use our trademarks and logos solely in connection with the promotion and sale of our products on e-commerce channels, and for no other purpose.
- The brand names “Veermoon (薇月)” and “Blue Cotton (藍棉花)” are included respectively in the registered names of Customer A1 and Customer A2 to comply with platform authorisation requirements and support operational processes. Our Controlling Shareholders and Mr. W consider aligning the company name with the product brand allows for a more efficient authorisation process on e-commerce platforms and can reduce operational costs by simplifying platform verification steps. The Directors has been informed about this,

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arrangement and consider this naming approach identifies Customer A1 and Customer A2 as authorised operators of our brands, supports consumer recognition, and facilitates their capacity to market and sell our products online.

During the Track Record Period, Customer A1 promoted and sold our baby care branded products namely “Cotton Sun (全棉小時光)” and “Focus Baby (焦點寶貝)” and female care branded products namely “Veermoon (薇月)” and “Blue Cotton (藍棉花)”. Customer A2 only sold our “Blue Cotton (藍棉花)” branded products.

The principal commercial arrangements under contracts with Customer A1 and Customer A2 are as follows:

- Purchase orders: Customer A, as the purchaser, procures goods from us as the supplier, and we deliver goods in accordance with the price and quantity specified in each purchase order under the framework agreement.
- Product quality: All products supplied comply with applicable national quality standards. Customer A is required to inspect the products against the agreed technical standards upon delivery. Any quality objections must be raised on the day of inspection, failing which the products shall be deemed accepted.
- Delivery: We are responsible for delivering the goods on the date mutually agreed by both parties, or as otherwise notified in writing by the purchaser.
- Settlement: After delivery and inspection, we issue an invoice. Payment is made by bank transfer within 90 days.

E-commerce operations

The Group previously operated four “Veermoon (薇月)” branded e-stores. In 2023, one store was closed. The remaining three e-stores, operated on TikTok China, Pinduoduo, and Kuaishou, were transferred to Customer A1 on 30 June, 31 August, and 31 October 2024, respectively. No tangible assets were transferred as part of these arrangements.

The commercial rationale for transferring rather than terminating these three e-stores was as follows:

- i. as at the date of each transfer, the relevant e-stores had established a small group of follower bases on the respective platforms, the commercial value of which would have been entirely extinguished upon account termination;
- ii. by engaging Customer A1, an e-commerce operator under the management of Mr. W with a team and experience with the use of KOLs, our Group was able to continue to derive commercial benefit from those digital assets (such as increase awareness of our brand) while exiting the operationally intensive direct-to-consumer retail function; and

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- iii. such arrangement enables our Group to maintain a presence in the PRC online consumer market through Customer A1 and Customer A2 without our Group incurring the associated selling, distribution and platform management expenses, which is in line with our business strategy of focusing our resources on product development and manufacturing.

Following the transfer, Customer A1, under the management of Mr. W, assumed responsibility for the online promotion and sale of our branded products through those e-stores. The Group subsequently shifted its focus to OEM business development. As at the Latest Practicable Date, the Group currently does not operate its own e-stores in the PRC.

Internationally, the Group conducts B2B e-commerce sales through the Alibaba.com platform and plans to continue using this channel. The platform enables the Group to acquire new overseas customers and allows foreign buyers to identify suitable suppliers. Alibaba.com provides a structured and secure environment for transactions, and Customer A1 and Customer A2 are the only business partners promoting and selling the Group’s branded products on B2C e-commerce platforms in the PRC.

Scale of operations of Customer A (A1 and A2)

The scale of operation of Customer A1 and Customer A2 are set out below:

- **Customer A1** was established with a registered capital of RMB2.0 million. To the best knowledge of the Directors, Customer A1 had 25 staff. Customer A1 was not solely engaged in the sale or promotion of a single branded product from the Group during the Track Record Period, as it distributed multiple Group-owned brands. The transaction amount between Customer A1 and the Group was RMB51.1 million in FY2023, RMB27.9 million in FY2024, and RMB9.3 million in FY2025.
- **Customer A2** was established with a registered capital of RMB2.0 million. To the best knowledge of the Directors, Customer A2 had 35 staff. The transaction amount between Customer A2 and the Group was RMB30.6 million in FY2024, and RMB77.8 million in FY2025. Customer A2 was formed specifically and solely to promote and distribute “Blue Cotton” branded feminine care products during the Track Record Period.

Relationships between Customer A (A1, A2, Mr. W, including their Directors/shareholders) and the Group

To the best knowledge of the Directors, as at the Latest Practicable Date, there were no past or present relationships (including business, employment, shareholding, family, trust, financing, or otherwise) between:

- Customer A1 and Customer A2 (including Mr. W, their directors, and ultimate beneficial owners/major shareholders); and
- The Group, its shareholders, directors, senior management, or any of their respective associates,

other than their respective capacity as customers and service providers to the Group as disclosed above.

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Material returns of goods procured by Customer A

There were no material returns of goods procured by Customer A (including Customer A1 and Customer A2) after each year-end date for any financial year during the Track Record Period. No complaints or significant post-year-end returns were reported by Mr. W, Customer A1, or Customer A2 during the Track Record Period.

Commercial terms and logistics

The material terms of our agreements with Branded Product Business customers, including Customer A1 and Customer A2, are substantially similar to those with our OEM customers, with key differences relating to service scope and logistics arrangements. We are solely responsible for product design and development, and our Branded Product Business customers do not provide product specifications or design requirements. For PRC-based business customers, we generally require them to arrange collection from our designated warehouse. For overseas business customers, we generally deliver our products to a designated port in the PRC on either FOB or CIF terms. Under FOB terms, we are responsible for the goods until they are loaded onto the vessel at the port of shipment. Under CIF terms, we arrange and pay for freight to the destination port, while customers assumes risks of loss or damage to the goods from the point of loading.

Independence of business customers

To the best of our Directors’ knowledge, information and belief, the business customers and their ultimate beneficial owners are third parties independent of our Company, subsidiaries, shareholders, directors, senior management, employees, and their respective associates.

Hygienic disposable materials customers

As at 31 December 2024, we had a total of 65 hygienic disposable material customers, all of whom were business customers such as hygienic disposable manufacturers and hygiene product material suppliers. The majority of these customers were located overseas, primarily in markets such as Uzbekistan, Pakistan, and Nigeria, while a smaller portion were based in the PRC (less than 5% throughout the Track Record Period). As at 31 December 2025, the Company had a total of 60 hygienic disposable material customers. The customer base remained predominantly overseas, with core markets concentrated in Uzbekistan, Pakistan, and Nigeria.

We generally enter into separate OEM agreements with our hygienic disposable materials customers on substantially the same terms as those for our major OEM customers. Our business customers typically procured our hygienic disposable materials for use in their own production or for onward resale.

We generally require PRC-based customers to arrange for self-pickup from our designated warehouse, whereas for overseas customers, we typically deliver our products to a designated port in China under either FOB or CIF shipping terms.

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Set out below are the material terms of the separate OEM agreements for hygienic disposable material customers which we generally enter into with international OEM customers of our hygienic disposable materials:

- Service scope – We provide a separate sales agreement with international OEM customers for hygienic disposable materials. We are responsible for the supply of products according to the product requirement set by our OEM overseas customers.
- Purchase order – Purchase by our OEM overseas customers is made on a purchase order basis. During the term of the OEM agreement, OEM overseas customers may place orders with us, and we shall sell products in accordance with the requirement, quantity and date of delivery specified in the purchase orders and the terms and conditions of this separate OEM agreement.
- Logistics – For this separate OEM agreement, we generally deliver our products in accordance with CIF terms, wherein we arrange and bear the freight charges to the destination port, while insurance and import-related costs are borne by our overseas customers. A delivery quantity deviation of $\pm 10\%$ is permitted, and settlement is based on actual delivery.
- Contract duration – No fixed term. Each contract is dated and valid upon signature by both parties.
- Dispute resolution – We are governed by the basic provisions of the Contract Law of the People’s Republic of China.
- Liability for breach – Our products are non-transferable under bilateral trade agreements within China.
- Payment terms – We generally require our OEM overseas customers to pay a deposit ranging from 10% to 30% of the total purchase amount upon issuance of our invoice or confirmation of the purchase order. The remaining balance is payable in full within 90 days following the delivery of the products.
- Pricing terms – Our products prices are to be negotiated from time to time based on the agreed product requirement and related production costs, in accordance with market condition.

Credit Policy

Our general credit policy and practise is to require payment of a deposit equivalent to a certain percentage of the total purchase price, generally ranging from 10% to 30%, upon issuance of our invoice or confirmation of the purchase order, while the remaining balance is generally payable in full within 90 days following the delivery of the products. We may grant a credit period for part or all of the purchase price based on each customer’s background, purchase volume and payment history. Our customers generally pay us by way of bank or telegraphic transfer in RMB while overseas customer generally pay us other foreign currencies.

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During the Track Record Period and up to the Latest Practicable Date, we had not experienced any major default in payments or bad debts from our customers which may materially affect our financial conditions and operating results. There was also no breach of material terms of any framework agreements we have entered into with our customers by either party, and we did not have any material dispute with our customers during the same period.

Tax rebate for export sales

As a number of our customers are located overseas, we may export our OEM products or hygiene product materials to designated foreign locations, generally on either FOB or CIF basis. Pursuant to the Measures for the Administration of Tax Refund (Exemption) of Exported Goods (For Trial Implementation) (《出口貨物退(免)稅管理辦法(試行)》) issued by the SAT, for goods exported by an exporter, unless otherwise provided, the exporter may, after the declaration of export and settlement of sales, apply for a refund or exemption of the value-added tax or consumption tax with the local state taxation bureau. The term “exporters” means foreign trade operators and manufacturers that do not have the export qualification and entrust others to export. The SAT issues and updates the Export Tax Rebate Rates Library (《出口退稅率文庫》) from time to time in accordance with the tax policies of the State and the adjustments to the Customs Import and Export Tariff from time to time. Our export products fall within the categories eligible for tax rebates under the Export Tax Rebate Rates Library (《出口稅率文庫》). Subject to the relevant PRC laws, we are entitled to rebates from the PRC tax authorities in connection with our export sales at a uniform rate of 13% for all of our product categories.

For FY2023, FY2024 and FY2025, we received export tax rebates of approximately RMB27.0 million, RMB14.6 million and RMB29.8 million, respectively. When the sales of the export products are being recognised (i.e. the products having been delivered to the designated free-on-board ports), we are entitled to and will immediately file the applications for tax rebates with the relevant tax authorities. Tax rebates can then be recognised simultaneously and our cost of sales will be deducted accordingly. The amount of tax rebates is calculated by multiplying the difference between the invoiced value of the free-on-board export sales and bonded raw materials imported by the applicable tax rebate rate, which was 13.0% for all our products during the Track Record Period. The relevant tax rebate is realised by way of offsetting against VAT payable which usually takes place within approximately two weeks from the date of application. If the VAT payable is less than the tax rebate that we are entitled to, cash settlement will be made by the tax authorities. The main purpose of the tax rebate is to refund the VAT incurred on raw materials we procure for production in the PRC, which are subsequently sold and delivered to overseas customers.

Third-party Payment Arrangements

Background and implications of the Third-party Payment Arrangements

During the Track Record Period, we have Relevant Customers settled payments with us through Third-party Payment Arrangement. In FY2023, FY2024 and FY2025, there were 18, 40 and 26 Relevant Customers, respectively, who in aggregate settled approximately RMB36.5 million, RMB57.1 million and RMB32.9 million under the Third-party Payment Arrangements, respectively, or 9.8%, 12.8% and 6.1% in terms of our total revenue, respectively, in the same periods. No individual Relevant Customer had made material contribution to our revenue during the Track Record Period.

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The Relevant Customers during the Track Record Period were all business customers who settled their payments through bank transfer. To the best of our Directors’ knowledge, information and belief, the designated third-party payors primarily consisted of (i) remittance agent, or (ii) business partners, or affiliated entities of the Relevant Customers.

According to Frost & Sullivan, it is not uncommon for businesses in the hygienic disposable industry in Southeast Asia, Central Asia and Africa to settle their payments through third-party payors with their suppliers. To the best knowledge, information and belief of our Directors having made reasonable enquiries, the Relevant Customers mainly utilised Third-party Payment Arrangements because for customers located in these regions, payments are sometimes made through remittance agents due to temporary foreign currencies (such as US dollar) shortages in their local banking systems, which enables them to maintain business continuity while managing foreign currency constraints.

During the Track Record Period and up to the Latest Practicable Date, we did not provide any discount, commission, rebate or other benefits to any of the Relevant Customers or their respective designated third-party payors to facilitate or incentivise the Third-party Payment Arrangements. During the Track Record Period, we did not initiate any Third-party Payment Arrangements, and the Third-party Payment Arrangements were arranged based on the Relevant Customers’ requests. To the best of our knowledge, during the Track Record Period, the relevant payments were based on bona fide underlying transactions and valid contractual relationships. The pricing and payment terms we provided to the Relevant Customers were in line with those customers not involved in the Third-party Payment Arrangements. To the best of our Directors’ knowledge, information and belief, we were not the subject of any investigations, enquiries, penalties, or surcharges as a result of our involvement in the Third-party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date. In addition, we had not encountered any refund requests, actual or pending dispute or disagreement due to Third-party Payment Arrangements or any material claims against us in relation to the Third-party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date. As advised by our PRC Legal Advisers, in light of the above, our Third-party Payment Arrangements during the Track Record Period and as at the Latest Practicable Date were not in breach or contravention of mandatory requirements of applicable laws or regulations in China.

During the Track Record Period and up to the Latest Practicable Date, our Group received third party payments from 33 jurisdictions, namely Pakistan, Russia, Angola, Oman, Yemen, Tanzania, Uzbekistan, Senegal, Hong Kong, Somalia, Somaliland, Botswana, South Korea, Nigeria, Vietnam, Iraq, Honduras, Malaysia, South Africa, Singapore, India, the United States, the Dominican Republic, Ukraine, Bangladesh, Uganda, Kenya, Sudan, Sri Lanka, Jordan, Dubai and Iran.

Our PRC Legal Advisers have further advised that we have duly registered with SAFE on the List of Enterprises for Trade Related Foreign Exchange Receipts and Payments and we are classified as a Category A enterprise. All foreign exchange receipts resulting from Third party Payment Arrangements were declared and handled through authorised banks with genuine trade background documents.

Pursuant to the Regulations of the PRC on Foreign Exchange Administration (as amended in 2008), enterprises engaging in international trade must register with SAFE and ensure the genuineness of trade-related foreign exchange transactions. SAFE classifies enterprises into Category A, B and C based on compliance profile; Category A enterprises are entitled to facilitation measures including simplified bank review procedures. Non-compliance may result in warnings, fines of up to 30% of the

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relevant amount (or the full amount in serious circumstances), confiscation of illegal gains, downgrading of classification, or criminal liability in severe cases. As at the Latest Practicable Date, our Group has not been subject to any penalties, investigations or downgrades by SAFE. Our PRC Legal Advisers are of the view that our Group’s compliance framework is sound and the risk of penalties is low. Our Directors consider that any potential fine under a theoretical maximum-penalty scenario would not have a material adverse impact on our Group’s financial position.

In addition, we have obtained legal opinions from our local counsels in Hong Kong, the UAE, Pakistan, Nigeria, Russia, Uzbekistan, the United Kingdom, Kyrgyzstan, Iran, South Korea and Tanzania. Each of these local counsels has advised that the Group’s Third party Payment Arrangements are lawful and in compliance with the foreign exchange and anti money laundering laws and regulations of their respective jurisdictions. No regulatory penalty, administrative action or inquiry has been taken against our Group in their respective jurisdictions in relation to these arrangements.

Based on the foregoing, our Directors confirm that, to the best of their knowledge, information and belief and based on the internal control measures implemented as described in “- Enhanced internal control measures regarding Third-party Payment Arrangements” below, (i) during the Track Record Period, the relevant payments were based on bona fide underlying transactions and valid contractual relationships; and (ii) there were no instances of commercial bribery, money laundering, tax evasion, or existing or potential disputes with our Group related to the Third-party Payment Arrangements. Based on the above, and having considered that our Group had not been subject to any penalties, sanctions, or investigations related to money laundering due to the Third-party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date, our PRC Legal Advisers are of the view that the risk of the Third-party Payment Arrangements being deemed as constituting the crime of money laundering under Article 191 of the Criminal Law of the PRC (中華人民共和國刑法) for the purpose of covering up or concealing the source and nature of proceeds or gains from crime is low. During the Track Record Period, to the best knowledge, information and belief of our Directors based on publicly available information, all Relevant Customers and the designated third-party payors who settled payments under the Third-party Payment Arrangements were Independent Third Parties.

Enhanced internal control measures regarding Third-party Payment Arrangements

To safeguard our interest against risks associated with Third-party Payment Arrangements, since May 2025, we have significantly enhanced and implemented various internal control measures in order to rectify Third-party Payment Arrangements. Our efforts to rectify the Third-party Payment Arrangements include, among other things:

- (i) for existing Third-party Payment Arrangements, the Relevant Customers and their respective third-party payors have on our request executed confirmations to confirm, among other things, that (a) the Relevant Customers had authorised the designated third-party payors to settle payments with us, and (b) the third-party payors consented to such arrangement and will not seek any refunds or pursue any claims against us;
- (ii) amending our standard forms of sales and purchase agreements to specify, among other things, the detailed information and payment obligation of such parties;

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- (iii) strengthening our know-your-customer (KYC) procedures to gain a comprehensive understanding of our customers and performing verification of payment details against our records to confirm payments are made in accordance with the agreements. If any abnormalities are detected, we will promptly liaise with such customers for verification and correction; and
- (iv) updating our internal control policies in view of the above measures, and publishing the same for all employees to observe. We will also provide training to our sales and finance staff regarding our enhanced internal control policies on handling customer requests regarding payments, receipt of funds from third parties and our KYC procedures.

In addition, for any future transactions, designated third party payors are now expressly incorporated as contractual parties to the relevant sales and purchase agreements to undertake corresponding payment obligations, and the Group has commenced a gradual phase out of the use of Third party Payment Arrangements in compliance with applicable laws since May 2025.

Since May 2025, our Group has fully implemented the enhanced internal control measures described above in respect of all existing Third-party Payment Arrangements. All new sales and purchase agreements under which payment by a designated third party is requested by the relevant customer incorporate the designated third-party payor as an express contractual party to the agreement from the outset. As at the Latest Practicable Date, all existing Third-party Payment Arrangements have been regularised by the implementation of the measures described in items (i) to (iv) above.

Save as described in this section, our Group does not intend to enter into Third-party Payment Arrangements other than in circumstances where the designated third-party payor is expressly incorporated as a contractual party to the relevant agreement.

The Sponsor concurs with the Directors’ and the relevant legal advisers’ view that the transactions under the Third party Payment Arrangements were genuine commercial transactions and not fictitious or associated with money laundering or fraudulent activities.

OUR SALES, MARKETING AND PROMOTION

As at 31 December 2025, we had a total of 10 sales and marketing staff. Our sales staff is generally responsible for the daily communication with our customers, supervision of the sales performance of our products, provision of assistance in purchase order confirmation and follow-up, as well as after-sales customer services. Our sales staff also collects feedback from our customers in order to improve our product quality.

We incurred selling and distribution expenses of RMB24.3 million, RMB26.3 million and RMB27.0 million for FY2023, FY2024 and FY2025, respectively, accounting for 6.5%, 5.9% and 5.1% of our total revenue, respectively, for the corresponding periods.

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E-commerce

Below is a table that sets out the operating data of our e-stores for the periods indicated:

	FY2023	FY2024	FY2025
Number of e-stores⁽¹⁾⁽²⁾	6	5	2
Number of digital platforms deployed⁽³⁾	5	4	1
Annual transaction Value (RMB'000)	87,452	38,041	4,798
Average annual transactions per e-store⁽⁴⁾ (RMB'000)	14,575	7,608	2,399
Average annual B2B sales per e-store (RMB'000)			
– Branded Product Business	958	193	–
– OEM Business	6,813	5,840	469
– Hygienic Disposable Materials Business	13,437	1,974	1,931
Average annual B2C sales per e-store⁽⁵⁾ (RMB'000)			
– Branded Product Business	11,259	7,342	–
– OEM Business	–	–	–

Notes:

- (1) Representing the total number of e-stores operated by our Group for any duration during the relevant year
- (2) Three e-stores were transferred to Customer A1 on 30 June, 31 August, and 31 October 2024, respectively. Subsequent to 31 October 2024, being the date of the last transfer, we recorded no revenue from any of these e-stores.
- (3) The number of e-commerce platforms on which e-stores operated
- (4) Based on the total annual transactions of each period, divided by the number of e-stores
- (5) Based on the sales from B2C sales for each of period divided by the number of e-stores

In July 2022, we established our online presence under the Branded Product Business by launching sales of our branded products across various digital channels. These include self-operated e-shops on PRC-based e-commerce platforms such as Pinduoduo, as well as short video and livestreaming platforms like Douyin and Kuaishou. From June to October 2024, we transitioned our e-commerce operations within the PRC under this segment to Customer A1, enabling us to concentrate our resources on product development and manufacturing. Since October 2024, we have ceased operating any self-managed e-stores in the PRC e-commerce market, having fully transitioned our domestic online sales channels to our business customers Customer A1. However, we continue to make our branded products available on international B2B e-commerce platforms. Our strategy is to conduct business through collaborations and partnership with local business partners. This approach is primarily aimed at enhancing brand exposure and building market reputation in overseas markets. While this strategy supports long-term brand development, our Directors consider that the revenue contribution from international sales of branded products will remain limited in the near term.

Platform	FY2023		FY2024		FY2025	
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
Pinduoduo	1,061	1.2	1,133	3.0	–	–
Douyin	38,929	44.5	11,805	31.0	–	–
Kuaishou	5,044	5.8	9,088	23.9	–	–
Alibaba	42,417	48.5	16,015	42.1	4,798	100.0
Jingdong	1	0.0	–	–	–	–
Total	87,452	100.0	38,041	100.0	4,798	100.0

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During the Track Record Period, our Group generated revenue through several third-party e-commerce platforms, including Alibaba, Douyin, Kuaishou, Pinduoduo, and Jingdong. In FY2023, a majority of our revenue was generated from Alibaba. and Douyin In FY2024, revenue became more evenly distributed among Douyin, Kuaishou, and Alibaba. In FY2025, following the transfer of our PRC e-commerce operations to Customer A1 and A2, the Group ceased operating self-managed domestic e-stores, and e-commerce revenue was primarily generated from Alibaba.

Our Directors consider that the revenue mix among these platforms fluctuated over time, with no consistent concentration of sales through any single e-commerce platform. These variations primarily reflected changes in commercial arrangements, marketing focus, and the relative performance of different platforms in each period.

Platform fees as a percentage of revenue ranged from approximately 0.04% to 5.0% during the Track Record Period.

Our OEM Business primarily serves overseas customers, with sales conducted through the global B2B e-commerce platform Alibaba. This platform acts as a key gateway for overseas buyers to discover our range of products and services, and many clients prefer to conclude transactions via this trusted channel. The OEM Business continues to be a central pillar of our international strategy.

We also operate in the Hygienic Disposable Materials business, which leverages international B2B e-commerce platforms for sales. While we do offer some branded products through these platforms, such sales account for only a minor proportion of the segment’s overall revenue. The core focus of this business remains on supplying qualified materials to OEM partners and industrial clients globally.

Set out below are the material terms of the agreements we generally entered into with major e-commerce platforms during the Track Record Period:

- Service scope – The e-commerce platform shall allow us to establish e-shops on the platform and provide us with ancillary services, such as displaying our store and product information on the platform and using the payment system operated by the platform.
- Service and platform fees – We shall pay the e-commerce platform a number of fees, including but not limited to (i) a fixed annual or monthly platform fee; (ii) a percentage-based service fee based on our transaction amount through the platform; and (iii) promotion fees and other fees depending on the services and supports provided by the platforms on a case-by-case basis, all in accordance with the rules published on the platform’s website from time to time. In addition, we are generally required to make deposits to the platform to ensure our performance and in compliance with the agreement.
- Settlement – In general, the e-commerce platform will settle with us the purchase price paid with the relevant service fees and promotion fees deducted upon the end customer confirming receipt of our products.
- Term – No fixed term in general.

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- Termination rights – We and the e-commerce platform may both terminate the agreement by prior written notice, notice period of which varies for each platform. Prior to termination of the agreement, we are generally required to apply for cessation of operation of our online stores which is subject to the platform’s review. The platform is also entitled to terminate the agreement if we fail to observe the platform rules as published by the platform from time to time.

Use of key opinion leaders, celebrities, and brand ambassadors in marketing

From July 2022 to October 2024, we promoted our branded products through self-operated e-shops on domestic e-commerce platforms, including short video and livestreaming platforms. We did not engage any celebrities, key opinion leaders (KOLs), or brand ambassadors for our short video or livestreaming activities.

Instead, for a limited period, we requested our staff to serve as livestreaming presenters to introduce and promote our products. Before participating in any livestreaming, our staff were required to obtain pre-approval of content scripts and to complete training on PRC advertising laws, including the Advertising Law of the People’s Republic of China (《中華人民共和國廣告法》), the Administrative Measures for Internet Advertising (《互聯網廣告管理辦法》) to ensure compliance with applicable rules and regulations.

In June 2024, we began transferring our self-operated stores on Douyin, Kuaishou, and Pinduoduo to Customer A1. This transition was completed by October 2024.

After the transfer, our branded products have been promoted and sold online in the PRC through flagship e-stores operated by Customer A1 and Customer A2. These customers, not related or owned by us, have independently appointed KOLs and brand ambassadors for their own promotional activities on short video and livestreaming platforms. In 2024, Customer A1, which operates the “Veermoon (薇月)” brand, appointed Ms. Wang Xue (王雪), a world martial arts champion, as the brand ambassador for its disposable sanitary underwear. Customer A2, which operates the “Blue Cotton (藍棉花)” brand, appointed Ms. Xu Lu (徐璐), a PRC actress, as the brand ambassador for 2024, and Ms. Wu Xuanyi (吳宣儀), a PRC singer and actress, as the brand ambassador for 2025.

Although Customer A1 and Customer A2 are not owned or controlled by us, we have requested both customers to implement internal policies and controls to ensure that the content presented by their appointed KOLs and brand ambassadors complies with applicable PRC laws and regulations. Our agreements with each of Customer A1 and Customer A2 expressly provide that our Group is entitled to suspend or terminate the relevant arrangement in the event of any material non-compliance by Customer A1 or Customer A2 with applicable laws and regulations.

Sales through B2B E-Commerce platforms

We conduct sales for our OEM Business and Hygienic Disposable Materials Business primarily through international B2B e-commerce platforms, with Alibaba.com (i.e. Alibaba.com – International Platform) as our main channel. We have entered into a technical services agreement with Alibaba.com to facilitate access to overseas customers.

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Overseas customers identify potential suppliers, including us, by searching for product information on the Alibaba.com platform. Initial communication takes place through the platform, including its own messaging system, our email, WeChat, or telephone, as we will show our contact information on Alibaba.com. Once both parties agree on the transaction terms, the customer enters into an order-based procurement contract with us. Orders, settlements, and payments are processed through Alibaba.com, which provides transaction security, escrow services, and dispute resolution mechanisms. For each completed transaction, we pay a commission (in the range from 0.04% to 1.4%) to Alibaba.com.

The use of Alibaba.com has increased our visibility and credibility among overseas buyers, as our transaction record and customer feedback on the platform are available for review by other prospective customers. This has helped us attract new customers, particularly in Southeast Asia for our OEM Business and in countries such as Uzbekistan, Pakistan, and Nigeria for our Hygienic Disposable Materials Business.

When we establish ongoing relationships with certain customers, we may transition from platform-based transactions to direct cooperation. In such case, subsequent orders and settlements are conducted independently of Alibaba.com, which allows us to reduce platform-related expenses and improve efficiency, while maintaining these customer relationships. However, on some occasions, even for repeated customers, we may continue to conduct transactions through Alibaba.com in order to increase our transaction volume and transaction history on the platform. This practice can enhance our storefront ranking, visibility, and credibility, and support the acquisition of new customers.

We continue to use Alibaba.com to identify and engage new overseas customers, list our products, and manage our online presence. Our Directors believe that this approach, which combines platform-based sales with direct customer relationships while strategically maintaining transaction activity on B2B e-commerce platforms, supports our ongoing strategy for sales in our OEM Business and Hygienic Disposable Materials Business.

Pricing Strategies

OEM business and hygienic disposable materials business

We generally adopt a cost-plus pricing approach while considering a number of factors in determining the prices of products we sell to our OEM customers, including the following:

- cost of raw materials and other manufacturing costs;
- expected profit margins;
- type of product, product features and quality and production techniques involved;
- market trends and demand;
- target markets and customers and their purchasing power;
- extent of customisation (if any);
- nature of, sales volume to and relationship with our OEM customers;

BUSINESS

- R&D efforts involved; and
- comparable product prices set by our competitors.

We generally adopt the same cost-plus approach in determining the prices for our hygienic disposable materials, taking into account the aforementioned factors.

Branded business

We adopt a similar approach in determining the prices at which we sell our branded products. In addition to the aforementioned factors we may also take into account other considerations such as brand and product positioning of each product.

Seasonality

Although summers are typically the low season for baby diaper products in our industry across the PRC, Southeast Asia, Central Asia and Africa due to some parents choosing cotton nappies or other alternative loose-fitting garments to prevent heat rash during hot months, our diverse product mix (such as feminine care product) has enabled us to maintain relatively consistent revenue levels throughout the year during the Track Record Period.

Product return policy

We generally do not accept any product return upon inspection and acceptance by our customers save for quality issues. On the other hand, in the course of our e-commerce operations, we may be required to provide a seven-day return policy subject to the rules of e-commerce operations on which we offer our products. Our sales staff are responsible for answering questions which our customers may have on issues such as product quality, order status inquiry and product return.

During the Track Record Period and up to the Latest Practicable Date, we did not, due to material product quality issues, (i) receive fines, product recall orders or other penalties from the PRC government or other regulatory bodies; (ii) receive any material products return requests from our customers; or (iii) receive any material complaints from consumers.

Other marketing channels

During the Track Record Period, in relation to our OEM Business and Hygienic Disposable Materials Business, we attend various domestic and international trade fairs, to establish our presence and promote our brands and products both in the PRC and internationally. As regards our Branded Product Business, we market our brands and products across a wide variety of media, ranging from traditional channels such as print media, to Internet, promotional events, domestic trade exhibitions and fairs.

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PRODUCT DESIGN, RESEARCH AND DEVELOPMENT

Our R&D activities mainly focus on developing new products as well as improving our existing products. As at 31 December 2025, we had 5 ongoing or planned R&D projects including the following:

- R&D of high-absorbency baby pull-up pants
- R&D of new-style adult pull-ups for easy wearing and removal
- R&D of menstrual pants and their absorbent cores
- R&D of skin-friendly and antibacterial menstrual pads
- R&D of fast-absorbing and leak-proof menstrual pads

We believe that our effort and capabilities in R&D, as reflected by our certification as a High and New Technology Enterprise (高新技術企業) since December 2023, plays a significant role in our success.

During the Track Record Period, our R&D costs were approximately RMB5.8 million, RMB9.1 million and RMB12.8 million, respectively, accounting for 1.5%, 2.0% and 2.4% of our revenue, respectively, during the same periods.

As at 31 December 2025, we had an in-house R&D team of 10 employees.

We adopt a market-oriented product development approach. We closely monitor the types of competing products available on the market, and our sales and marketing team and OEM customers also provide us with direct customer feedback to our product development efforts.

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 (see below Note 4 for details). 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.

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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 periods indicated:

Product category	FY2023				FY2024				FY2025			
	Number of production lines ⁽¹⁾	Production capacity ⁽²⁾ '000 pieces/year	Annual production volume '000 pieces/year	Utilisation rate ⁽³⁾ %	Number of production lines ⁽¹⁾	Production capacity ⁽²⁾ '000 pieces/year	Annual production volume '000 pieces/year	Utilisation rate ⁽³⁾ %	Number of production lines ⁽¹⁾	Production capacity ⁽²⁾ '000 pieces/year	Annual production volume '000 pieces/year	Utilisation rate ⁽³⁾ %
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 ⁽⁴⁾	1	73,900 ⁽⁵⁾	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 ⁽⁴⁾	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⁽⁴⁾	6				8				8			

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Notes:

1. This represents the number of production line(s) as at year end. This represents the number of production line(s) during the period from the end of 2023 to the end of 2025.
2. The production capacity reflects the maximum number of products that can be manufactured at our facility, based on 8 regular working hours and 2 hours of overtime per production day, an average of 23.3 effective production days per month, and the actual number of months each production line was operational during the relevant year. For the FY2025, we maintained a regular production schedule of 8 regular working hours and 2 hours of overtime per production day, with an average of 23.3 effective production days per month. Any acquisition, transfer, or disposal of production lines during the year may impact on the total number of months those lines were involved in production.
3. The utilisation rate is calculated based on the actual number of products produced for the relevant period divided by the production capacity for the same period.
4. One of our all-in-one production lines acquired in January 2021 is able to manufacture both adult pull-ups and disposable period underwears (the “**Dual Purpose Production Line**”), and is counted as one production line for each product category for each of the periods indicated above.
5. The production capacity for disposable period underwears in FY2023 was calculated based on a two-shift schedule of 16 working hours per production day (comprising two regular working 8-hour shifts), an average of 23.3 effective production days per month, and the actual number of months each production line was operational during the relevant year. This temporary measure was implemented to meet a significant increase in market demand during FY2023. As a result, a new production line was added in February 2024 to support sustainable output and reduce reliance on extended shifts.

During the Track Record Period, the utilisation rate of our production lines fluctuated mainly due to changes in market demand for different types of our products. The utilisation rate may also be subject to short-term fluctuations from time to time in order to accommodate various aspects of our daily operations, such as periodic repair and maintenance, adjustments or improvements on our production lines, as well as trial productions of new products.

Basis for determining the production capacity and reasons for the fluctuations in production capacity and utilisation rate for each product category during the Track Record Period

Baby Pull-ups: Production capacity for baby pull-ups was calculated based on eight regular working hours, two overtime hours per day, and an average of 23.3 effective production days per month. The increase in capacity in FY2023 was due to improvements in scheduling and equipment efficiency. The utilisation rate decreased in FY2023 as the upgraded equipment required adjustment but then rose to a higher level in FY2024 with stable operation. In FY2025, utilisation decreased compared with FY2024 due to short-term adjustments in production scheduling and the allocation of manpower to other product lines.

Baby Diapers: Production capacity for baby diapers was determined using the same method of working hours and production days. The utilisation rate exceeded 100% in FY2023 because of extended operating hours and overtime production to meet order demand. Production levels normalised in FY2024 after the addition of a new line, which improved overall capacity and balanced workload. In six months ended 30 June 2025, utilisation decreased as the company prepared to relocate to a new facility and slightly adjusted production to manage inventory and stable demand.

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Disposable Period Underwear: Production capacity for disposable period underwear was calculated using the same standard method, adjusted for any additional working shifts. Capacity increased in FY2023 following the adoption of longer shifts and again in FY2024 after the addition of a new production line. The utilisation rate remained high in both FY2023 and FY2024 due to continued strong demand. In FY2025, utilisation stayed at a stable level as production was maintained while the company prepared for future expansion of output at the new facility.

Menstrual Pads: Production capacity for menstrual pads was determined in the same way as other categories. The first production line began trial operation in FY2024, resulting in a moderate utilisation rate as production ramped up. In FY2025, the utilisation rate increased in line with the gradual stabilisation of the new equipment and increased customer orders, reflecting continuous production under operational control.

Adult Pull-ups: Production capacity for adult pull-ups was calculated using the same hourly and daily assumptions. This product shared a dual-purpose production line with disposable period underwear. Variations in capacity and utilisation were mainly caused by production allocation between the two categories. In FY2023, utilisation increased as more output was devoted to this product, while in FY2024 and FY2025 it decreased in line with the company’s gradual reallocation of capacity to feminine care products following the discontinuation of its adult incontinence brand.

Adult Diapers: Production capacity for adult diapers followed the same calculation method as other products. The utilisation rate stayed low throughout the Track Record Period because of limited demand. The adult diaper production line was decommissioned in April 2025 and fully removed in November 2024 as part of the plan to discontinue the adult incontinence product line. No output was recorded in FY2025 after the termination of production, and resources were directed toward baby and feminine care products.

Production machinery and equipment

Our production machinery and equipment primarily comprise all-in-one production lines which cover the full manufacturing process of our hygienic disposables from insertion of raw materials to individual packaging of the finished product. We own all of our production machinery and equipment.

The average expected useful life and replacement cycle of our major production machinery and equipment is typically 10 years. As at 31 December 2025, the average age, remaining useful life and carrying amount of our major production machinery and equipment are as follows:

Type of machinery	Average age (years)	Average remaining useful life (years)	Total carrying amount (RMB million)
Baby care products production lines	2.9	7.1	6.7
Feminine care products production lines	1.2	8.8	9.6
Dual Purpose Production Line	5.0	5.0	3.6
Adult incontinence ⁽¹⁾	–	–	–

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Note:

- (1) The remaining useful life and carrying amount of production machinery for adult incontinence products is not separately presented, given (i) the adult diapers production line was disposed in November 2024, and (ii) adult pull-ups, which are produced on the Dual Purpose Production Line, is also used for disposable period underwears. Accordingly, no separate line item is presented.

We have implemented maintenance system for our facilities and equipment, including scheduled downtimes for maintenance and repairs and regular inspections of facilities and equipment, in order to operate our production lines at optimal levels. We carry out regular cleaning and maintenance of our production machinery and equipment to prolong their useful life. During the Track Record Period, other than disclosed below, we did not experience any material or prolonged interruptions to our production process due to equipment or machinery failure during the Track Record Period.

We acquired a new feminine menstrual pads production line, which became fully operational in April 2025. Additionally, one of our baby diapers production lines, acquired in May 2021, experienced occasional mechanical instability. Consequently, it was decommissioned in April 2025.

Impact of occasional mechanical instability and decommissioning of the baby diapers production line

The occasional mechanical instability of the baby diapers production line and its subsequent decommissioning in April 2025 did not have any material quantitative or qualitative impact on the Group’s operations or financial performance. The issue was managed through maintenance and adjusted scheduling without disruption to production or deliveries. The affected line was replaced by a new line commissioned in October 2024.

During the Track Record Period, our Group’s utilisation rates for baby diaper production remained high at 125.2%, 90.1% and 92.9% for FY2023, FY2024 and FY2025, respectively, reflecting stable production despite the equipment issue. No material impairment, loss, or delay in sales occurred. Revenue from the baby care category was RMB112.0 million in FY2023 and increased to RMB139.1 million in FY2024, and remained stable of RMB131.4 million in FY2025, confirming no adverse financial impact.

Throughout the Track Record Period and up to the Latest Practicable Date, our Group did not fail to take up any customer orders due to production capacity constraints. The Group addressed short-term production needs through overtime operations, use of alternative lines, and limited outsourcing to third-party manufacturers, which accounted for 1.5%, 4.5%, and 1.3% of cost of sales for FY2023, FY2024, and FY2025, respectively. As a result, customer orders were fulfilled in full and there were no losses or cancellations attributable to limited capacity.

Third Party Manufacturers

During the Track Record Period, demand for our products at times exceeded the production capacity of our internal facilities. To meet this excess demand and ensure timely order fulfilment, we outsourced part of our production to independent third party manufacturers. The outsourced products included baby care, feminine care, and adult incontinence items. This arrangement enabled us to maintain steady supply and continue meeting customer needs without interruption.

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During FY2023, FY2024 and FY2025, we engaged 16, 15 and 20 third party manufacturers, respectively. The related costs were RMB4.3 million, RMB14.7 million, and RMB4.8 million representing approximately 1.5%, 4.5% and 1.3% of our total cost of sales for the respective years.

The manufacturers we engaged are based in the PRC and focus on the production of hygienic disposables. Before engagement, we conduct a due diligence process to assess each manufacturer’s background, qualifications, and production capabilities. This process may include trial production to confirm that the products meet our specifications and quality requirements. Following engagement, we continue to monitor product quality through regular sample inspections to ensure compliance with our standards.

Each outsourcing arrangement is governed by a written agreement. These agreements set out terms including order placement procedures, production responsibilities, quality control requirements, delivery arrangements, protection of intellectual property, and confidentiality obligations. We reserve the right to return products if defects are identified at the time of delivery or at any point afterward.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disputes with third party manufacturers. There were no significant product returns or complaints related to the quality of outsourced products.

The gross profit margin of outsourced products was 21.3%, 44.2% and 45.0% in FY2023, FY2024 and FY2025, respectively, compared to 34.1%, 36.8% and 39.6% for self-manufactured products during the same periods. The margin difference in FY2023 reflected higher per-unit procurement costs and production service fees under outsourced arrangements. The gross profit margin of outsourced products exceeded that of self-manufactured products in FY2024 and FY2025, primarily because outsourced production during these periods was concentrated in specific high-value product categories, whereas self-manufactured products comprised the full product range including OEM and hygienic disposable materials products.

FY2023

	Revenue	Cost	Gross Profit	GP Margin
	(RMB’000)	(RMB’000)	(RMB’000)	(%)
Self-manufactured	184,479	121,508	62,971	34.1
Outsourced production	<u>7,143</u>	<u>5,621</u>	<u>1,522</u>	<u>21.3</u>
Total	<u><u>191,622</u></u>	<u><u>127,129</u></u>	<u><u>64,493</u></u>	<u><u>33.7</u></u>

In FY2023, the Group outsourced the production of approximately 17.2 million units, compared to 316.0 million units of self-manufactured products.

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The gross profit margin on outsourced production was 21.3%, below the 34.1% margin from self-manufactured goods. The margin difference reflected the higher per-unit procurement costs and the inclusion of production service fees under outsourced arrangements. The overall gross profit margin for FY2023 was 33.7%. Outsourced production accounted for approximately 1.5% of total cost of sales in FY2023, and accordingly the impact on the Group’s overall gross profit margin was limited.

FY2024

	Revenue (RMB’000)	Cost (RMB’000)	Gross Profit (RMB’000)	GP Margin (%)
Self-manufactured	216,262	136,763	79,499	36.8
Outsourced production	<u>51,588</u>	<u>28,808</u>	<u>22,780</u>	<u>44.2</u>
Total	<u><u>267,850</u></u>	<u><u>165,571</u></u>	<u><u>102,279</u></u>	<u><u>38.2</u></u>

In FY2024, the volume of outsourced products increased to approximately 125.5 million units, compared with 340.6 million units of self-manufactured production.

The gross profit margin of outsourced products improved to 44.2%, exceeding the 36.8% margin recorded for self-manufactured goods. The higher outsourcing margin reflected more favorable pricing terms and a focus on specific high-value product categories under outsourced arrangements.

FY2025	Revenue (RMB’000)	Cost (RMB’000)	Gross Profit (RMB’000)	GP Margin (%)
Self-manufactured	315,326	190,331	124,995	39.6
Outsourced production	<u>12,569</u>	<u>6,912</u>	<u>5,657</u>	<u>45.0</u>
Total	<u><u>327,895</u></u>	<u><u>197,243</u></u>	<u><u>130,652</u></u>	<u><u>39.8</u></u>

In FY2025, the Group outsourced the production of approximately 26.3 million units, compared to 448.6 million units of self-manufactured products.

The gross profit margin of outsourced products improved to 45.0%, exceeding the 39.6% margin recorded for self-manufactured goods. The higher outsourcing margin reflected more favorable pricing terms and a focus on specific high-value product categories under outsourced arrangements.

Charging basis

The Group’s third-party manufacturing charges were determined on a cost-plus or unit-based pricing basis, depending on the product type and production specification. The Group negotiated with each manufacturer for agreed unit prices that covered the cost of raw materials (if provided by the

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manufacturer), labour, utilities, processing fees, and a reasonable profit margin. In certain cases, the Group supplied its own materials, and the manufacturer charged a processing fee based on the quantity produced.

Salient terms of outsourcing agreements

The Group entered into written manufacturing agreements with each outsourced manufacturer on standard commercial terms. The key provisions typically included:

- Service scope: The manufacturer provides processing and assembly services according to product specifications, packaging, and quality requirements determined by the Group.
- Raw materials supply: The Group provided key materials (such as SAP, nonwoven fabrics, adhesives, and packaging) or the manufacturer procured them according to the Group’s technical requirements.
- Quality control: The Group performed inspections and required compliance according to the Group’s technical requirements.
- Delivery and logistics: Finished goods were delivered to designated warehouses at the manufacturer’s expense.
- Confidentiality and intellectual property: Manufacturers were required to maintain strict confidentiality and were prohibited from using the Group’s intellectual property, trademarks, or product designs for other purposes.
- Liability and remedies: Manufacturers bore liability for defective goods, or non conforming products.
- Payment terms: Fees were generally settled on a per batch basis by bank transfer within 30–60 days after delivery and acceptance.

Our production process

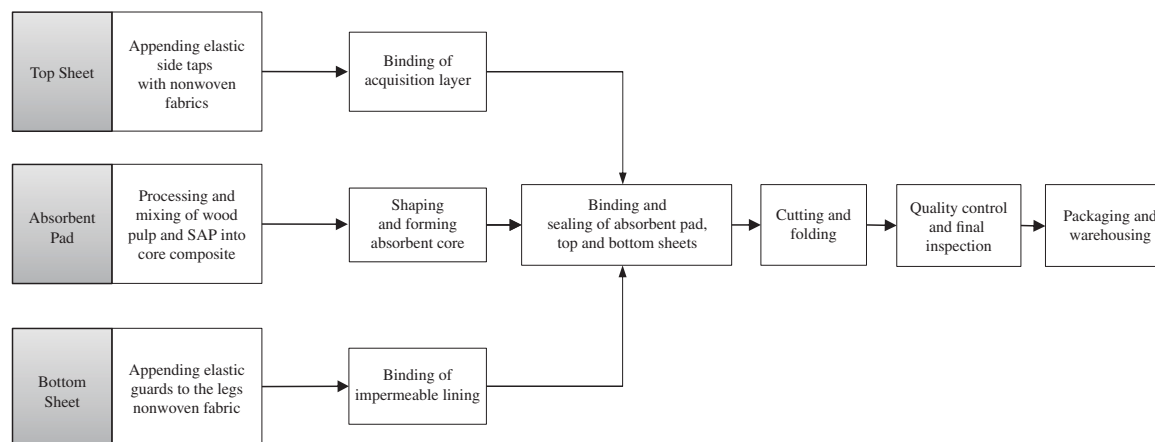
The typical production process of our hygienic disposables generally involves the following steps:

- (i) wood pulp is processed and mixed with SAP to form the absorbent core composite;
- (ii) the absorbent core composite is shaped and compressed to form the absorbent pad;
- (iii) nonwoven fabrics are cut to appropriate sizes, appended with elastic bands and bound with other applicable components to form the top and bottom sheets;
- (iv) the top and bottom sheets are combined with the absorbent pad, cut and folded into the desired shape to form the product; and
- (v) upon quality control testing (if applicable) and final inspection, the product is packaged and stored in our warehouse, ready for despatch to our customers.

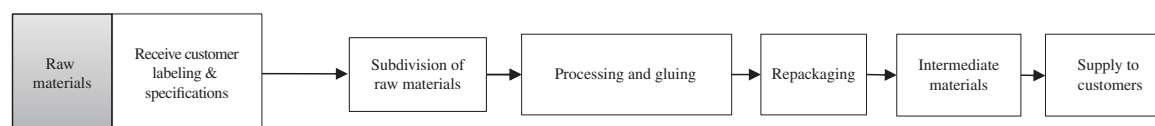
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The following flow chart illustrates the general manufacturing process of our hygienic disposables:

Baby care / Feminine care / Adult incontinence products



Hygienic disposable materials



Expansion plan

Given the utilisation rate of our existing production lines has approached or exceeded their optimal operating limits, we intend to utilise approximately [HK\$[REDACTED]] (comprising [HK\$[REDACTED]] for land acquisition, [HK\$[REDACTED]] for construction of the new production facility, and [HK\$[REDACTED]] for new production line equipment), representing approximately [[REDACTED]%] of the net [REDACTED] from the [REDACTED], to expand and upgrade our production capacity and enhance our product portfolio, due to the following reasons:

- Our baby diapers and disposable period underwear products have been key contributors to our business growth. In FY2024, the utilisation rate of our baby diapers production line reached approximately 90.1%, almost reaching its designed capacity, while that of our disposable period underwears production lines reached approximately 94.7%, respectively. These elevated utilisation rates reflect that our baby diapers products and disposable period underwear products production lines have been operating near full capacity, thereby constraining our ability to fulfil additional orders and accommodate future growth. In light of the capacity pressure, we plan to acquire two additional baby diapers production lines, two additional disposable period underwear production lines, and one adult pull-ups production line to alleviate existing bottlenecks and capture the anticipated increase in demand. As at 31 December 2025, the new feminine care products production line has been put into trial operation, with the utilisation rate of the baby diapers production lines reaching approximately 67.6%. Although the Company ceased its proprietary ‘Tieban’ adult

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incontinence brand in May 2024, it continues to manufacture adult incontinence products on an OEM basis for third-party customers. Revenue from adult incontinence products increased from approximately RMB15.1 million in FY2023 to approximately RMB32.8 million in FY2025, and the additional adult pull-ups production line is intended to service this growing OEM demand.

- According to the Frost & Sullivan Report, the market size of feminine care hygienic disposables in China increased from approximately RMB61.3 billion in 2020 to RMB86.7 billion in 2024, representing a CAGR of 9.1%. The market is projected to reach RMB132.5 billion by 2029, reflecting a CAGR of 8.9% from 2024 to 2029. In particular, the online segment of the feminine care hygienic disposables market is experiencing strong growth, projected to expand from RMB27.5 billion in 2024 to RMB59.7 billion in 2029, representing a CAGR of 16.8%. While we ceased our e-commerce operations and transferred our e-stores to one of our business customers in 2024 in order to focus our resources on daily operations, we understand that many of our major business customers who purchase our branded feminine care products also sell their own products through their respective e-stores. This continued online activity is expected to further support the projected market growth and rising demand.
- According to the Frost & Sullivan Report, the export value of baby care hygienic disposables is expected to reach RMB19.3 billion by 2029, with a CAGR of 7.1% from 2024 to 2029. During the Track Record Period, our baby care products were primarily sold through OEM business to overseas customers.
- We believe that the addition of five new production lines is necessary to relieve capacity constraints, fulfil rising market demand and capture further growth opportunities in these strategic segments.
- We plan to move and consolidate all our existing and new production lines into a newly constructed site, for which we have allocated approximately [HK\$[REDACTED]] ([REDACTED]% of net [REDACTED]) for land acquisition and approximately [HK\$[REDACTED]] ([REDACTED]% of net [REDACTED]) for construction, including one designed as a 300,000-class cleanroom production workshop, as the old production facility does not have sufficient space to accommodate the new machines. After the decoration of the new production facility is completed, we will relocate the existing production lines to the new production facility. It will also centralise and streamline production management and quality assurance processes while improving cost efficiency and operational consistency.

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Allocation of net [REDACTED] for expansion

As such, we intend to apply such portion of the net [REDACTED] from the [REDACTED] as follows:

- Approximately [[REDACTED]]% or HK\$[REDACTED] of the net [REDACTED] of the [REDACTED]] will be used for the acquisition of land and the construction of new production facility. In particular, (i) approximately [[REDACTED]]% or HK\$[REDACTED] of the net [REDACTED] of the [REDACTED]] will be allocated for land acquisition; and (ii) approximately [[REDACTED]]% or HK\$[REDACTED] of the net [REDACTED] of the [REDACTED]] will be used for the construction of a new production workshop, which will include a 300,000-class cleanroom designed to meet the hygiene and quality standards required for the manufacturing of baby care, adult care and feminine care products. “See Future Plans and [REDACTED] Section – [REDACTED]”.
- Approximately [[REDACTED]]% or HK\$[REDACTED]] will be used for the procurement and installation of new production equipment, comprising (i) approximately [[REDACTED]]% or HK\$[REDACTED] of the net [REDACTED] of the [REDACTED]] for two baby diapers production line; and (ii) approximately [[REDACTED]]% or HK\$[REDACTED] of the net [REDACTED] of the [REDACTED]] for two disposable period underwears production line; and (iii) approximately [[REDACTED]]% or HK\$[REDACTED] of the net [REDACTED] of the [REDACTED]] for one adult pull-ups production line, to enhance our product capacity and support expected growth in market demand. “See Future Plans and [REDACTED] Section – [REDACTED]”.

The table below summarises the allocation of net [REDACTED] for expansion:

	Amount (HK\$’000)
1. Land acquisition and construction costs	
– Land acquisition	[REDACTED]
– Production workshop	<u>[REDACTED]</u>
Sub-total	<u>[REDACTED]</u>
2. Purchase of new equipments	
– Baby care products production line	[REDACTED]
– Feminine care products production line	[REDACTED]
– Adults pull-ups production line	<u>[REDACTED]</u>
Sub-total	<u>[REDACTED]</u>
Total	<u><u>[REDACTED]</u></u>

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The new facility and production lines

Details regarding the new factory and production lines are set out below:

Location:	Xintang Subdistrict, Jinjiang, Fujian Province, China (中國福建省晉江市新塘街道)
Expected year to commence construction:	by first to second quarter of 2027
Expected year of commencement of trial production:	by third to fourth quarter 2028
Estimated capital expenditure:	As at the Latest Practicable Date, our Group had not incurred any capital expenditure in respect of the proposed land acquisition, construction of new production facility or procurement of production equipment. The total estimated capital expenditure for the land acquisition, construction of a new production workshop and the purchase and installation of two baby diapers production lines, two disposable period underwears production lines and one adult pull-ups production line is approximately HK\$[REDACTED].
Source of funding:	Funded from the net [REDACTED] of the [REDACTED].
Proposed management of the new production facility:	The operation of new production facility will be managed by Ms. Yang Qiaobong, our senior management.
Source of labour of the new production facility:	To support our new production capacity, we plan to recruit approximately [45] additional skilled workers to operate the new facility, for both baby diapers and disposable period underwear production lines.
Relocation of existing production lines:	As the old production facility does not have sufficient space to accommodate the new machines, after the decoration of the new production facility is completed, we will relocate the existing production lines to the new production facility.

Note: Given the above proposed [REDACTED] primarily involves relocating our current operations to a new site rather than expanding or establishing new production capacity, and we are transferring existing equipment without acquiring new assets, meaning there are no additional capital expenditures for machinery that would need to be offset by future revenues. As a result, the conventional payback and breakeven metrics, which are used to assess returns on new investments, do not align with this scenario. The Directors consider such calculation might be misleading and not applicable in our case.

BUSINESS

Below we set out the breakdown for production capacity by type of products:

	Actual production capacity of FY2025 (Pieces' 000)	Predicted full-year production capacity as at 31 December 2026 (Pieces' 000)	Predicted full-year production capacity as at 31 December 2027 (Pieces' 000)	Additional production capacity	Predicted full production capacity after expansion (Pieces' 000)
Baby care product					
– Baby diapers	100,800	80,640	80,640	72,240	173,040
Feminine care product					
– Disposable period underwears	74,760	74,760	74,760	92,400	167,160
Adult care product					
– Adult pull-ups	46,200	46,200	46,200	46,200	92,400

Notes:

1. The predicted full year production capacity represents the maximum number of products that can be manufactured at our facility, based on 8 regular working hours per production day, an average of 23.3 effective production days per month, and a total of 12 months per year (i.e., approximately 280 production days annually).
2. The baby diapers production line acquired in May 2021 experienced intermittent mechanical instability and was subsequently decommissioned in April 2025. Prior to its decommissioning, two production lines were in operation: the 2021 line and a newly installed line commissioned in October 2024. Accordingly, the production capacity for FY2025 reflects both lines in operation, with the 2021 line running until April 2025 and the new line operating throughout the full year. From FY2026 onward, the reported production capacity is based solely on the new production line.

Relocation of existing production lines

As the old production facility does not have sufficient space to accommodate the new machines, after the decoration of the new production facility is completed, we will relocate the existing production lines to the new production facility. Based on the inventory and equipment status, and an estimated relocation distance of approximately 14 kilometres (from Fujian Yuejian Hygiene Products Co., Ltd. to Tangshi Community, Xintang Sub-district, Jinjiang City), the expected costs associated with the relocation are as following:

- **Transportation costs:** Approximately RMB150,000, covering the logistics of moving goods and equipment.
- **Packaging costs:** Approximately RMB100,000, including packaging materials and labour.

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- **Labour costs:** The relocation may result in temporary suspension of production, logistical adjustments, and operational disruptions. We have formulated contingency plans to minimize such impacts. The estimated labour cost during the suspension period is approximately RMB400,000. No material adverse impact on long-term operations is expected, as the relocation is planned to be completed within a short timeframe.
- **Equipment dismantling and lifting costs:** Approximately RMB120,000, including the use of cranes and other heavy machinery.
- **Equipment installation and commissioning costs:** Approximately RMB60,000, including technical support from equipment suppliers.
- **Other contingency costs:** Approximately RMB100,000, covering potential losses due to force majeure events (e.g., damage to inventory or assets).

Relevant licences, permits, filing, registration or approvals

As confirmed by our PRC Legal Advisers and Directors, after a thorough review of the available materials, there are no issues identified concerning the nature of the land, planning and development restrictions, or limitations on subdivision and transfer in respect of the land we intends to acquire up to the Latest Practicable Date. Upon execution of a written land transfer agreement and completion of the title registration procedures, the land acquisition process can be completed, and there are no substantive legal obstacles to the overall transaction.

OUR SUPPLIERS AND RAW MATERIALS

Our principal raw materials include SAP, nonwoven fabrics, and hot melt adhesives. We source them both as raw materials for our OEM and branded hygienic disposables, and as goods for sales to our hygienic disposable materials customers. We source the majority of these materials from domestic suppliers and the majority of our material purchases are denominated in RMB.

In addition, based on our understanding of market trends and actual market demand, we also procure hygienic disposable materials with overseas origin for sale if we consider this profitable. As a result, we sourced a number of hygienic disposable materials from overseas suppliers during the Track Record Period and such purchases were denominated in USD.

Raw materials sourcing

Set out below is a table summarising our raw materials sourcing by purchases from PRC suppliers and overseas suppliers for the periods indicated.

	FY2023		FY2024		FY2025	
	RMB'000	%	RMB'000	%	RMB'000	%
PRC suppliers	258,776	97.9	277,808	97.8	370,121	98.3
Overseas suppliers ⁽¹⁾	5,604	2.1	6,153	2.2	6,278	1.7
Total	264,380	100.0	283,961	100.0	376,399	100.0

Note:

- (i) Mainly include Finland, HKSAR and Sweden

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During the Track Record Period, our raw materials purchase amount increased from RMB264.4 million in FY2023 to RMB284.0 million in FY2024, and further to RMB376.4 million in FY2025.

Our raw material purchase amount from PRC suppliers rose from approximately RMB258.8 million in FY2023 to RMB277.8 million in FY2024 and reach RMB370.1 million in FY2025. The percentage of total purchases sourced domestically was 97.9% in FY2023, and remained stable at 97.8% in FY2024. Our raw materials purchase amount from PRC suppliers increased from RMB277.8 million in FY2024 to RMB370.1 million in FY2025, while the percentage of total purchases from PRC suppliers increased slightly from 97.8% to 98.3%.

Concurrently, our raw material purchase amount from overseas suppliers was RMB5.6 million in FY2023, and slightly increased to RMB6.2 million in FY2024. The proportion of overseas purchases was 2.1% in FY2023, and slightly increased to 2.2% in FY2024. For FY2025, our raw material purchase amount from overseas suppliers was approximately RMB6.3 million, representing 1.7% of our total purchases.

We only procure raw materials from companies that have satisfied our supplier evaluation and are on our list of approved suppliers. Our procurement department evaluates various aspects of each supplier, including its overall business operations, product quality, and track record. Our procurement department then reports their findings to our senior management, who shall formally determine whether to include such supplier into our list of approved suppliers. As at 31 December 2025, our list of approved suppliers comprised over 155 suppliers, with not less than three suppliers for each type of our principal raw materials.

We may enter into annual framework supply agreements with our major suppliers. These agreements set forth terms in relation to, among other items, the sale and purchase obligations of both parties, total purchase volume, procedures for the placement of orders, pricing terms, quality standards, delivery protocol, inspection and acceptance of goods, payment terms and warranty. Our purchases are made on a purchase order basis. During the term of these supply agreements, we may place orders with our suppliers and they shall sell products in accordance with the terms and conditions of the supply agreements. Due to the frequent price fluctuations of certain key raw materials, the supply agreements between us and the suppliers usually do not provide a fixed price. Instead, the purchase price for each batch of procurement is determined by both parties by referring to indicative prevailing market prices as mutually agreed. These supply agreements typically do not contain minimum purchase requirements. Instead, we specify the product type, unit price, quantity, delivery timeline and other detailed items in each purchase order we send to our suppliers from time to time. Delivery charges shall be borne by our suppliers. We may return defective products and seek replacements. We typically settle our trade payables by bank transfers.

Suppliers typically provide us with a credit term of 30 to 90 days for our material purchases, while some suppliers require us to make full payment before shipment. During the Track Record Period and up to the Latest Practicable Date, we did not have material disputes with our suppliers, and there were no material shortages or delays in our procurement of key hygiene product materials either as our raw materials or for sale.

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Set out below are the salient terms of the suppliers purchase agreements we generally enter into with our suppliers:

- Contract duration – Our agreement is typically valid for a 12-month period. Each contract is dated and valid upon signature by both parties.
- Sale and purchase obligations of both parties – We generally issue the purchase order, and our suppliers need to deliver products as per confirmed specifications, quantity and delivery schedule.
- Total purchase volume – Our purchase is made on a purchase order basis.
- Procedures for the placement of orders – We issue the purchase order, and our supplier send formal purchase orders. Any changes to quantity or delivery date must be confirmed by both parties.
- Dispute resolution – Any disputes arising by either party need to be resolved through amicable negotiation. If unsuccessful, either party may file a lawsuit with the Court at our Group’s business practice location in PRC.
- Liability for breach – We are governed by the general contract law and mutual obligations under the jurisdiction of the PRC.
- Pricing terms – Our agreement is based on mutually confirmed quotations. If raw material prices fluctuate by more than $\pm 5\%$, either party may renegotiate or terminate the contract.
- Quality standards – We request that all products meet National Standards for the hygienic disposables industry.
- Delivery terms – Supplier must deliver the products to our designated warehouse. Supplier bears transportation and insurance costs.
- Inspection and acceptance of goods – We inspect products upon delivery and sign the receipt returned to the supplier.
- Payment terms – The suppliers typically request that we settle payments monthly, with 30–60-day payment terms, depending on the agreement.
- Warranty – Suppliers guarantee products are free from harmful substances (e.g., formaldehyde, heavy metals) and must meet agreed quality standards.

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%, 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.

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The table below sets out information of our top five suppliers for each of the respective periods indicated:

FY2023

Supplier	Background	Major products supplied	Year of commencement of business relationship	Transaction amount (RMB'000)	% of our total purchase cost	Credit period/ payment terms
Supplier A	See Note 1	Hot melt adhesives	2019	50,870	19.0	30-90 days
Supplier B	See Note 2	SAP	2017	44,395	16.6	30-90 days
Supplier C	See Note 3	Absorbent paper	2021	27,687	10.3	60 days
Supplier D	See Note 4	Non-woven fabric	2022	16,800	6.3	60 days
Supplier E	See Note 5	Non-woven fabric	2021	<u>16,307</u>	<u>6.1</u>	90 days
Total				<u><u>156,059</u></u>	<u><u>58.3</u></u>	

FY2024

Supplier	Background	Major products supplied	Year of commencement of business relationship	Transaction amount (RMB'000)	% of our total purchase cost	Credit period/ payment terms
Supplier B	See Note 2	SAP	2017	53,716	18.2	30-90 days
Supplier A	See Note 1	Hot melt adhesives	2019	53,423	18.1	30-90 days
Supplier C	See Note 3	Absorbent paper	2021	28,126	9.5	60 days
Supplier F	See Note 6	Spandex yarn	2019	16,000	5.4	30-90 days
Supplier G	See Note 7	Non-woven fabric	2023	<u>12,337</u>	<u>4.2</u>	90 days
Total				<u><u>163,602</u></u>	<u><u>55.4</u></u>	

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FY2025

Supplier	Background	Major products supplied	Year of commencement of business relationship	Transaction Amount (RMB'000)	% of our total purchase cost	Credit period/ payment terms
Supplier B	See Note 2	SAP	2017	50,116	13.2	30-90 days
Supplier A	See Note 1	Hot melt adhesives	2019	48,007	12.6	30-90 days
Supplier H	See Note 8	Absorbent paper	2016	47,651	12.5	90 days
Supplier C	See Note 3	Absorbent paper	2021	36,765	9.7	60 days
Supplier D	See Note 4	Non-woven fabric	2022	30,924	8.1	60 days
Total				<u>213,463</u>	<u>56.1</u>	

Notes:

- Supplier A is a joint stock company headquartered in Guangdong Province, China, with a registered capital of approximately RMB80.0 million. Established on 19 October 2012, the company is publicly listed on the ChiNext Board of the Shenzhen Stock Exchange. It specialises in the research, development, and application of hot melt adhesive materials, providing high-performance polymer solutions for a wide range of industrial sectors. As at the Latest Practicable Date, the company employed approximately 200 to 450 staff and recorded revenue of RMB2,006.4 million for FY2024. During the Track Record Period, our Group procured construction glue and elastic glue from this supplier for use in the production of sanitary care products.
- Supplier B is a privately held company limited by shares incorporated in Hong Kong, Macau, or Taiwan (not publicly listed), with its principal operations based in Fujian Province, China. Established on 29 January 2013, the company has a registered capital of RMB100 million and is principally engaged in the promotion and application of new material technologies. It specialises in the production and sales of super absorbent polymers (SAP), acrylic acid derivatives, and related chemical engineering services. As at the Latest Practicable Date, the company employed approximately 50 to 60 staff. During the Track Record Period, our Group procured SAP from this supplier for use in the manufacture of hygienic disposables.
- Supplier C is a private limited company established in Fujian Province, China, on 23 March 2017, with a registered capital of RMB3.0 million. The company specialises in the manufacturing of sanitary paper products and, as at the Latest Practicable Date, employed fewer than 50 staff. During the Track Record Period, our Group procured absorbent paper from this supplier for use in the production of hygienic disposables.
- Supplier D is a privately owned group comprising two companies incorporated in Fujian Province, China, principally engaged in the wholesale and retail of sanitary products, cosmetics, and household items. The first entity was established on 3 September 2019 with a registered capital of RMB2.0 million and employed fewer than 50 staff as at the Latest Practicable Date. The second entity was incorporated on 14 March 2022 with a registered capital of RMB2.0 million and similarly employed fewer than 50 staff. During the Track Record Period, our Group procured various nonwoven fabric products from this supplier for use in the production of hygienic disposables.
- Supplier E is a privately owned group comprising two limited liability companies incorporated in Fujian Province, China, principally engaged in the manufacture and sales of industrial textile products. The first entity was established on 22 October 2020 with a registered capital of RMB30.0 million and employed approximately 100 to 200 staff. The second entity was established on 12 January 2021 with a registered capital of RMB10.0 million and employed approximately 50 to 100 staff, as at the Latest Practicable Date. During the Track Record Period, our Group procured various nonwoven fabric products from this supplier for use in the production of hygienic disposables.

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6. Supplier F is a privately owned group comprising two companies incorporated in Quanzhou and Xiamen, Fujian Province, China, principally engaged in sales of textiles, fibres, and composite materials. The first entity was established on 23 August 2012 with a registered capital of RMB1.0 million and employed fewer than 50 staff as at the Latest Practicable Date. The second entity was incorporated on 20 October 2022 with a registered capital of RMB10.0 million and similarly employed fewer than 50 staff. During the Track Record Period, our Group procured Spandex yarn from this supplier for use in the production of hygienic disposables.
7. Supplier G is a private limited company incorporated in Fujian Province, China. Established on 28 March 2019, the company has a registered capital of RMB8.7 million and is principally engaged in the pharmaceutical manufacturing sector, with a focus on the production of sanitary and medical materials. As at the Latest Practicable Date, the company employed fewer than 50 staff. During the Track Record Period, our Group procured various nonwoven fabric products from this supplier for use in the production of hygienic disposables.
8. Supplier H is a privately held limited liability company registered in Fujian Province, China. Incorporated on 23 March 2017, the company operates with a registered capital of RMB3 million and specializes in the manufacturing of sanitary paper products, including baby diapers, sanitary napkins, and panty liners. Its business scope also encompasses plastic film production and goods/technology import & export.

None of our Directors or their respective close associates or any Shareholder (whom to the knowledge of our Directors owns more than 5% of the issued Shares) had any interest in any of our Group’s five largest suppliers in each year during Track Record Period and as at the Latest Practicable Date.

QUALITY CONTROL

We emphasise quality control in all aspects of our production processes from the sourcing of raw materials to manufacturing, packaging, storage and transportation.

Our production process is ISO 9001 (quality management system), ISO 14001 (environmental management system) and ISO 13485 (quality management system for medical devices) certified. We have maintained all required certifications in relation to our product quality and safety control systems for our production facility. In addition, our products have attained a number of quality management certifications.

As at 31 December 2025, we had 8 staff in our quality management team. The quality management team is responsible for ensuring that we are in compliance with all applicable laws, regulations and internal policies as well as conducting relevant tests and inspections.

Our quality management team inspects incoming raw materials upon delivery, and we return materials that fail to pass our inspection and seek replacement at no additional cost.

We implement quality control measures throughout the entire production process. Quality cheques are performed at critical control points to ensure proper operations and to identify any contamination or impurities that could affect product quality. Additionally, we conduct inspections at every stage of production to ensure compliance with all relevant hygiene and safety standards.

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INVENTORY AND LOGISTICS

Inventory management

Our inventory primarily consists of hygienic disposables and hygienic disposable materials. We have implemented an inventory control system to ensure that our production and warehousing operations are consistent with our current and expected sales activities. We produce an annual master budget and sales plan based on, among other things, our overall performance for the previous year, sales forecast and existing inventory levels, subject to adjustment from time to time according to the actual purchase orders we receive. We seek to manage our inventory at a reasonable level by considering historical sales and conducting regular assessments. We conduct regular stocktake to assess the effectiveness of our historical inventory levels and ensure accuracy of our inventory records.

Logistics

For our PRC business customers, we generally require them to arrange for self pick-up of the products at our designated warehouses or facilities. For end consumers who purchase our branded products through e-commerce platforms, we generally arrange delivery of our products to the address they provide to the platform when they place their orders.

For our overseas business customers, in accordance with the terms of their purchase orders, we normally arrange delivery of our products on either FOB or CIF basis. Under FOB terms, we are responsible for delivering our products and bearing the freight costs to the designated port in the PRC for shipment arranged by our business customers. Under CIF terms, we also arrange and cover the freight to the destination port, while the risk transfers to the customer upon loading at the port in the PRC.

We engage independent third-party logistics services providers to deliver our products to our customers. We select logistics services providers on the basis of their track record, distribution network coverage and scale of operation. According to the service agreements we enter into with our logistics services providers, once the products to be delivered have been confirmed, the logistics services providers are generally liable for any damage or loss during transportation, including delay of delivery, spoilage, damage, or loss of products.

As at 31 December 2025, we had 201 independent third-party logistics services providers for the transportation of our products to our customers, 98 of which we primarily engaged to support our export sales, while the others were primarily engaged to deliver our products to customers in the PRC.

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 the Relevant Regions. In particular, the revenue generated from our sales to Iran amounted to nil, RMB3.4 million and nil, representing approximately nil, 0.8% and nil of our total revenue in the years ended December

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31, 2023, 2024 and 2025, respectively, and the revenue generated from our sales to Russia amounted to RMB1.5 million, RMB1.8 million and RMB0.2 million, representing approximately 0.4%, 0.4% and less than 0.1% of our total revenue in the years ended 31 December, 2023, 2024 and 2025.

During the Track Record Period, we have procured U.S. origin materials (i.e. wood pulp used in the manufacture of hygiene products and consumables) (“**U.S. Origin Materials**”) from a non-sanctioned supplier located in Hong Kong.

As advised by our legal advisors as to International Sanctions, given that (i) the 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 revenues 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% and 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 that (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.

Tariffs and supply chain

We mainly procure raw materials from suppliers in the PRC. Purchases from suppliers in the United States were nil during the Track Record Period. Based on our internal review, no new tariffs or trade measures affecting our core product types were identified during the Track Record Period that have caused disruption or material cost increase.

Having considered the analysis of the U.S. Sanctions Legal Advisers, the Sponsor’s due diligence findings and our own review of our business activities, our Directors are of the view that existing and anticipated trade restrictions, tariff policies and international sanctions have not had, and are not expected to have, a material adverse effect on our operations or financial performance.

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[REDACTED] from the [REDACTED]

We undertake that the [REDACTED] from the [REDACTED] or any other funds raised through the Exchange will not be applied to finance or facilitate any sanctioned activity. We will terminate, if required, contractual obligations that could constitute sanctioned activity prior to [REDACTED] and will disclose in our annual and interim reports any material developments in our sanctions exposure and mitigating measures.

COMPETITION

We operate in a highly competitive industry where our products face competition on multiple fronts, including brand image, product design, quality, price, and distribution channels. We face direct competition with other large-scale domestic players as well as international producers. International players target at mid to high-end markets and make a strong appearance in the traditional retail market. On the other hand, some domestic players, like ourselves, strategically focus on OEM business or offer branded products primarily through new retail channels such as e-commerce platforms. See “Industry Overview” for details about market trends and prospects of the industry in which we operate.

Our competitors may have stronger brand recognition, higher sales volume, larger customer bases, greater financial, R&D, sales and marketing, personnel resources and other resources than we do. For more details about our competitive landscape, see “Industry Overview”. If we fail to compete effectively against them, our business, financial condition and results of operations would be materially and adversely affected. See “Risk Factors – Risks Related to Our Industry and Business – We are operating in a highly competitive market”.

PROPERTIES

As at the Latest Practicable Date, we did not own any landed property while we leased six properties in the PRC, a summary of which is set out below:

	Location	Approximate gross floor area (sq.m.)	Usage	Lease expiry date
1.	No. 185-A5-301, Dongcun, Shengxin Town, Nan'an City, Quanzhou, Fujian (福建省泉州市南安市省新鎮省東村太林185-A5-301號)	46	Office	10 August 2026
2.	1612 and 1613, Buildings 3, Huada Taihe Plaza, Quanzhou, Fujian (福建省泉州市華大泰禾廣場3號樓1612、1613)	96	Office	5 February 2026
3.	Units 709, 710, 711, 712, 713, Huada Taihe Plaza Quanzhou City (泉州市華大泰禾廣場1號樓7層 709、710、711、712、713)	286	Office	8 March 2030
4.	Factory and warehouse portion, No. 10 Lingshan Road, Jinjiang Economic Development Zone (晉江經濟開發區靈山路10號車間及廠房)	10,424	Factory and warehouse	31 December 2026
5.	2/F, Building C, No. 10 Lingshan Road, Jinjiang Economic Development Zone (晉江經濟開發區靈山路10號C棟2樓)	2,996	Factory	30 September 2026
6.	6/F, Factory Building G, No. 10 Lingshan Road, Jinjiang Economic Development Zone	5,000	Office	30 September 2026

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Report set forth in Appendix I to this document, we have no single property with a carrying amount of 15% or more of our consolidated total assets as at 30 June 2025. As such, we are not required by Chapter 5 of the Listing Rules to value or include in this document any valuation report on our property interests. Pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all our Company’s interests in land or buildings.

Title Defects

As at the Latest Practicable Date, the lessor of one out of six of our leased properties with an aggregate gross floor area of 46 sq.m. was unable to provide valid title or proper authorisation, namely the property located at No. 185-A5-301, Dongcun, Shengxin Town, Nan’an City, Quanzhou, Fujian (福建省泉州市南安市省新鎮省東村太林185-A5-301號) (the “**Defective Nan’an Property**”). If a third party objects to such lease or the ownership of such leased property, it may affect our continuous leasing of such property.

The Defective Nan’an Property was leased to Jiaodian by the government of Shengxin Town, Nan’an City (南安市省新鎮人民政府) to be used as Jiaodian’s registered address, with no occupation nor operation. Thus, our Directors are of the view that (i) no proper authorization is required, nor any valid title can be provided; and (ii) the production safety and fire safety requirements are not applicable to the Defective Nan’an Property.

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According to the Interpretation by the Supreme People’s Court about the Specific Application of Law on Certain Issues in the Hearing of Contractual Dispute Cases on the Leasing of Properties in Towns and Cities (《最高人民法院關於審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋》), if a landlord enters into a lease with a tenant for a property which has not been issued with the construction planning permit or was not built in accordance with the provisions of the construction planning permit, such lease shall be invalid. Nevertheless, if before the closing of debate in the court of first instance, such property obtains the construction planning permit or the construction of such property is approved by the competent authorities, the People’s Court shall hold such lease to be valid.

In view of this, we will not have difficulties in relocating to alternative properties in a timely manner under the same conditions without excessive costs or business interruption if such property is no longer available since the PRC subsidiaries has not initiated production on the Defective Nan’an Property. As such, our Directors are of the view that our business operations and financial results would not be materially and adversely affected by the relocation.

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Non-registration of lease agreements

As at the Latest Practicable Date, none of the lease agreements for our leased properties disclosed above had been registered with the relevant PRC authorities. As advised by our PRC Legal Advisers, the non-registration of the lease agreements will not affect the validity of such lease agreements. However, we may be subject to a risk of being imposed with administrative penalties ranging from RMB1,000 to RMB10,000 for each unregistered lease agreement if such lease agreement was not registered within a specified time frame upon request by the relevant municipal land and real estate administration bureau. On this basis, our maximum exposure to fines for failure to register the lease agreements is expected to be no more than RMB60,000. See “Business – Legal Proceedings and Non-compliance – Leased Properties without Lease Registration and Filing” for more details.

As at the Latest Practicable Date, we had not received any such request. In the case of us having to cease our operations on the above premises, our Directors do not anticipate any material difficulty in identifying comparable alternative premises for our operations.

INTELLECTUAL PROPERTY

We rely on a combination of trademark, patents, trade secrets and other intellectual property laws as well as confidentiality agreements with our employees, suppliers, customers and others to protect our product design, trade secrets and other intellectual property rights. As at the Latest Practicable Date, we had obtained 98 registered trademarks in the PRC. We also had 4 trademark applications in the PRC. In addition, as at the Latest Practicable Date, we had obtained a total of 50 patents in the PRC, including 3 invention patents, 2 exterior design patents and 45 utility model patents, and 8 copyright in connection with the design of our products.

As at the Latest Practicable Date, we had not been involved in any ongoing litigation or arbitration regarding the infringement of intellectual property rights by any third-party, and we were not aware of any threatened material proceedings or claims relating to intellectual property rights against us. Moreover, despite our best efforts, we cannot be certain that third parties will not infringe or misappropriate our intellectual property rights or that we will not be sued for intellectual property infringement. See “Risk Factors – Risks Related to Our Industry and Business – Infringement or misappropriation claims by any third parties against us or unauthorised use of our intellectual property rights could adversely affect our business and reputation”.

Litigation and Claims Relating to Intellectual Property Rights

During the Track Record Period, we were involved in a civil litigation initiated by a claimant in China concerning alleged trademark infringement. The claimant alleged that our use of certain trademarks and packaging on our baby diaper products resembled its registered trademarks. The claimant sought damages exceeding RMB1.0 million. The alleged infringement arose in 2022 when we use certain trademarks on baby diaper products. We were unaware of the claimant’s prior trademarks and believe our marks were non-infringing. We defended the case on several grounds, including:

- our trademarks were lawfully registered and used;
- the claimant’s trademarks lacked market recognition;

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- the packaging designs were distinguishable; and
- the employment of former employees was lawful.

On 29 November 2024, the Pudong New Area People’s Court of Shanghai (上海市浦東新區人民法院) issued its judgment. The court partially upheld the claimant’s claims regarding trademark similarity but dismissed the unfair competition claim due to insufficient evidence of market influence. The court awarded damages of RMB300,000, which was less than the claimant’s original claim of over RMB1 million. We did not appeal the decision. We settled the case in full on 6 February 2025, and a payment receipt was issued.

The affected products generated revenue of RMB1.1 million (0.3%), RMB0.3 million (less than 1%), and RMB0.9 million (less than 1%) in FY2023, FY2024, and FY2025, respectively. Our Directors confirm this does not have a material adverse effect on our business, financial condition or results of operations.

According to our PRC legal advisor, as at the Latest Practicable Date, the case is final, binding and conclusive, and is not subject to reopening. Save as disclosed above, we have not experienced any other litigation, arbitration, or threatened material proceedings or claims regarding the infringement of intellectual property rights during the Track Record Period and up to the Latest Practicable Date.

After the resolution of this case, we have strengthened our internal intellectual property compliance policies and procedures. These include defining intellectual property rights, assigning departmental responsibilities, setting out rules for the use of third-party intellectual property rights, protecting our own intellectual property rights, and specifying penalties for non-compliance. The procedural manual has been approved by management and circulated to relevant staff for implementation.

When making a patent application, our Administrative and Human Resources departments and R&D team work together to evaluate the scope and strategy of application, and also engage external patent agents to leverage their specialized knowledge for refining application, ensuring robust protection and aligning with the latest technological and regulatory advancements in the field. The patent agents we work with have extensive experience and expertise in both law and data technology, which enable them to provide professional advice that helps us optimize the scope and protection strength of our patents, such as timely registration, filling and application for ownership of our intellectual properties. Our Administrative and Human Resources departments actively tracks the registration and authorization status of intellectual properties.

Our staff are not permitted to use intellectual property rights owned by external parties unless written approval has been obtained from the owner. Third parties must also obtain our authorization before using intellectual property rights owned by us.

If there is any unauthorized use of third-party intellectual property rights, our Administrative and Human Resources departments must report the matter to the General Manager for action. These departments will also conduct regular online searches and internal sample checks to ensure there is no unauthorized use of intellectual property rights owned by us or by others. We also constantly monitor updates and changes in laws and regulations in the PRC or other jurisdictions relating to intellectual property to ensure our ongoing compliance with these laws and regulations.

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Data Security

According to the PRC Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, the Group did not engage in any cross-border data transmission. All data has been stored on servers located within the PRC, and no personal information or important data has been provided to any entities or individuals outside mainland China.

Our business model utilises third-party e-commerce platforms including Tmall, JD.com, Douyin, Kuaishou, Pinduoduo and Alibaba.com. For sales through such platforms, customer personal information is collected, stored and processed by the respective platforms. We do not have access to, and do not store, customers’ full personal information.

From July 2022 to October 2024, we operated self-operated e-commerce stores on TikTok China, Pinduoduo, and Kuaishou, being PRC-based platforms. In 2024, we ceased direct-to-consumer e-commerce operations and transferred the store operations to Customer A1 and Customer A2. During such period, we collected limited customer personal information, such as customer names and order details, solely for the purposes of order processing and fulfilment. Such data was stored on servers located in the PRC.

Our Company adopted internal control measures on data privacy and security for the data collected from our PRC-based self-operated e-stores, which were designed to comply with applicable PRC data protection laws and regulations, including the Personal Information Protection Law, the Cybersecurity Law and the Data Security Law. Such measures included: (i) data classification and access control, comprising classification of data by sensitivity level with corresponding security measures, role-based access controls applying the principle of least privilege, and regular data backups with recovery mechanisms; (ii) security assessments, comprising periodic network security assessments and vulnerability scans to identify and remediate potential risks; (iii) network security and encryption, comprising deployment of firewalls, Intrusion Detection Systems and Intrusion Prevention Systems, together with encryption of data in transit and at rest; (iv) data retention and deletion, under which customer personal information was retained only for so long as necessary for the purposes for which it was collected and securely deleted thereafter; (v) staff training on data handling procedures and compliance with applicable data protection laws; and (vi) emergency response protocols for data security incidents, including procedures for immediate corrective action, notification of affected individuals and reporting to the relevant regulatory authorities.

We did not transfer, sell or otherwise provide any customer personal information to Customer A1, or any other third party. The business arrangements with Customer A1 and involved only the transfer of store operations on the TikTok China, Pinduoduo, and Kuaishou platform and did not include the transfer of any customer personal information, customer lists or customer databases. Customer A1 had not access to our systems or customer data during the transition period. Following the last transfer of our self-operated e-stores in October 2024, customer personal information that had been collected during the period of operation was securely removed.

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Based on the advice of our PRC legal advisers, we have complied with all applicable cybersecurity-related laws and regulations in the PRC during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material data leakage and have not been involved in any litigation, arbitration or administrative proceedings related to personal information protection.

Furthermore, with the support of legal advisers in the relevant jurisdictions, the Group has complied in all material respects with applicable data privacy and data security laws and regulations, including but not limited to the Cybersecurity Law of the People’s Republic of China (《中華人民共和國網絡安全法》), the Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》), and the Personal Information Protection Law of the People’s Republic of China (《中華人民共和國個人信息保護法》).

Pursuant to the Measures for Cybersecurity Review (《網絡安全審查辦法》) issued by the Cyberspace Administration of China, a cybersecurity review is required to be proactively declared under the following circumstances: (1) the operator of a network platform holds personal information of over one million users; (2) the proposed listing is to take place overseas; or (3) the operator is identified as a critical information infrastructure operator.

As advised by the PRC Legal Advisers, as at the Latest Practicable Date, the Group did not fall within any of the scenarios requiring a proactive application for cybersecurity review. The Group has not received any notification from the competent public communication and information service authorities or other regulatory authorities identifying it as a critical information infrastructure operator, nor has it received any written notice from the Office of Cybersecurity Review requiring it to undergo a cybersecurity review.

EMPLOYEES

As at 31 December 2025, we had 171 full-time employees in the PRC. A breakdown of our employees by function as at 31 December 2025 is set forth below:

	Number of Employees
Senior management	5
Production	94
Sales and marketing	10
R&D and quality control	18
Finance	16
Procurement	5
Administration and human resources	7
Warehousing and logistics	16
Total	171

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Training, Recruitment and Welfare

We believe that our success is dependent on our employees’ ability to deliver consistent, high-quality, and reliable services. To enhance the knowledge and skills of our workforce, we offer regular training programs across various operational functions, which include onboarding for new employees, technical skills development, professional and management training, as well as team-building and communication training.

During the Track Record Period and up to the Latest Practicable Date, we had no labour union among our employees, and we had not experienced any significant difficulty in recruiting employees nor have we had any significant staff compensation or labour disputes. We consider we have maintained satisfactory relations with our employees.

Occupational Health and Safety

We have implemented work safety policies and procedures to ensure compliance with relevant laws and regulations. Our operations are regulated and monitored by local work safety authorities. During the Track Record Period, we did not encounter any significant accidents in our manufacturing process.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG governance

We are committed to complying with relevant national, municipal and local laws and regulations concerning environmental protection, labour management, health and safety, and business ethics. We have formulated and implemented ESG policies, including the ESG Committee and ESG Working Group Management Regulations. These policies will be developed with reference to international standards (such as the United Nations Sustainable Development Goals and the guidelines issued by the International Labour Organisation) and industry practices, covering governance, risk management, operational guidelines, and will include specific and measurable targets and indicators to ensure they are comparable with international and industry benchmarks. To ensure effective implementation and strict adherence to these policies, we have established a dedicated ESG working group to manage policy implementation and handle daily operations, in order to ensuring our ESG initiatives are rigorously followed.

As the highest decision-making body within the Group’s ESG governance structure, the Board of Directors assumes ultimate responsibility for the Group’s ESG strategic approach and long-term vision and comprehensively oversees and coordinates the sustainability issues of the Group. Its specific responsibilities include but are not limited to formulating ESG strategy and vision; reviewing and supervising the progress of ESG performance of the Group; evaluating the related risks and opportunities prudently, ensuring that the Group’s sustainability goals are integrated with its business strategy effectively.

As a responsible member of the society, we are dedicated to fulfilling our obligations and actively promoting environmental protection, social responsibility and best practises of corporate governance. To this end, ESG matters have been incorporated into our corporate management and operations. We are committed to complying with post-[REDACTED] ESG reporting requirements.

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We place high importance on the identification of ESG risks and actively implement risk mitigation measures. We have identified and assessed climate-related risks and opportunities, and have formulated and implemented corresponding counter measures. For details, please refer to the section headed “Responding to Climate Change”.

ESG Goals

Focusing on areas such as business ethics, employee responsibility, sustainable supply chain, environmental responsibility and community engagement, we intend to devote ourselves to pursue the following directions and goals:

- (i) Business ethics: We are committed to preventing corruption through an effective business ethics management system that includes policies and processes, whistleblowing mechanism and provision of regular anti-corruption training for all employees.
- (ii) Employee responsibility: Employees are treated as valuable assets for our corporate development. We are committed to safeguarding their rights and interests by, for example, safeguarding their health and safety, offering competitive remuneration and comprehensive benefits scheme, and enhancing employee engagement and satisfaction.
- (iii) Product quality management: We always prioritise product quality and hygiene so that the consumers feel comfortable and assured with their purchase decision. The Group has established a comprehensive quality management system and obtained ISO 9001 quality management system certification. If substandard or soon-to-expire items are discovered, we will promptly recall the relevant products currently available in the market and the customers may return, exchange or replace the items.
- (iv) Sustainable supply chain: We are committed to building a sustainable supply chain system in collaboration with our suppliers. To achieve this goal, we will continuously optimise our supply chain management system and require the suppliers to fulfil their ESG responsibilities in areas such as labour management, environmental protection, privacy protection, business ethics, occupational health and safety.
- (v) Environmental responsibility: We are committed to actively addressing climate change by integrating low-carbon transition pathways into our core business processes, including procurement, production, and logistics. To anchor our efforts in measurable outcomes, we have set clear, time-bound targets: to reduce our greenhouse gas emission intensity and energy consumption intensity each by 10% by 2030, against a 2022 base year.
- (vi) Community engagement: We are dedicated to continuously increasing our investment in public welfare and deepening community engagement, giving back to the community proactively and promoting social development.

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Materiality assessment

To understand the scope and long-term impact of various ESG issues on our operations and long-term development, and improve our ESG management and related disclosures continuously, we conduct a materiality assessment based on our business status, industry trends, national macroeconomic environment and regular communication with stakeholders. As a result, we have identified the key ESG topics for the Group and prioritised these issues when implementing sustainable development values and goals.

Business ethics

The establishment of an integrity management system is regarded by us as the cornerstone of our sustainable development. Through effective supervision and execution, system optimisation and steering the direction of organisational culture, we continuously refine the construction of integrity framework. We strictly adhere to higher-level regulations such as the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), Civil Code of the PRC (《中華人民共和國民法典》) and the Company Law of the PRC (《中華人民共和國公司法》). In addition, we established the “Supervisory and Management System on Anti-Corruption and Anti-Commercial Bribery” and “Anti-Fraud System” setting out the scope of supervision and penalties for non-compliance which encompass internal employees, the management and external partners, thus ensuring that all business activities are conducted within the compliance framework. In order to further strengthen integrity management, we have established a comprehensive whistleblowing mechanism that encourages employees to report corruption behaviour either anonymously or attach their names. The information of whistleblowers will be strictly protected. We have set up the Standing Organisation on Anti-Fraud (Administration and Human Resources Department) which is responsible for receiving the complaints, conducting investigations and proposing actions on handling the cases. Additionally, the Group conducts anti-fraud training and legal education regularly to strengthen the employees’ ethical awareness and anti-fraud capabilities. For those involved in corrupt practises, the Group imposes severe penalties, including warnings, demotions, dismissals and even criminal prosecution. We will discontinue the partnership and pursue legal liability if an external partner is in contravention of the rules. These measures not only prevent and deter the occurrence of corrupt behaviour effectively, but also improve corporate governance and bolster internal controls, laying a solid foundation for the steady development of the Group in the long-term while demonstrating our commitment to social responsibility.

Environmental responsibility

In response to the growing consumer demand for sustainability in the disposable hygiene products industry, the Group strictly adheres to the environmental protection laws and regulations of the People’s Republic of China by integrating sustainable development philosophy throughout our entire business process. As a professional manufacturer of hygiene care products, our operations do not involve significant pollution and has relatively little impact on the environment. During the Track Record Period and up to the Latest Practicable Date, we have not incurred any material capital expenditures or compliance costs related to climate and environmental protection due to violations of environmental laws and regulations. If there are any changes to the existing laws or regulations, we may be required to comply with more stringent compliance requirements and incur additional costs in the future.

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Compliance with ESG related laws

As confirmed by our PRC Legal Advisor, we have not been directly subject to any material administrative penalties during the Track Record Period and as at the Latest Practicable Date due to the actual or potential violation of PRC laws and regulations related to ESG including the Environmental Protection Law (環境保護法), Atmospheric Pollution Prevention and Control Law (大氣污染防治法), Water Pollution Prevention and Control Law (水污染防治法), Solid Waste Pollution Prevention and Control Law (固體廢物污染環境防治法), Law on the Prevention and Control of Noise Pollution (噪聲污染防治法).

Responding to climate change

As an enterprise primarily engaged in the R&D, production and sales of hygiene care products, the Group realises that climate change is a complex issue and is aware of the significant effects that may be caused by climate change on the society and our daily operations. We may incur potential monetary losses and non-monetary damages as a result of our exposure to environmental and climate-related risks. We believe that identifying both actual and potential risks to our business, alongside taking precautions and managing and addressing these risks appropriately, is essential for achieving sustainable growth in our operations. Broadly speaking, such climate-related risks include:

- (i) Physical risks: These are risks related to the physical impact of climate change, which may be driven by events such as floods, typhoons and droughts (acute risks) or by chronic risks associated with long-term shift in climate patterns (chronic risks), such as sustained high temperature and rising sea levels.
- (ii) Transition risks: These are risks associated to transitioning brought about by changes in regulatory landscape, market dynamics and reputation. The Group may be required to increase the expenses and costs of addressing climate change through mitigation and adaptation.

Below is a summary of climate-related risks identified by the Group, including the actual or potential effects and mitigation measures taken:

Climate-related risks	Timeframe effect	Actual or potential effects	Mitigation measures
Shift in customer preference towards green products	Short term (1–3 years)	Decline in sales and reputation if customers prefer eco-friendly materials, product and service but the Group fails to meet the changing demand	Addressing climate change by accelerating the finding of optimal balance between quality, price and environmental impact in products through the use of lower carbon emission materials and enhancing the development of eco-friendly products

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Climate-related risks	Timeframe effect	Actual or potential effects	Mitigation measures
Increased severity and frequency of extreme weather conditions (e.g., heatwaves, floods, droughts and typhoons)	Short term (1–3 years)	- Increased operating costs and depreciation of fixed assets - Decrease in revenue and disruption in supply chain - Threat to employee health and safety	- Develop an emergency response plan on natural disasters such as floods, droughts and extreme temperatures, enhance related trainings, increase the awareness and preparedness for emergencies among employees and suppliers, ensure that the related risk is handled promptly - Monitor and prevent the potential effects on production through an intelligent monitoring system
Stricter climate policies, such as implementation of environmental management policies	Mid-to-long term (4–9 years)	- Potential effect of carbon pricing fluctuations on cash flow - Increased supply chain and daily operational costs due to stronger environmental policies and stricter regulations	- Select energy-efficient equipment, high-efficiency suppliers and factories to reduce carbon emissions in the value chain - Establish a committee or engage external consultants in the future to report on the latest development of environmental policies regularly and assess its impact on the financial condition of the Group
Carbon neutrality initiatives and higher environmental standards at global and national level	Long term (10 years or more)	- Increased operating and compliance costs, and reduced profit - Increased research and development (R&D) costs of green production	- Establish a work committee or engage external consultants to report on environmental policies regularly and avoid the increase in compliance costs - Use more eco-friendly and biodegradable packaging materials to reduce waste generated by the products

The Group has identified the following potential climate-related opportunities:

- (i) Improve the utilisation rate of raw materials, reduce production losses in manufacturing and decrease the amount of scrap and waste generated, thereby achieving carbon neutrality and lowering costs;
- (ii) Through establishing a brand image which is sensitive to climate change, demonstrate the Company’s commitment to sustainability, attract more eco-conscious consumers and meet the ever-growing demand for eco-friendly products.

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Emissions and waste management

The source of our emissions is mainly the air pollutants produced by our vehicles and manufacturing activities. All emissions have neither exceeded the limits nor are found to be in non-compliance with the regulations.

The following table sets forth the details of air pollutants emitted by our motor vehicles during the retrospective period:

	FY2023	FY2024	FY2025
Air pollutant emissions			
Nitrogen Oxide (NOx) (kg)	3.79	9.59 ⁽¹⁾	26.90
Sulphur Oxide (SOx) (kg)	0.09	0.12	0.19
Particulate Matter (PM) (kg)	0.28	0.82	2.45

Note:

- During FY2024, a new diesel truck was purchased and used for goods transportation, leading to a gradual increase in air pollutant emissions across FY2024 and FY2025.

In our daily operations, the waste generated is solely non-hazardous, including production waste. To reduce the impact of waste, the non-hazardous, waste generated during the production process is recycled by us to ensure that such waste complies with the laws and regulations of the People’s Republic of China.

The following table sets forth the details of non-hazardous waste generated during the retrospective period:

	FY2023	FY2024	FY2025
Non-hazardous waste⁽¹⁾			
Production waste (tons) ⁽²⁾	181.08	380.66	414.08
Total non-hazardous waste (tons)	181.08	380.66	414.08
Intensity of total non-hazardous waste (tons/production volume in pieces ‘000)	0.001	0.001	0.002

Notes:

- Non-hazardous waste generation is measured based on the quantity disposed in that year.
- The fluctuation in non-hazardous waste generation was primarily attributable to changes in production activity, which affect waste generation rates, and the timing of waste disposal, as a portion of waste generated in previous years was not disposed of within the same year, resulting in uneven distribution across reporting periods.

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To reduce the negative impact of our products on the environment, we primarily undertake the following measures to alleviate the pressure of waste disposal in landfills:

- (i) Reducing the amount of non-hazardous waste generated in daily life, for example by reusing residual materials from the production process;
- (ii) Encourage staff to comply with a series of measures to reduce the generation of non-hazardous waste and regularly monitor and review daily business processes to ensure the smooth implementation of relevant policies.

Continuous progress has also been made in the promotion of circular economy practises through the development of sustainable materials. In line with the trends of a circular economy, we have taken measures to reduce waste. The Group has undertaken many initiatives in this regard, such as:

- (i) The Company is currently in discussion with several biodegradable packaging bag manufacturers and negotiate with them based on our needs. The Company will proceed with the procurement process if possible;
- (ii) The Company is experimenting with simplified packaging to minimise the use of packaging materials while ensuring that items are not damaged during transportation.

In future, the Group will monitor and review daily business processes regularly to ensure continuous improvement and effective implementation of waste reduction measures, with the aim of fulfilling the Company’s commitment to sustainable development and minimising the environmental impact of its operations.

Resources utilisation

As a company engaging in the trading of disposable hygiene products, our water resources originates from municipal water treatment plant. Water is mainly used for our production activities and daily needs and no water pollutants is generated during the production process. Our business operations do not have a significant impact on the environment.

Due to the concern of product safety and hygiene, the Group places high emphasis on the quality of external packaging and seek to reduce the risk of contamination that may be caused by any damaged packaging. Our packaging materials include bags, cartons, turnover boxes and colour boxes etc. Although there are various types of packaging materials, environmental protection is always our top priority. We strive to minimise the environmental impact of packaging materials through measures such as optimising packaging design, improving the utilisation rate of materials and introducing more eco-friendly materials.

	FY2023	FY2024	FY2025
Packaging materials (tons)	2,503.07	2,671.43	2,364.05
Intensity of packaging materials (tons/production volume in pieces '000)	0.01	0.01	0.01

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In our daily operations, the main sources of our energy consumption are the use of gasoline, diesel and electricity. The Group implements the following measures to minimise energy consumption in daily operations:

- (i) Switch off electrical appliances that are not in use;
- (ii) Replace traditional incandescent and halogen lights with energy-saving LED lights;
- (iii) Set the temperature of air conditioner reasonably according to the season and actual requirement;
- (iv) Office equipment that is infrequently used is shared and managed in a centralised manner, so as to avoid each department or employee being equipped with a separate equipment, improve equipment utilisation and reduce energy consumption during idle times;
- (v) Posting eco-friendly slogans to promote energy-saving awareness in production process and daily life; and
- (vi) Conduct energy-saving inspections to ensure the effective implementation of environmental protection measures by all the departments.

The following table sets forth our environmental performance during the retrospective period:

	FY2023	FY2024	FY2025
Scope 1 direct GHG emissions ⁽¹⁾ (tons of CO ₂ equivalent)	14.90	19.32	31.27
Scope 2 indirect GHG emissions ⁽²⁾ (tons of CO ₂ equivalent)	2,821.71	3,026.46	2,688.09
Scope 3 other indirect GHG emissions ⁽³⁾ (tons of CO ₂ equivalent)	3.65	7.76 ⁽⁴⁾	3.57
Total GHG emissions (tons of CO ₂ equivalent)	2,840.26	3,053.54	2,722.93
Intensity of total GHG emissions (tons of CO ₂ equivalent/revenue in RMB10 million)	76.28	68.30	51.05
Energy and resources consumption			
Direct energy consumption ⁽⁵⁾ (MWh)	60.27	77.62	123.67
Indirect energy consumption ⁽⁶⁾ (MWh)	5,067.72	5,435.45	4,827.75
Total energy consumption (MWh)	5,127.99	5,513.07	4,951.42
Intensity of total energy consumption (MWh/revenue in RMB10 million)	137.73	123.32	92.82
Water consumption (cubic metres)	1,800.00	2,916.00 ⁽⁷⁾	3,436.00
Intensity of water consumption (cubic metres/revenue in RMB10 million)	48.35	65.23	64.61

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Notes:

1. Scope 1 GHG emissions is mainly generated from the consumption of direct energy (including gasoline and diesel) during our operations.
2. Scope 2 GHG emissions is mainly generated from the consumption of indirect energy (purchased electricity) during our operations. Please refer to the Guidelines for Reporting Key Environmental Performance Indicators (《環境關鍵績效指標匯報指引》) released by the Hong Kong Stock Exchange for the relevant data, in which the emissions factors of purchased electricity are by reference to China’s Average CO₂ Emission Factors For Electricity in 2021 (《2021年全國電力平均二氧化碳排放因子》).
3. Scope 3 GHG emissions include emissions from electricity consumption of water treatment and emissions from employee business aviation travel. Please refer to the Guidelines for Reporting Key Environmental Performance Indicators (《環境關鍵績效指標匯報指引》) released by the Hong Kong Stock Exchange and the Carbon Emission Calculator of International Civil Aviation Organisation’s Carbon Emission Calculator for relevant data.
4. Scope 3 emissions from business air travel were higher in 2024, reflecting the company’s business expansion that year.
5. The main source of direct energy consumption is the consumption of gasoline and diesel. The use of diesel vehicles started in FY2024, so the usage data of diesel is not available for FY2023.
6. The main source of indirect energy consumption is the consumption of purchased electricity.
7. In FY2024, with the increase in production output, the consumption of total water consumption rose.

Employee responsibility

Employees are our important assets and employee development is a driver of the business growth of the Group. By upholding the people-oriented philosophy, we are committed to providing employees with fair and equitable opportunities, a healthy and safe environment, and a democratic and harmonious atmosphere.

Employment

We strictly adhere to the relevant laws and regulations such as the Labour Law of the PRC (《中華人民共和國勞動法》) and the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) which cover aspects such as compensation, dismissal, recruitment, promotion, equal opportunity, diversity and anti-discrimination. We enter into labour contracts with our employees lawfully to protect their rights and interests, and ensure legal compliance of the recruitment and dismissal processes. By advocating the principle of diversity in the workplace, a talent diversity development strategy is adopted. We respect and value the differences between employees in various aspects and are committed to avoid differentiated treatment on the basis of factors such as skin colour, nationality, gender, age, ethnicity, marital status, religious belief or place of household registration in the process of recruitment, promotion and determination of salaries and remuneration, and create an atmosphere of mutual respect and understanding in the work environment.

Employee rights are our main topic of concern. The use of child labour and forced labour is strictly prohibited. All employees must be at least 18 years old. During the retrospective period, we have not discovered any case that is in contravention of the relevant labour protection laws and regulations. Apart from this, we manage overtime work strictly and encourage employees to maintain a work-life balance whenever possible.

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We adhere to “external competitiveness, internal fairness and performance oriented” principle. When formulating the employee compensation and bonus scheme, multiple factors such as market salary levels, job value, employee performance and skill set are taken into account with the aim to provide competitive remuneration and benefits that can attract, motivate and retain the best talent. At the same time, we maintain a fair and transparent remuneration system in support of the Company’s long-term development goals. The salaries of employees are assessed based on their job responsibilities, knowledge, experience and job complexity. Subject to the operating revenue of the Company, annual bonus is distributed to the employees at the end of every year.

The following table sets forth the total number and composition of our employees during the retrospective period:

	FY2023	FY2024	FY2025
<i>By gender</i>			
Male	64	79	84
Female	74	79	87
<i>By age group</i>			
Under 30	33	41	58
30–50	99	108	99
Over 50	6	9	14
<i>By employment type</i>			
Full time	138	158	171
Part time	0	0	0
<i>By employee type</i>			
Senior management	5	5	5
Middle management	17	17	15
Frontline and other employees	116	136	151
<i>By geographical region</i>			
Mainland China	138	158	171
Hong Kong	0	0	0
Total	138	158	171

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The following table sets forth the number of employees who have left and the turnover rate (%) by different categories during the retrospective period⁽¹⁾:

	FY2023	FY2024	FY2025
<i>By gender</i>			
Male	109 (166%)	118 (165%)	127 (156%)
Female	70 (98%)	59 (77%)	62 (75%)
<i>By geographical region</i>			
Mainland China	179 (131%)	177 (120%)	177 (115%)
Total	179	177	189

Note:

1. Employee turnover rate = total number of employees who left during the year/(total number of employees at the beginning of year + total number of employees at the end of year)/2*100%.

Occupational health and safety

Occupational health and safety (OHS) is one of the key areas of management. We strictly comply with the Prevention and Control of Occupational Diseases Law of the PRC (《中華人民共和國職業病防治法》) and other relevant laws and regulations. In light of the characteristics of our business, we have implemented a series of effective measures for major work premises, including the office and production areas. In addition to the medical insurance required by law, out of concern for employee safety, accident insurance is purchased to keep the employees financially protected. A more comprehensive protection plan is provided to the employees. The requirements for safety management of electrical use and fire and theft prevention in office area is described in detail in the Employee Handbook, with the aim to enhance employees’ awareness of safety precautions and ensure a safe and orderly work environment. Moreover, the Production Management System clearly outlines the operational procedures and important matters that employees should pay attention in the production areas, and we conduct safety inspections regularly to identify and rectify potential safety hazards timely.

In terms of safety operation management, we embrace a safety-first philosophy and adopt a preventive approach. Employees are required to wear labour protective equipment as specified, use protective tools and devices correctly, and operators must complete safety training before they start work. In order to minimise operational risks, sharp devices with teeth or edges and high-speed rotating components are equipped with protective devices. In order to maintain a safe and compliant production environment, we impose penalties for non-compliance with labour protection regulations and safety operating procedures. Additionally, it is emphasised that employees must remain focused during the operations and are prohibited from running in the production site except in emergencies. Regarding equipment management, the equipment in the production area must strictly follow maintenance protocols and operational guidelines, with routine weekly cleaning and monthly maintenance. Operators are required to inspect, calibrate and repair the equipment frequently. A thorough inspection would be carried out by them at the start of each shift daily to ensure that all equipment indicators are normal. The operators must strictly adhere to the equipment incident reporting system to ensure that maintenance and usage log records are comprehensive, complete, timely, accurate and organised. In

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order to prevent unnecessary idle running, the equipment must be turned off when employees leave their posts. In terms of tool safety management, users of tools are required to familiarise themselves with the performance, usage and maintenance of the tools. Tools must be inspected before use and the use of unqualified tools is strictly prohibited. All tools must be used according to the rules. unauthorised operation or misuse is not allowed. There was no work-related injury or fatality during the retrospective period.

Development and training

We place high emphasis on career progression of talent and have implemented a dual-track career development model, pursuant to which technical professionals and management personnel are treated equally and provided with equal status, remuneration and career development opportunities. Employees can choose either management track or technical professional track based on their own characteristics and objectives. Every year, we conduct performance appraisal for all employees and communicate with them regarding their career aspiration, progress, appraisal results and competencies to aid in the employee promotion process. From time to time, we conduct themed training programmes for our employees, such as induction training, product knowledge training, environmental knowledge training and training on knowledge of trading documents and calculation of container load. These training programmes aim to enhance the professional skill set and overall attributes of our employees, helping them to better meet the job requirements and maximise their potential. Through systematic learning and practise, the talent pool provides robust support for the sustainable development of the Group.

Product quality management

Product quality management is of utmost importance. We strictly abide by the Product Quality Law of the PRC (《中華人民共和國產品質量法》) and regard it as the cornerstone of our corporate development. As a comprehensive enterprise focusing on the R&D, production and sales of maternal and baby care, medical consumables and disposable hygiene products, we deeply understand the importance of safety features and stability in quality of products to sensitive groups such as babies, toddlers, women during pregnancy and maternity, and medical patients. In order to meet our customers’ expectations for high quality products, we have established a stringent quality management system and passed a number of internationally recognised certifications, including ISO 13485:2016 Quality Management System for Medical Devices, ISO 9001:2015 Quality Management System and ISO 14001:2015 Environmental Management System. These certifications not only demonstrate our commitment to safety in terms of product quality, production processes and environmental management, but also ensure that the entire process from raw material sourcing to production, packaging and sales complies with international standards.

Our products had not been recalled due to safety or health reasons during the retrospective period. In order to boost customer satisfaction, the Group has established a customer management service procedure which details the service requirements in relation to the pre-sale, sale and post-sale processes of products. The production department and quality control department assist in undertaking the technical services work, while the sales department is responsible for collecting customers’ feedback on the quality of products and communicating with the customers. We have established various channels of communication to enable us to receive customer feedback in a timely manner and, depending on customer requirement and actual circumstances, provide customers with different after-sales services such as product related technical consultation or return, exchange or replacement of products.

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Additionally, we have obtained the hygiene licence for enterprises engaging in the production of disinfection products which further demonstrates our professional capabilities in hygiene and safety. Our disposable period underwear sanitary pants and menstrual pads produced by the Group have also received medical-grade product certification. Such certification reflects our conviction in the quality of our products and commitment to consumer health and comfort.

Sustainable supply chain

Effective supply chain management ensures a stable supply of raw materials and products, preventing disruptions or delays in supply that could impact production plans and market deliveries. Our supply chain management measures have not only enhanced the Group’s market competitiveness but also laid a solid foundation for its sustainable development, enabling us to maintain stable operations amid a rapidly changing market environment. We have formulated the Purchasing Management System and adopted a series of measures, including rigorous supplier screening, development of standardised procurement processes, implementation of quality inspection and acceptance mechanisms, and regulation of financial settlement and return procedures. These measures ensure full process control from supplier selection to product warehousing, effectively reducing procurement risks and costs while safeguarding product quality and supply chain stability. By establishing a list of qualified suppliers, conducting regular assessments of supplier performance, and implementing a price comparison mechanism, the Group has not only optimised procurement efficiency but also fostered healthy competition among suppliers, further enhancing the resilience and flexibility of the supply chain. Regarding OEM modes, we have not received specific requirements from customers for compliance plans or on-site audits to date. Should such requirements arise in the future, we will actively cooperate to meet their supply chain management needs.

Community engagement

We are committed to contributing to public welfare and sharing our corporate social responsibility. We recognise that the development of an enterprise is closely tied to its surrounding community, and the prosperity and stability of the community is essential for the sustainable development of the Company. Therefore, community engagement and social responsibility are always regarded by us as integral components of corporate culture and we promote positive interaction with the community proactively. Our employees are encouraged to participate in various community volunteering activities. Corporate social welfare projects are also organised to provide substantial assistance to the community. In future, we will continue to deepen our cooperation with the community, explore innovative ways to give back to the community and strive to promote sustainable development of the community so as to contribute ourselves in creating a harmonious and win-win social environment. It is hoped that these efforts will allow us to elevate our brand image, become a trusted partner of the community and work together to create a better future.

INSURANCE

We maintain insurance policies to safeguard against risks and unexpected events. We purchased property insurance covering our facilities, machinery and inventories in our warehouses and group accident insurance product liability provident fund. We also participate in government sponsored social security programmes including pension, unemployment insurance, childbirth insurance, work-related injury insurance, medical insurance and housing provident fund. While we do not maintain business

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interruption insurance, including insurance for general third-party liability insurance, or key-man life insurance, our Directors believe this is in line with common industry practise in the PRC, and consider that our Group’s insurance policies as a whole are adequate in general.

LICENCES, PERMITS AND APPROVALS

Our PRC Legal Advisers confirm that as at the Latest Practicable Date, we had obtained the requisite licences, permits, approvals and the relevant renewals in all material aspects which are necessary for our business and operation. Our Directors confirm, and our PRC Legal Advisers concur, that during the Track Record Period and up to the Latest Practicable Date, our Group has not experienced any difficulties in renewing any of our licences, permits and approvals necessary for our business and operation in the PRC.

Below are the key licences, permits and approvals our Group currently holds:

Licence/permit/approval	Issuing Authority	Grant Date/duration
Class I medical device filing certificate (第一類醫療器械備案憑證)	Quanzhou Administration for Market Regulation (泉州市市場監督管理局)	13 October 2021 (no expiry date)
Class I medical device manufacturing filing certificate (第一類醫療 器械生產備案憑證)	Quanzhou Administration for Market Regulation (泉州市市場監督管理局)	29 June 2021 (no expiry date)
Disinfection product manufacturing enterprise hygiene permit (消毒產品 生產企業衛生許可證)	Quanzhou Health Commission (泉州市衛生健康委員會)	10 January 2025 to 9 January 2029
Pollutant Discharge Permit (排污許可證)	Quanzhou Municipal Bureau of Ecology and Environment (泉州市生態環境局)	15 January 2025 to 14 January 2030

CERTIFICATES, AWARDS AND RECOGNITIONS

Our reputation and products have won us a number of awards and recognitions. The table below sets forth certain key awards and recognitions held by us as at the Latest Practicable Date.

Award/Recognition	Grant Date/Duration	Authority
Technology-based Small and Medium-sized Enterprise (科技型中小企業)	20 April 2023 and 31 July 2024/1 year	Department of Science and Technology of Fujian Province (福建省科學技術廳)
High and New Technology Enterprise (高新技術企業)	28 December 2023/ 3 years	Fujian Provincial Department of Science and Technology (福建省科學技術廳), Fujian Province Department of Finance (福建省財政 廳) and Fujian Provincial Taxation Bureau of the State Taxation Administration (國家稅務總 局福建省稅務局)

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LEGAL PROCEEDINGS AND NON-COMPLIANCE

There were no material litigation or arbitration or administrative proceedings pending or threatened against our Group or any of our Directors which could have a material adverse effect on our Group’s financial condition or results of operations as at the Latest Practicable Date. We may from time to time become a party to various legal, arbitration or administrative proceedings arising in the ordinary course of our business.

Save as disclosed below, our Directors, as advised by our PRC Legal Adviser, confirm that up to the Latest Practicable Date, we have complied with all relevant PRC laws and regulations in all material respects and have obtained all requisite licences, approvals and permits from relevant regulatory authorities for our operations in the PRC. The following sets out the details of our non-compliance incidents during the Track Record Period:

Underpayment of Social Insurance and Housing Provident Funds

Particulars and reasons of non-compliance incidents

During the Track Record Period, our PRC subsidiaries did not make full contributions to social insurance and housing provident fund for certain employees in accordance with the Regulations on Administration of Housing Provident Fund 《住房公積金管理條例》 and the Social Insurance Law of the PRC 《中華人民共和國社會保險法》. We estimate that the aggregate shortfall of social insurance and housing provident fund contributions made by our Group in FY2023, FY2024 and FY2025 amounted to approximately RMB3.1 million, RMB3.0 million and RMB0.9 million, respectively. Such non-compliance incidents occurred primarily due to the insufficient understanding of certain administrative personnel handling the social security insurance and housing provident fund contributions in respect of the relevant PRC laws and regulations.

Potential legal consequences and impact on our Group

As advised by our PRC Legal Advisers, pursuant to relevant PRC laws and regulations, if we fail to pay the full amount of social insurance contributions as required timely, we may be ordered to pay the outstanding social insurance premiums within a prescribed time limit and a late payment fee at a daily rate of 0.05% will be calculated from the date of non-payment. If such payment is not made within the stipulated period, the competent authority may further impose a fine from one to three times the amount of the outstanding payment.

As advised by our PRC Legal Advisers, our overdue non-payment or underpayment of housing provident fund may subject us to the payment within a period of time, and further failure to make such payment may subject us to the enforcement of the court at the application of the management authority of the provident fund. As at the Latest Practicable Date, we had not been subject to any administrative penalties due to insufficient payment of employee social insurance or housing provident fund. We had also not received any significant complaints or reports from employees regarding such payments, nor any notifications from relevant authorities requesting us to make up payments, conduct investigations, or accept penalties. Based on relevant regulatory policies and facts above, our PRC Legal Advisers are of the opinion that the likelihood of our Chinese entities being pursued by the relevant authority for unpaid amounts or facing administrative fines due to historical shortfall is remote.

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As advised by our PRC Legal Advisers, our Directors believe that these non-compliance incidents are not expected to have any material adverse impact on our business operations and financial conditions, and the possibility of us being ordered to settle a material portion of such shortfall is remote, based on:

- (i) no punishment record stated in the credit reports during the Track Record Period;
- (ii) the current policy prohibiting organising centralised payment regarding historical shortfall contribution, according to the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Effectively Implementing the Essence of the Executive Meeting of the State Council and the Measures on the Stable Collection of Social Insurance Contributions (《人力資源社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》(人社廳函(2018)246號));
- (iii) our Company confirms that the relevant competent government authorities have not initiated any proceedings requesting our Group to make up for the shortfall amount or imposed any penalty on our Group;
- (iv) Mr. Zhou and Ms. He, being our Controlling Shareholders, having made an undertaking that if the relevant government authorities require us to pay the shortfall of social insurance and/or housing provident funds incurred before the [REDACTED] or impose any penalties then Mr. Zhou and Ms. He will bear the relevant costs or losses to ensure that our Group is fully indemnified against any costs or losses arising thereof; and
- (v) as at the Latest Practicable Date, our Group made social insurance and housing provident fund contributions for all the eligible employees.

To the best of our Directors’ understanding, our Directors confirmed that the Group has not received any demand letter from the relevant social security authority in respect of any underpayment of social insurance and housing provident funds. Thus, the Group has not made any provision for the maximum potential penalties with respect to the underpayment of social insurance and housing provident funds.

Rectification actions and enhanced internal control measures

- (i) our Group have made full provisions in respect of the shortfall of social insurance and housing provident funds amounting to approximately RMB3.1 million, RMB3.0 million and RMB0.9 million for the Track Record Period and approximately RMB3.4 million prior to the Track Record Period;
- (ii) we have designated our human resources department to review and monitor the reporting and contributions of social insurance and housing provident fund;
- (iii) we will keep abreast of the latest developments in PRC laws and regulations in relation to social insurance and housing provident funds;

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- (iv) we will consult our PRC Legal Advisers on a regular basis for advice on relevant PRC laws and regulations to keep us abreast of relevant regulatory developments; and
- (v) we will provide trainings to our employees in relation to PRC laws and regulations on the social insurance and housing provident funds to improve their legal awareness.

Leased Properties without Lease Registration and Filing

Particulars and reasons of non-compliance incidents

As at the Latest Practicable Date, six lease agreements of our leased properties had not been registered and filed (租賃登記備案) with the competent PRC government authorities as required by applicable PRC laws and regulations. These non-compliance incidents were primarily attributed to (i) two lease agreements could not be registered due to the absence of building ownership certificate during the Track Record Period; and (ii) the property owners being Independent Third Parties who have not undergone the registration process.

Potential legal consequences and impact on our Group

In accordance with the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), failure to register the leases within the time limit may subject us to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease.

As advised by our PRC Legal Advisers, this non-compliance incident is not expected to have any material adverse impact on our Group’s business operations and financial conditions, based on:

- (i) failure to register such lease agreements with the relevant government authorities does not affect the validity of the lease agreements, but the relevant government authorities may order us or the lessors to, within a prescribed time limit, register the lease agreements; and
- (ii) no penalty had been imposed on our Group for our failure to register and file the relevant lease agreements during the Track Record Period and up to the Latest Practicable Date.

Rectification actions and enhanced internal control measures

- (i) we will continue to liaise with our lessors to obtain relevant title certificates and lease registrations in the future;
- (ii) in case the relevant authorities instruct us to complete the registration and filing of such lease agreement and we fail to complete, we would not renew the lease agreement and find alternative lease premise; and
- (iii) Mr. Zhou and Ms. He, being our Controlling Shareholders, having made an undertaking that if the relevant government authorities impose any penalties then Mr. Zhou and Ms. He will bear the relevant costs or losses to ensure that our Group is fully indemnified against any costs or losses arising thereof.

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INTERNAL CONTROL AND RISK MANAGEMENT

Our Board is responsible for overseeing the overall internal control system and risk management policies. In preparation for the [REDACTED], in February 2025, we engaged an independent external consulting firm as our internal control consultant to perform an assessment on the effectiveness of our internal controls, including those associated with our historical non-compliance incidents, to identify deficiencies in our internal control system and to furnish recommendations on enhanced internal control measures to be established by us. The work scope of our internal control consultant covers reviewing and assessing various aspects, including our internal control environment, information disclosure system, financial reporting and disclosure control, sales and receipt cycle, cost and expense management, procurement management, inventory management, human resources and remunerations, cash and assets management, R&D, taxation and general control on information technology system.

The following sets forth certain material findings of weaknesses and deficiencies identified in the initial review by our internal control consultant, as well as the major remedial measures we implemented in response to the recommendations made by our internal control consultant:

Findings	Internal Control Enhancement Measures
No established channels for employees to report conflicts of interest.	Channels have been established, and the relevant policy has been disseminated.
A succession plan for senior management was not in place.	A succession plan has been established for senior management and will be reviewed regularly to reflect the Group’s operations and development.
Policies and procedures were lacking for some operational and compliance processes.	Policies and procedures have been established and approved by management and these documents have been circulated to relevant staff for follow-up.

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Findings	Internal Control Enhancement Measures
No mechanisms were in place for assessing business changes.	A mechanism for assessing and monitoring business changes has been established.
The procurement contract template had not been reviewed to protect the Group’s interests.	The procurement contract has been reviewed by the management.
An IT software and hardware inventory was not established.	An IT software and hardware inventory has been created.
Backup records were not documented, and the business continuity plan and disaster recovery plan lacked sufficient information.	Backup details have been documented, and comprehensive information has been included in both plans.
Review evidence for system access rights had not been maintained.	Review evidence for system access rights has been properly maintained.
The server room lacked essential infrastructure, such as thermometres, hygrometres, anti-static flooring, monitoring records, and fire protection facilities.	Access details, thermometres, hygrometres, and fire protection facilities have been included in the server room setup.
The assessment of insurance coverage was not documented.	The assessment results for insurance coverage have been documented.
A register had not been established to track details such as expiry dates and usage of licences.	A licence register has been created.

Based on the above, our Directors are of the view that our Group has implemented reasonable measures to establish an internal control system and procedures that enhance the control environment at both operational and management levels. Our Directors believe these internal control measures are sufficient and effective for our business operation.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Mr. Zhou, and his spouse, Ms. He, are our founders and our executive Directors and are presumed to be a group of Controlling Shareholders under the Listing Rules. As at the Latest Practicable Date, Mr. Zhou beneficially owns approximately 59.4% of our Shares through his wholly owned company, Wansheng. Wansheng is Mr. Zhou’s investment holding entity without any operation other than holding our Shares. On the other hand, as at the Latest Practicable Date, Ms. He beneficially owns approximately 39.6% of our Shares through her wholly-owned company, namely Wanrong. Wanrong is Ms. He’s investment holding entity without any operation other than holding our Shares. Wansheng and Wanrong are respectively holding approximately 59.4% and 39.6% of our Shares as at the Latest Practicable Date. As such, for the purpose of the [REDACTED] and under the Listing Rules, Mr. Zhou, Ms. He, Wansheng and Wanrong are considered as 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). None of our Controlling Shareholders or their respective associates has any interest in any company which may, directly or indirectly, compete with the business of our Group as at the Latest Practicable Date.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, we believe that our Group is capable of carrying on its business independently of our Controlling Shareholders and their respective close associates after the [REDACTED].

Management Independence

Our business is managed and conducted by our Board and senior management. Upon the [REDACTED], our Board will consist of four executive Directors and three independent non-executive Directors. See “Directors and Senior Management” for details. Mr. Zhou and Ms. He, our Controlling Shareholders, are our executive Directors. Save for Mr. Zhou and Ms. He, no other Controlling Shareholder holds any directorship in our Group. Our Directors believe that our Board and senior management have been and will continue to be able to independently manage our business and function independently from our Controlling Shareholders based on the following grounds:

(i) each of our Directors is aware of his or her fiduciary duties as a Director which require, among other things, that he or she acts for the benefit and in the best interests of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interest; (ii) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions. In addition, the interested Director shall not vote (nor be counted in the quorum) on any resolution of our Board approving any contract or arrangement or any other proposal in which he or she or any of his or her close associates is materially interested in except for certain circumstances as set out in the Articles. See Appendix III to this document for details; (iii) our daily management and operations are carried out by our executive Directors and senior management. Other than Mr. Zhou and Ms. He, who are our Controlling Shareholders, the other executive Directors and senior management are independent from our Controlling Shareholders and

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

have substantial experience in the industry in which our Company is engaged and/or business management in general, and will therefore be able to make business decisions that are in the best interest of our Group; (iv) we have three independent non-executive Directors who have experience in different professions. They have been appointed pursuant to the requirements under the Listing Rules to ensure that the decisions of the Board are made only after due consideration of independent and impartial opinions. Our Directors believe that the presence of our independent non-executive Directors from different backgrounds provides a balance of views and opinions; and (v) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. Please refer to the paragraph headed “Corporate Governance Measures” in this section below. Having considered the above factors, our Directors are satisfied that our Board together with the senior management team as a whole are able to perform their roles independently from our Controlling Shareholders and their respective close associates after the [REDACTED].

Operational Independence

We operate independently from our Controlling Shareholders and their respective close associates, including:

(i) we have established our own organisational structure, which comprises individual departments and each department has its own administrative and corporate governance infrastructure; (ii) we hold all of the relevant licences and intellectual property rights material to our business operation and have sufficient capital, facilities, equipment and employees to operate our business independently; (iii) our Controlling Shareholders have no interest in any of our top five suppliers and customers in each year during Track Record Period. We do not rely on our Controlling Shareholders or their respective close associates and have independent access to our suppliers and customers; and (iv) we have established a set of internal control procedures to facilitate the effective operation of our business independent from our Controlling Shareholders. Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders.

Financial Independence

Our Group has an independent financial, internal control and accounting system. We make financial decisions according to our own business needs. We also have an independent finance department responsible for discharging the treasury function, and an audit committee comprising solely of independent non-executive Directors to oversee our accounting and financial reporting processes. We have sufficient capital to operate our business independently, and have adequate internal resources and a strong credit profile to support our daily operations. During the Track Record Period, we relied principally on cash generated from operations and bank borrowings to carry on our business. During the Track Record Period, Mr. Zhou and Ms. He, our Controlling Shareholders, provided certain guarantees and pledges for our loans and facilities. See note 22 of the “Accountants’ Report” in Appendix I to this document for details. As at 31 January 2026, being the latest practicable date for indebtedness, the guarantee and pledged assets provided by our Controlling Shareholders for the outstanding bank facilities were approximately RMB41.8 million. As at the Latest Practicable Date, we had obtained the consent letters from the relevant banks and the financial institution to release certain guarantees and pledged assets by substituting with our corporate guarantee upon the [REDACTED]. Our Directors confirm that all guarantees and pledged assets provided by the Controlling Shareholders will be released before the

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

[REDACTED], or be replaced by corporate guarantee to be provided by our Group upon the [REDACTED]. Other than the above, our source of funding and our finances are independent from our Controlling Shareholders and none of our Controlling Shareholders or their respective close associates financed our operations during the Track Record Period. As at the Latest Practicable Date, there were no outstanding loans, advances or balances due to our Controlling Shareholders or their respective close associates, and there were no outstanding pledges or guarantees provided for our benefit by our Controlling Shareholders or their respective close associates. Our Directors confirm that our Group does not intend to obtain any further borrowing, guarantees, pledges and mortgages from any of our Controlling Shareholders or their respective close associates. Having considered the above factors, our Directors are of the view that we have no financial dependence on our Controlling Shareholders.

DISCLOSURE UNDER RULE 8.10 OF THE LISTING RULES

Our Controlling Shareholders confirm that as at the Latest Practicable Date, none of them were interested in any business, other than our business, which competes or is likely to compete, either directly or indirectly, with our business, which requires disclosure pursuant to Rule 8.10 of the Listing Rules. In the future, our Controlling Shareholders may, from time to time, make minority investments or hold non-executive board positions in entities that operate in, or have subsidiaries that operate in, the broader industries in which our business segments also operate. Our Controlling Shareholders will ensure that they have no executive or shareholding control over such entities, and such entities have separate businesses with separate management and shareholder bases that control them to ensure we are able to carry on our business independently from the other entities in which they may make minority investments or hold directorships from time to time.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules which sets out principles of good corporate governance in relation to, among other matters, directors, the chairman, chief executive officer, board composition, the appointment, re-election and removal of directors, their responsibilities and communications with shareholders, except for code provision C.2.1 of the Corporate Governance Code. See “Directors and Senior Management” for details. Our Directors are committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders as a whole. We have adopted the following measures to manage the conflict of interests arising from the competing business, if any, and to safeguard the interests of our Shareholders: (a) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with our Controlling Shareholders or any of its associates, our Company will comply with the applicable Listing Rules; (b) where a Shareholders’ meeting is held pursuant to the Listing Rules to consider proposed transactions or arrangements in which our Controlling Shareholders or any of their associates have a material interest, our Controlling Shareholder(s) shall abstain from voting and their votes shall not be counted; (c) our independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders; (d) each of our Controlling Shareholders undertakes to provide all information necessary including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the purpose of their annual review; (e) our Company will disclose decisions on matters reviewed by our independent non-executive Directors relating either in its

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

annual reports or by way of announcements as required by the Listing Rules, including if any conflict of interests between our Group and our Controlling Shareholders is found; (f) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company’s expense; (g) we have agreed to appoint VBG Capital Limited as our compliance adviser in compliance with Rule 3A.19 to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance; (h) we have established our audit committee, remuneration committee and nomination committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code in Appendix C1 to the Listing Rules. All of the members of our audit committee, including the chairperson, are independent non-executive Directors; and (i) pursuant to our executive Directors’ respective service agreements, our executive Directors will not at any time during their terms of service with our Group without the prior written consent of the Board be or become a director of any company (other than our Company, any other member of our Group, our joint ventures or our associated companies) or be engaged, concerned or interested directly or indirectly in any other business, trade or occupation. Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Controlling Shareholders, and to protect our minority Shareholders’ interests after the [REDACTED].

DIRECTORS AND SENIOR MANAGEMENT

SUMMARY OF DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Present position	Date of appointment as Director/senior management	Date of joining our Group	Roles and responsibilities	Relationship with other Director(s), and/or senior management
Executive Directors						
Mr. Zhou Hang (周航)	36	Executive Director, chairman of our Board and CEO of our Group	5 January 2023	21 February 2014	Overall management and formulation of business strategies of our Group	Spouse of Ms. He, our executive Director
Ms. He Shanshan (何珊珊)	36	Executive Director	12 June 2025	21 February 2014	Providing advice on general management and daily operation of our Group	Spouse of Mr. Zhou, our executive Director
Mr. Chen Zhenbing (陳振兵)	46	Executive Director	12 June 2025	1 December 2021	Providing advice on sales operation of our Group	Nil
Ms. Yu Yahuan (俞雅環)	37	Executive Director	12 June 2025	11 March 2014	Providing advice on sales operation of our Group	Nil
Independent non-executive Directors						
Mr. Chen Chaohui (陳朝暉)	53	Independent non-executive Director	[•] 2026	[•] 2026	Providing independent advice to our Board	Nil
Mr. Ng Tat Fung (吳達峰)	43	Independent non-executive Director	[•] 2026	[•] 2026	Providing independent advice to our Board	Nil
Mr. Shi Wei (時為)	39	Independent non-executive Director	[•] 2026	[•] 2026	Providing independent advice to our Board	Nil
Senior management						
Ms. Yang Qiaohong (楊巧虹)	35	CEO assistant	12 June 2025	25 February 2021	Assisting the CEO to oversee the production of hygienic disposables	Nil

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Our Board consists of seven Directors, comprising four executive Directors and three independent non-executive Directors.

Executive Directors

Mr. Zhou Hang (周航), aged 36, established our Group as a shareholder and a director of Jiaodian on 21 February 2014 with Ms. He. He was appointed as a Director on 5 January 2023 and was re-designated as an executive Director on 12 June 2025. He also serves as the chairman of our Board, CEO [and the chairperson of our nomination committee.] He is primarily responsible for the overall management and formulation of business strategies of our Group. He is also a director of all of our subsidiaries.

Mr. Zhou has over 14 years of experience in the manufacturing and sales of hygienic disposables and the sales of hygienic disposable materials in the PRC. Before founding our Group by establishing Jiaodian in February 2014 and serving as the general manager and director since then, he worked as a foreign trade manager in Quanzhou Fenghua Sanitary Products Co., Ltd. (泉州市豐華衛生用品有限公司) from February 2011 to January 2014.

Mr. Zhou obtained a bachelor degree in information and computational science (信息與計算科學) at Quanzhou Normal University (泉州師範學院) in Fujian in July 2011.

Mr. Zhou was a director of the following company at the time of its dissolution:

Name of Company	Place of incorporation	Business scope prior to cessation of business	Date of dissolution	Means of dissolution	Reasons of dissolution
Quanzhou Tieban Technology Co., Ltd.* (formerly known as Xiamen Tieban Technology Co., Ltd.*) (泉州貼伴科技有限公司) (廈門市貼伴科技有限公司)	PRC	Software development; information system integration services; information technology consulting services; data processing and storage support services; professional design services; cosmetics wholesale; cosmetics retail; personal hygiene products sales; daily necessities sales; retail of home appliances; sales of household electrical appliances; retail of kitchenware ware and daily miscellaneous goods; sales of daily miscellaneous goods; internet sales (excluding the sale of goods that require permits); sales of Class I medical devices; technology import and export; goods import and export; import and export agency; domestic trade agency.	17 January 2024	Deregistration	Cessation of business

Mr. Zhou confirmed that the above company was solvent immediately prior to its dissolution. Mr. Zhou further confirmed that there was no fraudulent act or misfeasance on his part leading to the dissolution of such company and he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolution of such company.

DIRECTORS AND SENIOR MANAGEMENT

Ms. He Shanshan (何姍姍), aged 36, established our Group with Mr. Zhou as a shareholder of Jiaodian on 21 February 2014. She was appointed as an executive Director on 12 June 2025. [Ms. He is a member of our remuneration committee.] She is primarily responsible for providing advice on general management and daily operation of our Group.

Ms. He has over 13 years of experience in the sales of sanitary product in the PRC. Prior to founding our Group with Mr. Zhou in February 2014, she worked as a sales in BECO (Fujian) Women & Baby Products Co., Ltd. (華億(福建)婦幼用品有限公司) from September 2011 to February 2013. She subsequently joined Quanzhou Fenghua Sanitary Products Co., Ltd (泉州市豐華衛生用品有限公司) as a foreign trade manager until January 2014.

Ms. He obtained a bachelor degree in information and computational science (信息與計算科學) at Quanzhou Normal University (泉州師範學院) in Fujian in July 2011.

Ms. He was a director of the following company at the time of its dissolution:

Name of Company	Place of incorporation	Business scope prior to cessation of business	Date of dissolution	Means of dissolution	Reasons of dissolution
Quanzhou Jinshan Investment Co., Ltd.* (泉州金杉投資有限公司)	PRC	Investment in the manufacturing, wholesale and retail, education, real estate, accommodation and catering, construction, leasing and business services, information technology services, and health and social work industries. (Projects that require approval according to the law may only be commenced after obtaining approval from the relevant departments.)	7 March 2023	Deregistration	Cessation of business

Ms. He confirmed that the above company was solvent immediately prior to its dissolution. Ms. He further confirmed that there was no fraudulent act or misfeasance on her part leading to the dissolution of such company and she is not aware of any actual or potential claim that has been or will be made against her as a result of the dissolution of such company.

Mr. Chen Zhenbing (陳振兵), aged 46, joined our Group as a sales director of Yuejian on 1 December 2021. He was appointed as an executive Director on 12 June 2025. He is primarily responsible for providing advice on sales operation of our Group.

Mr. Chen has over 23 years of experience in sales and management. He worked for Hengan International Group Company Ltd. (福建恆安集團有限公司), which was primarily engaged in manufacturing of household paper and maternal and child hygiene products, as sales manager in Beijing from July 2001 to October 2006. He then joined CHIAUS (Fujian) Industrial Development Co., Ltd., (雀氏(福建)實業發展有限公司) which was primarily engaged in development, design, manufacture and distribution of baby & child care products as their marketing director from November 2006 to March 2014. Mr. Chen served as executive deputy general manager in Fujian New Yifa Group Co., Ltd. (福建新億發集團有限公司) from May 2014 to March 2015. Before joining our Group in December 2021, he worked as the deputy general manager in Fujian Lionmay Care Products Co., Ltd. (福建省諾美護理用品有限公司) which focuses on the development and production of sanitary napkins, wet wipes, and other women’s care products from March 2015 to November 2021.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chen completed his marketing major in the Department of Business Administration (工商管理系市場營銷專業) and obtained a diploma in economic management (經濟管理專業) at Huaqiao University (華僑大學) through correspondence learning in June 2001 and July 2005, respectively. He also attended Hui'an County Corporate CEO Class (惠安縣企業總裁班) at School of Management of Xiamen University (廈門大學管理學院) in January 2011 and Peking University Corporate CEO Advanced Training Course (Hui'an) (北京大學企業總裁(惠安)高級研修班) at Market Economy Academy, Peking University* (北京大學民營經濟研究院) in June 2011, respectively. He was awarded the qualification of junior assistant economist (初級助理經濟師) from Hui'an County Job Reform Leading Group (惠安縣職改領導小組) in October 2013.

Ms. Yu Yahuan (俞雅環), aged 37, joined our Group as a sales manager of Jiaodian on 11 March 2014. She was appointed as an executive Director on 12 June 2025. She is primarily responsible for providing advice on sales operation of our Group.

Ms. Yu has over 13 years of experience in sales and management. Prior to joining our Group in March 2014, she worked as a foreign trade salesperson in Mingle (China) Co., Ltd. (名樂(中國)有限公司) which focuses on the sales and production of sportswear and equipment from July 2011 to July 2013.

Ms. Yu obtained a bachelor degree in information and computational science (信息與計算科學) at Quanzhou Normal University (泉州師範學院) in Fujian in July 2011.

Independent non-executive Directors

Mr. Chen Chaohui (陳朝暉), aged 53, was appointed as an independent non-executive Director on [•]. Mr. Chen is the [chairperson of our remuneration committee and a member of our nomination committee and audit committee.]

Mr. Chen has over 26 years experience in the fields of finance and internet technology. He is responsible for providing independent advice on the business strategies, operations and management of our Board. He has served as a director of Quanzhou Wanwei Network Development Co., Ltd. (泉州市萬維網路開發有限公司) and Fujian Wanwei Blockchain Technology Co., Ltd. (福建省萬維區塊鏈科技有限公司) since November 1998 and March 2017, respectively. He was the first president of the Council of Fujian Blockchain Application Chamber of Commerce* (福建省區塊鏈應用商會理事會) in April 2021 and is further appointed as a member of Fujian Federation of Industry and Commerce Think Tank Committee* (福建省工商聯合會智庫委員會) for the period from April 2023 to December 2027.

Mr. Chen is recognised as 2020 Quanzhou Economic Figure of the Year* (2020年度泉州經濟人物) by Quanzhou Annual Economic Conference (泉州經濟年會) and was invited to act as invited expert (特邀專家) of Fujian Blockchain Association (福建省區塊鏈協會) awarded by Fujian Blockchain Industry Expert Think Tank* (福建省區塊鏈產業專家智庫).

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chen obtained his bachelor’s degree in food engineering (食品工程) from South China College of Tropical Crop* (華南熱帶作物學院) in July 1994. He also obtained the certificate as a senior engineer (高級工程師) from Fujian Provincial Civil Service Bureau Fujian Provincial Human Resources Development Office* (福建省公務員局福建省人力資源開發辦公室) in December 2012.

Mr. Ng Tat Fung (吳達峰), aged 43, was appointed as our independent non-executive Director on [•]. Mr. Ng is responsible for providing independent advice on the business strategies, operations and management of our Board. Mr. Ng is [the chairman of our audit committee.]

Mr. Ng has over 17 years of experience in the accounting and finance industry. From September 2007 to September 2008, he worked as an auditor at W.H. Tse & Company, a CPA firm in Hong Kong. From September 2008 to April 2010, he worked as an auditor at K.P. Cheng & Co., a CPA firm in Hong Kong. From July 2010 to December 2011, he became an audit senior of K.P. Cheng & Co.. From January 2012 to November 2013, he worked as an audit senior at Mazars CPA Limited (currently known as Forvis Mazars CPA Limited), a CPA firm in Hong Kong with a focus on providing audit, accountancy, advisory, tax and legal services. Since October 2013, he has been a director of NGP Business Advisory Limited (怡峰商業顧問有限公司) (formerly known as Lloyds Chartered Company Limited), a company principally engaged in the provision of business consulting services. In March 2017, Mr. Ng founded Ng & Partners CPA Limited (怡峰會計師事務所有限公司), a CPA firm in Hong Kong, and has been its director since then. Mr. Ng was an independent non-executive director of Haina Intelligent Equipment International Holdings Limited (海納智慧裝備國際控股有限公司) (stock code: 1645), a company listed on the Stock Exchange, a manufacturer engaging in the design and production of automated machines for manufacturing disposable hygiene products, including baby diapers, adult diapers and lady sanitary napkins in the PRC, between 4 May 2020 and 23 May 2023. Mr. Ng was also an independent non-executive director of China Treasures New Materials Group Limited (中寶新材集團有限公司) (stock code: 2439), a company listed on the Stock Exchange, and principally engages in development and manufacturing of biodegradable plastic product bags in Northeast China with their production base located in Changchun, Jilin province, the PRC, between 9 March 2023 and 21 October 2024. Between 7 November 2024 to 31 January 2025, Mr. Ng was an independent non-executive director of Renaissance Asia Silk Road Group Limited (復興亞洲絲路集團有限公司)(stock code: 274), a company listed on the Stock Exchange, and principally engaged in the mining, exploration and sale of gold products in the PRC and the trading of coal and wholesale and trading of frozen meat and soya bean oil in the PRC.

Mr. Ng obtained his bachelor’s degree in finance, accounting and management from the University of Nottingham in the United Kingdom in July 2007. Mr. Ng is currently a member of the Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Accountants in England and Wales and The Society of Chinese Accountants & Auditors.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Shi Wei (時為), aged 39, was appointed as our independent non-executive Director on [•]. Mr. Shi is responsible for providing independent advice on the business strategies, operations and management of our Board. Mr. Shi is [a member of our audit committee, remuneration committee and nomination committee.]

Mr. Shi has over 10 years of experience in financial reporting, accounting, financing and investing fields. From October 2014 to October 2019, he worked as an accounting manager in Inprocess Inc.. From November 2019 to April 2020, he worked in BDO China Shu Lun Pan Certified Public Accountants LLP Zhejiang Branch (立信會計師事務所(特殊普通合夥)浙江分所). He was a senior manager in the Planning and Management Department of Beijing Zhongxinyibao Technology Co., Ltd. (北京眾信易保科技有限公司) from April 2020 to April 2022. He then became the director of the Financial Consulting Department of Meishunmeiyin (Hangzhou) Business Consulting Co., Ltd. (美順美銀(杭州)商業諮詢有限公司) from April 2022 to February 2024. Since February 2024, he has been the vice general manager of Yung Lai Company Limited (雍麗有限公司).

He obtained his bachelor degree in tourism management from South China University of Technology in China (華南理工大學) in July 2010. He further obtained a master degree in accounting from Southern New Hampshire University in the United States in October 2012. Mr. Shi has been a member of the Certified Public Accountant in the State of New York in the United States since August 2019. He also obtained the Sustainable Investing Certificate from CFA Institute in the United States in November 2023. Mr. Shi joined the American Institute of Certified Public Accountants in November 2018 and is currently a regular member.

Each of the independent non-executive Directors has confirmed (i) his independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as at the Latest Practicable Date, and (iii) that there are no other factors that may affect his independence at the time of his appointments.

Save as disclosed above, each of our Directors has not held directorships in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Save as disclosed above, each of our Directors confirms with respect to him/her that: (a) he or she does not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (b) he or she does not have any relationship with any other Directors, senior management, substantial Shareholder or Controlling Shareholder of our Company as at the Latest Practicable Date; (c) he or she does not have any interests in the Shares within the meaning of Part XV of the SFO, save as disclosed in the section headed “Substantial Shareholders” in this document and “Statutory and General Information – D. Further Information about our Directors” in Appendix IV to this document; (d) he or she does not have any interest in any business which competes or is likely to compete, directly or indirectly, with our Group, which is disclosable under the Listing Rules; (e) to the best knowledge, information and belief of our Directors having made all reasonable enquiries, there is no additional information relating to our Directors or senior management that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and no other matter with respect to their appointments that needs to be brought to the attention of our Shareholders as at the Latest Practicable Date; and (f) he or she has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in June 2025 and understands his or her obligations as a director of a [REDACTED] issuer under the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Our Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability.

Except for the deviation from Corporate Governance Code provision C.2.1, our corporate governance practises have complied with the Corporate Governance Code. Corporate Governance Code provision C.2.1 stipulates that the roles of the chairman and chief executive should be separate and should not be performed by the same individual. Mr. Zhou is the chairman of our Board and CEO. In view of the fact that Mr. Zhou has been assuming day-to-day responsibilities in operating and managing Jiaodian, the operating subsidiaries of our Group since February 2014, our Board believes that it is in the best interest of our Group to have Mr. Zhou taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from Corporate Governance Code provision C.2.1 is appropriate in such circumstance. Notwithstanding from the above, our Board is of the view that this management structure is effective for our Group’s operations and sufficient cheques and balances are in place.

We are committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders as a whole. Save as disclosed in the above, we will comply with the code provisions set out in the Corporate Governance Code after the [REDACTED].

BOARD DIVERSITY POLICY

In designing the composition of our Board, diversity has been considered from multiple perspectives, including gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and tenure. All Board appointments are made on merit, assessed against objective criteria while recognising the benefits of diversity.

Our Board currently comprises seven Directors – four Executive Directors and three Independent Non executive Directors – representing a balanced mix of age, gender, experience and professional expertise in business management, finance, accounting and related fields. The ages of the Directors range from approximately 36 to 53, and their academic backgrounds span information and computational science, economic management, food engineering, marketing and accounting. Two of our Executive Directors are female.

The Nomination Committee oversees the implementation of our Board’s diversity policy, reviews and reports on the Board’s composition, and, where necessary, recommends revisions to the policy for Board approval. It identifies and recommends qualified candidates based on their experience, competence and potential contribution, ensuring that appointments are made in the best interests of the Company and all Shareholders.

SENIOR MANAGEMENT

Our senior management team consists of our executive Directors and Ms. Yang (see below).

DIRECTORS AND SENIOR MANAGEMENT

Ms. Yang Qiaohong* (楊巧虹), aged 35, is our CEO assistant. Ms. Yang joined our Group in February 2021. She is responsible for assisting the CEO to oversee the production of hygienic disposables.

Ms. Yang has over 10 years of experience in the field of production. Prior to joining our Group in February 2021, she served as a human resources manager in Jinjiang Xinwei Shoes Development Co., Ltd.* (晉江市鑫威鞋業發展有限公司) from January 2015 to May 2020. She also worked as a recruitment specialist in the human resources department of Fujian Jinjiang Huazi Weaving Co., Ltd.* (福建省晉江市華宇織造有限公司) from September 2012 to January 2015.

Ms. Yang obtained a diploma in human resources management (人力資源管理) through correspondence learning from Liming Vocational University (黎明職業大學) in June 2019.

Save as disclosed above, each of the senior management has not held any directorships in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

COMPANY SECRETARY

Ms. Wong Po Lam (黃寶琳), aged 35, has approximately 12 years of experience in financial reporting, auditing, financial management, corporate secretarial and regulatory compliance in listed companies in Hong Kong. Ms. Wong obtained a bachelor’s degree in Accountancy from City University of Hong Kong in July 2012. She is also a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Ms. Wong has been serving as a company secretary and an authorised representative of Nexion Technologies Limited (stock code: 8420), Byte Metaverse Holdings Limited (比特元宇宙控股有限公司) (stock code: 8645), Ritamix Global Limited (利特米有限公司) (stock code: 1936) and China Treasures New Materials Group Ltd. (中寶新材集團有限公司) (stock code: 2439).

BOARD COMMITTEES

Audit committee

Our Company established an audit committee with written terms of reference in compliance with Rule 3.22 of the Listing Rules and paragraph D.3.3 of the Corporate Governance Code set out in Appendix C1 to the Listing Rules pursuant to a resolution of our Directors passed on [•]. The primary duties of the audit committee are, among others, to make recommendations to our Board on the appointment, reappointment and removal of external auditor, review the financial statements and provide material advice in respect of financial reporting, oversee the financial reporting process, internal control, risk management systems and audit process of our Company and perform other duties and responsibilities assigned by our Board. At present, the audit committee comprises [Mr. Chen Chaohui], [Mr. Ng Tat Fung] and [Mr. Shi Wei], all being independent non-executive Directors. [Mr. Ng Tat Fung] is the chairperson of the audit committee.

DIRECTORS AND SENIOR MANAGEMENT

Remuneration committee

Our Company established a remuneration committee on [•] with written terms of reference in compliance with Rule 3.26 of the Listing Rules and paragraph E.1.2 of the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the remuneration committee are to review and approve the management’s remuneration proposals, make recommendations to our Board on the remuneration package of our Directors and senior management and ensure none of our Directors determine their own remuneration. At present, the remuneration committee comprises [Ms. He Shanshan], [Mr. Chen Chaohui] and [Mr. Shi Wei], with a majority being independent non-executive Directors. [Mr. Chen Chaohui] is the chairperson of the remuneration committee.

Nomination committee

Our Company established a nomination committee on [•] with written terms of reference in compliance with paragraph B.3.2 of the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the nomination committee are, among others, to review the structure, size and composition of our Board, and select or make recommendations on the selection of individuals nominated for directorships. At present, the nomination committee comprises [Mr. Zhou Hang], [Mr. Chen Chaohui] and [Mr. Shi Wei], with a majority being independent non-executive Directors. [Mr. Zhou Hang] is the chairperson of the nomination committee.

COMPLIANCE ADVISER

We have appointed VBG Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules for the term commencing on the [REDACTED] and ending on the date on which our Company distributes annual report in respect of its financial results for the first full financial year commencing after the [REDACTED].

Pursuant to Rule 3A.23 of the Listing Rules, our Company shall seek advice from the compliance adviser on a timely basis in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues, sales or transfers of treasury shares and share repurchases;
- where our Company proposes to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where business activities, developments or results of our Company deviate to a material extent 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 the Shares, the possible development of a false market in Shares, or any other matters.

DIRECTORS AND SENIOR MANAGEMENT

REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of salaries, benefits in kind and discretionary bonuses related to their performance. Our Group also reimburses them for expenses which are necessarily and reasonably incurred in relation to all business and affairs carried out by our Group from time to time or for providing services to our Group or executing their functions in relation to our Group’s business and operations. Our Group regularly review and determine the remuneration and compensation package of our Directors and senior management by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of our Directors and performance of our Group.

After the [REDACTED], the remuneration committee will review and determine the remuneration and compensation packages of our Directors with reference to their experience, responsibilities, workload, time devoted to our Group and performance of our Group.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

For FY2023, FY2024 and FY2025, the aggregate remuneration including basic salaries, allowance, other benefits and contribution to defined contribution plans, paid to our Directors by our Group was approximately RMB0.65 million, RMB0.67 million and RMB1.44 million, respectively.

For FY2023, FY2024 and FY2025, the aggregate remuneration including basic salaries, allowance, other benefits and contribution to defined contribution plans, paid to the five highest paid individuals (including our Directors) by our Group was approximately RMB1.05 million, RMB1.08 million and RMB1.76 million, respectively.

For FY2023, FY2024 and FY2025, the aggregate of bonuses paid to or receivable by our Directors which are discretionary or are based on our Company’s, our Group’s or any members of our Group’s performance were nil, nil and nil, respectively.

Under the arrangements currently in force, we estimate that the aggregate remuneration payable to, and benefits in kind receivable by, our Directors (excluding discretionary bonus) for the year ending 31 December 2026 will be approximately RMB1.17 million. Upon completion of the [REDACTED], the remuneration committee will make recommendations on the remuneration of our Directors taking into account the performance of our Directors and market standards and the remuneration will be subject to approval by our Shareholders. Accordingly, the historical remuneration to our Directors during the Track Record Period may not reflect the future levels of remuneration of our Directors.

Save as disclosed in this document, no other emoluments have been paid, or are payable, by our Group to our Directors and the five highest paid individuals in respect of each of FY2023, FY2024 and FY2025.

During the Track Record Period, no remuneration was paid by our Group to, or received by, our Directors or the five highest individuals as an inducement to join or upon joining our Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

For further details, please refer to the accountants’ report in Appendix I to this document.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. For further details, please refer to “Statutory and General Information – E. Share Option Scheme” in Appendix IV to this document.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, as at the Latest Practicable Date and immediately following completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be issued upon the exercise of the [REDACTED]), the following persons will have an interest or short position in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of Interest	Shares held as at the Latest Practicable Date ⁽¹⁾		Shares held immediately following completion of the [REDACTED] and the [REDACTED]	
		Number	%	Number	%
Mr. Zhou	Interest in controlled corporations ⁽²⁾ Interest of spouse ⁽³⁾	[50,000]	99.00%	[REDACTED]	[REDACTED]
Wansheng ⁽²⁾	Beneficial owner	[30,000]	59.40%	[REDACTED]	[REDACTED]
Ms. He	Interest in controlled corporations ⁽⁴⁾ Interest of spouse ⁽⁵⁾	[50,000]	99.00%	[REDACTED]	[REDACTED]
Wanrong ⁽⁴⁾	Beneficial owner	[20,000]	39.60%	[REDACTED]	[REDACTED]

Notes:

- (1) All interests stated are long positions.
- (2) Wansheng is a wholly-owned company of Mr. Zhou. Hence, Mr. Zhou is deemed to be interested in the Shares held by Wansheng under the SFO.
- (3) Mr. Zhou is the spouse of Ms. He. By virtue of the SFO, Mr. Zhou is deemed to be interested in the Shares in which Ms. He is interested in.
- (4) Wanrong is a wholly-owned company of Ms. He. Hence, Ms. He is deemed to be interested in the Shares held by Wanrong under the SFO.
- (5) Ms. He is the spouse of Mr. Zhou. By virtue of the SFO, Ms. He is deemed to be interested in the Shares in which Mr. Zhou is interested in.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following the completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised and without taking into account any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme), have an interest or short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

SHARE CAPITAL

AUTHORISED AND ISSUED SHARE CAPITAL

The following table sets forth information with respect to the share capital of our Company immediately following completion of the [REDACTED] and the [REDACTED], without taking into account any Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme:

Authorised Share Capital:

As at the date of this document:

	<i>HK\$</i>
<u>3,800,000,000</u> Shares of par value of HK\$0.0001 each	<u>380,000</u>

Issued Share Capital

Assuming the [REDACTED] is not exercised at all, and without taking into account any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme, the issued share capital of our Company immediately following the completion of the [REDACTED] and the [REDACTED] will be as follows:

		<i>HK\$</i>	Approximate percentage of issued shares capital %
[REDACTED]	Shares in issue at the date of this document	[REDACTED]	[REDACTED]
[REDACTED]	Shares to be issued under the [REDACTED] ⁽¹⁾	[REDACTED]	[REDACTED]
<u>[REDACTED]</u>	<u>Shares to be issued pursuant to the [REDACTED]⁽¹⁾</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
<u>[REDACTED]</u>	<u>Shares in total</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>

Note:

(1) The Shares referred to in the above table will be fully paid or credited as fully paid when issued.

SHARE CAPITAL

Assuming the [REDACTED] is exercised in full and without taking into account any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme, the issued share capital of our Company immediately following the completion of the [REDACTED] and the [REDACTED] will be as follows:

		Approximate percentage of issued shares capital
		HK\$ %
[REDACTED]	Shares in issue at the date of this document	[REDACTED] [REDACTED]
[REDACTED]	Shares to be issued under the [REDACTED] ⁽¹⁾	[REDACTED] [REDACTED]
[REDACTED]	Shares to be issued pursuant to the [REDACTED] ⁽¹⁾	[REDACTED] [REDACTED]
[REDACTED]	[Shares to be issued upon exercise of the [REDACTED] in full ⁽¹⁾	[REDACTED] [REDACTED]
<u>[REDACTED]</u>	<u>Shares in total</u>	<u>[REDACTED]</u> <u>[REDACTED]</u>

Note:

(1) The Shares referred to in the above table will be fully paid or credited as fully paid when issued.

ASSUMPTIONS

The above tables assume that the [REDACTED] and the [REDACTED] become unconditional and the issue of Shares pursuant thereto is made as described herein. The above tables take no account of any Shares which may be allotted and issued upon the exercise of the options which may be granted under the Share Option Scheme, or of any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandate given to our Directors to allot and issue or repurchase Shares referred to in the paragraphs headed “General Mandate to Issue Shares” or “General Mandate to Repurchase Shares” below in this section, as the case may be.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1) of the Listing Rules, at the time of [REDACTED] and at all times thereafter, our Company must maintain the “minimum prescribed percentage” of 25% of the total issued share capital of our Company in the hands of the public (as defined in the Listing Rules).

SHARE CAPITAL

RANKING

The Shares are ordinary shares in the share capital of our Company and rank *pari passu* in all respects with all the Shares currently in issue or to be issued 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.

CIRCUMSTANCES UNDER WHICH A MEETING OF THE COMPANY IS REQUIRED

Our Company has only one class of Shares, namely Ordinary Shares, each of which carries the same rights as the other Shares. Pursuant to the Cayman Companies Act and the terms of the Memorandum of Association and the Articles of Association, our Company may from time to time by ordinary resolution of Shareholders (i) increase its share capital; (ii) consolidate or divide its share capital into Shares of larger amount; (iii) subdivide its Shares into shares of smaller amount; (iv) cancel any shares which have not been taken; (v) make provision for the allotment and issue of shares; (vi) change the currency of denomination of share capital; and (vii) reduce its share premium account. In addition, our Company may, subject to the provisions of the Cayman Companies Act, reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. For further details, please refer to “2. Articles of Association – (a)(iii) Alteration of Capital” in Appendix III to this document.

SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme on [•] and the principal terms of the Share Option Scheme are summarised in “E. Share Option Scheme” in Appendix IV to this document. Our Group did not have any outstanding share options, warrants, convertible instruments, or similar rights convertible into our Shares as at the Latest Practicable Date.

GENERAL MANDATE TO ISSUE SHARES

Subject to the [REDACTED] becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with the Shares in the share capital of our Company with the total number of issued shares of not more than the sum of:

(a) 20% of the number of Shares in issue (excluding treasury shares) immediately following the completion of the [REDACTED] and the [REDACTED] (excluding any Shares which may be allotted and issued upon the exercise of the [REDACTED] and any option which may be granted under the Share Option Scheme); and (b) the number of Shares repurchased by our Company (if any) under the general mandate to repurchase Shares as referred to below.

SHARE CAPITAL

This general mandate to issue Shares will expire at the earliest of:

(a) the conclusion of our Company’s next annual general meeting unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or (b) the expiration of the period within which our Company is required by law or the Articles of Association to hold its next annual general meeting; or (c) the revocation, variation, or renewal of this general mandate by an ordinary resolution of our Shareholders in a general meeting. For further details, please refer to “A. Further Information about our Company and our Subsidiaries – 5. Resolutions of our Shareholders passed on [•]” in Appendix IV to this document.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the [REDACTED] becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares not exceeding in aggregate 10% of the total number of Shares in issue immediately following completion of the [REDACTED] and the [REDACTED] (excluding Shares that may be allotted and issued pursuant to exercise of the [REDACTED] or any option which may be granted under the Share Option Scheme). This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares may be [REDACTED] (and which are recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules and all other applicable laws, regulations and rules. This general mandate to repurchase Shares will expire at the earliest of:

(a) the conclusion of our Company’s next annual general meeting unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or (b) the expiration of the period within which our Company is required by law or the Articles of Association to hold its next annual general meeting; or (c) the revocation, variation, or renewal of this general mandate by an ordinary resolution of our Shareholders in a general meeting.

For further details, please refer to “A. Further Information about our Company and our Subsidiaries – 5. Resolutions of our Shareholders passed on [•]” in Appendix IV to this document.

FINANCIAL INFORMATION

You should read the following discussion and analysis along with our audited combined financial statements, including the notes thereto, for the three fiscal years from 2023 to 2025 included in the Accountants’ Report set out in Appendix I to this document. The Accountants’ Report has been prepared in accordance with IFRS Accounting Standards, which may differ materially from generally accepted accounting principles in other jurisdictions.

Information presented in this section, particularly in the paragraphs headed “Net Current Assets” and “Indebtedness”, that is not extracted or derived from the Accountants’ Report has been extracted or derived from unaudited management accounts as at and for 31 January 2026 (which are not included in this document) or from other records.

The following discussion and analysis and other parts of this document contain forward-looking statements that reflect our current views regarding future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions, and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in “Risk Factors” in this document.

For the purpose of this section, unless the context otherwise requires, references to FY2023, FY2024, or FY2025 refer to our financial year ended 31 December of such year. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are primarily engaged in the manufacturing and sales of hygienic disposables, including baby care products, feminine care products, and adult incontinence products, as well as the sales of hygienic disposable materials. Since our establishment in 2014, we have transitioned from being an OEM for local brands of overseas countries to developing and marketing our own brands, primarily targeting the PRC market. Our branded product portfolio features “Focus Baby” and “Bemoe” for baby care products, and “Veermoon”(薇月) and “Blue Cotton”(藍綿花) for feminine care products. Prior to May 2024, we also marketed adult incontinence products under our own brand “Tieban (貼伴)”, which we discontinued as part of a strategic shift to focus on higher-growth segments, though we continue to manufacture such products for third-party customers on an OEM basis.

Our business operates through three distinct segments, each with tailored sales channels. The OEM Business provides manufacturing services for both PRC and local brands of overseas countries, with products sold under client brands, reaching markets such as Southeast Asia. The Branded Product Business markets our own products primarily in the PRC through a combination of e-commerce platforms (e.g., B2C platforms and short video/livestreaming channels) and offline channels through wholesalers or retailers, including supermarkets and baby care stores. The Hygienic Disposable Materials Business supplies intermediate materials, such as SAP, nonwoven fabrics, and hot melt adhesives, mainly to international hygienic disposables manufacturers and hygiene product suppliers via international B2B e-commerce platforms and direct business dealings.

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Our production facility are designed to meet international quality standards, incorporating modern manufacturing processes and quality control systems certified under ISO 9001, ISO 14001, and ISO 13485. We have been recognised as a “High and New Technology Enterprise (國家高新技術企業)” and a “Technology-based Small and Medium-sized Enterprise (科技型中小企業)” in Fujian Province, reflecting our commitment to innovation and quality.

During the Track Record Period, our financial performance demonstrated robust growth. Our revenue increased from approximately RMB372.3 million in FY2023 to RMB447.1 million in FY2024, and further to RMB533.4 million in FY2025. Gross profit rose from approximately RMB87.6 million in FY2023 to RMB122.8 million in FY2024, and reached RMB152.4 million in FY2025, with gross profit margins improving from 23.5% to 27.5%, then to 28.6%. Profit for the year also grew significantly, from RMB39.5 million in FY2023 to RMB65.6 million in FY2024 and RMB80.9 million FY2025, Primarily driven by revenue and gross profit expansion, partially offset by the impact of higher operating costs and one-off [REDACTED] expenses.

Our financial success during the Track Record Period was driven by several key factors, namely (i) the rapid expansion of our Branded Product Business in the PRC, fuelled by growing consumer demand and our multi-brand strategy; (ii) consistent growth in our OEM Business, supported by long-standing relationships with international clients; and (iii) increasing sales in our Hygienic Disposable Materials Business, benefiting from economies of scale and a strong supplier network. Our integrated business model, which combines manufacturing expertise, R&D (with 45 patents), and diversified sales channels, positions us competitively to capitalise on opportunities in the hygienic disposables market.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 5 January 2023. Following the completion of the corporate reorganisation on 11 June 2025, our Company became the holding company of the entities that now form our Group. The companies involved in the Reorganisation were controlled by the same Controlling Shareholders, before and after the Reorganisation. The control was not transitional, and as a result, there was a continuation of risks and benefits to the Controlling Shareholders. Consequently, the Reorganisation is considered as a combination of entities under common control. For more details, see “History, Reorganisation and Corporate Structure”.

The financial information in the Accountants’ Report presented in Appendix I to this document has been prepared by applying the principles of merger accounting as if the companies now forming our Group had been combined from the beginning of the Track Record Period. The net assets of the combining companies have been combined using the existing book values from the perspective of the Controlling Shareholders.

Our Combined Statements of Financial Position as at 31 December 2023, 2024 and 2025 presented in the Accountants’ Report in Appendix I to this document have been prepared to present our financial position as at the respective dates as if the Reorganisation had been completed at the beginning of the Track Record Period. Our Combined Statements of Profit or Loss and Other Comprehensive Income, the Combined Statements of Changes in Equity, and the Combined Statements of Cash Flows for the Track Record Period, as set forth in the Accountants’ Report, include the results of operations of the companies now comprising our Group as if the current group structure had been in existence throughout the Track Record Period.

FINANCIAL INFORMATION

Our combined financial statements, which are presented in RMB, have been prepared in accordance with the IFRS Accounting Standards and the disclosure requirements of Hong Kong Companies Ordinance and the Listing Rules. Details regarding the basis of presentation and preparation of our combined financial statements for the Track Record Period are set out in note 2 to the Accountants’ Report in Appendix I to this document.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and financial condition have been, and will continue to be, affected by a number of factors, including those set forth in the section headed “Risk Factors” in this document and the following factors, which primarily include the following:

- Sales mix and geopolitical uncertainties
- Product mix and the demand for personal hygienic disposables
- Availability and costs of our critical raw materials
- Our production capacity and operating efficiency

Sales mix and geopolitical uncertainties

Our operational performance is influenced by various factors, including our sales mix, specifically, the balance between our OEM Business, Branded Product Business and Hygienic Disposable Materials Business as well as the economic and political conditions in the markets where our customers are located. The sales mix directly impacts our profit margins, with Branded Product Business increasingly contributing to our growth during the Track Record Period.

From FY2023 to FY2025, our revenue increased by approximately 43.3%, rising from RMB372.3 million in FY2023 to RMB447.1 million in FY2024, and further to RMB533.4 million in FY2025. This growth was largely driven by (i) our Branded Product Business expansion, and (ii) a significant increase in revenue from customers located in various geographic regions such as:

- **The PRC:** increased from RMB143.8 million in FY2023 to RMB200.7 million in FY2024 and further to RMB335.9 million in FY2025.
- **Uzbekistan:** decreased from RMB59.8 million in FY2023 to RMB51.7 million in FY2024, before increasing to RMB71.1 million in FY2025.
- **Pakistan:** decreased from RMB53.7 million in FY2023 to RMB52.1 million in FY2024, further to RMB32.5 million in FY2025.
- **Other key markets** include Hong Kong, South Korea, Malaysia, and Nigeria which collectively contributed RMB78.6 million, RMB100.3 million, RMB63.8 million in FY2023, FY2024, and FY2025, respectively, demonstrating steady revenue contribution during the Track Record Period.

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Given that a large portion of our customers are based in these foreign regions, shifts in their economic or political landscapes can considerably impact our financial results. For example, ongoing geopolitical tensions, trade restrictions, sanctions, or disruptions in logistics and payments may hinder our customers’ ability to operate, thereby affecting our sales and operations.

The uncertainty surrounding geopolitical conflicts and evolving global regulations continues to pose risks. Sanctions, inflationary pressures, and restrictions on monetary transactions can reduce customer demand, impact procurement or delivery timelines, and ultimately affect our revenue streams and cash flow.

Domestically, our sales mix is also influenced by consumer behaviours in the PRC, particularly in the feminine care products segments under Branded Product Business.

In FY2023, our feminine care products sales experienced strong growth, driven by effective digital marketing strategies and rising consumer demand online. Social media, live streaming, and short video platforms have been instrumental in enhancing customer engagement and facilitating seamless purchase experiences. These platforms not only drive sales but also improve customer satisfaction through personalised and interactive shopping experiences. According to the Frost & Sullivan Report, the market size of feminine care hygienic disposables in China increased from approximately RMB61.3 billion in 2020 to RMB86.7 billion in 2024, representing a CAGR of 9.1%. The market is projected to reach RMB132.5 billion by 2029, reflecting a CAGR of 8.9% from 2024 to 2029. In particular, the online segment of the feminine care hygienic disposables market is experiencing strong growth, projected to expand from RMB27.5 billion in 2024 to RMB59.7 billion in 2029, representing a CAGR of 16.8%. While we ceased our e-commerce operations and transferred our e-stores to one of our business customers in 2024 in order to focus our resources on daily operations, we understand that many of our major business customers who purchase our branded feminine care products also sell their own products through their respective e-stores. This continued online activity is expected to further support the projected market growth and rising demand.

However, any shift in consumer preferences or in the popularity of digital platforms could adversely impact demand for our products. Failure to adapt to evolving digital trends and consumer expectations in the PRC could negatively affect our business performance and future growth prospects.

Product mix and demand for personal hygienic disposables

Our revenue and operating performance are significantly influenced by consumer demand for our personal hygienic disposable products, which fall into three categories: (i) baby care products; (ii) feminine care products; and (iii) adult incontinence products. Among these, baby care products, comprising baby diapers, and baby pull-ups have historically been the dominant category. However, the product mix may evolve going forward. For example, in FY2023, baby care products accounted for the majority of our hygienic disposables revenue, generating RMB112.0 million. This was followed by feminine care products at RMB64.6 million and adult incontinence products at RMB15.1 million. A strategic shift in focus began in FY2023, particularly towards feminine care products, in response to growing market demand and potential, especially in the PRC.

FINANCIAL INFORMATION

As a result, revenue from feminine care products increased to RMB113.7 million in FY2024, and further to approximately RMB163.7 million in FY2025. This rapid growth was driven by the successful launch and increasing popularity of our feminine care products under our own brand Veermoon (薇月), which was introduced in 2023 and Blue Cotton (藍綿花), which was introduced in 2024. Accordingly, feminine care products became the largest product category in FY2025, generating RMB163.7 million, surpassing baby care products at RMB131.4 million.

Several factors influence the demand for our products, including consumer preferences, product safety and quality perception, hygiene awareness, economic conditions, disposable income, urbanisation, and demographic trends. Although many of these elements are beyond our control, they collectively shape regional demand patterns. For instance, despite global challenges such as the COVID-19 pandemic, demand for our essential products remained resilient, and our consolidated net sales, earnings, and cash flows were not materially affected.

Demographic trends play a vital role in shaping demand. In the PRC, the relaxation of the “one-child” policy and the continuing urbanisation process have expanded the potential customer base for our baby care and feminine care products. On the other hand, according to the Frost & Sullivan Report, the export value of baby care hygienic disposables is expected to reach RMB19.3 billion by 2029, with a CAGR of 7.1% from 2024 to 2029. During the Track Record Period, our baby care products were primarily sold through OEM business to overseas customers.

These demographic and socio-economic shifts are reshaping our product mix. Over the Track Record Period, the proportion of revenue attributed to feminine care products has significantly increased, reflecting the growing importance and profitability of this segment. Consequently, changes in product mix have had, and are expected to continue to have, a meaningful impact on our revenue and overall gross profit margins.

Based on our best estimates and for illustrative purposes only, the table below demonstrates the sensitivity of our profit before tax during the Track Record Period to hypothetical fluctuations in the average selling prices (ASP) of our baby care and feminine care products in the same year, assuming all other variables remain constant. The table presents the illustrative impact on the Group’s profit before tax resulting from these hypothetical changes in the ASP of our baby care and feminine care products for the periods indicated.

Hypothetical fluctuations

	Impact on profit before tax for		
	FY2023	FY2024	FY2025
	RMB’000	RMB’000	RMB’000
ASP of baby care products			
-/+ 5%	(5,599)/5,599	(6,954)/6,954	(6,569)/6,569
-/+ 10%	(11,199)/11,199	(13,908)/13,908	(13,137)/13,137
-/+ 15%	(16,798)/16,798	(20,862)/20,862	(19,706)/19,706
ASP of feminine care products			
-/+ 5%	(3,229)/3,229	(5,685)/5,685	(8,185)/8,185
-/+ 10%	(6,457)/6,457	(11,371)/11,371	(16,370)/16,370
-/+ 15%	(9,686)/9,686	(17,056)/17,056	(24,555)/24,555

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Availability and costs of our critical raw materials

We purchase various raw materials essential to our production processes, including nonwoven fabrics, SAP, hot melt adhesive fluff pulp, and a range of chemicals, as well as packaging materials. Each of these components plays a critical role in the manufacturing of our products.

Direct materials costs represent the largest portion of our cost of sales, accounting for approximately 92.5%, 90.3%, and 93.4% during FY2023, FY2024, and FY2025 of the Track Record Period, respectively. As such, raw material costs have a significant impact on our operating results.

For FY2023, FY2024 and FY2025, the average purchase cost per tonne of nonwoven fabrics increased slightly by approximately 1.6% from FY2023 to FY2024 and further increased by 13.8% from FY2024 to FY2025. Similarly, the average direct material cost per tonne of SAP declined by approximately 3.5% from FY2023 to FY2024, and decreased by approximately 4.5% from FY2024 to FY2025. Such fluctuations in raw material prices are generally subject to changes in global supply and demand dynamics and are considered normal within our industry. In any event, we cannot predict precisely the possibility of the raw material price movements in the future, and therefore any price movement, whether upward or downward, may continue to affect our gross profit margin.

The table below presents a sensitivity analysis illustrating the impact of changes in the average direct material costs of two key raw materials, nonwoven fabrics and SAP on our profit before tax during the Track Record Period. This analysis aligns with historical fluctuations in our profit before tax attributable to variations in the direct material cost of key raw materials throughout the Track Record Period.

Hypothetical fluctuations

	Impact on profit before tax for		
	FY2023	FY2024	FY2025
	RMB'000	RMB'000	RMB'000
Nonwoven fabrics			
-/+ 5%	3,615/(3,615)	4,321/(4,321)	(5,625)/5,625
-/+ 10%	7,229/(7,229)	8,642/(8,642)	(11,250)/11,250
-/+ 15%	10,844/(10,844)	12,963/(12,963)	(16,876)/16,876
SAP			
-/+ 5%	2,486/(2,486)	2,698/(2,698)	(3,434)/3,434
-/+ 10%	4,971/(4,971)	5,395/(5,395)	(6,867)/6,867
-/+ 15%	7,457/(7,457)	8,093/(8,093)	(10,301)/10,301

In addition, the availability of key raw materials significantly impacts our business, financial condition, and operational results. We source these materials from independent third-party suppliers, some of whom are based overseas. As a result, we occasionally face longer inventory turnover times for imported materials. Notwithstanding the above, our Directors confirm that during the Track Record Period, we did not encounter any material shortages in raw material supply.

FINANCIAL INFORMATION

Our production capacity and operating efficiency

Our production capacity and operating efficiency are crucial to the growth of our revenue, market share, and the diversification of our product mix. As at 31 December 2025, our production facility had a total of 8 production lines for our major products. 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	Annual	Utilisation	Number of	Production	Annual	Utilisation	Number of	Production	Annual	Utilisation
	production	capacity	production	rate	production	capacity	production	rate	production	capacity	production	rate
	lines	'000	'000		lines	'000	'000		lines	'000	'000	
		pieces/year	pieces/year	%		pieces/year	pieces/year	%		pieces/year	pieces/year	
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			

To support growth, we aim to expand our production capacity by acquiring additional production lines. With this expansion, we expect to meet rising product demand and increase our sales volume.

Our financial performance also relies heavily on operating efficiency. We maintain full control over key stages of the industry value chain, including design, R&D, raw material procurement, production, quality control, and product marketing and sales. This integrated approach allows us to optimise inventory management, ensure production flexibility, and enhance operating efficiency. For more information on our production capacity, assumptions and calculation of the utilisation figures, see “Business – Production” for further details.

MATERIAL ACCOUNTING POLICIES

Our financial information have been prepared in accordance with accounting policies which conform to the IFRS Accounting Standards issued by the International Accounting Standards Board. We have identified certain accounting policies that are material to the preparation of our financial information and are important in understanding our financial condition and results of operations. Some of these policies involve subjective assumptions and estimates, as well as complex judgments related to specific accounting items. In each case, the determination of these items requires management judgment based on information and financial data that may change in future periods. Uncertainty regarding these assumptions and estimates could result in outcomes that may require a material adjustment to the carrying amounts of the affected assets or liabilities in the future. For further details on our material accounting policies, judgments, and estimates, see Note 3 to the Accountants’ Report in Appendix I this document.

FINANCIAL INFORMATION

SUMMARY OF RESULTS OF OPERATIONS

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	FY2024	FY2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	372,322	447,053	533,369
Cost of sales	<u>(284,729)</u>	<u>(324,270)</u>	<u>(380,996)</u>
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 loss on other receivables	–	–	(330)
Finance costs	(395)	(192)	(747)
[REDACTED] expenses	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Profit before taxation	48,211	78,486	96,341
Income tax expenses	<u>(8,744)</u>	<u>(12,881)</u>	<u>(15,433)</u>
Profit and total comprehensive income for the year	<u>39,467</u>	<u>65,605</u>	<u>80,908</u>

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DESCRIPTION AND ANALYSIS OF PRINCIPAL ITEMS OF OUR COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

(a) Revenue by our business segments

The following table sets out a breakdown of revenue of our Group by our business segments for the years indicated:

	FY2023		FY2024		FY2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Branded Product Business						
E-commerce sales	46,952	12.6	22,413	5.0	–	0.0
Offline sales ⁽¹⁾	78,735	21.2	137,803	30.8	226,718	42.5
Subtotal of Branded Product Business	<u>125,687</u>	<u>33.8</u>	<u>160,216</u>	<u>35.8</u>	<u>226,718</u>	<u>42.5</u>
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	<u>180,700</u>	<u>48.5</u>	<u>179,203</u>	<u>40.1</u>	<u>205,474</u>	<u>38.5</u>
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	<u>65,935</u>	<u>17.7</u>	<u>107,634</u>	<u>24.1</u>	<u>101,177</u>	<u>19.0</u>
Total	<u><u>372,322</u></u>	<u><u>100.0</u></u>	<u><u>447,053</u></u>	<u><u>100.0</u></u>	<u><u>533,369</u></u>	<u><u>100.0</u></u>

Note:

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

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Hygienic Disposable Materials Business

Our revenue remained stable between approximately RMB180.7 million for FY2023 to RMB179.2 million for FY2024. Our revenue from Hygienic Disposable Materials Business increased by approximately RMB26.3 million, or 14.7%, from RMB179.2 million for FY2024 to RMB205.5 million for FY2025. The increase was primarily driven by higher sales volume of hygienic disposable materials, such as hot melt adhesive, SAP, and non-woven fabric, supported by sustained demand from customers in both domestic and overseas markets.

OEM Business

Our revenue increased by approximately RMB41.7 million or approximately 63.2% from approximately RMB65.9 million for FY2023 to RMB107.6 million for FY2024. Such increase was mainly due to the increased sales volume from two South-East Asia customers, which primarily engaged us in the manufacture of baby care products.

Our revenue decreased by approximately RMB6.4 million, or 5.9%, from RMB107.6 million for FY2024 to RMB101.2 million for FY2025. The decrease was primarily attributable to lower baby care OEM revenue, which declined from approximately RMB90.5 million in FY2024 to RMB63.1 million in FY2025, reflecting reduced order volumes from certain Southeast Asian customers during the period. This decline was partially offset by growth in adult incontinence OEM revenue, which increased from approximately RMB14.8 million in FY2024 to RMB32.5 million in FY2025, driven by higher demand from customers located in the PRC for adult pull-ups and adult diapers.

Branded Product Business

E-commerce sales

Our revenue from e-commerce sales under Branded Product Business decreased by approximately RMB24.6 million or approximately 52.3% from approximately RMB47.0 million for FY2023 to RMB22.4 million for FY2024. The decline in e-commerce revenue in FY2024 was primarily due to the strategic transition of our online retail operations to third-party operators. Between June and October 2024, we gradually transferred the management of our self-operated e-stores to Customer A1, allowing us to focus our internal resources on product development and offline sales while leveraging the operational expertise of our partners.

Our revenue from e-commerce sales under Branded Product Business decreased from RMB22.4 million for FY2024 to nil for FY2025. This decrease was mainly due to the full transfer of our online retail operations to third-party operators, including Customer A1, by late 2024. As a result, our Branded Product Business no longer recorded direct e-commerce revenue during FY2025.

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Offline sales

Our revenue from offline sales under Branded Product Business increased by approximately RMB59.1 million or approximately 75.0% from approximately RMB78.7 million for FY2023 to RMB137.8 million for FY2024. The increase in FY2024 was stem from the continued growth of our offline business, supported by the steady expansion of our branded product distribution network. In addition, from June to October 2024, we strategically transferred the operation of our self-managed e-stores to Customer A1, thereby ceasing direct online retail activities. As a result, a portion of sales previously derived from our own e-commerce platforms was recognised as offline business sales, as we began supplying our branded products in bulk to Customer A1. This shift in sales model, combined with our ongoing efforts to broaden offline channels, contributed to the substantial increase in offline sales revenue.

Our revenue from offline sales under Branded Product Business increased by approximately RMB88.9 million, or 64.5%, from RMB137.8 million for FY2024 to RMB226.7 million for FY2025. The increase was primarily attributable to the completion of the transfer of our self-operated online retail operations to Customer A1 in the second half of 2024, as a result of which sales of our branded products to Customer A1 is recorded as offline sales in FY2025, and the continued expansion of our offline distribution network which drove increased sales of our branded feminine care products, in particular Veermoon and Blue Cotton branded products, in the PRC.

(b) Revenue by country/region

The following table sets out a breakdown of revenue by country/region, for the years indicated:

Country/Region	FY2023		FY2024		FY2025	
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
China	143,800	38.6	200,651	44.9	335,872	63.0
Uzbekistan	59,824	16.1	51,697	11.6	71,143	13.3
Pakistan	53,719	14.4	52,050	11.6	32,535	6.1
HKSAR	27,690	7.4	38,342	8.6	41,107	7.7
Malaysia	18,508	5.0	36,698	8.2	12,539	2.4
Nigeria	18,482	5.0	17,462	3.9	6,141	1.2
South Korea	13,889	3.7	7,786	1.7	4,141	0.8
Bangladesh	3,651	1.0	3,905	0.9	2,622	0.5
Vanuatu	2,746	0.7	1,535	0.3	1,196	0.2
Vietnam	1,620	0.4	12,483	2.8	5,932	1.1
Others ⁽¹⁾	28,393	7.7	24,444	5.5	20,141	3.7
Total	372,322	100.0	447,053	100.0	533,369	100.0

Note:

(1): Mainly include Oman, Thailand, Burkina Faso and Sri Lanka.

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During the Track Record Period, our revenue increased from RMB372.3 million in FY2023 to RMB447.1 million in FY2024, and further to RMB533.4 million in FY2025. The majority of our customers are based in China, with the proportion of revenue derived from China-based customers rising from 38.6% in FY2023, 44.9% in FY2024, and further to 63.0% in FY2025. Revenue from customers in China is primarily attributable to our OEM Business and Branded Product Business segments.

A substantial proportion of our revenue was also generated from overseas customers, particularly those based in Uzbekistan, who accounted for approximately 16.1% in FY2023, declining to 11.6% in FY2024, before recovering to approximately 13.3% in FY2025. Customers in Uzbekistan and Pakistan represent a significant portion of our Hygienic Disposable Materials Business segment, which remained broadly stable between FY2023 and FY2024 at RMB180.7 million and RMB179.2 million respectively, before increasing to RMB205.5 million in FY2025.

Revenue from Malaysia is primarily derived from the sale of baby care products through our OEM Business segment, supplemented by sales from our Hygienic Disposable Materials Business. Revenue from Malaysian customers increased substantially from RMB18.5 million in FY2023 to RMB36.7 million in FY2024 while decreasing to approximately RMB12.5 million in FY2025, primarily due to reduced order volumes from OEM baby care products customers in Malaysia during the period. In addition, customers in South Korea constitute an important part of our OEM Business segment, although revenue from South Korea decreased during the period under review.

In addition, HKSAR was our third-largest market by revenue in FY2025, generating approximately RMB41.1 million. Revenue from HKSAR was derived entirely from our Hygienic Disposable Materials Business.

During FY2025, our revenue increased by approximately RMB86.3 million, or 19.3%, from RMB447.1 million for the FY2024 to RMB533.4 million for the FY2025. The majority of our customers continued to be based in China, with revenue from China-based customers increasing from RMB200.7 million to RMB335.9 million. Revenue from customers in China was mainly attributable to sales generated from our Branded Product Business segments, supported by sustained demand for feminine care products. This was supplemented by our OEM Business, the revenue of which comprising adult incontinence and baby care products manufactured for third-party clients.

A substantial proportion of our revenue during the Track Record Period was derived from international markets, led by Uzbekistan, which accounted for approximately 16.1%, 11.6% and 13.3% of our total revenue in FY2023, FY2024 and FY2025, respectively. Uzbekistan remained one of our top export markets for the Hygienic Disposable Materials Business segment. Revenue from Hong Kong SAR, representing primarily sales of hygienic disposable materials, remained stable, contributing 7.4% to 8.6% and 7.7% of our total revenue in FY2023, FY2024 and FY2025, respectively. Revenue from Pakistan represented 14.4%, 11.6% and 6.1% of our total revenue in FY2023, FY2024 and FY2025, respectively, primarily attributable to the Hygienic Disposable Materials Business.

During FY2025, our overall revenue growth was primarily driven by stronger sales in the PRC. Sales to certain countries in Southeast Asia, including Malaysia and South Korea decreased due to reduced order volumes from our OEM baby care products customers. Such decreases were partially offset by a recovery in revenue from Uzbekistan, driven by procurement activity from our hygienic disposable

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materials customers in Uzbekistan. Meanwhile, we continued to broaden our overseas customer base across emerging markets, which helped offset regional fluctuations and supported the overall expansion of our OEM and Hygienic Disposable Materials Businesses during the period.

(c) Revenue by product category, business segment, the nature of the sales channel and customer type

The following table sets out a breakdown of revenue and percentage of total revenue of our Group by product category and business segment for the years indicated:

	FY2023		FY2024		FY2025	
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
Hygienic Disposable Materials Business	180,700	48.5	179,203	40.1	205,474	38.5
Feminine care						
– OEM Business	4,142	1.1	2,303	0.5	5,536	1.0
– Branded Product Business	60,429	16.2	111,403	24.9	158,162	29.7
Baby care						
– OEM Business	47,575	12.8	90,534	20.2	63,094	11.8
– Branded Product Business	64,413	17.3	48,545	10.9	68,278	12.8
Adult incontinence						
– OEM Business	14,218	3.8	14,797	3.3	32,547	6.1
– Branded Product Business	845	0.3	268	0.1	278	0.1
Total	372,322	100.0	447,053	100.0	533,369	100.0

The following table sets out a breakdown of revenue and percentage of total revenue of our Group by product category and the nature of the sales channel:

	FY2023		FY2024		FY2025	
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
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
Feminine care						
– e-commerce sales	45,459	12.2	22,159	5.0	156	0.0
– offline sales	19,112	5.1	91,547	20.4	163,542	30.7
Baby care						
– e-commerce sales	14,558	3.9	11,934	2.7	179	0.1
– offline sales	97,430	26.2	127,145	28.4	163,519	24.5
Adult incontinence						
– e-commerce sales	561	0.2	–	–	129	0.0
– offline sales	14,502	3.9	15,065	3.4	32,696	6.2
Total	372,322	100.0%	447,053	100.0%	533,369	100.0%

The following table sets forth a breakdown of our revenue by customer type:

	FY2023		FY2024		FY2025	
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
B2B sales						
Wholesales and retailers	131,044	35.2	233,757	52.3	326,958	61.3
Hygienic disposables manufacturers	180,700	48.5	179,203	40.1	205,474	38.5
OEM customers	13,626	3.7	11,680	2.6	937	0.2
B2C sales						
E-store operators	46,952	12.6	22,413	5.0	–	–
Total	372,322	100.0	447,053	100.0	533,369	100.0

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The following table sets out a breakdown of revenue by detailed product category for the periods indicated:

	FY2023			FY2024			FY2025		
	Revenue (RMB'000)	Sales Volume	Price Range (RMB)	Revenue (RMB'000)	Sales Volume	Price Range (RMB)	Revenue (RMB'000)	Sales Volume	Price Range (RMB)
Feminine care products									
– Disposable period underwears	63,325	82,501	0.77	85,930	132,692	0.65	77,560	78,326	0.32-2.00
– Menstrual pads	1,150	7,276	0.16	27,535	68,776	0.40	85,438	142,594	0.04-1.89
– Other	96	231	0.42	241	953	0.25	700	1,374	0.38-0.69
Baby care products									
– Baby pull-ups	62,046	127,106	0.49	89,770	156,317	0.57	75,171	113,431	0.27-1.33
– Baby diapers	49,476	103,331	0.48	48,563	89,423	0.54	55,346	102,874	0.27-1.33
– Other	466	165	2.82	746	1,980	0.38	855	654	1.50-2.19
Adult incontinence products									
– Adult pull-ups	5,759	6,096	0.94	7,844	10,126	0.77	2,418	1,877	1.08-1.64
– Adult diapers	9,304	6,538	1.42	7,221	5,835	1.24	30,407	33,762	0.45-2.14
Other products	180,700	14,164	12.76	179,203	14,732	12.16	205,474	17,397	11.81
Total	372,322	347,408		447,053	480,834		533,369	492,289	

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Baby care products

Our revenue increased by approximately RMB27.1 million or approximately 24.2% from approximately RMB112.0 million for FY2023 to RMB139.1 million for FY2024. Such increase during FY2024 was mainly driven by the sales growth of our OEM Business, primarily from sales to customers in Malaysia.

Our revenue from baby care products decreased slightly by approximately RMB7.7 million, or 5.5%, from RMB139.1 million for FY2024 to RMB131.4 million for FY2025, primarily due to reduced order volumes from OEM baby care product customers in Malaysia, partially offset by continued growth in offline sales of our branded baby care products in the PRC, including "Focus Baby (焦點寶貝)" and "Cotton Sun (全棉小時光)".

Our baby care products maintained a stable ASP of approximately RMB0.5 to RMB0.6 per piece throughout the Track Record Period.

Feminine care products

Our revenue increased by approximately RMB49.1 million or approximately 76.0% from approximately RMB64.6 million for FY2023 to RMB113.7 million for FY2024. Such increase was mainly due to the continued sales of our brand Veermoon with our newly developed product, Veermoon air-conditioned disposable period underwears (薇月空調安睡褲), and our newly developed feminine care brand, Blue Cotton (藍棉花).

During FY2023, the increase in sales of the Veermoon brand was primarily driven by e-commerce channels. Online sales were conducted directly with consumers, while offline sales were made to retailers. The pricing for direct-to-consumer transactions was higher than the pricing offered to retailers. Given the higher proportion of online sales relative to offline sales, the overall average selling price (ASP) per unit for feminine care products increased during the year.

In FY2024, the ASP declined mainly due to an increase in offline retailers and the launch of new products, including the Blue Cotton brand and Veermoon air-conditioned disposable period underwear. As the Veermoon disposable air-conditioned underwear is priced lower and accounted for a significant portion of sales, the overall ASP decreased in FY2024.

Our revenue from feminine care products increased from RMB113.7 million in FY2024 to RMB163.7 million in FY2025, representing an increase of approximately 44.0%. Such increase during FY2025 was mainly due to the continued sales growth of our menstrual pad products driven by the expansion of our offline distribution network in the PRC, which more than offset a decrease in sales of disposable period underwear during the same period.

The ASP of our feminine care products decreased from RMB0.7 per piece in FY2023 to RMB0.6 per piece in FY2024, before increasing slightly to approximately RMB0.7 per piece in FY2025.

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Adult incontinence products

Our revenue remained stable between approximately RMB15.1 million for FY2023 and FY2024. Such revenue was mainly derived from local PRC customer, where they engaged us for our OEM services. Revenue from adult incontinence products increased by approximately RMB17.7 million or 117.2% from approximately RMB15.1 million for FY2024 to RMB32.8 million for FY2025. Such increase was primarily driven by growing OEM demand for adult pull-ups from PRC customers, consistent with the overall expansion of the adult incontinence disposables market in the PRC.

The ASP of our adult incontinence products was approximately RMB1.2 per piece in FY2023, which decreased to RMB0.9 per piece in FY2024. In FY2023, the sales mix shifted to mainly adult diapers, which have a higher ASP. In FY2024, we decided to discontinue our adult incontinence branded product business. As a result, we sold off adult diaper inventory at lower prices to clear stock, which caused the ASP to drop.

In FY2025, the ASP of our adult incontinence products remained stable at approximately RMB0.9 per piece. The product mix shifted towards adult pull-ups following the decommissioning of the adult diaper production line. As adult diapers generally carry a higher unit price than adult pull-ups, such shift would have had a downward effect on the overall ASP, which was offset by the normalisation of pricing as FY2024 ASP had been depressed by the clearance of adult diaper inventory at lower prices.

Hygienic Disposable Materials Business

For discussions on fluctuation in our revenue from Hygienic Disposable Materials Business, please refer to the discussion in “(a) Revenue by our business segments” above.

The ASP of our Hygienic Disposable Materials Business amounted to approximately RMB12.8 per kg in FY2023, RMB12.2 per kg in FY2024, and RMB11.8 per kg in FY2025.

The decline in ASP was mainly due to changes in the sales mix of intermediate materials. During the Track Record Period, SAP, which carries a lower selling price than other hygienic disposable materials, accounted for an increasing proportion of total sales volume. In FY2024, SAP sales continued to grow, further lowering the overall ASP in this business segment, as lower-priced materials accounted for a larger share of total sales.

In FY2025, the ASP of our Hygienic Disposable Materials Business remained generally stable at approximately RMB11.8 per kg, compared with RMB12.2 per kg in FY2024. The slight decrease was primarily attributable to a higher proportion of sales from SAP products, which carried lower unit prices than nonwoven fabrics and hot melt adhesives, despite the overall increase in total sales volume.

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Costs of sales

Our costs of sales comprised direct materials costs, manufacturing overhead and direct labour costs. The table below sets forth a breakdown of our costs of sales for the periods indicated.

	FY2023		FY2024		FY2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Direct materials costs	263,352	92.5	292,639	90.3	355,821	93.4
Manufacturing overhead	15,526	5.5	25,768	7.9	17,412	4.6
Direct labour costs	5,851	2.0	5,863	1.8	7,763	2.0
Total	284,729	100.0	324,270	100.0	380,996	100.0

Direct materials costs

Our direct materials costs mainly include nonwoven fabrics, SAP and fluff pulp. For FY2024, our direct material costs increased by approximately RMB29.2 million or approximately 11.1% from approximately RMB263.4 million for FY2023 to RMB292.6 million for FY2024. For FY2025, our direct material costs further increased by approximately RMB63.2 million or approximately 21.6% from approximately RMB292.6 million in FY2024 to approximately RMB355.8 million in FY2025. Our Directors consider that the increase in direct material costs was aligned with the revenue growth, reflecting the scaling of operations. During the Track Record Period, our direct material costs remained relatively stable as a proportion of revenue, at 70.7% in FY2023, 65.5% in FY2024, and 66.7% in FY2025.

Manufacturing overhead

Our manufacturing overhead mainly include subcontracting costs, equipment depreciation and utilities expenses. For FY2024, our manufacturing overhead increased by approximately RMB10.3 million or approximately 66.0% to RMB25.8 million, primarily due to higher subcontracting costs incurred in connection with the outsourcing of part of our production to third-party manufacturers to meet increased customer demand, with subcontracting costs increasing from approximately RMB4.3 million in FY2023 to approximately RMB14.7 million in FY2024. For FY2025, our manufacturing overhead decreased by approximately RMB8.4 million or approximately 32.6% from RMB25.8 million in FY2024 to RMB17.4 million in FY2025, primarily due to a reduction in subcontracting costs following the addition of a new production line in April 2025, which expanded our in-house production capacity and reduced our reliance on third-party manufacturers.

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Direct labour costs

Our direct labour costs, which include wages, salaries and retirement benefit scheme contributions for employees under cost of sales, remained relatively stable at approximately RMB5.9 million per annum during FY2023 to FY2024. The stability during this period was mainly due to the high degree of automation in our production lines, which limited the need for additional labour despite the increase in revenue and production output. For FY2025, our direct labour costs increased to approximately RMB7.8 million, primarily due to an increase in production staff to support higher production volumes and expanded manufacturing activities.

Gross profit and gross profit margin

The table below sets forth the gross profit and gross profit margin by product category for the periods indicated by business segment:

By product category	FY2023		FY2024		FY2025	
	Gross profit (RMB'000)	Gross profit margin (%)	Gross profit (RMB'000)	Gross profit margin (%)	Gross profit (RMB'000)	Gross profit margin (%)
Feminine care						
– OEM Business	1,395	33.7	755	32.8	1,060	19.1
– Branded Product Business	28,078	46.5	49,197	44.2	80,404	50.8
	29,473	45.6	49,952	43.9	81,464	49.8
Baby care						
– OEM Business	19,210	40.4	31,256	34.5	15,106	23.9
– Branded Product Business	11,460	17.8	17,223	35.5	24,387	35.7
	30,670	27.4	48,479	34.9	39,493	30.1
Adult incontinence						
– OEM Business	4,093	28.8	3,816	25.8	9,611	29.5
– Branded Product Business	257	30.4	32	12.1	83	29.8
	4,350	28.9	3,848	25.5	9,694	29.5
Hygienic Disposable Materials Business	23,100	12.8	20,504	11.4	21,722	10.6
Subtotal	87,593	23.5	122,783	27.5	152,373	28.6
By business segment						
Branded Product Business	39,795	31.7	66,452	41.5	104,874	46.3
OEM Business	24,698	37.5	35,827	33.3	25,777	25.5
Subtotal	64,493	33.7	102,279	38.2	130,651	39.8
Hygienic Disposable Materials Business	23,100	12.8	20,504	11.4	21,722	10.6
Total	87,593	23.5	122,783	27.5	152,373	28.6

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The following table sets out the gross profit and gross profit margin by sales channel:

	FY2023		FY2024		FY2025	
	Gross profit (RMB'000)	Gross profit margin %	Gross profit (RMB'000)	Gross profit margin %	Gross profit (RMB'000)	Gross profit margin %
Branded Product Business						
– E-commerce sales	24,805	52.8	10,776	48.1	–	–
– Offline sales	14,990	19.0	55,676	40.4	104,874	46.3
Subtotal of Branded Product Business	39,795	31.7	66,452	41.5	104,874	46.3
Hygienic Disposable Materials Business						
– E-commerce sales	3,322	12.4	363	9.2	385	10.0
– Offline sales	19,778	12.9	20,141	11.5	21,337	10.6
Subtotal of Hygienic Disposable Materials Business	23,100	12.8	20,504	11.4	25,722	10.6
OEM Business						
– E-commerce sales	1,624	11.9	1,334	11.4	199	21.2
– Offline sales	23,074	44.1	34,493	36.0	25,578	25.5
Subtotal of OEM Business	24,698	37.5	35,827	33.3	25,777	25.5
Total	87,593	23.5	122,783	27.5	152,373	28.6

The following table sets out the gross profit and gross profit margin by product category and the nature of the sales channel:

	FY2023		FY2024		FY2025	
	Gross profit (RMB'000)	Gross profit margin %	Gross profit (RMB'000)	Gross profit margin %	Gross profit (RMB'000)	Gross profit margin %
Hygienic Disposable Materials Business						
– E-commerce sales	3,332	12.4	363	9.2	385	10.0
– Offline sales	19,778	12.9	20,141	11.5	21,337	10.6
Feminine care						
– E-commerce sales	24,781	54.5	10,694	48.3	20	12.8
– Offline sales	4,692	24.6	39,258	42.9	81,444	49.8
Baby care						
– E-commerce sales	1,642	11.3	1,416	11.9	156	23.9
– Offline sales	29,028	29.8	47,063	37.0	39,337	30.1
Adult incontinence						
– E-commerce sales	6	1.1	–	–	23	17.8
– Offline sales	4,344	29.9	3,848	25.5	9,671	29.6
Total	87,593	23.5	122,783	27.5	152,373	28.6

The following table sets forth the gross profit and gross profit margin by customer type:

	FY2023		FY2024		FY2025	
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
B2B sales						
Wholesales and retailers	38,064	29.0	90,169	38.6	130,452	39.9
Hygienic disposables manufacturers	23,100	12.8	20,504	11.4	21,722	10.6
OEM customers	1,624	11.9	1,334	11.4	199	21.2
B2C sales						
E-store operators	24,805	52.8	10,776	48.1	–	–
Total	87,593	23.5	122,783	27.5	152,373	28.6

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The following table sets out the gross profit and gross profit margin by country/region of customer:

Country/Region	FY2023		FY2024		FY2025	
	RMB'000	GP Margin %	RMB'000	GP Margin %	RMB'000	GP Margin %
China	45,051	31.3	73,765	36.8	123,035	36.6
Uzbekistan	8,477	14.2	5,826	11.3	7,628	10.7
Malaysia	8,415	45.5	14,902	40.6	4,332	34.5
South Korea	6,392	46.0	3,405	43.7	970	23.4
Pakistan	5,377	10.0	4,027	7.7	2,711	8.3
HKSAR	4,718	17.0	6,118	16.0	6,106	14.9
Nigeria	2,796	15.1	3,318	19.0	1,098	17.9
Bangladesh	969	26.5	1,225	31.4	690	26.3
Vietnam	625	38.6	4,912	39.3	1,889	31.8
Vanuatu	431	15.7	276	18.0	219	18.3
Other ⁽¹⁾	4,342	15.3	5,009	20.5	3,695	18.3
Total	87,593	23.5	122,783	27.5	152,373	28.6

Note:

(1): Mainly include Oman, Thailand, Burkina Faso and Sri Lanka.

During the Track Record Period, our gross profit increased from RMB87.6 million in FY2023 to RMB122.8 million in FY2024, and further to RMB152.4 million in FY2025. The increase in gross profit from FY2023 to FY2024 was mainly attributable to the growth of our Branded Product Business in the PRC, particularly from our baby care and feminine care products. The gross profit margin of the Branded Product Business increased from 31.7% in FY2023 to 41.5% in FY2024, primarily attributable to (i) the increased revenue contribution from branded feminine care products, which carried a gross profit margin of 44.2% and accounted for approximately 69.5% of total Branded Product Business revenue in FY2024, compared to approximately 48.1% in FY2023; and (ii) the improvement in gross profit margin of branded baby care products from 17.8% to 35.5%, primarily driven by the launch of “Focus Tianchi Series (焦點天賜系列)” under our Focus Baby brand. These effects were partially offset by a slight decrease in gross profit margin of branded feminine care products from 46.5% to 44.2%, mainly attributable to the expansion of offline distribution channels. Of the incremental gross profit of approximately RMB26.9 million, approximately RMB21.1 million was attributable to branded feminine care products and approximately RMB5.8 million was attributable to branded baby care products. The increase in gross profit from FY2024 to FY2025 was mainly attributable to growth of our Branded Product Business as a result of the continued expansion of the domestic distribution network and OEM sales of adult incontinence product. The continuous increase in gross profit margin from 27.5% in FY2024 to 28.6% in FY2025 was mainly due to the increased revenue contribution of our Branded Product Business, primarily from feminine care products which carried a gross profit margin of 50.8%, partially offset by the decline in the gross profit margin of the OEM Business of baby care product from 34.5% to 23.9%.

Gross profit attributable to customers in China increased from RMB45.1 million in FY2023 to RMB73.8 million in FY2024, and further to RMB123.0 million in FY2025, primarily due to the expansion of the Branded Product Business in the PRC, mainly contributed by continued growth in sales of baby care and feminine care products under our own brands, OEM sales of adult incontinence product and the expansion of the domestic distribution network.

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Gross profit from South Korea decreased from RMB6.4 million in FY2023 to RMB3.4 million in FY2024, and further to RMB1.0 million in FY2025, consistent with lower revenue from this region. During the same period, Customer B, located in Seoul, ceased to be one of our top five customers. The gross profit margin in South Korea decreased from 43.7% in FY2024 to 23.4% in FY2025, mainly reflecting business volume as revenue from South Korea declined from RMB7.8 million in FY2024 to RMB4.1 million in FY2025.

Gross profit from Malaysia increased from RMB8.4 million in FY2023 to RMB14.9 million in FY2024, mainly contributed by sales under the OEM Business, particularly baby care products supplied to Customer C. Gross profit from Malaysia decreased to RMB4.3 million in FY2025, in line with the decline in sales from approximately RMB36.7 million in FY2024 to approximately RMB12.5 million in FY2025, primarily due to reduced order volumes from OEM baby care product customers in Malaysia during the period. The gross profit margin decreased from 45.5% in FY2023 to 40.6% in FY2024, primarily due to a shift in product mix toward lower-margin OEM baby care products. The increase in sales from RMB18.5 million to RMB36.7 million did not offset the margin impact of such product mix changes. Gross profit from Malaysia decreased to RMB4.3 million in FY2025, in line with the decline in revenue to approximately RMB12.5 million, primarily due to reduced order volumes from OEM baby care product customers in Malaysia. The gross profit margin further decreased to 34.5% in FY2025, reflecting the combined effect of the continued shift in product mix toward lower-margin OEM baby care products and the decline in sales volume during the period.

Gross profit from Uzbekistan, attributable mainly to our Hygienic Disposable Materials Business, decreased from RMB8.5 million in FY2023 to RMB5.8 million in FY2024, corresponding to a decline in revenue from RMB59.8 million to RMB51.7 million. The gross profit margin decreased from 14.2% in FY2023 to 11.3% in FY2024, primarily due to a shift in product mix toward a higher proportion of SAP, which carried lower margins compared to non-woven fabrics and hot melt adhesives, together with the decline in sales volume during the period. Gross profit from Uzbekistan increased to RMB7.6 million in FY2025, as revenue increased from RMB51.7 million to RMB71.1 million, while the gross profit margin decreased slightly to 10.7%, consistent with the overall gross profit margin of our Hygienic Disposable Materials Business, which decreased from 11.4% in FY2024 to 10.6% in FY2025. The increase in sales volume did not offset the continued margin pressure from the shift in product mix and fluctuations in raw material prices.

Under our Hygienic Disposable Materials Business, we process raw materials into intermediate materials (including SAP, hot melt adhesives, and nonwoven fabrics) for sale to our customers. Our customers in Uzbekistan procure a diverse mix of these materials. Consequently, fluctuations in our procurement costs are directly reflected in the selling prices and margins of the products sold in this region. Specifically, from FY2023 to FY2024, the average direct material cost per tonne of SAP decreased by approximately 3.5%, while the average purchase cost per tonne of nonwoven fabrics increased slightly by approximately 1.6%.

Gross profit from Hong Kong, attributable mainly to our Hygienic Disposable Materials Business, increased from RMB4.7 million in FY2023 to RMB6.1 million in FY2024, and remained stable at RMB6.1 million in FY2025. Revenue from Hong Kong increased from RMB38.3 million in FY2024 to RMB41.1 million in FY2025. Gross profit margin decreased from 17.0% in FY2023 to 16.0% in FY2024, and further to 14.9% in FY2025, primarily attributable to changes in the sales mix of hygienic disposable materials sold to customers in Hong Kong.

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The fourth table, below, sets forth the gross profit and gross profit margin by specific product category

	FY2023			FY2024			FY2025		
	Revenue (RMB'000)	Cost of Sales (RMB'000)	Gross Profit (RMB'000)	Revenue (RMB'000)	Cost of Sales (RMB'000)	Gross Profit (RMB'000)	Revenue (RMB'000)	Cost of Sales (RMB'000)	Gross Profit (RMB'000)
			Margin			Margin			Margin
Feminine care products									
– Disposable period underwears	63,325	34,194	29,131	85,930	52,494	33,436	77,560	45,579	31,981
– Menstrual pads	1,150	827	323	27,535	11,060	16,475	85,438	36,107	49,331
– Other	96	77	19	241	200	41	700	548	152
Baby care products									
– Baby pull-ups	62,046	41,523	20,523	89,770	57,645	32,125	75,171	51,633	23,538
– Baby diapers	49,476	39,444	10,032	48,563	32,468	16,095	55,346	39,500	15,846
– Other	466	351	115	746	487	259	855	746	109
Adult incontinence products									
– Adult pull-ups	5,759	4,080	1,679	7,844	5,976	1,868	30,407	21,243	9,164
– Adult diapers	9,304	6,633	2,671	7,221	5,241	1,980	2,418	1,888	530
Other products	180,700	157,600	23,100	179,203	158,699	20,504	205,474	183,752	21,722
Total	372,322	284,729	87,593	447,053	324,270	122,783	533,369	380,996	152,373
			24%			27%			29%

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Baby care products

The average gross profit margin from baby care products increased from 27.4% in FY2023 to 34.9% in FY2024, due to the following:

- OEM Business: revenue mainly concentrated with Customer C in FY2024. To increase market presence overseas, we also worked with other brand owners offering products with lower gross profit margins. As a result, the gross profit margin declined from 40.4% to 34.5%.
- Branded Product Business: in FY2024, revenue mainly derived from sale of a new product named “Focus Tianchi Series (焦點天賜系列)” under our own brand Focus Baby, which had higher gross profit margins. The gross profit margin for the branded product business increased to 35.5%.

The average gross profit margin from baby care products decreased from 34.9% in FY2024 to 30.1% in FY2025, due to the following:

- OEM Business: The gross profit margin of the OEM baby care business decreased from 34.5% in FY2024 to 23.9% in FY2025. In FY2024, revenue was primarily concentrated with Customer C, whose product specifications supported higher profitability. To further broaden its overseas market presence, the Group also collaborated with several brand owners during the period, offering products with moderate but stable margins. In FY2025, however, revenue was mainly derived from new customers, these new customers were quoted at more competitive prices to enhance market penetration and customer acquisition, resulting in a decrease in the overall OEM gross profit margin.
- Branded Product Business: The gross profit margin of the branded product business remained stable, at 35.5% in FY2024 and 35.7% in FY2025, supported by steady demand for the Group’s proprietary “Focus Baby - Tianchi Series (焦點天賜系列)”. Despite maintaining profitability, the proportion of branded product sales declined relative to the OEM segment, which expanded faster but at lower margins. This shift in revenue mix diluted the overall baby care gross profit margin.

The average gross profit margin from feminine care products slightly decreased from 45.6% in FY2023 to 43.9% in FY2024, due to the following:

- OEM Business: the gross profit margin remained relatively stable, decreasing slightly from 33.7% in FY2023 to 32.8% in FY2024.
- Branded Product Business: in FY2024, the gross profit margin declined from 46.5% to 44.2%, mainly due to the expansion of offline distribution channels, which carry lower gross profit margins.

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The average gross profit margin from feminine care products increased from 43.9% in FY2024 to 49.8% in FY2025, due to the following:

- **OEM Business:** The gross profit margin decreased from 32.8% in FY2024 to 19.1% in FY2025, mainly due to a higher proportion of orders from overseas OEM customers with customised specifications and lower pricing, which reduced the overall margin level of the OEM segment. However, the OEM Business accounted for only approximately 3.4% of total feminine care revenue in FY2025, and accordingly the impact on the overall feminine care gross profit margin was limited.
- **Branded Product Business:** The gross profit margin increased from 44.2% in FY2024 to 50.8% in FY2025, primarily attributable to a shift in the product mix towards our menstrual pad products, which carried a higher gross profit margin than our disposable period underwear products. The revenue contribution of menstrual pads as a proportion of total feminine care revenue increased from approximately 24.2% in FY2024 to approximately 52.2% in FY2025.

Adult incontinence products

The average gross profit margin from adult incontinence products further declined from 28.9% in FY2023 to 25.5% in FY2024, due to the following:

- **OEM Business:** The gross profit margin decreased from 28.8% in FY2023 to 25.8% in FY2024. In FY2024, we engaged several OEM customers who purchased low-margin product lines, with gross profit margins below 20%. This customer mix dragged down the overall gross profit margin for the OEM business in the adult incontinence segment.
- **Branded Product Business:** The gross profit margin dropped significantly from 30.4% in FY2023 to 12.1% in FY2024, as we decided to clear inventory following our decision to discontinue the adult incontinence branded product business.

The average gross profit margin from adult incontinence products increased from 25.5% in FY2024 to 29.5% in FY2025, due to the following:

- **OEM Business:** The gross profit margin increased from 25.8% in FY2024 to 29.5% in FY2025 primarily attributable to a shift in the product mix towards adult pull-ups, which carried a higher gross profit margin than adult diapers and accounted for a substantially higher proportion of adult incontinence OEM revenue in FY2025.
- **Branded Product Business:** The gross profit margin increased from 12.1% in FY2024 to 29.8% in FY2025. The branded product segment accounted for less than 1% of total adult incontinence revenue in both FY2024 and FY2025, as branded sales were limited to a small number of residual transactions following the discontinuation of the Group’s adult incontinence branded product business in May 2024, and accordingly had a negligible impact on the overall gross profit margin.

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Hygienic Disposable Materials Business

The overall gross profit margin from Hygienic Disposable Materials Business remained stable over the Track Record Period, at 12.8% in FY2023, before slightly decreasing to 11.4% in FY2024 and further to 10.6% in FY2025, primarily due to changes in the sales mix of hygienic disposable materials, in particular a higher proportion of sales of SAP products, which carried lower unit prices and margins than nonwoven fabrics and hot melt adhesives.

Other income

The following table is breakdown of our other income during the Track Record Period:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Gain on early termination of leases	–	–	12
Sales of production wastes	1,635	2,177	1,969
Government grants (<i>Note (i)</i>)	335	155	1,041
Interest income	27	92	15
Sundry income	32	174	106
Exchange gain, net	–	1,847	692
Additional deduction of input value-added tax (“VAT”) (<i>Note (ii)</i>)	–	1,625	1,983
	<u>2,029</u>	<u>6,070</u>	<u>5,818</u>

Notes:

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

There were no unfulfilled conditions or contingencies relating to these grants during the Track Record Period.

- (ii) According to Announcement 2023 No. 43 of the Ministry of Finance and the State Taxation Administration of the PRC, with effect from 1 January 2023 and until 31 December 2027, advanced manufacturing enterprises are eligible for additional VAT credits by 5% of the current period creditable input VAT. The subsidiary of the Company, Yuejian is qualified for the additional deduction of the VAT credit.

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Our other income amounted to approximately RMB2.0 million in FY2023, primarily comprising sales of production wastes RMB1.6 million and government grants of RMB0.3 million.

Our other income increased from approximately RMB2.0 million in FY2023 to RMB6.1 million in FY2024. This increase was primarily attributable to a net exchange gain of RMB1.8 million and an additional deduction of input VAT of RMB1.6 million in FY2024, coupled with improved sales of production wastes from RMB1.6 million to RMB2.2 million. These increases offset the decrease in government grants from RMB0.3 million to RMB0.2 million, resulting in a total increase of RMB4.1 million. Pursuant to the relevant PRC regulations, advanced manufacturing enterprises are eligible for additional VAT credits of 5% of the current period creditable VAT input. Following one of our key operating subsidiaries, Yuejian’s recognition as an advanced manufacturing enterprise in December 2023, we recorded an additional VAT input deduction of RMB1.6 million in FY2024. Details of which are set out in Note 6 (ii) to the Accountants’ Report in Appendix I to this document.

Our other income decreased from approximately RMB6.1 million in FY2024 to RMB5.8 million in FY2025. This decrease was primarily due to the net exchange gain decreasing from approximately RMB1.8 million to RMB0.7 million, and sales of production wastes decreasing from approximately RMB2.2 million to RMB2.0 million. These decreases were partially offset by government grants increasing from approximately RMB0.2 million to RMB1.0 million and the additional deduction of input VAT increasing from approximately RMB1.6 million to RMB2.0 million.

Selling and distribution expenses

The table below sets forth a breakdown of our selling and distribution expenses for the periods indicated:

	FY2023 RMB’000	FY2024 RMB’000	FY2025 RMB’000
Agency fee and declaration expenses	1,714	2,067	1,685
Staff cost	1,994	1,495	2,214
Distribution expenses	7,656	5,662	1,817
Online sales and promotion expenses	7,646	3,547	319
Depreciation	287	211	99
Advertising and marketing expenses	3,539	11,461	19,269
Others	<u>1,512</u>	<u>1,869</u>	<u>1,626</u>
Total	<u><u>24,348</u></u>	<u><u>26,312</u></u>	<u><u>27,029</u></u>

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Our total selling and distribution expenses increased by approximately 8.2%, from approximately RMB24.3 million in FY2023 to RMB26.3 million in FY2024. This increase is primarily due to the following:

- Our advertising and marketing expenses increased from approximately RMB3.5 million in FY2023 to approximately RMB11.5 million in FY2024, representing an increase of approximately 228.6%. This increase was mainly attributable to (i) intensified marketing campaigns featuring province-wide elevator billboard advertisements amounting to RMB6.0 million, and (ii) offline brand-building initiatives to strengthen our market position.
- Our other expenses increased from RMB1.5 million in FY2023 to RMB1.9 million in FY2024, representing an increase of approximately 26.7%. The increase reflected increased operational support costs associated with our expanded sales network and distribution channels.
- Our online sales and promotion expenses decreased by approximately RMB4.1 million from RMB7.6 million in FY2023 to RMB3.5 million in FY2024, representing a decrease of approximately 53.9%. This decline was primarily due to the strategic realignment of our digital operations. From June to October 2024, we assigned our e-commerce stores on Douyin, Kuaishou, and Pinduoduo platforms to Customer A1 to optimise our resource allocation and strengthen our focus on core manufacturing and product development activities.
- Our distribution expenses decreased by approximately RMB2.0 million from RMB7.7 million in FY2023 to RMB5.7 million in FY2024, representing a decrease of approximately 26.0%. This reduction was mainly attributable to the transfer of our e-commerce operations to Customer A1, which eliminated our logistics and distribution network costs.

Our total selling and distribution expenses increased by approximately 2.7%, from approximately RMB26.3 million in FY2024 to RMB27.0 million in FY2025. This increase is primarily due to the following:

- Advertising and marketing expenses increased from approximately RMB11.5 million in FY2024 to approximately RMB19.3 million in FY2025, representing an increase of approximately RMB7.8 million, or 67.8%. This growth was mainly attributable to (i) intensified brand-building and media placement campaigns to enhance brand awareness; and (ii) expansion of offline promotional activities and market initiatives to support the continued growth of our Branded Product business.
- Staff cost increased by approximately RMB0.7 million, or 46.7%, from approximately RMB1.5 million in FY2024 to approximately RMB2.2 million in FY2025, primarily due to the expansion of our sales team to support the growth of our Branded Product business and the broadening of our offline distribution network.

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Partially offsetting the above increases were:

- Online sales and promotion expenses, which decreased by approximately RMB3.2 million or 91.4%, from approximately RMB3.5 million in FY2024 to approximately RMB0.3 million in FY2025. This decrease was primarily due to the completion of the transfer of our self-operated e-commerce stores to Customer A1 by late 2024, resulting in a reduction in digital marketing and platform service fees borne by us.
- Distribution expenses decreased by approximately RMB3.9 million from approximately RMB5.7 million in FY2024 to approximately RMB1.8 million in FY2025. This reduction was mainly attributable to lower logistics and fulfilment costs following the cessation of our direct-to-consumer e-commerce operations, which previously required higher per-unit shipping and distribution costs.

Administrative and other operating expenses

The table below sets forth a breakdown of our administrative and other operating expenses for the periods indicated:

	FY2023	FY2024	FY2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
R&D expenses	5,758	9,071	12,778
Staff cost	3,350	4,378	5,553
Office expenses	1,297	3,847	3,804
Exchange loss, net	1,342	–	–
Depreciation	1,583	703	2,099
Others	<u>1,035</u>	<u>3,089</u>	<u>1,209</u>
	<u><u>14,365</u></u>	<u><u>21,088</u></u>	<u><u>25,443</u></u>

Our total administrative and other operating expenses increased by approximately 46.5%, from approximately RMB14.4 million in FY2023 to RMB21.1 million in FY2024, primarily due to the following:

- Our R&D expenses increased by approximately RMB3.3 million, or approximately 56.9%, from approximately RMB5.8 million in FY2023 to RMB9.1 million in FY2024. The increase was mainly attributable to intensified investment in R&D initiatives in FY2024, focusing on hygiene technologies including eco-friendly breathable design for diapers, elastic anti-binding baby pull-ups, user-friendly disposable feminine care products, and highly absorbent baby pull-up diapers.

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- Our office expenses, which include office operation costs, legal and professional fees, and rental expenses, increased by approximately RMB2.5 million, or 192.3%, from approximately RMB1.3 million in FY2023 to approximately RMB3.8 million in FY2024. This increase was primarily attributable to (i) an increase in office expenses of RMB1.0 million due to catering expenses for professional parties of RMB0.8 million and purchase of accounting software of RMB0.1 million; (ii) an increase in legal and professional fees of RMB0.8 million, primarily due to operations and organisation consulting services; and (iii) an increase in rental expenses of RMB0.8 million.
- Others increased by approximately RMB2.1 million, or 210.0%, from RMB1.0 million in FY2023 to RMB3.1 million in FY2024, primarily attributable to a one-time payment of RMB0.3 million related to intellectual property matters, a lease termination early expense of RMB0.3 million, and additional staff benefits of RMB0.1 million.

Our total administrative and other operating expenses increased by approximately 20.4%, from approximately RMB21.1 million in FY2024 to RMB25.4 million in FY2025, primarily due to the following:

- Research and development expenses increased by approximately RMB3.7 million, or 40.7%, from approximately RMB9.1 million in FY2024 to approximately RMB12.8 million in FY2025. The increase was mainly attributable to the development of new feminine care and baby care products and the enhancement of existing product quality and production efficiency.
- Staff cost increased by approximately RMB1.2 million, or 27.3%, from approximately RMB4.4 million in FY2024 to approximately RMB5.6 million in FY2025. The increase was mainly due to additional staff performance-based incentives.

[REDACTED]

[REDACTED] expenses comprise professional and other expenses in relation to our [REDACTED]. Our [REDACTED] expenses amounted to [REDACTED], approximately RMB[REDACTED], and approximately RMB[REDACTED] for FY2023, FY2024, and FY2025 of the Track Record Period, respectively.

Finance costs

Our finance costs mainly represented the interest on lease liabilities and interest-bearing borrowings. Our finance costs decreased from approximately RMB0.4 million in FY2023 to RMB0.2 million in FY2024, before increasing to RMB0.7 million in FY2025 which was generally in line with the level of our bank borrowing.

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Income tax expenses

Our income tax expenses represented the PRC Enterprise Income Tax. PRC Enterprise Income Tax has been provided for at the statutory rate of 25% during the Track Record Period except for Yuejian which was recognised as High and New Technology Enterprise (“HNTe”) and is entitled to a preferential tax rate of 15% since December 2023. The entitlement of the HNTe is subject to renewal by respective tax bureau in the PRC every three years. The latest approval of the HNTe for Fujian Yuejian was obtained in December 2023 and will be expired in December 2026. Yuejian can enjoy the preferential tax rate of 15% for the whole year of the year of obtaining the HNTe.

Our income tax expenses amounted to approximately RMB8.7 million, RMB12.9 million, and RMB15.4 million with the effective tax rate of approximately 18.1%, 16.4% and 16.0% for the FY2023, FY2024, and FY2025 of Track Record Period, respectively.

Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, our Group had fulfilled all of our income tax obligations and had no unresolved income tax issues or disputes with the relevant tax authorities.

Profit and total comprehensive income for the year attributable to owners of the Company

As a result of the foregoing, our profit and total comprehensive income for the year attributable to owners of the Company amounted to approximately RMB39.0 million, RMB65.6 million, and RMB80.9 million for the FY2023, FY2024, and FY2025 of Track Record Period, respectively, which is generally in line with our gross profit growth. Our net profit margin amounted to approximately 10.5%, 14.7%, and 15.2% for the same periods of the Track Record Period, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Financial resources

During the Track Record Period, our primary use of cash had been the payment for purchases of raw materials, staff costs, production costs and various operating expenses. Historically, our working capital and other capital requirements were principally satisfied by Shareholders’ funds and cash generated from our operations.

As at 31 December 2023, 31 December 2024 and 31 December 2025, we had cash and bank balances of approximately RMB8.0 million, RMB10.3 million, and RMB33.6 million, respectively, which were primarily held in RMB. Going forward, our Group expects to continue to generate cash from operations as our principal source of liquidity, and we may use a portion of the net [REDACTED] from the [REDACTED] to finance our liquidity requirements. See “Future Plans and [REDACTED]” for details. Our Directors believe that, in the long term, our Group’s operations will be funded by internal resources and, if necessary, bank borrowings.

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The table below sets forth the condensed summary of the combined statements of cash flows for the periods indicated:

	FY2023	FY2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Operating cash flows before movement in working capital	57,418	84,842	104,884
Changes in working capital	(61,213)	29,346	(89,884)
Income tax paid	(3,059)	(8,400)	(24,064)
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 from/(used in) financing activities	<u>19,759</u>	<u>(93,194)</u>	<u>59,896</u>
Net increase in cash and cash equivalents	4,593	2,305	23,300
Cash and cash equivalents at the beginning of the year	<u>3,430</u>	<u>8,023</u>	<u>10,328</u>
Cash and cash equivalents at the end of the year	<u><u>8,023</u></u>	<u><u>10,328</u></u>	<u><u>33,628</u></u>

Net cash (used in)/from operating activities

Our net cash used in operating activities for FY2023 was approximately RMB6.9 million, primarily comprising cash used in operations of approximately RMB3.8 million and income tax paid of approximately RMB3.1 million. Our cash generated from operations reflected profit before tax for the year of approximately RMB48.2 million, as adjusted by depreciation of property, plant and equipment of approximately RMB3.8 million and depreciation of right-of-use assets of approximately RMB[REDACTED] million. Our change in working capital contributed to a cash outflow of approximately RMB61.2 million, which was primarily due to the significant increase in trade and other receivables of approximately RMB87.5 million, partially offset by a decrease in trade and other payables of approximately RMB23.0 million and a decrease in inventories of approximately RMB3.3 million.

Our net cash from operating activities for FY2024 was approximately RMB105.8 million, primarily comprising cash generated from operations of approximately RMB114.2 million and income tax paid of approximately RMB8.4 million. Our cash generated from operations reflected profit before tax for the year of approximately RMB78.5 million, as adjusted by depreciation of property, plant and equipment of approximately RMB4.4 million and depreciation of right-of-use assets of approximately RMB0.3 million. Our change in working capital contributed to a cash inflow of approximately RMB29.3 million, which was primarily due to a decrease in inventories of approximately RMB16.9 million and a decrease in trade and other payables of approximately RMB22.1 million, partially offset by an increase in trade and other receivables of approximately RMB9.6 million.

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Our net cash used in operating activities for FY2025 was approximately RMB9.1 million, primarily comprising cash generated from operations of approximately RMB15.0 million, offset by income tax paid of approximately RMB24.1 million. Cash generated from operations reflected profit before tax for the year of approximately RMB96.3 million, as adjusted by depreciation of property, plant and equipment of approximately RMB4.3 million and depreciation of right-of-use assets of approximately RMB2.8 million. Our change in working capital contributed to a cash outflow of approximately RMB89.9 million, which was primarily due to an increase in trade and other receivables of approximately RMB81.4 million, an increase in inventories of approximately RMB8.7 million, and an increase in restricted bank deposits, and partially offset by an increase in trade and other payables of approximately RMB3.6 million.

Net cash used in investing activities

Our net cash used in investing activities for FY2023 was approximately RMB8.3 million, primarily representing the purchase of property, plant and equipment of approximately RMB9.5 million, partially offset by proceeds from disposal of property, plant and equipment of approximately RMB1.2 million and interest received of RMB27,000.

Our net cash used in investing activities for FY2024 was approximately RMB10.3 million, primarily representing the purchase of property, plant and equipment of approximately RMB14.5 million, partially offset by proceeds from disposal of property, plant and equipment of approximately RMB4.1 million and interest received of RMB0.1 million.

Our net cash used in investing activities for FY2025 was approximately RMB27.5 million, primarily representing the purchase of property, plant and equipment of approximately RMB26.3 million and payments for acquisition of intangible assets of approximately RMB1.8 million, partially offset by proceeds from disposal of property, plant and equipment of approximately RMB0.6 million.

Net cash (used in)/from financing activities

Our net cash from financing activities for FY2023 was approximately RMB19.8 million, primarily representing inception of interest-bearing borrowings of RMB13.9 million, advance from the Controlling Shareholders of RMB23.5 million, and partially offset by (i) repayment of interest-bearing borrowings of RMB10.3 million; (ii) repayment of lease payment of RMB2.5 million; (iii) interest paid of RMB0.2 million; (iv) net cash outflow of RMB3.5 million from acquisition of a subsidiary; and (v) repayment to former non-controlling equity holder of RMB1.1 million.

Our net cash used in financing activities for FY2024 was approximately RMB93.2 million, primarily representing repayment to advance from the Controlling Shareholders of RMB97.1 million, repayment of interest-bearing borrowings of RMB8.5 million, repayment of lease payment of RMB0.5 million, and interest paid of RMB0.2 million and partially offset by inception of interest-bearing borrowings of RMB13.1 million.

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Our net cash from financing activities for FY2025 was approximately RMB59.9 million, primarily representing (i) proceeds from interest-bearing borrowings of approximately RMB40.0 million, (ii) payment from the Controlling Shareholders of approximately RMB74.7 million, and (iii) [capital injection from [REDACTED] Investments] of approximately RMB1.9 million, and partially offset by (i) consideration paid to the Controlling Shareholders under the Reorganisation of approximately RMB33.2 million, (ii) repayment of interest-bearing borrowings of approximately RMB19.9 million, (iii) repayment of lease liabilities of approximately RMB3.0 million, and (iv) interest paid of approximately RMB0.6 million.

NET CURRENT ASSETS

	As at 31 December			31 January
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)	(unaudited)
Current assets				
Inventories	38,413	21,545	30,260	31,718
Trade and other receivables	120,884	131,177	212,523	203,867
Amount due from the Controlling Shareholders	–	71,503	–	7,035
Restricted bank deposit	–	–	3,290	4,920
Bank balance and cash	<u>8,023</u>	<u>10,328</u>	<u>33,628</u>	<u>17,811</u>
	<u>167,320</u>	<u>234,553</u>	<u>279,701</u>	<u>265,351</u>
Current liabilities				
Trade and other payables	94,567	113,669	114,396	104,602
Interest-bearing borrowings	5,500	10,080	30,225	29,900
Lease liabilities	2,120	1,213	2,147	1,734
Amount due to the Controlling Shareholders	25,562	–	3,155	–
Income tax payables	<u>11,236</u>	<u>15,776</u>	<u>7,060</u>	<u>1,542</u>
	<u>138,985</u>	<u>140,738</u>	<u>156,983</u>	<u>137,778</u>
Net current (liabilities)/assets	<u>28,335</u>	<u>93,815</u>	<u>122,718</u>	<u>127,573</u>

FINANCIAL INFORMATION

Our net current assets increased from approximately RMB28.3 million as at 31 December 2023 to approximately RMB93.8 million as at 31 December 2024, representing an increase of approximately RMB65.5 million, which was mainly attributable to the combined effects of (i) our trade and other receivables increase of approximately RMB10.3 million; (ii) increase in balance of amount due from the Controlling Shareholders of approximately RMB71.5 million; (iii) our bank balances and cash increase of approximately RMB2.3 million; and (iv) decrease in lease liabilities of approximately RMB0.9 million, which was partially offset by (v) our inventories decrease of approximately RMB16.9 million; (vi) increase in trade and other payables of approximately RMB19.1 million; (vii) increase in income tax payables of approximately RMB4.5 million; and (viii) increase in interest-bearing borrowing of approximately RMB4.6 million.

Our net current assets increased from approximately RMB93.8 million as at 31 December 2024 to approximately RMB122.7 million as at 31 December 2025, representing an increase of approximately RMB28.9 million, which was mainly attributable to the combined effects of (i) our trade and other receivables increase of approximately RMB81.3 million; (ii) our bank balances and cash increase of approximately RMB23.3 million; (iii) increase in restricted bank deposits of approximately RMB3.3 million; and (iv) our inventories increase of approximately RMB8.7 million; and (v) decrease in income tax payable of approximately RMB8.7 million which was partially offset by (vi) increase in interest-bearing borrowings of approximately RMB20.1 million; (vii) decrease in amount due from the Controlling Shareholders of approximately RMB71.5 million; (viii) increase in amount due to the Controlling Shareholders of approximately RMB3.2 million; and (ix) increase in lease liabilities of approximately RMB0.9 million.

DESCRIPTION AND ANALYSIS OF SELECTED ITEMS OF OUR COMBINED STATEMENTS OF FINANCIAL POSITION

Inventories

Our raw materials mainly consisted of SAP, fluff pulp, nonwoven fabrics, absorbent paper, various kinds of chemicals such as polypropylene and high-density polyethylene (HDPE), as well as packing materials.

The table below sets forth a breakdown of our inventories balances as at the dates indicated.

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	27,351	6,207	8,219
Finished goods	<u>11,062</u>	<u>15,338</u>	<u>22,041</u>
Total	<u><u>38,413</u></u>	<u><u>21,545</u></u>	<u><u>30,260</u></u>

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Pursuant to our inventory policy, the value of inventory shall be stated at the lower of cost and net realisable value. Costs of inventories are determined on weighted average basis and net realisable value means the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. As at 31 December 2022, 31 December 2023, 31 December 2024, and 31 December 2025, our Group had no write-down provision as a result of damaged or unsold finished goods.

The table below sets forth an ageing analysis for our inventories, net of loss allowances as at the dates indicated.

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Less than 1 year	32,828	21,517	30,260
Between 1 and 2 years	3,721	28	–
Over 2 years	<u>1,864</u>	<u>–</u>	<u>–</u>
Total	<u>38,413</u>	<u>21,545</u>	<u>30,260</u>

The table below sets forth the turnover days of our inventories during the Track Record Period.

	FY2023	FY2024	FY2025
Inventory turnover days	51	34	25

Note: The number of inventory turnover days is calculated using the average balance of inventory divided by the cost of sales for the relevant year and multiplied by 365 days in the relevant year. Average balance of inventory is calculated as the sum of the beginning and the ending balance for the relevant year, divided by two.

Our inventory turnover days were approximately 51 days, 34 days and 25 days for FY2023, FY2024 and FY2025, respectively. The decrease in inventory turnover days over the Track Record Period reflected continuous improvements in inventory management and sales efficiency, including by enhanced demand forecasting and tighter production scheduling, resulting in quicker inventory turnover across all product categories.

As at 23 March 2026, 80.2% of our inventories as at 31 December 2025 had been sold or utilised.

FINANCIAL INFORMATION

Trade and other receivables

The table below sets forth a breakdown of our trade and other receivables balances, net of loss allowances, as at the dates indicated.

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables, net of loss allowances	105,298	68,068	175,502
Other receivables, net of loss allowances	<u>15,586</u>	<u>63,109</u>	<u>37,021</u>
Total	<u>120,884</u>	<u>131,177</u>	<u>212,523</u>

Our Group generally grants credit terms of up to 90 days to our customers.

The table below sets forth an ageing analysis of our trade receivables, net of loss allowances, based on revenue recognition date as at the dates indicated.

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 30 days	33,875	29,417	70,834
31 to 60 days	19,104	21,032	61,054
61 to 90 days	31,466	14,705	34,837
91 to 180 days	18,729	1,297	8,488
181 to 365 days	1,876	1,617	25
Over 1 year	<u>248</u>	<u>–</u>	<u>264</u>
Total	<u>105,298</u>	<u>68,068</u>	<u>175,502</u>

Our trade receivables, net of loss allowances, was approximately RMB105.3 million as at 31 December 2023, then decreased to approximately RMB68.1 million as at 31 December 2024, and increased to approximately RMB175.5 million as at 31 December 2025.

Despite our revenue growth from RMB372.3 million to RMB447.1 million, our trade receivables decreased from RMB105.3 million to RMB68.1 million as at the respective period end dates. This improvement in trade receivables was mainly attributable to our management's implementation of stricter collection measures. These measures included enhanced credit control policies, more rigorous follow-up on overdue amounts, and closer monitoring of customer payment patterns.

Our trade receivables increased from approximately RMB68.1 million as at 31 December 2024 to approximately RMB175.5 million as at 31 December 2025. The increase was primarily attributable to revenue growth in quarter four of FY2025 (from RMB447.1 million to RMB533.4 million), which are still remained in granted credit period as at 31 December 2025.

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As at 31 December 2023, 31 December 2024, and 31 December 2025, our trade receivables, net of loss allowances, of approximately RMB21.6 million, RMB2.9 million and RMB11.7 million, respectively, were past due but not impaired. Such amounts were due from our customers whom, to the best knowledge of our Directors, had no financial difficulties. Based on the previous experience of business cooperation, the overdue amounts can be recovered.

In FY2023, FY2024, and FY2025, a provision of loss allowance in trade receivables of approximately RMB2.9 million, RMB2.2 million, and RMB1.9 million have been made. Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, our Group has not experienced any material default for our trade receivables.

The table below sets forth the turnover days of our trade receivables during the Track Record Period.

	FY2023	FY2024	FY2025
Trade receivables turnover days	62	71	83

Note: The number of trade receivables turnover days is calculated using the average balance of trade receivables divided by total revenue for the relevant year and multiplied by 365 days in the relevant year. Average balance of trade receivables is calculated as the sum of the beginning and the ending balance for the relevant year, divided by two.

Our trade receivables turnover days were approximately 62 days, 71 days, and 83 days during the Track Record Period, respectively. The trade receivables turnover days of our Group were within the range of the credit period granted to our customers. The gradual increase in trade receivables turnover days during the Track Record Period was primarily due to the increasing revenue contribution of our Branded Product Business, the customers of which were generally granted credit periods of up to 90 days. As the revenue contribution of our Branded Product Business increased from approximately 33.8% in FY2023 to 42.5% in FY2025, the longer credit terms associated with this segment resulted in higher average trade receivables turnover days.

For FY2024, the increase in trade receivables turnover days is mainly due to the significantly higher opening balance of RMB105.3 million, which affected the average trade receivables calculation despite our improved collection performance resulting in a lower closing balance of RMB68.1 million.

For FY2025, our trade receivables turnover days remain stable at 83 days.

As at the 23 March 2026, approximately 86.3% of our trade receivables as at 31 December 2025 have been subsequently settled.

FINANCIAL INFORMATION

Other receivables

The following table sets forth a breakdown of our other receivables, net of loss allowances, during the relevant periods:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other receivables			
Prepayments to suppliers	2,186	40,156	2,467
Prepayments for [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Receivables from digital platforms ⁽¹⁾	1,178	377	494
Value-added tax and other tax recoverables	4,090	17,370	8,417
Other prepayments	6,855	1,426	720
Other receivables	1,277	1,113	1,206
Deposit paid-for acquisition of a land use right	—	—	19,670
Total:	<u>15,586</u>	<u>63,109</u>	<u>37,021</u>

Note:

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

Our other receivables mainly comprised prepayments to suppliers, value-added tax and other tax recoverables, and other deposits and prepayments.

Our other receivables increased significantly from approximately RMB15.6 million as at 31 December 2023 to approximately RMB63.1 million as at 31 December 2024, mainly due to an increase in prepayments for [REDACTED] expenses from [REDACTED] to RMB[REDACTED], the increase in prepayments to suppliers from RMB2.2 million to RMB40.2 million that mirrors an increase in purchases from our suppliers, and the increase in value-added tax and other tax recoverables from RMB4.1 million to RMB17.4 million as caused by the on-going processing of refunds in accordance with the schedule of the relevant government.

Our other receivables decreased from approximately RMB63.1 million as at 31 December 2024 to approximately RMB37.0 million as at 31 December 2025. This decrease was primarily due to prepayments to suppliers decreasing from approximately RMB40.2 million to RMB2.5 million, the decrease in value-added tax and other tax recoverables from RMB17.4 million to RMB8.4 million, partially offset by a refundable deposit of RMB19.7 million paid for the acquisition of a land use right.

Our Directors confirm that there are no recoverability issues in respect of our other receivables given the nature and reasons as stated above.

FINANCIAL INFORMATION

Significant increase in prepayments to suppliers

The increase in prepayments to suppliers from approximately RMB2.2 million as at 31 December 2023 to approximately RMB40.2 million as at 31 December 2024 was primarily attributable to the expansion of our production volume to meet increased demand for baby care and feminine care products. Accordingly, we procured a larger quantity of key raw materials, including SAP, nonwoven fabrics and hot melt adhesives, to ensure supply stability. Certain major suppliers required partial or full prepayment for purchases of high-demand or import-dependent materials, particularly during the first half of FY2024 when market prices were more volatile.

For domestic suppliers, the typical time interval between the placement of purchase orders, prepayment and shipment is approximately one week. For overseas suppliers, the time interval is generally around one month, taking into account logistics arrangements, customs procedures and shipping schedules.

Subsequent utilisation of FY2024 prepayment balance

As at 31 December 2024, the prepayment balance of approximately RMB40.2 million mainly represented deposits paid for raw materials scheduled for delivery in January and February 2025. These prepayments were subsequently utilised on or before 30 June 2025 upon receipt of the related materials, which were recorded in inventories in the corresponding periods. The Directors confirm that all prepayments as at 31 December 2024 were fully utilised or offset against deliveries on or before 30 June 2025, and there were no long-term outstanding or unutilised balances.

As at 31 December 2025, prepayments to suppliers amounted to approximately RMB2.5 million, which the Directors consider to be within the normal operating level. The Directors consider that the increase in prepayments to suppliers as at 31 December 2024 was mainly due to timing differences between procurement and delivery schedules around the year end. Our prepayment arrangements are consistent with our standard procurement practices and industry norms and did not involve any unusual or extended settlement period.

Amount due to the Controlling Shareholders

As at 31 December 2025, the amount due to the Controlling Shareholders is approximately RMB3.2 million, which was classified under current liabilities, non-trade in nature, unsecured, interest-free, and repayable on demand. The amount due to the Controlling Shareholders will be settled prior to the [REDACTED].

FINANCIAL INFORMATION

Trade and other payables

The following table sets forth a breakdown of our trade and other payables as at the dates indicated.

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	47,516	68,863	74,492
Bills payables	–	–	17,720
Others payables	<u>47,051</u>	<u>44,806</u>	<u>22,184</u>
Total	<u><u>94,567</u></u>	<u><u>113,669</u></u>	<u><u>114,396</u></u>

Our suppliers generally offer our Group normal credit terms of up to 90 days.

Our trade payables increased from approximately RMB47.5 million as at 31 December 2023 to approximately RMB68.9 million as at 31 December 2024, and further increased to approximately RMB74.5 million as at 31 December 2025.

The table below sets forth the ageing analysis of our trade payables based on the goods receipt date as at the dates indicated.

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 30 days	19,116	17,881	35,803
31–60 days	13,297	18,792	19,062
61–90 days	8,132	16,592	12,324
Over 90 days	<u>6,971</u>	<u>15,598</u>	<u>7,303</u>
Total	<u><u>47,516</u></u>	<u><u>68,863</u></u>	<u><u>74,492</u></u>

As at 23 March 2026, approximately 81.0% of our trade payables as at 31 December 2025 have been subsequently settled.

FINANCIAL INFORMATION

The table below sets forth the turnover days of our trade payables during the Track Record Period.

	FY2023	FY2024	FY2025
Trade payables turnover days	48	65	69

Note: The number of trade payables turnover days is calculated using the average balance of trade payables divided by cost of sales for the relevant year and multiplied by 365 days in the relevant year. Average balance of trade payables is calculated as the sum of the beginning and the ending balance for the relevant year, divided by two.

Our trade payables turnover days were approximately 48 days, 65 days, and 69 days during the Track Record Period, respectively. The increase in trade payables turnover days from FY2023 to FY2024 (from 48 to 65 days) was mainly due to an increase in the average trade payables balance in line with the growth in cost of sales, while remaining within the standard credit terms of up to 90 days. For FY2025, our trade payables turnover days increased slightly to approximately 69 days, which continued to remain within the standard 90-day credit period, reflecting our continued adherence to timely supplier payment practices and stable procurement management.

Other payables

The following table sets forth a breakdown of our other payables during the relevant periods:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other payables			
Contract liabilities – receipts in advance ⁽¹⁾	24,987	15,968	6,285
Accruals and other payables	2,250	2,431	1,298
Accruals [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Salary payables	6,788	7,251	5,903
Payable for acquisition of property, plant and equipment	11,056	8,077	5,244
Value-added tax and other tax payables	1,970	11,079	3,075
	47,051	44,806	22,184

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Notes:

- (1) The Group applies the practical expedient and does not disclose information about remaining performance obligations that have original expected durations of one year or less. For more information regarding contract liabilities, see Note 18(b) of the Accountants’ Report, Appendix I of this document.
- (2) The amount represented payable due to a former equityholder of a subsidiary, Yuejian, an indirectly wholly-owned subsidiary of the Company. The amount due was non-trade in nature, unsecured, interest-free and repayable on demand.

Our other payables decreased from approximately RMB47.1 million as at 31 December 2023 to RMB44.8 million as at 31 December 2024. This decrease was primarily due to a reduction in contract liabilities (receipts in advance) from RMB25.0 million to RMB16.0 million, and a decrease in payable for acquisition of property, plant and equipment from RMB11.1 million to RMB8.1 million, partially offset by an increase in value-added tax and other tax payables from RMB2.0 million to RMB11.1 million.

Our other payables decreased from approximately RMB44.8 million as at 31 December 2024 to approximately RMB22.2 million as at 31 December 2025. This decrease was primarily due to contract liabilities (receipts in advance) decreasing from approximately RMB16.0 million to RMB6.3 million, VAT and other tax payables decreasing from approximately RMB11.1 million to RMB3.1 million following the settlement of tax obligations during the year, and payable for acquisition of property, plant and equipment decreasing from approximately RMB8.1 million to RMB5.2 million.

INDEBTEDNESS

The following table sets forth the indebtedness of our Group as at the dates indicated.

	As at 31 December			As at
	2023	2024	2025	31 January
	RMB’000	RMB’000	RMB’000	RMB’000
	(audited)	(audited)	(audited)	(unaudited)
Interest-bearing borrowings	5,500	10,080	30,225	29,900
Lease liabilities	2,866	1,973	2,521	2,108
Amount due to the Controlling Shareholders	25,562	—	3,155	—
Total	33,928	12,053	35,901	32,008

FINANCIAL INFORMATION

Interest-bearing borrowings

The following table sets forth the breakdown of our interest-bearing borrowings as at the dates indicated:

	As at 31 December			As at
	2023	2024	2025	31 January
	RMB'000	RMB'000	RMB'000	2026
	(audited)	(audited)	(audited)	(unaudited)
Current portion	5,500	10,800	30,225	29,900
Non-current portion	—	—	—	—
Total	5,500	10,080	30,225	29,900

As at 31 December 2023, 2024 and 2025, and 31 January 2026, our Group had bank borrowings of approximately RMB5.5 million, RMB10.1 million, RMB30.2 million, and RMB29.9 million, respectively.

The weighted average effective interest rate on bank borrowings as at these respective dates was 3.71%, 3.46%, and 2.86% as at 31 December 2023, 31 December 2024 and 31 December 2025.

Among the above-mentioned amounts, the secured bank borrowings portion amounted to approximately RMB2.5 million, RMB7.1 million, and RMB30.2 million, as at 31 December 2023, 31 December 2024, and 31 December 2025, which were repayable within one year. The bank borrowings were drawn under banking facilities.

As at 31 December 2023, our secured and unsecured bank borrowings amounted to approximately RMB5.5 million, respectively. Our bank borrowings were drawn under banking facilities secured by various parties.

As at 31 December 2023, our banking facilities were secured by:

- personal guarantees in aggregate amounts of RMB10.0 million provided by our Controlling Shareholders, Mr. Zhou and Ms. He; and
- a joint guarantee in the aggregate amount of RMB2.5 million as at 31 December 2023, provided by Ms. He and Mr. Cai Hehua, an independent third party who is an old friend of Mr. Zhou and has known him for over 20 years.

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As at 31 December 2024, our secured and unsecured bank borrowings amounted to approximately RMB10.1 million. These borrowings were supported by:

- personal guarantees provided by Mr. Zhou in the aggregate amounts of RMB7.7 million;
- personal guarantees in the aggregate amounts of RMB10.0 million given by the Controlling Shareholders, Mr. Zhou and Ms. He.

As at 31 December 2025, our bank borrowings amounted to approximately RMB30.2 million, all of which were secured (unsecured: nil). These borrowings were supported by:

- personal guarantees in aggregate amounts of RMB15.0 million, provided by our Controlling Shareholders, Mr. Zhou and Ms. He;
- a personal guarantee in the aggregate amount of RMB24.5 million, provided by Mr. Zhou; and
- a personal guarantee in the aggregate amount of RMB5.0 million, provided by Ms. He.

As at 31 January 2026, our secured and unsecured bank borrowings amounted to approximately RMB29.9 million, and these facilities were secured by:

- personal guarantees in aggregate amounts of RMB15.0 million as at 31 January 2026, provided by our Controlling Shareholders, Mr. Zhou and Ms. He; and
- personal guarantees in aggregate amounts of RMB21.8 million as at 31 January 2026, provided by our Controlling Shareholder, Mr. Zhou.
- a personal guarantee in the aggregate amount of RMB5.0 million, provided by Ms. He.

The personal guarantees were lower or proportionate to the respective outstanding secured bank borrowings at each period end, reflecting partial repayments of prior loan balances and adjustments to the credit facilities over time.

Details of which are set out in Note 22 to the Accountants’ Report in Appendix I to this document.

All banking facilities are subject to the fulfilment of covenants typically found in lending arrangements with financial institutions. If we were to breach these covenants, the utilised facilities would become repayable on demand.

As at 31 December 2023, 31 December 2024, 31 December 2025, none of the covenants relating to drawn-down facilities had been breached. Certain material, customary affirmative and/or negative covenants in the loan agreements may limit us from carrying out mergers, restructuring, changes of control, allotment and issue of new shares, declaration of dividends, and creating any mortgages, debentures, or charges without the prior consent of our lenders.

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As at the Latest Practicable Date, we have obtained consent from the banks that (i) guarantees provided by Mr. Zhou and (ii) the abovementioned customary affirmative and/or negative covenants are expected to be released and/or replaced by a corporate guarantee to be given by our Company upon [REDACTED].

During the Track Record Period, our Directors confirmed that we did not experience any delays or defaults in the repayment of bank borrowings nor any difficulty in obtaining banking facilities with terms that are commercially acceptable to us. As at the date of this document, we do not have any plan for material external debt financing.

Lease liabilities

The following table sets forth the details of lease liabilities in terms of current and non-current portions:

	As at 31 December			As at
	2023	2024	2025	31 January
	RMB'000	RMB'000	RMB'000	2026
	(audited)	(audited)	(audited)	(unaudited)
Current portion	2,120	1,213	2,147	1,733
Non-current portion	<u>746</u>	<u>760</u>	<u>374</u>	<u>375</u>
Total	<u>2,866</u>	<u>1,973</u>	<u>2,521</u>	<u>2,108</u>

As at 31 December 2023, 31 December 2024, 31 December 2025, and 31 January 2026, we had outstanding lease liabilities of approximately RMB2.9 million, RMB2.0 million, RMB2.5 million and RMB2.1 million, respectively. During the Track Record Period and up to 31 January 2026, we did not breach any covenants of the lease agreements.

Amount due to the Controlling Shareholders

The amount due to the Controlling Shareholders was non-trade in nature, unsecured, interest-free, and repayable on demand.

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The following table sets forth the breakdown of our amount due to the Controlling Shareholders as at the dates indicated:

	As at 31 December			As at 31 January
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)	(unaudited)
Current portion	25,562	–	3,155	–
Non-current portion	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total	<u><u>25,562</u></u>	<u><u>–</u></u>	<u><u>3,155</u></u>	<u><u>–</u></u>

As at 31 December 2023, 31 December 2024, 31 December 2025, and 31 January 2026, the amount due to the Controlling Shareholders were approximately RMB25.6 million, nil, RMB3.1 million, and nil, respectively.

Contingent liabilities

As at 31 December 2023, 31 December 2024, 31 December 2025, and 31 January 2026, we had no contingent liabilities. We are currently not a party to any litigation that is likely to have a material adverse effect on our business, results of operations or financial condition taken as a whole. We have confirmed that there was no material change in our contingent liabilities since 31 January 2026 and up to the Latest Practicable Date.

Statement of indebtedness

As at 31 January 2026, being the latest practicable date of indebtedness, save as disclosed in this sub-section headed “Indebtedness”, we did not have any outstanding debt securities, charges, mortgages, or other similar indebtedness, finance lease commitments, any guarantees or other material contingent liabilities, or other banking facilities. Since 31 January 2026 and up to the date of this document, there has been no material change in our indebtedness.

CAPITAL EXPENDITURES AND COMMITMENTS

Our capital expenditures were primarily related to the purchases of plant and equipment which amounted to approximately RMB5.9 million, RMB10.9 million, and RMB4.8 million during FY2023, FY2024, and FY2025 of the Track Record Period, respectively. We have financed our capital expenditure through cash flow generated from operating activities and current account with the Controlling Shareholders.

Save for the planned capital expenditure as disclosed in the section headed “Future Plans and [REDACTED]” in this document and the additions of furniture, fixtures and office equipment and production equipment necessary for our business operations which will be made by our Group from time to time, our Group had no material planned capital expenditure as at the Latest Practicable Date.

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Commitments

Capital expenditure commitments

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contracted but not provided net of deposits paid for acquisition of property, plant and equipment.	<u>1,503</u>	<u>2,300</u>	<u>991</u>

As at 31 December 2023, 31 December 2024, and 31 December 2025, the capital expenditure commitments were approximately RMB1.5 million, RMB2.3 million and RMB1.0 million, respectively.

Commitments under lease

The Group as lessor

As at 31 December 2023, 31 December 2024, and 31 December 2025, we have no material commitments on short-term leases or low-value asset leases.

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 ended/As at 31 December		
	2023	2024	2025
Profitability			
Gross profit margin ⁽¹⁾	23.5%	27.5%	28.6%
Net profit margin ⁽²⁾	10.6%	14.7%	15.2%
Return on equity ⁽³⁾	68.5%	53.2%	46.8%
Return on total assets ⁽⁴⁾	20.0%	24.8%	24.5%
Liquidity			
Current ratio ⁽⁵⁾	1.2 times	1.7 times	1.8 times
Quick ratio ⁽⁶⁾	0.9 times	1.5 times	1.6 times
Capital sufficiency			
Gearing ratio ⁽⁷⁾	0.1	0.1	0.2
Net debt to equity ratio ⁽⁸⁾	N/A ⁽¹⁰⁾	N/A ⁽¹⁰⁾	N/A ⁽¹⁰⁾
Interest coverage ratio ⁽⁹⁾	123.1	409.8	130.0

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Notes:

- (1) Gross profit margin is calculated based on the gross profit for the period divided by total revenue 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 at 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 at 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 at the end of the period.
- (7) Gearing ratio is calculated based on the sum of our interest-bearing borrowings divided by total equity at the end of the period.
- (8) Net debt to equity ratio is calculated based on the sum of our interest-bearing borrowings, minus our cash and bank balances divided by total equity at the end of the period.
- (9) Interest coverage ratio is calculated by profit before interest and tax divided by net interest expense for the period.
- (10) As our cash and bank balances are larger than our interest-bearing borrowings, the ratio for the relevant period is not applicable.

Gross profit margin and net profit margin

Our gross profit margin amounted to approximately 23.5%, 27.5%, and 28.6% for FY2023, FY2024, and FY2025 of the Track Record Period, respectively. For further details on the changes in gross profit margin, please refer to the paragraph headed “Gross profit and gross profit margin” in this section.

Our net profit margin amounted to approximately 10.6%, 14.7%, and 15.2% for the Track Record Period, respectively. For further details on the changes in net profit, please refer to the paragraph headed “Profit and total comprehensive income for the year attributable to the owners of the Company” in this section.

Return on equity

Our return on equity (ROE) declined from 68.5% in FY2023 to 53.2% in FY2024, and further to 46.8% in FY2025. This trend reflects our strategy to prioritise internal growth and reinvestment over shareholder distributions, as we retained all earnings and declared no dividends during the Track Record Period. This enabled us to fund expansion, including acquiring new production lines for baby and feminine care products, developing brands such as “Cotton Sun” and “Blue Cotton” in 2024, and increasing marketing efforts.

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As a result, shareholders’ equity increased significantly from RMB57.6 million at the end of FY2023 (an increase of RMB41.7 million, primarily driven by RMB39.5 million in profit and total comprehensive income for the year) to RMB123.2 million at the end of FY2024 (an increase of RMB65.6 million, fully attributable to profit and total comprehensive income for the year) and further to RMB172.7 million at the end of FY2025 (an increase of RMB49.5 million, driven by profit and total comprehensive income for the year of RMB80.9 million, partially offset by the consideration paid to the Controlling Shareholders under the Reorganisation of approximately RMB33.3 million and net of capital injection from the [REDACTED] Investments of approximately RMB1.9 million).

Because shareholders’ equity increased more rapidly than annual profits (which increased from RMB39.5 million in FY2023 to RMB65.6 million in FY2024, and further to RMB80.9 million in FY2025), ROE declined. However, this approach supported strong revenue growth from RMB372.3 million to RMB533.4 million, driven by scaling our Branded Product Business (from 33.8% to 42.5% of total revenue) and reallocating resources away from lower-growth segments.

Return on total assets

Our return on total assets was approximately 20.0% for FY2023 and subsequently increased to approximately 24.8% for FY2024, before decreasing slightly to approximately 24.5% for FY2025.

This level nonetheless reflected our continued operational efficiency and asset utilisation, supported by steady profitability. Profit for the year increased from RMB39.5 million in FY2023 to RMB65.6 million in FY2024, and further to RMB80.9 million in FY2025, while total assets grew from RMB197.4 million as at 31 December 2023 to RMB264.7 million as at 31 December 2024, and further to RMB330.1 million as at 31 December 2025.. Our Directors consider the Group maintained effective use of assets through improved production capacity and expansion of its branded product lines.

Current ratio and quick ratio

Our current ratio increased from approximately 1.2 times as at 31 December 2023 to 1.7 times as at 31 December 2024, and further to 1.8 times as at 31 December 2025, respectively, primarily reflecting the growth in current assets outpacing the increase in current liabilities during the Track Record Period. Our quick ratio increased from approximately 0.9 times to 1.5 times, and further to to 1.6 times as at 31 December, 2023, 31 December 2024, and 31 December 2025, respectively. The general increase in our quick ratio was mainly attributable to the combined effects of the increase in trade receivables and cash and cash equivalents which outweighed the increase in trade and other payables as discussed in the subsection headed “Description and Analysis of Selected Items of our Combined Statements of Financial Position” above.

Gearing ratio and net debt to equity ratio

Our gearing ratio remained stable between 0.1, 0.1 and 0.2 as at 31 December 2023, 31 December 2024, and 31 December 2025.

Given we were at net cash position as at 31 December 2023, 31 December 2024, and 31 December 2025, our net debt to equity ratios are not applicable as at the respective dates.

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Interest coverage

Our interest coverage ratio was approximately 123.1 times for FY2023, further improved to approximately 409.8 times for FY2024. In FY2025, our interest coverage ratio was around 130.0 times, which, although lower than the full year figure for FY2024 due to the shorter reporting period, still reflected strong profitability and effective management of our finance costs, supported by stable borrowing levels.

QUANTITATIVE AND QUALITATIVE DISCLOSURE OF FINANCIAL RISKS

We are, in the ordinary course of our business, exposed to a variety of financial risks including credit risk, foreign risk and liquidity risk. Details of such risks are set out in note 30 to the Accountants’ Report in Appendix I to this document.

RELATED PARTY TRANSACTIONS

Our related party transactions mainly represented transactions between the entities of our Group and the remuneration for key management personnel (including the Directors) of our Group during the Track Record Period. Details of which are set out in note 29 to the Accountants’ Report in Appendix I to this document. Our Directors are of the view that these related party transactions as a whole were conducted on normal commercial terms and on arm’s length basis.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to market risks from changes in market rates and prices, such as interest rates, credit and liquidity.

Details of the risk to which we are exposed, please refer to “Financial Risk Management Objectives and Policies” in Note 30 to the Accountants’ Report which is set out in Appendix I to this document.

CAPITAL MANAGEMENT

Our objectives when managing capital are to safeguard our ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

We monitor capital on basis of the gearing ratio. As at 31 December 2023, 31 December 2024, and 31 December 2025 our gearing ratios were approximately 0.1, 0.1, and 0.2, respectively. We may adjust the amount of dividends paid to shareholder, issue new shares or sell assets to reduce debt to keep the capital structure optimal.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we had not entered into off-balance sheet commitments and arrangements.

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[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]).

Our Directors would like to emphasise that the amount of the [REDACTED] expenses is a current estimate for reference only and the final amount to be recognised in our combined financial statements for the year ending 31 December 2025 is subject to adjustment based on audit and the then changes in variables and assumptions.

DIVIDENDS

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 any predetermined dividend payout ratio. Our Board has absolute discretion as to whether to recommend any dividend payment for any financial year end and if any, the amount of dividend and the means of payment. Such discretion is subject to the applicable laws and regulations including the Companies Act and the Articles which also requires the approval of our Shareholders. The amount of any dividends to be declared and paid in the future will depend on, amongst other things (i) general financial conditions; (ii) actual and future operations and liquidity positions; (iii) future cash requirements and availability; (iv) restrictions on payment of dividends that may be imposed by our Group’s lenders; (v) general market conditions; and (vi) any other factors which our Board may deem appropriate at such time.

DISTRIBUTABLE RESERVES

Under Companies Act, our Group may pay dividends out of our profit or our share premium account in accordance with the provisions of our Articles of Association, provided that immediately following the date on which the dividend is proposed to be distributed, we remain able to pay our debts as and when they fall due in the ordinary course of business.

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Our Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on 5 January 2023. As at the Latest Practicable Date, our Company did not have distributable reserves to our Shareholders.

LIQUIDITY MANAGEMENT

We have adopted centralised liquidity management to give us a better understanding of our liquidity position and enable us to utilise our capital efficiently, which in turn enables us to reduce our overall liquidity risk and achieve higher efficiency in capital utilisation. In order to manage our liquidity position in view of our working capital requirement for business operation and the possible cash flow mismatch associated with the receipt of settlements from customers and payments to suppliers, we have implemented the following measures:

- annual budget including gross cash receipts and payments from our operating activities, business expansion plan, capital expenditure, tax payments, dividends of investments is prepared by our finance department and approved by our executive Directors. Our senior management is responsible for comparing actual cash flow statement with our annual approved budget on a quarterly basis and investigating and explaining significant or unusual differences, if any;
- we have established policies and objectives for cash invested in inventories, trade receivables and other current assets as well as trade payables and disbursements on an annual basis;
- our finance department is also responsible for the overall monitoring of our current and expected liquidity requirements on a monthly basis to ensure that we maintain sufficient financial resources to meet our liquidity requirements;
- our finance department monitors the ageing analysis of both trade receivables and payables at the end of each month. The ageing analysis of both trade receivables and payables will be submitted to our senior management for review and approval regularly;
- for trade receivables past due, material overdue payments are monitored continuously and evaluated on a case-by-case basis with appropriate follow-up actions based on the customer’s normal payment processing procedures, our relationship with our customer, their history of making payments, their financial position as well as the general economic environment. Follow-up actions to recover overdue trade receivables include (i) active communications with our customer’s appropriate personnel such as the relevant department responsible for processing payments; (ii) review the recoverable amount of each individual trade receivable balance at the end of each reporting period to ensure adequate provision for impairment losses are provided for irrecoverable amounts; and (iii) seeking legal advice when necessary;
- for our trade payables management, we adhere to the following to ensure timely payment to our suppliers: (i) preparation and approval of the payment requisition form for payment once the invoice is received; (ii) monthly review of trade payable ageing analysis; and (iii) for any outstanding payables, investigation and settlement should be performed unless being informed by suppliers or there are special circumstances;

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- if any receivables past due cannot be recouped and if our Group did not possess sufficient working capital to pay to our suppliers on a timely basis, we will make use of unutilised banking facilities to pay our suppliers; and
- if, based on regular monitoring by our finance department, there is any expected shortage of internal financial resources, we will consider different financing alternatives, including obtaining adequate committed lines of funding from banks.

SUFFICIENCY OF WORKING CAPITAL

Our Directors are of the opinion that after taking into account, the existing financial resources available to our Group including internally generated funds from operating activities, existing banking facilities available and the estimated net [REDACTED] from the [REDACTED], our Group has sufficient working capital for its present requirements for the next 12 months from the date of this document.

DIRECTOR’S CONFIRMATION ON NO MATERIAL ADVERSE CHANGE

Our Directors confirm that they have performed sufficient due diligence on our Company to ensure that, up to the date of this document, there has been no material adverse change in our financial or trading position or indebtedness since 31 December 2025 (being the date of our latest combined audited financial information), and there have been no events since 31 December 2025 which would materially affect the information shown in our combined financial statements set out in the Accountants’ Report in Appendix I to this document.

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. The surge in demand resulted in a rapid increase in non-woven fabric price, but said prices have stabilized within the Track Record Period. Moving forward, the price of non-woven fabrics is expected to remain stable, with a projected average of approximately RMB22,000 per ton by 2029, representing a CAGR of approximately 2.1% from 2024.

Since the initial outbreak, the government has taken further containment measures in response to reoccurrences of COVID-19 cases in several cities in China, which have affected the operations of our business partners and our own business operations. While COVID-19 containment measures had, to a certain extent, affected our business during the Track Record Period, as at the Latest Practicable Date, our business operations and financial conditions were not materially impact by the containment measures that were put in place. In particular, our production facilities had not been subject to any material or prolonged suspension or shutdown caused by COVID-19 containment measures during the Track Record Period, nor any time up to the Latest Practicable Date. The majority of our production staff reside in dormitories we provided in the vicinity of our production facilities, which allowed us to exercise closed-loop management and continue our production activities while avoiding COVID-19 infections among our staff.

FINANCIAL INFORMATION

Overall, demand for our essential products has remained resilient throughout the pressures of the COVID-19 pandemic, and our consolidated net sales, earnings, and cash flows were not materially affected. Our Directors take the view that the COVID-19 is not expected to cause any material adverse impact on our operations and performance in the long run.

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 as there were no material changes to our business model and the general economic and regulatory environment in which we operate.

For our recent development subsequent to the Track Record Period, please see the paragraph headed “Summary – Recent Development and No Material Adverse Change”.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

Please see the section headed “Unaudited [REDACTED] Financial Information’ in Appendix II to this document for details.

DISCLOSURE PURSUANT TO RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as at the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND [REDACTED]

FUTURE PLANS AND USE OF [REDACTED]

The aggregate net [REDACTED] to our Company from the [REDACTED] (after deducting [REDACTED] fees and estimated expenses in connection with the [REDACTED]):

	Assuming the [REDACTED] is not exercised	Assuming the [REDACTED] is exercised in full
Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] range stated in the section headed “Summary – [REDACTED] Statistics” to this document)	Approximately HK\$[REDACTED]	Approximately HK\$[REDACTED]
Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the high end of the [REDACTED] range stated in the section headed “Summary – [REDACTED] Statistics” to this document)	Approximately HK\$[REDACTED]	Approximately HK\$[REDACTED]
Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the low end of the [REDACTED] range stated in the section headed “Summary – [REDACTED] Statistics” to this document)	Approximately HK\$[REDACTED]	Approximately HK\$[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 and assuming that there is no exercise of the [REDACTED] and an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] range stated in the section headed “Summary – [REDACTED] Statistics” to this document) will be approximately HK\$[REDACTED]. We currently intend to apply such net [REDACTED] for the following purposes subject to changes in light of our evolving business needs and changing market conditions:

- (a) Approximately [[REDACTED]%, or HK\$[REDACTED]] will be used for acquisition of land and the construction of new production facility. The breakdown of the intended use of net [REDACTED] is set out below:
 - approximately [[REDACTED]% or HK\$[REDACTED]] of the net [REDACTED] from the [REDACTED] will be allocated for land acquisition, being the estimated cost of acquiring approximately 80,000 square metres of industrial land at Xintang Subdistrict, Jinjiang (晉江市新塘街道); and
 - approximately [[REDACTED]% or HK\$[REDACTED]] of the net [REDACTED] from the [REDACTED] will be used for the construction of a new production workshop with an estimated gross floor area of approximately 200,000 square metres, which will include a 300,000-class cleanroom designed to meet the hygiene and quality

FUTURE PLANS AND [REDACTED]

standards required for the manufacturing of baby care, feminine care and adult care products. The estimated construction cost is based on cost estimates, comprising civil works, cleanroom HVAC systems, and interior fit-out.

As the old production facility does not have sufficient space to accommodate the new machines, after the decoration of the new production facility is completed, we will relocate the existing production lines to the new production facility.

Although a 300,000-class cleanroom production workshop is a PRC standard for cleanroom and associated controlled environments, but not a mandatory requirement and industry standard for baby care and feminine care production and is not specifically required by relevant regulatory authorities, we have decided to construct such a facility as part of our long-term strategic development plan.

The 300,000-class cleanroom production workshop is designed to enhance product quality and safety by reducing the risk of microbial contamination and minimise foreign matter intrusion. It also helps stabilize the production process by minimizing static interference, thereby improving product qualification rates and strengthening brand image and consumer trust.

In addition, the 300,000-class cleanroom production workshop provides regulatory and certification advantages for production, positioning us to better meet the hygiene and quality standards required by overseas markets, including Europe, Southeast Asia, and other regions as well.

For details of the expected timeline and key milestones for enhancing and expanding our production capacity, please refer to the subsection headed “Business – Expansion Plans – The new facility and production lines” in this document.

- (b) Approximately [[REDACTED]]%, or HK\$[REDACTED]] of the net [REDACTED] from the [REDACTED] will be used for purchasing new equipment/production lines.
- Approximately [[REDACTED]]%, or HK\$[REDACTED]] of the net [REDACTED] from the [REDACTED] will be used for purchasing two baby diapers production lines; and
 - Approximately [[REDACTED]]%, or HK\$[REDACTED]] of the net [REDACTED] from the [REDACTED] will be used for purchasing two disposable period underwears production lines.
 - Approximately [[REDACTED]]%, or HK\$[REDACTED]] of the net [REDACTED] from the [REDACTED] will be used for purchasing one adults pull-ups production line.

FUTURE PLANS AND [REDACTED]

The production of baby care, feminine care products and adult care products typically relies on highly customized and integrated automated production lines. Unlike general-purpose machinery, these production lines are designed and manufactured based on our specific product specifications, process flows, and customer requirements. As such, there are no standard components or standalone equipment in the conventional sense.

In addition, although the Company ceased its proprietary “Tieban” adult incontinence brand in May 2024, it continues to manufacture adult incontinence products on an OEM basis for third-party customers. Revenue from adult incontinence products increased from approximately RMB15.1 million in FY2023 to RMB32.8 million in FY2025, and the additional production line is intended to service this growing OEM demand.

Our new production lines can be broadly categorized into the following segments:

- Raw Material Feeding System: Including Automatic feeding machines and unwinding racks for non-woven fabrics, SAP, and hot melt adhesives.
- Main Production System: Comprising core forming machines for diapers and sanitary products, with modular design based on product structures.
- Online Inspection and Quality Control System: Equipped with defect rejection devices and real-time inspection systems to ensure product quality and consistency.
- Packaging System: Including automatic counting and stacking machines, as well as automatic packaging machines capable of handling both single-pack and multi-pack formats.

All equipment will be designed, manufactured, and commissioned by specialized machinery suppliers in accordance with our technical specifications. The total estimated investment per production line varies depending on the configuration and level of automation.

- (c) Approximately [[REDACTED]]% or HK\$[REDACTED]] of the net [REDACTED] from the [REDACTED] will be used to enhance brand promotion through diversified marketing initiatives. To elevate brand visibility and capture a larger market share, we will invest in our promotional activities, including (i) traditional offline advertising, (ii) short videos and social media platforms, and (iii) brand collaboration and intellectual property licensing initiatives.
- (d) Approximately [[REDACTED]]%, or HK\$[REDACTED]] of the net [REDACTED] from the [REDACTED] will be used to improve operating efficiency through the following initiatives:
 - approximately [[REDACTED]]% or HK\$[REDACTED]] for the construction of a 5G-enabled intelligent automated warehouse facility, designed to increase storage capacity by approximately 3 to 5 times and improve inbound/outbound logistics efficiency by approximately 60% or more;

FUTURE PLANS AND [REDACTED]

- approximately [[REDACTED]]% or HK\$[REDACTED]] for the implementation of 5G-enabled smart manufacturing systems at our production facility, including automated production line monitoring, predictive maintenance, and real-time quality inspection; and
 - approximately [[REDACTED]]% or HK\$[REDACTED]] for IT infrastructure upgrades, including an integrated ERP system, production monitoring and quality control systems, cloud-based data management platforms, and upgrading hardware infrastructure.
- (e) Approximately [[REDACTED]]%, or HK\$[REDACTED]] of the net [REDACTED] from the [REDACTED], will be used for R&D. This initiative will include (i) the development of new product lines; (ii) the improvement of existing production processes; and (iii) the recruitment of additional R&D personnel and expansion of laboratory facilities.
- (f) Approximately [[REDACTED]]%, or HK\$[REDACTED]] of the net [REDACTED] from the [REDACTED] will be used for potential strategic investments or acquisitions that are complementary to our existing business, including: (i) the acquisition of complementary brands in the hygienic disposables or personal care sector; (ii) vertical integration through the acquisition of upstream raw material suppliers; and/or (iii) strategic equity investments in companies with proprietary technology in the hygiene products sector. As at the Latest Practicable Date, the Company has not entered into any binding agreement, letter of intent, or memorandum of understanding in respect of any acquisition or strategic investment.
- (g) Approximately [[REDACTED]]%, or HK\$[REDACTED]] of the net [REDACTED] from the [REDACTED], will be used for working capital and other general corporate purposes.

To the extent that our net [REDACTED] are not sufficient to satisfy the working capital requirements for the purpose set forth above, we intend to fund the shortfall through a variety of means, including cash generated from operations and bank financing.

If the [REDACTED] is fixed at the high end of the indicative [REDACTED] range, being HK\$[REDACTED] per [REDACTED], the net [REDACTED] to be received from the [REDACTED] will increase to approximately HK\$[REDACTED]⁽¹⁾ (assuming that there is no exercise of the [REDACTED]). Our Group intends to apply the additional net [REDACTED] for the above purposes on a pro-rata basis. If the [REDACTED] is set at the low end of the indicative [REDACTED] range, being HK\$[REDACTED] per [REDACTED], the net [REDACTED] to be received from the [REDACTED] will decrease to approximately HK\$[REDACTED]⁽¹⁾ (assuming that there is no exercise of the [REDACTED]). Our Group intends to reduce the net [REDACTED] for the above purposes on a pro-rata basis.

FUTURE PLANS AND [REDACTED]

If the [REDACTED] is exercised in full, our Group estimates that the additional net [REDACTED] from the [REDACTED] of these additional Shares to be received by our Group, after deducting [REDACTED] fees and estimated expenses payable by it, will be approximately (i) HK\$[REDACTED]⁽¹⁾, assuming the [REDACTED] is fixed at the high end of the indicative [REDACTED] range, being HK\$[REDACTED] per [REDACTED]; (ii) HK\$[REDACTED]⁽¹⁾, assuming the [REDACTED] is fixed at the mid-point of the indicative [REDACTED] range, being HK\$[REDACTED] per [REDACTED]; and (iii) HK\$[REDACTED], assuming the [REDACTED] is fixed at the low end of the indicative [REDACTED] range, being HK\$[REDACTED] per [REDACTED]. Any additional [REDACTED] to be received by our Group from the exercise of the [REDACTED] will also be allocated to the above purposes on a pro-rata basis. To the extent that the net [REDACTED] are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, our Group intends to deposit the net [REDACTED] into short-term demand deposits with authorised financial institutions and/or licenced banks in Hong Kong.

Note:

- (1) This amount is calculated assuming a [REDACTED] of [REDACTED]% is payable by our Company to [REDACTED] [REDACTED] and [REDACTED].

To the extent that the net [REDACTED] are not immediately applied to the above purposes, and to the extent permitted by applicable laws and regulations, we will deposit the net [REDACTED] only into short-term interest-bearing accounts at licenced commercial banks and/or other authorized financial institutions (as defined under the SFO or other applicable laws and regulations in other jurisdictions).

We will issue an appropriate announcement if there is any material change to any of the above proposed use of [REDACTED].

REASONS FOR THE [REDACTED] AND THE [REDACTED]

We intend to raise funds by the [REDACTED] in order to facilitate the implementation of our business strategies which we deem necessary for our Group’s long-term development.

Enhancing and expanding our production capacity

Our hygienic disposables, including baby care and disposable period underwear products, are key revenue drivers during the Track Record Period. As production capacity is nearing its limit, the net [REDACTED] from the [REDACTED] will be used to expand production facilities and improve operational efficiency, supporting the sustainable development of our business in line with our strategic plans.

FUTURE PLANS AND [REDACTED]

Long-term capital needs

Although we had cash and cash equivalents of approximately RMB17.8 million as at 31 January 2026 and unutilised short-term revolving loan facilities, our Directors consider such resources sufficient only for working capital purposes and inadequate for our long-term expansion plans. In view of growing demand for our sanitary products and the near full utilisation of our production lines, additional long term capital is required to expand our production facilities.

Limitations of debt financing

Although we considered debt financing, including finance leases and bank loans, such funding was assessed to be insufficient for our expansion plan and would impose significant financial burdens due to requirements such as upfront deposits and retention monies. In addition, it is uncommon for a non listed company of our size to obtain adequate long term debt to finance such expansion.

Enhancing our corporate profile and brand awareness and increasing our competitiveness

Our Directors believe that a public [REDACTED] will enhance our corporate profile, brand awareness and credibility with investors, customers and business partners, given the greater transparency and regulatory oversight of a [REDACTED] company. The [REDACTED] is also expected to strengthen our corporate governance and internal controls, thereby increasing customer confidence and enhancing our overall competitiveness.

Enhancing market status among customers, suppliers and employees

Our Directors believe that a [REDACTED] on the Stock Exchange will enhance our credibility with customers and suppliers, thereby strengthening our competitiveness and differentiation in the market. In addition, [REDACTED] status is expected to improve employee retention by providing greater employment stability, enhancing staff confidence and morale at both operational and administrative levels.

FUTURE PLANS AND [REDACTED]

EXPECTED TIMEFRAME FOR THE FUTURE PLAN AND [REDACTED]

	For the six months ending 30 June 2027	For the six months ending 31 December 2027	For the six months ending 30 June 2028	For the six months ending 31 December 2028	For the six months ending 30 June 2029	For the six months ending 31 December 2029	For the six months ending 30 June 2030	For the six months ending 31 December 2030	For the six months ending 30 June 2031	For the six months ending 31 December 2031	Approximate % of net Total	
Major Business Plan	(in million)	(in million)	(in million)	(in million)	(in million)	(in million)	(in million)	(in million)	(in million)	(in million)	(in million)	[REDACTED] HK\$
Land Acquisition and construction of new plant												
- Land Acquisition	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
- Construction of New Plant	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Purchase of New Equipment	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
R&D	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Marketing and Promotion	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Potential M&A projects	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Operational Efficiency Enhancement	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Working Capital	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) As at the Latest Practicable Date, we paid the deposit of the land available at Xintang Subdistrict, Jinjiang, Fujian Province for the new production facility.
- (2) The preliminary preparatory works for the construction of the production workshop, including design finalisation and foundation planning, are expected to commence to start in February 2027 with substantive construction commencing upon completion of land acquisition.
- (3) We plan to pay the deposit for the new production lines in December 2027 and make the second payment in April 2028. The rest of the purchase amount will be paid in October 2028.

Within the same period, we expect relocation of existing production lines to the new production facility to complete in in mid-2028 when the installation and commission of all equipment is completed. We expect to start full-scale commercial production in late-2028.

BASIS AND ASSUMPTIONS

Our future plans and business strategies are formulated on the basis that there will be no material changes to our estimated funding requirements, accounting policies, applicable laws and regulations, taxation, or governmental, political and market conditions; that the [REDACTED] will be completed in accordance with the terms and conditions set out in this document; that we will have sufficient financial resources to meet our planned capital expenditure and business development requirements; that our operations, including the retention of key personnel and relationships with customers and suppliers, will continue in a manner consistent with the Track Record Period; that we will not be materially and adversely affected by the risk factors disclosed in this document; and that our business operations will not be materially disrupted by force majeure events, unforeseeable circumstances or significant economic fluctuations.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

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[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

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ACCOUNTANTS’ REPORT

The following is the text of a report, prepared for the purpose of incorporation in this document, received from the Company’s independent reporting accountants, Forvis Mazars CPA Limited, Certified Public Accountants, Hong Kong.



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INDEPENDENT REPORTING ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION OF FOCUS INTERNATIONAL GROUP LTD. (FORMERLY KNOWN AS “FOCUS INTERNATIONAL LTD.”)

The Directors

FOCUS INTERNATIONAL GROUP LTD.

(formerly known as “FOCUS INTERNATIONAL LTD.”)

VBG Capital Limited

Introduction

We report on the historical financial information of FOCUS INTERNATIONAL GROUP LTD. (formerly known as “FOCUS INTERNATIONAL LTD.”) (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) set out on pages I-[4] to I-[76], which comprises the combined statements of financial position of the Group at 31 December 2023, 2024 and 2025, the statements of financial position of the Company at 31 December 2023, 2024 and 2025, and the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the “Track Record Period”) and material accounting policy information and other explanatory information (together the “Historical Financial Information”). The Historical Financial Information set out on pages I-[4] to I-[76] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the “Document”) in connection with the initial [REDACTED] of shares of the Company on the [REDACTED] 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 the 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 the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

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ACCOUNTANTS’ REPORT

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 (the “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 depended 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, we considered internal control relevant to the Group’s preparation of the 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 Group’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, 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 financial position of the Group at 31 December 2023, 2024 and 2025, the financial position of the Company at 31 December 2023, 2024 and 2025, and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

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ACCOUNTANTS’ REPORT

REPORT ON OTHER MATTERS UNDER THE RULES GOVERNING THE LISTING 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 I-[4] have been made.

Dividends

We refer to Note 12 to the Historical Financial Information which contains information about the dividends declared by entities now comprising the Group in respect of the Track Record Period.

Preparation or audit of financial statements

At the date of this report, no statutory audited financial statements have been prepared for the Company since its date of incorporation.

Note 1 to the Historical Financial Information contains information about whether the financial statements of the members of the Group for the Track Record Period have been audited and, if applicable, the name of the auditors.

Forvis Mazars CPA Limited

Certified Public Accountants

Hong Kong, [•]

APPENDIX I

ACCOUNTANTS’ REPORT

HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of the Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The combined financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were prepared by the directors of the Company in accordance with the accounting policies that conform with IFRS Accounting Standards issued by the International Accounting Standards Board (the “IASB”) (the “Underlying Financial Statements”) and were audited by Forvis Mazars CPA Limited, *Certified Public Accountants, Hong Kong*, in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Renminbi (“RMB”), and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

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ACCOUNTANTS’ REPORT

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		
		2023	2024	2025
	Note	RMB’000	RMB’000	RMB’000
Revenue	5	372,322	447,053	533,369
Cost of sales		<u>(284,729)</u>	<u>(324,270)</u>	<u>(380,996)</u>
Gross profit		87,593	122,783	152,373
Other income	6	2,029	6,070	5,818
Selling and distribution costs		(24,348)	(26,312)	(27,029)
Administrative and other operating expenses		(14,365)	(21,088)	(25,443)
(Provision for) Reversal of impairment loss on trade receivables, net	30	(2,303)	690	306
Provision for impairment loss on other receivables	30	–	–	(330)
Finance costs	7	(395)	(192)	(747)
[REDACTED] expenses		<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Profit before taxation	7	48,211	78,486	96,341
Income tax expense	10	<u>(8,744)</u>	<u>(12,881)</u>	<u>(15,433)</u>
Profit and total comprehensive income for the year		<u>39,467</u>	<u>65,605</u>	<u>80,908</u>
Total comprehensive income for the year attributable to:				
Owners of the Company		39,024	65,605	80,908
Non-controlling interests		<u>443</u>	<u>–</u>	<u>–</u>
		<u>39,467</u>	<u>65,605</u>	<u>80,908</u>

APPENDIX I

ACCOUNTANTS’ REPORT

COMBINED STATEMENTS OF FINANCIAL POSITION

		At 31 December		
	Note	2023 RMB’000	2024 RMB’000	2025 RMB’000
Non-current assets				
Property, plant and equipment	13	26,681	27,148	26,466
Intangible assets	14	–	–	1,798
Right-of-use assets	23	3,154	2,145	2,676
Deposits paid for acquisition of property, plant and equipment	15	–	622	19,270
Deferred tax assets	24	204	263	178
		<u>30,039</u>	<u>30,178</u>	<u>50,388</u>
Current assets				
Inventories	16	38,413	21,545	30,260
Trade and other receivables	17	120,884	131,177	212,523
Amount due from the Controlling Shareholders	21(b)	–	71,503	–
Restricted bank deposits	18	–	–	3,290
Bank balances and cash	19	8,023	10,328	33,628
		<u>167,320</u>	<u>234,553</u>	<u>279,701</u>
Current liabilities				
Trade and other payables	20	94,567	113,669	114,396
Amount due to the Controlling Shareholders	21(a)	25,562	–	3,155
Interest-bearing borrowings	22	5,500	10,080	30,225
Lease liabilities	23	2,120	1,213	2,147
Income tax payable		<u>11,236</u>	<u>15,776</u>	<u>7,060</u>
		<u>138,985</u>	<u>140,738</u>	<u>156,983</u>
Net current assets		<u>28,335</u>	<u>93,815</u>	<u>122,718</u>
Total assets less current liabilities		<u>58,374</u>	<u>123,993</u>	<u>173,106</u>
Non-current liabilities				
Lease liabilities	23	<u>746</u>	<u>760</u>	<u>374</u>
NET ASSETS		<u><u>57,628</u></u>	<u><u>123,233</u></u>	<u><u>172,732</u></u>
Capital and reserves				
Share capital	25(a)	69	69	–*
Reserves	26	<u>57,559</u>	<u>123,164</u>	<u>172,732</u>
TOTAL EQUITY		<u><u>57,628</u></u>	<u><u>123,233</u></u>	<u><u>172,732</u></u>

* Represents amount less than RMB1,000.

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		At 31 December		
	Note	2023 RMB’000	2024 RMB’000	2025 RMB’000
Non-current assets				
Investment in subsidiaries	25(b)	<u>67</u>	<u>67</u>	<u>67</u>
Current assets				
Other receivable		<u>51</u>	<u>26</u>	<u>–</u>
Current liabilities				
Other payables		5	20	56
Amount due to a subsidiary	25(c)	<u>67</u>	<u>67</u>	<u>71</u>
		<u>72</u>	<u>87</u>	<u>127</u>
Net current liabilities		<u>(21)</u>	<u>(61)</u>	<u>(127)</u>
Total assets less current liabilities		<u>46</u>	<u>6</u>	<u>(60)</u>
NET ASSETS/(LIABILITIES)		<u><u>46</u></u>	<u><u>6</u></u>	<u><u>(60)</u></u>
Capital and reserves				
Share capital	25(a)	69	69	–*
Reserves	25(d)	<u>(23)</u>	<u>(63)</u>	<u>(60)</u>
TOTAL EQUITY/(DIFICIT)		<u><u>46</u></u>	<u><u>6</u></u>	<u><u>(60)</u></u>

* Represents amount less than RMB1,000.

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ACCOUNTANTS’ REPORT

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Reserves						Non-controlling interest	Total equity
	Share capital	Capital reserve	Special reserve	Statutory reserve	Accumulated profits	Total reserves		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 25(a))	(Note 26)	(Note 26)	(Note 26)				
At 1 January 2023	–	1,000	(1,000)	1,998	13,924	15,922	4,685	20,607
Profit and total comprehensive income for the year	–	–	–	–	39,024	39,024	443	39,467
Transactions with owners:								
Contributions and distributions								
Issue of shares	69	–	–	–	–	–	–	69
Capitalisation of accumulated profits of Jiaodian	–	19,000	–	–	(19,000)	–	–	–
Appropriation of statutory reserve	–	–	–	4,384	(4,384)	–	–	–
Derecognition of the Non-Core Assets (Note 2)	–	–	1,000	–	–	1,000	–	1,000
Change in ownership interests								
Acquisition of additional interest in a subsidiary (Note 28)	–	–	–	–	1,613	1,613	(5,128)	(3,515)
Total transactions with owners	69	19,000	1,000	4,384	(21,771)	2,613	(5,128)	(2,446)
At 31 December 2023	69	20,000	–	6,382	31,177	57,559	–	57,628

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ACCOUNTANTS’ REPORT

	Attributable to owners of the Company					
	Reserves					
	Share capital	Capital reserve	Statutory reserve	Accumulated profits	Total reserves	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 25(a))	(Note 26)	(Note 26)			
At 1 January 2024	69	20,000	6,382	31,177	57,559	57,628
Profit and total comprehensive income for the year	–	–	–	65,605	65,605	65,605
Transactions with owners:						
<i>Contributions and distributions</i>						
Appropriation of statutory reserve	–	–	6,734	(6,734)	–	–
At 31 December 2024	69	20,000	13,116	90,048	123,164	123,233
At 1 January 2025	69	20,000	13,116	90,048	123,164	123,233
Profit and total comprehensive income for the year	–	–	–	80,908	80,908	80,908
Transactions with owners:						
<i>Contributions and distributions</i>						
Capital injection from the [REDACTED]						
Investments under the Reorganisation (Note (i))	–	1,910	–	–	1,910	1,910
Consideration paid to the Controlling shareholders under the Reorganisation (Note (ii))	–	(33,250)	–	–	(33,250)	(33,250)
Repurchase and cancellation of shares	(69)	–	–	–	–	(69)
Issue of shares (Note (iii) and (iv))	–*	–	–	–	–	–*
Appropriation of statutory reserve	–	–	6,343	(6,343)	–	–
Total transactions with owners	(69)	(31,340)	6,343	(6,343)	(31,340)	(31,409)
At 31 December 2025	–*	(11,340)	19,459	164,613	172,732	172,732

APPENDIX I

ACCOUNTANTS’ REPORT

Note:

- (i) Pursuant to the capital increase and equity enlargement agreement dated 30 September 2024 entered into among Mr. Zhou Hang (“Mr. Zhou”), Ms. He Shanshan (“Mrs. He”) and HK Yueda International Group Co., Limited (“HK Yueda”), Quanzhou Focus Hygiene Products Co., Ltd. (“Jiaodian”) proposed to increase its registered capital from RMB20,000,000 to RMB20,200,000 and allot and issue approximately 1% of its enlarged capital to HK Yueda at a consideration of RMB1,910,000 (the “[REDACTED] Investments”). The consideration was fully received during the year ended 31 December 2025.
- (ii) Pursuant to the equity transfer agreements dated 19 December 2024 entered into between Mr. Zhou, Ms. He and Focus Technology Group Co., Limited (“Focus Technology”), respectively, each of Mr. Zhou and Ms. He agreed to transfer 59.4% and 39.6% shares in Jiaodian to Focus Technology for a consideration of approximately RMB19,950,000 and RMB13,300,000, respectively. The consideration was fully paid during the year ended 31 December 2025. Accordingly, Jiaodian and Yuejian, a wholly-owned subsidiary of Jiaodian, became indirectly wholly-owned subsidiary of the Company.
- (iii) Pursuant to the written resolutions of the shareholders of the Company passed on 29 May 2025, 20,000 and 30,000 ordinary shares of HK\$0.0001 each were allotted and issued to Wanrong International Limited (“Wanrong”) and Wansheng International Limited (“Wansheng”), wholly-owned companies of the Controlling Shareholders (as defined in Note 1) for a consideration of HK\$2.00 and HK\$3.00, respectively.
- (iv) Pursuant to the share swap agreement dated 11 June 2025, Centrum International Holding Limited (“Centrum”) transferred the entire issued share of Happy Medicine Care to the Company in consideration of issuance of 500 ordinary shares of HK\$0.0001 each by the Company to the Centrum. Accordingly, Happy Medicine Care and HK Yueda, a wholly-owned subsidiary of Happy Medicine Care became a wholly-owned subsidiary of the Company.

Details of the above equity transactions under the Reorganisation (as defined in Note 1) are set out in the paragraph headed “Reorganisation” of the section headed “History, Reorganisation and Corporate Structure” of the documents.

* Represents amount less than RMB1,000.

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ACCOUNTANTS’ REPORT

COMBINED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
OPERATING ACTIVITIES			
Profit before taxation	48,211	78,486	96,341
Adjustments for:			
Amortisation of intangible assets	–	–	15
Depreciation of property, plant and equipment	3,798	4,405	4,331
Depreciation of right-of-use assets	1,986	348	2,849
Finance costs	395	192	747
Loss on disposal of property, plant and equipment, net	752	1,908	604
Loss (Gain) on early termination of leases	–	285	(12)
Provision for (Reversal of) impairment loss on trade receivables, net	2,303	(690)	(306)
Provision for impairment loss on other receivables	–	–	330
Interest income	(27)	(92)	(15)
Operating cash flows before changes in working capital	57,418	84,842	104,884
Changes in working capital:			
Inventories	3,277	16,868	(8,715)
Trade and other receivables	(87,498)	(9,603)	(81,439)
Trade and other payables	23,008	22,081	3,560
Restricted bank deposits	–	–	(3,290)
Cash (used in) generated from operations	(3,795)	114,188	15,000
Income tax paid	(3,059)	(8,400)	(24,064)
Net cash (used in) from operating activities	(6,854)	105,788	(9,064)
INVESTING ACTIVITIES			
Interest received	27	92	15
Payments for acquisition of property, plant and equipment	(9,490)	(14,461)	(26,283)
Payments for acquisition of intangible assets	–	–	(1,813)
Proceeds from disposal of property, plant and equipment	1,151	4,080	549
Net cash used in investing activities	(8,312)	(10,289)	(27,532)

APPENDIX I

ACCOUNTANTS’ REPORT

	<i>Note</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
FINANCING ACTIVITIES				
Interest paid		(203)	(173)	(607)
Inception of interest-bearing borrowings		13,880	13,080	40,000
Repayment of interest-bearing borrowings		(10,325)	(8,500)	(19,855)
Repayment of lease liabilities		(2,512)	(536)	(2,960)
Payment from (to) the Controlling Shareholders		23,517	(97,065)	74,658
Net cash outflows from acquisition of additional interest in a subsidiary	28	(3,515)	–	–
Repayment to the former non-controlling equityholders of a subsidiary		(1,083)	–	–
Capital injection from the [REDACTED] Investments under the Reorganisation		–	–	1,910
Consideration paid to the Controlling Shareholders under the Reorganisation		<u>–</u>	<u>–</u>	<u>(33,250)</u>
Net cash from (used in) financing activities		<u>19,759</u>	<u>(93,194)</u>	<u>59,896</u>
Net increase in cash and cash equivalents		4,593	2,305	23,300
Cash and cash equivalents at the beginning of the reporting period		<u>3,430</u>	<u>8,023</u>	<u>10,328</u>
Cash and cash equivalents at the end of the reporting period, represented by bank balances and cash	19	<u><u>8,023</u></u>	<u><u>10,328</u></u>	<u><u>33,628</u></u>

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION AND REORGANISATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 5 January 2023. The address of the Company’s registered office is [REDACTED] of 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands. The Company’s principal place of business in Hong Kong is situated at Unit 1910, 19/F, C C Wu Building, 302-308 Hennessy Road, Wan Chai, Hong Kong and the Group’s head office and principal place of business activities are situated at No. 185-A5-301 Tailin, Shengdong Village, Shengxin Town, Nan’an City, Quanzhou City, Fujian Province, China.

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and sales of hygienic disposables and hygienic disposable materials in the PRC.

At the date of this report, the immediate holding companies of the Company are Wanrong and Wansheng, which are incorporated in the British Virgin Islands (the “BVI”). In the opinion of the directors of the Company, the Company is ultimately controlled by Mr. Zhou and Mr. Zhou’s spouse, Ms. He (referred to as the “Controlling Shareholders”), who have been acting in concert over the course of the Group’s business history.

Pursuant to a group reorganisation (the “Reorganisation”), which was completed on 11 June 2025, as detailed in the paragraph headed “Reorganisation” of the section headed “History, Reorganisation and Corporate Structure” of the document issued in connection with the initial [REDACTED] of shares of the Company (the “[REDACTED]”) on the [REDACTED] of the Stock Exchange, the Company became the holding company of the entities now comprising the Group.

At the date of this report, the particulars of the Company’s subsidiaries, which are private limited liability companies, of which the Company has direct/indirect interests are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and paid up capital	Attributable equity interests held by the Company	Principal activities/ Place of operation
<i>Directly held by the Company</i>				
Focus Group Global Limited (“Focus Global”) (Note (i))	The BVI 2 February 2023	United States dollars (“US\$”) 10,000	100%	Investment holding/ The BVI
Happy Medicine Care International Holding Limited (“Happy Medicine Care”) (Note (i))	The BVI, 3 September 2024	US\$1	100%	Investment holding/ The BVI

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Name of subsidiary	Place and date of incorporation/ establishment	Issued and paid up capital	Attributable equity interests held by the Company	Principal activities/ Place of operation
<i>Indirectly held by the Company</i>				
Focus Technology Group Co., Limited (“Focus Technology”)	Hong Kong, 2 March 2023	Hong Kong dollars (“HK\$”) 10,000	100%	Investment holding/ Hong Kong
HK Yueda International Group Co., Limited (“HK Yueda”)	Hong Kong, 11 September 2024	HK\$1	100%	Investment holding/ Hong Kong
泉州市焦點衛生用品有限公司 Quanzhou Focus Hygiene Products Co., Ltd.* (“Jiaodian”)	The PRC, 21 February 2014	RMB20,200,000	100%	Sales of hygienic disposables products and materials/The PRC
福建省悅健護理用品有限公司 Fujian Yuejian Care Products Co., Ltd.* (“Yuejian”)	The PRC, 1 December 2020	RMB30,000,000	100%	Manufacturing and sales of hygienic disposable products and materials/The PRC

Set forth below is the information of the financial statements, as prepared in accordance with respective local financial reporting standards, of the Company’s subsidiaries that have been audited and fall into the Track Record Period.

Subsidiary	Financial period	Auditors
Jiaodian	For the years ended 31 December 2023, 2024 and [2025] Shenzhen Xinjiubo Certified Public Accountants LLP*	深圳鑫九博會計師事務所(特殊普通合伙)
Yuejian	For the years ended 31 December 2023, 2024 and [2025] Shenzhen Xinjiubo Certified Public Accountants LLP*	深圳鑫九博會計師事務所(特殊普通合伙)
Focus Technology	For the period ended 31 December 2023 For the years ended 31 December 2024 and 2025	Global Glory CPA Limited, <i>Certified Public Accountants,</i> <i>Hong Kong</i>
HK Yueda	For the period ended 31 December 2024 For the year ended 31 December 2025	Global Glory CPA Limited, <i>Certified Public Accountants,</i> <i>Hong Kong</i>

- (i) No audited financial statements of these companies were issued as there is no statutory audit requirement at their places of incorporation/establishment.

* English translation is for identification purpose only.

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2. BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

Pursuant to the Reorganisation, as more fully explained in the paragraph headed “Reorganisation” of the section headed “History, Reorganisation and Corporate Structure” of the document, the Company became the holding company of the entities now comprising the Group are ultimately controlled by the Controlling Shareholders on 11 June 2025. The Group’s business is mainly conducted through Jiaodian and Yuejian. The Company and other entities within the Group have not been involved in any other significant activities prior to the Reorganisation. As the Reorganisation did not result in any change in the ultimate control of and the resources employed by the Group’s business, the Group is regarded as a continuing entity and, therefore, the Reorganisation is considered to be a restructuring of entities and business under common control.

As further explained in the paragraph headed “Merger accounting for business combination involving entities under common control” in Note 3, except for the changes in ownership interests in subsidiaries that do not result in a change in control as detailed in Note 28, the Historical Financial Information presents the combined financial information of the entities now comprising the Group as if the current group structure had always been in existence throughout the Track Record Period or since their respective date of incorporation or establishment, where applicable.

The Historical Financial Information aims to include assets, liabilities, income and expenses that are related to and specifically identified for the Group’s business. During the Track Record Period, the following companies, entirely owned by Jiaodian and Yuejian, were regarded as non-core assets (the “Non-core Assets”) of the Group, which are not directly related to, nor form part of, the Group’s principal business.

Name	Place of incorporation/ establishment	Equity interest held by the Group prior to deregistration	Principal activities
泉州金杉投資有限公司 Quanzhou Jinshan Investment Company Limited* (“Quanzhou Jinshan”)	The PRC	100%	Investment holdings
泉州貼伴科技有限公司 Quanzhou Tieban Technology Company Limited* (“Quanzhou Tieban”)	The PRC	100%	Developing and providing e-commerce services

* English translation is for identification purpose only.

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RMB1,000,000 investment cost was made to Quanzhou Jinshan and no investment cost was made to Quanzhou Tieban by the Group, and Quanzhou Jinshan and Quanzhou Tieban were deregistered on 7 March 2023 and 17 January 2024, respectively.

For the purpose of this report, the Group had segregated the relevant financial information of the Non-core Assets from the historical financial information of the Group’s principal business for the preparation of the Historical Financial Information. In particular, the investment made and carrying amount of the Non-core Assets during each reporting period were reflected as movements and balances in the combined statements of changes in equity under the heading of “special reserve” as deemed equity transactions with the Controlling Shareholders and will not form part of the Group following completion of the Reorganisation. Such presentation ceased when the Non-core Assets were formally dissolved in 2023 and 2024 respectively. The Historical Financial Information excludes the movements and balances of the Non-core Assets which, in the opinion of the directors of the Company, are clearly delineated from the Group’s principal business and whose movements and balances are clearly identifiable.

The Historical Financial Information has been prepared based on the accounting policies set out in Note 3 which conforms with IFRS Accounting Standards issued by the IASB.

3. MATERIAL ACCOUNTING POLICIES

Statement of compliance

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards issued by the IASB, which collective term includes all applicable individual IFRS Accounting Standards, IAS Standards and IFRIC Interpretations issued by the IASB. The Historical Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The IASB has issued a number of new/revised IFRS Accounting Standards during the Track Record Period. For the purpose of the Historical Financial Information, the Group has consistently adopted all these new/revised IFRS Accounting Standards that are relevant to its operations and are effective during the Track Record Period. The adoption of those new/revised IFRS Accounting Standards does not have any significant impact on the Historical Financial Information.

A summary of the material accounting policies adopted by the Group in preparing the Historical Financial Information is set out below.

Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis as explained in the material accounting policies set out below.

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Basis of combinations

The Historical Financial Information comprises the financial statements of the Company and all of its subsidiaries for the Track Record Period. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are combined from the date on which the Group obtains control and continue to be combined until the date that such control ceases.

Non-controlling interests are presented, separately from owners of the Company, in the combined statements of profit or loss and other comprehensive income and within equity in the combined statements of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree’s net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments’ proportionate share in the recognised amounts of the acquiree’s identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by IFRS Accounting Standards.

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the Company and the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Changes in ownership interest

Changes in the Group’s ownership interest in a subsidiary that do not result in a change of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

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For the assessment of the Group’s control over and the allocation of results and residual interests on a non-wholly owned subsidiary, the Group considers the rights and obligations among the equityholders of that subsidiary with reference to the paid-up capital or registered capital in accordance with the equityholders’ agreement (if any), the articles and the applicable laws and regulations.

Business combinations

(a) Acquisition method of accounting

The acquisition method is used to account for the acquisition of subsidiaries of the Group, except for those acquisitions which qualify as business combination under common control which are accounted for using merger accounting.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair value of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are principally recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets and liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed at acquisition date. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on bargain purchase.

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Non-controlling interests that are initially measured either at fair value or at the non-controlling interests’ proportionate share of the recognised amounts of the acquiree’s identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

(b) Merger accounting for business combination involving entities under common control

The Historical Financial Information incorporates the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the Controlling Shareholders.

The net assets of the combining entities or businesses are combined using the existing carrying values from the Controlling Shareholders’ perspective. No amount is recognised as consideration for goodwill or excess of acquirer’s interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the Controlling Shareholders’ interest. All differences between the cost of acquisition (fair value of consideration paid) and the amounts at which the assets and liabilities, arising from the Reorganisation, are recognised directly in equity as part of the capital reserve. The combined statements of profit or loss and other comprehensive income 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 the common control, where this is a shorter period, regardless of the date of the common control combination.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting, are recognised as an expense in the period in which they are incurred.

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Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company’s statements of financial position, investments in subsidiaries are stated at cost less impairment loss (if any). The carrying amount of the investments is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Machinery	5 – 10 years
Furniture, fixtures and equipment	3 – 5 years
Motor vehicles	4 – 5 years
Leasehold improvements	Shorter of assets useful lives or remaining lease term

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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

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Intangible assets

Research and development cost

Research costs are expensed as incurred. Costs incurred on development activities, which involve the application of research findings to a plan or design for the production of new or substantially improved products and processes, are capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in profit or loss as an expense as incurred. When the asset is available for use, the capitalised development costs are amortised on a straight-line basis over their estimated useful lives.

During the Track Record Period, no development cost was capitalised by the Group.

Software

Software is initially recognised and measured at cost incurred to acquire and being to use. Subsequent to initial recognition, the software with finite useful lives are reported at costs less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method over expected lives of software, which are determined 10 years.

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group’s contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

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.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

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Classification and measurement

Financial assets (except for trade receivables without a significant financing component which are initially measured at their transaction price) are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss (“FVPL”), transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income (“FVOCI”); (iii) equity investment measured at FVOCI; or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group’s business model for managing the financial assets and the financial asset’s contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVPL:

- (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group’s financial assets at amortised cost include trade and other receivables, amount due from the Controlling Shareholders and bank balances and cash.

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

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Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

All financial liabilities, except for financial liabilities at FVPL, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets

The Group recognises loss allowances for expected credit losses (“ECL”) on financial assets that are measured at amortised cost. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

- (i) past due information;
- (ii) nature of instruments;
- (iii) nature of collateral (if any);
- (iv) industry of debtors;
- (v) geographical location of debtors; and
- (vi) external credit risk ratings.

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Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument’s credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial asset that meets any of the following criteria.

- (i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or
- (ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument 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. In particular, the following information is taken into account in the assessment:

- the debtor’s failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument’s external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor’s ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

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Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

Low credit risk

A financial instrument is determined to have low credit risk if:

- (i) it has a low risk of default;
- (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Simplified approach of ECL

For trade receivables without a significant financing components or otherwise for which the Group applies the practical expedient not to account for the significant financing components, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

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Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group’s procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

Cash equivalents

For the purpose of the combined statements of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Revenue recognition

Revenue from contracts with customers within IFRS 15

Nature of goods or services

The nature of the goods or services provided by the Group is manufacturing and sales of hygienic disposables and hygienic disposable materials.

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

- (a) a good or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

- (a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and
- (b) the Group’s promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

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Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- (b) the Group’s performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Revenue from sales of hygienic disposables and hygienic disposable materials are recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers and the title is passed.

Transaction price: significant financing components

When the contract contains a significant financing component (i.e. the customer or the Group is provided with a significant benefit of financing the transfer of goods or services to the customer), in determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money. The effect of the significant financing component is recognised as an interest income or interest expense separately from revenue from contracts with customers in profit or loss.

The Group determines the interest rate that is commensurate with the rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception by reference to, where appropriate, the interest rate implicit in the contract (i.e. the interest rate that discounts the cash selling price of the goods or services to the amount paid in advance or arrears), the prevailing market interest rates, the Group’s borrowing rates and other relevant creditworthiness information of the customer of the Group.

The Group has applied the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for the effect of the significant financing component if the period of financing is one year or less.

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Variable consideration

If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to a customer. The variable consideration is estimated by using either the expected-value or the most-likely-amount method whichever is better to predict the entitled amount. The estimated variable consideration is then included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised of the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Refund liabilities

The Group grants certain customers with the right to return the products with defective or counterfeit, or for reasons such as a misrepresentation or misleading product description, or within the predetermined period for unconditional return. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Group recognises a right to returned goods asset and a corresponding adjustment to cost of sales in respect of the right to recover the product when customers exercise their right of return. With reference to its historical experience and its expectation of future returns as adjusted for current relevant information, the Group estimates the number of returns using the most-likely-amount method and assesses whether the estimated variable consideration is constrained. Any significant estimation variances will be analysed and taken into consideration in the current estimation and assessment. Typically, the estimated consideration is not constrained.

During the Track Record Period, the Group estimated and adjusted the refund liabilities to revenue from time to time and there were no significant product return from customers which is subject to refund liabilities at the end of each reporting period.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for specified goods or services to be provided by the other party.

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The Group is acting as a principal for all of its goods as the Group controls all of its goods before the good transferred to its customers and its performance obligation is to transfer those goods to its customers.

Interest income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

Contract liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group’s right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

The Group has an unconditional right to an amount of consideration from the customer which are largely in line with the timing of revenue recognition and no significant contract assets are recognised. Contract liabilities in relation to the non-refundable receipts in advance is reported under “Other Payables”.

Foreign currency translation

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The Historical Financial Information is presented in RMB and rounded to the nearest thousands unless otherwise indicated. The Company’s functional currency is HK\$ and the functional currency of majority of the Group’s subsidiaries is RMB.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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The results and financial position of all the group entities that have a functional currency different from the presentation currency (“foreign operations”) are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented, are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rate;
- all resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group’s net investment in a foreign operation are recognised as a separate component of equity;
- on the disposal of a foreign operation, which includes a disposal of the Group’s entire interest in a foreign operation and a disposal involving the loss of control over a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised; and
- on the partial disposal of the Group’s interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Impairment of other assets

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment, intangible assets, right-of-use assets and deposits paid for acquisition of property, plant and equipment and the Company’s investments in subsidiaries may be impaired or impairment loss

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previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

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 cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as an income in profit or loss immediately.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate unless there is no future service or other conditions attached to the grants which would be recognised in the profit or loss when they are approved by and the cash are received from the relevant authorities. Where the grant relates to an asset, the fair value is recognised as a reduction from the carrying amount of the relevant assets and is released to profit or loss over the expected useful life of the relevant assets.

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

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The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and, where applicable, the aggregate stand-alone price of the non-lease components.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the Group; and
- (d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives at the annual rates/useful lives of the right-of-use asset (unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option – in which case depreciation is provided over the estimated useful life of the underlying assets) as follows:

Leased properties

Over the lease term

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the lease.

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The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate;
- (c) amounts expected to be payable under residual value guarantees;
- (d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

A lease modification is accounted for as a separate lease if

- (a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

- (a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above;
- (b) the Group determines the lease term of the modified contract;
- (c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term;
- (d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss; and/or
- (e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

Employee benefits***Short term employee benefits***

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees.

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

In accordance with the rules and regulations in the PRC, the employees of the Group’s entities established in the PRC are required to participate in defined contribution retirement plans organised by local governments. Contributions to these plans are expensed in profit or loss as incurred and other than these monthly contributions, the Group has no further obligation for the payment of retirement benefits to its employees.

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Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences is not recognised.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investment in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Related parties

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person’s family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of the holding company of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.

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- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the holding company of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person’s children and spouse or domestic partner;
- (b) children of that person’s spouse or domestic partner; and
- (c) dependants of that person or that person’s spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to Group’s most senior executive management for the purpose of allocating resources to, and assessing the performance of the Group’s various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

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Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group’s accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

- (i) Key sources of estimation uncertainty are as follows:

Useful lives of property, plant and equipment and intangible assets

The management of the Group determines the estimated useful lives of the Group’s property, plant and equipment and intangible assets based on the historical experience of the actual useful lives of the relevant assets of similar nature and functions. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

Impairment of non-financial assets

The management of the Group determines whether the Group’s property, plant and equipment, intangible assets, right-of-use assets and deposits paid for acquisition of property, plant and equipment are impaired when an indication of impairment exists. This requires an estimation of the recoverable amount of property, plant and equipment, intangible assets, right-of-use assets and deposits paid for acquisition of property, plant and equipment, which is equal to the higher of fair value less costs of disposal and value in use. Estimating the value in use requires the management to make an estimate of the expected future cash flows from property, plant and equipment and right-of-use assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment will be charged to profit or loss.

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Allowance for inventories

The Group’s management reviews the condition of inventories and inventory ageing analysis periodically and where applicable, and makes allowance for inventories that are identified as obsolete, slow-moving or no longer recoverable or suitable for use in production. The Group carries out the inventory review on a product-by-product basis and makes allowances at the end of each reporting period based on management’s estimation of the net realisable value, considering the latest market prices and current market conditions.

Loss allowance for ECL

The Group’s management estimates the loss allowance for financial assets at amortised cost including trade and other receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group’s historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables.

Income tax

Significant estimates are required in determining the provision for income taxes and deferred taxation. There are transactions and calculations for which the ultimate tax determination is uncertain where the final tax outcome of these matters may be different from the amounts that were initially recorded and such differences will affect the income tax and deferred tax provision in the period in which such determination is made.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. In cases where the actual future profits generated are different from the original estimate, a material recognition of deferred tax assets may arise, which would be recognised in profit or loss in the period in which such estimate is changed.

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- (ii) Critical judgements made in applying accounting policies

Control over a non-wholly owned subsidiary – Fujian Yuejian Care Products Co., Ltd. (“Yuejian”)

The Group entered into several equity transfer agreements with former non-controlling equityholders of Yuejian to acquire entire equity interests in Yuejian during the years ended 31 December 2021, 2022 and 2023. After the completion of equity transfer transactions on 27 January 2021 and 28 October 2021, the Group owned 35.7% registered capital of Yuejian and contributed 63% paid-up capital in Yuejian up to 31 December 2021. Upon the completion of equity transfer transaction on 20 May 2022 (the “FY2022 Acquisition”), the Group owned 67.5% registered capital of Yuejian and contributed 85% paid-up capital in Yuejian. The Group then acquired remaining 32.5% registered capital in Yuejian from those former non-controlling equityholders on 29 May 2023. Details of the FY2022 Acquisition are set out in Note 28.

Pursuant to the shareholders’ resolution passed among equityholders of Yuejian, the equityholders of Yuejian should exercise their corresponding voting rights and own the rights and obligations among the equityholders of Yuejian in proportion to their actual paid-up capital contributions in Yuejian and in accordance with the article of Yuejian, the sole director of Yuejian is appointed by the shareholders’ meeting to direct the relevant activities of Yuejian.

Given that, notwithstanding the Group did not hold majority registered capital in Yuejian prior to the completion of FY2022 Acquisition, the Group contributed a majority of paid-up capital of Yuejian since 28 October 2021, and therefore the Group has majority voting rights in shareholders’ meeting of Yuejian and the right to appoint the sole director of Yuejian to direct operating and financing decision making activities of Yuejian, the directors of the Company concluded that the Group has obtained control over Yuejian as the Group has power over Yuejian from its majority voting rights, and the Group is exposed, or has rights, to variable returns from its involvement with Yuejian and has the ability to affect those returns through its power over Yuejian since 28 October 2021 and accordingly, the Group has combined the relevant financial information of Yuejian into the Historical Financial Information and accounted for the Group’s allocation of results and residual interests on Yuejian and relative non-controlling interests in Yuejian in proportion to their respective actual paid-up capital contribution in Yuejian for the Track Record Period.

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Future changes in IFRS Accounting Standards

At the date of approving the Historical Financial Information, the IASB has issued the following new/revised IFRS Accounting Standards that are not yet effective for the Track Record Period, which the Group has not early adopted.

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ^[1]
Annual Improvements to IFRS Accounting Standards	Volume 11 ^[1]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ^[1]
IFRS 18	Presentation and Disclosure in Financial Statements ^[2]
IFRS 19	Subsidiaries without Public Accountability: Disclosures ^[2]
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ^[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ^[3]

^[1] Effective for annual periods beginning on or after 1 January 2026

^[2] Effective for annual periods beginning on or after 1 January 2027

^[3] The effective date to be determined

The management of the Group does not anticipate that the adoption of the new/revised IFRS Accounting Standards in future periods will have any material impact on the Group’s combined financial position or performance.

4. SEGMENT INFORMATION

The directors of the Company have determined that the Group has only one operating and reportable segment throughout the Track Record Period, as the Group manages its business as a whole as the manufacturing and sales of hygienic disposables and hygienic disposable materials. The executive directors of the Company, being the chief operating decision-makers of the Group, regularly review the internal financial reports on the same basis for the purposes of allocating resources and assessing performance of the Group.

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Geographical information

(a) Revenue from external customers

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

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
The PRC (excluding Hong Kong, Macau and Taiwan)	143,800	200,651	335,872
Uzbekistan	59,824	51,697	71,143
Pakistan	53,719	52,050	32,535
Hong Kong	27,690	38,342	41,107
South Korea	13,889	7,786	4,141
Southeast Asia (<i>Note</i>)	25,430	55,798	22,531
Nigeria	18,482	17,462	6,141
Others	29,488	23,267	19,899
	<u>372,322</u>	<u>447,053</u>	<u>533,369</u>

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

(b) Non-current assets

The non-current assets information is based on the locations of assets and included the Group’s property, plant and equipment, intangible assets, right-of-use assets and deposits paid for acquisition of property, plant and equipment (the “Non-current Assets”). All of the Group’s non-current Assets were located in the PRC.

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Information about major customers

Details of the customers (presented by entities under common control, if appropriate) individually accounting for 10% or more of the total revenue of the Group during the Track Record Period are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Customer A	<u>51,114</u>	<u>58,589</u>	<u>87,184</u>

5. REVENUE

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Revenue from contracts with customers within IFRS 15, at point in time			
Sales of hygienic disposables			
– Babycare	111,988	139,079	131,372
– Feminine care	64,571	113,706	163,698
– Adult incontinence	<u>15,063</u>	<u>15,065</u>	<u>32,825</u>
	<u>191,622</u>	<u>267,850</u>	<u>327,895</u>
Sales of hygienic disposable materials	<u>180,700</u>	<u>179,203</u>	<u>205,474</u>
	<u>372,322</u>	<u>447,053</u>	<u>533,369</u>

The revenue recognised for the years ended 31 December 2023, 2024 and 2025, which was included in the contract liabilities at the beginning of respective reporting periods were approximately RMB20,149,000, RMB22,389,000 and RMB15,968,000 respectively (*Note 20(c)*).

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6. OTHER INCOME

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Sales of production wastes	1,635	2,177	1,969
Government grants (<i>Note (i)</i>)	335	155	1,041
Gain on early termination of leases	–	–	12
Interest income	27	92	15
Sundry income	32	174	106
Exchange gain, net	–	1,847	692
Additional deduction of input value-added tax (“VAT”) (<i>Note (ii)</i>)	–	1,625	1,983
	<u>2,029</u>	<u>6,070</u>	<u>5,818</u>

Notes:

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

There were no unfulfilled conditions or contingencies relating to these grants during the Track Record Period.

- (ii) According to Announcement 2023 No. 43 of the Ministry of Finance and the State Taxation Administration of the PRC, with effect from 1 January 2023 and until 31 December 2027, advanced manufacturing enterprises are eligible for additional VAT credits by 5% of the current period creditable input VAT. A subsidiary of the Company, Yuejian is qualified for the additional deduction of the VAT credit.

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7. PROFIT BEFORE TAXATION

This is stated after charging (crediting):

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Finance costs			
Interest on interest-bearing borrowings	203	173	607
Interest on lease liabilities	<u>192</u>	<u>19</u>	<u>140</u>
	<u>395</u>	<u>192</u>	<u>747</u>
Staff costs (including directors’ remuneration)			
Salaries, allowances, discretionary bonus and other benefits in kind	12,588	12,444	14,800
Contributions to defined contribution plans	<u>491</u>	<u>934</u>	<u>1,577</u>
	<u>13,079</u>	<u>13,378</u>	<u>16,377</u>
Other items			
Auditor’s remuneration	–	–	30
Cost of inventories (<i>Note (i)</i>)	284,729	324,270	380,996
Amortisation of intangible assets (charged to “cost of sales”)	–	–	15
Depreciation of property, plant and equipment (charged to “cost of sales”, “selling and distribution expenses” and “administrative expenses”, as appropriate)	3,798	4,405	4,331
Depreciation of right-of-use assets (charged to “cost of sales” and “administrative expenses”)	1,986	348	2,849
Exchange loss (gain), net	1,342	(1,847)	(692)
Expenses recognised under short-term leases (charged to “cost of sales” and “administrative expenses”)	320	1,955	45
Loss on disposal of property, plant and equipment, net	752	1,908	604
Loss (Gain) on early termination of leases	–	285	(12)
Research and development expenses (included in “administrative expenses”) (<i>Note (ii)</i>)	<u>5,758</u>	<u>9,071</u>	<u>12,778</u>

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Notes:

- (i) Cost of inventories included approximately RMB9,837,000, RMB10,491,000 and RMB12,364,000 relating to the aggregated amount of certain staff costs, depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of intangible assets and short-term leases expense which were included in the respective amounts as disclosed above during the years ended 31 December 2023, 2024 and 2025, respectively.
- (ii) During the Track Record Period, the Group carried out several research and development projects for (i) enhancement of the existing products quality and production efficiency and (ii) development of new products (together, the “Research and Development Activities”). Having considered the enhancement to the existing products’ quality and production efficiency cannot be clearly quantified and the technical feasibility for the completion of new projects are uncontrollable, the costs incurred in the Research and Development Activities are recognised in the profit or loss as incurred during the corresponding periods.

8. DIRECTORS’ EMOLUMENTS

The Company was incorporated in the Cayman Islands on 5 January 2023 and Mr. Zhou was appointed as a director of the Company on 5 January 2023 and was re-designated as an executive director of the Company on 12 June 2025. Ms. He, Mr. Chen Zhenbing and Ms. Yu Yahuan were appointed as executive directors of the Company on 12 June 2025, 12 June 2025 and 12 June 2025 respectively. Mr. Chen Chaohui, Mr. Ng Tat Fung and Mr. Shi Wei were appointed as independent non-executive directors of the Company on [•].

Certain directors of the Company received remuneration from the entities now comprising the Group during the Track Record Period for their employment as directors or employees of these entities. The aggregate amounts of remuneration received and receivable by the directors of the Company during the Track Record Period are set out below.

Year ended 31 December 2023

	Directors’ fee	Salaries, allowances and other benefits in kind	Discretionary bonus	Contributions to defined contribution plans	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
<i>Executive directors</i>					
Mr. Zhou Hang	–	200	–	60	260
Ms. He Shanshan	–	79	–	24	103
Mr. Chen Zhenbing	–	165	–	46	211
Ms. Yu Yahuan	–	71	–	3	74
	–	515	–	133	648

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Year ended 31 December 2024

	Directors’ fee RMB’000	Salaries, allowances and other benefits in kind RMB’000	Discretionary bonus RMB’000	Contributions to defined contribution plans RMB’000	Total RMB’000
<i>Executive directors</i>					
Mr. Zhou Hang	–	192	–	57	249
Ms. He Shanshan	–	82	–	24	106
Mr. Chen Zhenbing	–	178	–	53	231
Mr. Yu Yahuan	–	66	–	20	86
	–	518	–	154	672

Year ended 31 December 2025

	Directors’ fee RMB’000	Salaries, allowances and other benefits in kind RMB’000	Discretionary bonus RMB’000	Contributions to defined contribution plans RMB’000	Total RMB’000
<i>Executive directors</i>					
Mr. Zhou Hang	–	574	–	148	722
Ms. He Shanshan	–	281	–	85	366
Mr. Chen Zhenbing	–	183	–	56	239
Mr. Yu Yahuan	–	80	–	35	115
	–	1,118	–	324	1,442

During the Track Record Period, no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

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9. FIVE HIGHEST PAID INDIVIDUALS

An analysis of the five highest paid individuals during the Track Record Period is as follows:

	Number of individuals		
	Year ended 31 December		
	2023	2024	2025
Director	2	2	3
Non-director	3	3	2
	<u>5</u>	<u>5</u>	<u>5</u>

Details of the remuneration of the above highest paid non-director individual are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances, discretionary bonus and other benefits in kind	449	465	332
Contributions to defined contribution plans	134	139	98
	<u>583</u>	<u>604</u>	<u>430</u>

The number of these non-director individual whose emoluments fell within the following emoluments band is as follows:

	Number of individuals		
	Year ended 31 December		
	2023	2024	2025
Nil to HK\$1,000,000	<u>3</u>	<u>3</u>	<u>2</u>

During the Track Record Period, no remuneration was paid by the Group to any of these highest paid non-director individual as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which any of these highest paid non-director individual waived or agreed to waive any emoluments during the Track Record Period.

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10. INCOME TAX EXPENSE

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current tax			
PRC Enterprise Income Tax (“EIT”)	8,716	12,940	15,348
Deferred taxation			
Changes in temporary differences (<i>Note 24</i>)	<u>28</u>	<u>(59)</u>	<u>85</u>
Total income tax expense for the year	<u><u>8,744</u></u>	<u><u>12,881</u></u>	<u><u>15,433</u></u>

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

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong during the Track Record Period.

The group entities established in the PRC are subject to PRC EIT at a statutory rate of 25% during the Track Record Period except for Yuejian which has been recognised as High and New Technology Enterprise (the “HNTE”) since December 2023 and is entitled to a preferential tax rate of 15% for the years ended 31 December 2023, 2024 and 2025. The entitlement of the HNTE is subject to renewal by the tax bureau in the PRC every three years. The latest approval of the HNTE for Yuejian was obtained in December 2023 for the three years ending 31 December 2025.

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Reconciliation of income tax expense

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Profit before taxation	<u>48,211</u>	<u>78,486</u>	<u>96,341</u>
Income tax at statutory tax rate applicable in respective territories	12,053	19,622	24,097
Effect of preferential tax treatments	(2,878)	(6,267)	(8,876)
Non-deductible expenses	433	887	2,129
Additional tax deduction for research and development expenses (<i>Note</i>)	<u>(864)</u>	<u>(1,361)</u>	<u>(1,917)</u>
Income tax expense for the year	<u>8,744</u>	<u>12,881</u>	<u>15,433</u>

Note: According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC, an enterprise engaging in research and development activities is entitled to claim 200% of its qualified research and development expenses incurred as tax deductible expenses when determining its assessable profits for the relevant reporting periods.

11. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of the Historical Financial Information, is not considered meaningful.

12. DIVIDENDS

During the Track Record Period, no dividends have been declared or paid by the Company.

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13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements RMB’000	Machinery RMB’000	Furniture, fixtures and equipment RMB’000	Motor vehicles RMB’000	Total RMB’000
Reconciliation of carrying amount – year ended 31 December 2023					
At 1 January 2023	2,702	22,462	457	814	26,435
Additions	5	5,812	60	70	5,947
Depreciation	(730)	(2,596)	(164)	(308)	(3,798)
Disposals	–	(1,903)	–	–	(1,903)
At 31 December 2023	<u>1,977</u>	<u>23,775</u>	<u>353</u>	<u>576</u>	<u>26,681</u>
Reconciliation of carrying amount – year ended 31 December 2024					
At 1 January 2024	1,977	23,775	353	576	26,681
Additions	155	10,686	6	13	10,860
Depreciation	(747)	(3,280)	(135)	(243)	(4,405)
Disposals	–	(5,988)	–	–	(5,988)
At 31 December 2024	<u>1,385</u>	<u>25,193</u>	<u>224</u>	<u>346</u>	<u>27,148</u>

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	Leasehold improvements RMB’000	Machinery RMB’000	Furniture, fixtures and equipment RMB’000	Motor vehicles RMB’000	Total RMB’000
Reconciliation of carrying amount – year ended 31 December 2025					
At 1 January 2025	1,385	25,193	224	346	27,148
Additions	144	4,530	109	19	4,802
Depreciation	(769)	(3,304)	(121)	(137)	(4,331)
Disposals	–	(1,141)	(12)	–	(1,153)
At 31 December 2025	<u>760</u>	<u>25,278</u>	<u>200</u>	<u>228</u>	<u>26,466</u>
At 31 December 2023					
Cost	3,652	29,531	712	1,388	35,283
Accumulated depreciation	<u>(1,675)</u>	<u>(5,756)</u>	<u>(359)</u>	<u>(812)</u>	<u>(8,602)</u>
Net carrying amounts	<u>1,977</u>	<u>23,775</u>	<u>353</u>	<u>576</u>	<u>26,681</u>
At 31 December 2024					
Cost	3,807	30,936	718	1,401	36,862
Accumulated depreciation	<u>(2,422)</u>	<u>(5,743)</u>	<u>(494)</u>	<u>(1,055)</u>	<u>(9,714)</u>
Net carrying amounts	<u>1,385</u>	<u>25,193</u>	<u>224</u>	<u>346</u>	<u>27,148</u>
At 31 December 2025					
Cost	3,951	33,928	792	1,420	40,091
Accumulated depreciation	<u>(3,191)</u>	<u>(8,650)</u>	<u>(592)</u>	<u>(1,192)</u>	<u>(13,625)</u>
Net carrying amounts	<u>760</u>	<u>25,278</u>	<u>200</u>	<u>228</u>	<u>26,466</u>

Certain of the Group’s property, plant and equipment with an aggregate net carrying amount of approximately RMB12,534,000 at 31 December 2025 were pledged to secure for the issuance of bills payables (*Note 20(b)*).

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14. INTANGIBLE ASSETS

	Software <i>RMB’000</i>
Reconciliation of carrying amount – year ended 31 December 2025	
At 1 January 2025	–
Additions	1,813
Amortisation	<u>(15)</u>
At 31 December 2025	<u><u>1,798</u></u>
At 31 December 2025	
Cost	1,813
Accumulated amortisation	<u>(15)</u>
Net carrying amounts	<u><u>1,798</u></u>

Software mainly represented costs incurred for development of a real-time operation data analysis system for purpose to achieve streamlined production management, which are amortised in accordance with accounting policies set in Note 3.

15. DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

	At 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Deposits paid for acquisition of property, plant and equipment	<u><u>–</u></u>	<u><u>622</u></u>	<u><u>19,270</u></u>

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16. INVENTORIES

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Raw materials	27,351	6,207	8,219
Finished goods	<u>11,062</u>	<u>15,338</u>	<u>22,041</u>
	<u>38,413</u>	<u>21,545</u>	<u>30,260</u>

17. TRADE AND OTHER RECEIVABLES

		At 31 December		
		2023	2024	2025
	Note	RMB’000	RMB’000	RMB’000
Trade receivables from third parties	17(a)	108,172	70,252	177,380
Less: Loss allowance	30	<u>(2,874)</u>	<u>(2,184)</u>	<u>(1,878)</u>
	17(b)	<u>105,298</u>	<u>68,068</u>	<u>175,502</u>
Other receivables				
Prepayments to suppliers		2,186	40,156	2,467
Prepayments for [REDACTED] expenses		[REDACTED]	[REDACTED]	[REDACTED]
Receivables from digital platforms	17(c)	1,178	377	494
VAT and other tax recoverables		4,090	17,370	8,417
Other prepayments		6,855	1,426	720
Other receivables		1,277	1,113	1,206
Refundable deposit paid for acquisition of a land use right	17(d)	<u>–</u>	<u>–</u>	<u>20,000</u>
		15,586	63,109	37,351
Less: Loss allowance	30	<u>–</u>	<u>–</u>	<u>(330)</u>
		<u>15,586</u>	<u>63,109</u>	<u>37,021</u>
		<u>120,884</u>	<u>131,177</u>	<u>212,523</u>

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17(a) Trade receivables from third parties

The credit terms granted to customers vary and are generally the results of negotiations between individual customers and the Group. The Group normally grants credit period up to 90 days to its customers.

17(b) The ageing analysis of trade receivables (net of loss allowance) based on revenue recognition date at the end of each reporting period is as follows:

	At 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 30 days	33,875	29,417	70,834
31 to 60 days	19,104	21,032	61,054
61 to 90 days	31,466	14,705	34,837
91 to 180 days	18,729	1,297	8,488
181 to 365 days	1,876	1,617	25
Over 365 days	248	—	264
	<u>105,298</u>	<u>68,068</u>	<u>175,502</u>

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

	At 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Neither past due nor impaired	<u>83,729</u>	<u>65,119</u>	<u>163,797</u>
Past due but not impaired:			
Within 30 days	18,750	406	10,396
31 to 60 days	440	557	571
61 to 90 days	33	368	443
91 to 180 days	885	3	31
181 to 365 days	<u>1,461</u>	<u>1,615</u>	<u>264</u>
	<u>21,569</u>	<u>2,949</u>	<u>11,705</u>
	<u>105,298</u>	<u>68,068</u>	<u>175,502</u>

Information about the Group’s exposure to credit risks and loss allowance for trade and other receivables are set out in Note 30.

The Group does not hold any collateral over these balances.

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17(c) Receivables from digital platforms

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

17(d) Refundable deposit paid for acquisition of a land use right

The amount represented a refundable good faith deposit of RMB20,000,000 with corresponding loss allowance for ECL of approximately RMB330,000, paid for a right of preemption in acquisition of a land use right of a parcel of land (“Jinjiang leasehold land”) located in Jinjiang City, Fujian Province, the PRC from an independent third party. On 15 April 2025, Jiaodian, an indirect wholly-owned subsidiary of the Company, entered into a preemptive right agreement with an independent third party, pursuant to which, Jiaodian enjoys a preemptive right to purchase the land use right of Jinjiang leasehold land from such independent third party within one year from the date of the preemptive right agreement. The deposit will be refunded either a formal sale and purchase agreement in relation to the acquisition of the land use right of Jinjiang leasehold land is signed or after 1 year from the date of the preemptive right agreement.

18. RESTRICTED BANK DEPOSITS

Restricted bank deposits are deposits which are placed in the PRC banks as securities for the issuance of bills payables (*Note 20(b)*).

19. BANK BALANCES AND CASH

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Cash and cash equivalents in the combined statements of financial position and the combined statements of cash flows	8,023	10,328	33,628

Cash at banks earn interest at floating rates based on daily bank deposit rates. The carrying amounts of bank balances and cash are denominated in HK\$, RMB and US\$.

At 31 December 2023, 2024 and 2025, bank balances that were placed with banks in the PRC amounted to approximately RMB8,023,000, RMB10,328,000 and RMB33,628,000, respectively. Remittance of funds out of the PRC is subject to the exchange controls imposed by the PRC government.

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20. TRADE AND OTHER PAYABLES

		At 31 December		
		2023	2024	2025
	Note	RMB’000	RMB’000	RMB’000
Trade payables	20(a)	47,516	68,863	74,492
Bills payables	20(b)	–	–	17,720
Other payables				
Contract liabilities – receipts in advance	20(c)	24,987	15,968	6,285
Accruals and other payables		2,250	2,431	1,298
Accrued [REDACTED] expenses		[REDACTED]	[REDACTED]	[REDACTED]
Salary payables		6,788	7,251	5,903
Payable for acquisition of property, plant and equipment		11,056	8,077	5,244
VAT and other tax payables		1,970	11,079	3,075
		47,051	44,806	22,184
		94,567	113,669	114,396

20(a) Trade payables

The trade payables were unsecured, interest-free and with normal credit terms up to 90 days.

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

		At 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Within 30 days		19,116	17,881	35,803
31 to 60 days		13,297	18,792	19,062
61 to 90 days		8,132	16,592	12,324
Over 90 days		6,971	15,598	7,303
		47,516	68,863	74,492

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20(b) Bills payables

At 31 December 2025, the bills payables were interest-free, guaranteed by banks in the PRC and had maturities of no more than six months. The Group’s bills payables are secured by:

- (i) a property jointly held by Mr. Zhou and Ms. He;
- (ii) pledge of the Group’s restricted bank deposits of approximately RMB3,290,000 (*Note 18*);
- (iii) property, plant and equipment of the Group with an aggregate net carrying amount of approximately RMB12,534,000 (*Note 13*); and
- (iv) personal guarantees in aggregate amounts of RMB30,000,000 given by Mr. Zhou and Ms. He.

The above pledged assets and personal guarantees will be released and replaced by a corporate guarantee from the Company upon the [REDACTED].

20(c) Contract liabilities – receipts in advance

The Group applies the practical expedient and does not disclose information about remaining performance

obligations that have original expected durations of one year or less.

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

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At the beginning of the reporting period	21,774	24,987	15,968
Additions	23,362	13,370	6,285
Revenue recognised (<i>Note 5</i>)	(20,149)	(22,389)	(15,968)
At the end of the reporting period	<u>24,987</u>	<u>15,968</u>	<u>6,285</u>

The contract liabilities of approximately RMB24,987,000, RMB15,968,000 and RMB6,285,000 at 31 December 2023, 2024 and 2025, respectively, represented the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of each reporting period. The Group expects the majority of the unsatisfied performance obligations would be recognised as revenue in one year or less when the obligations are performed.

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Contract liabilities primarily represent advance payments received from customers for goods that have not been transferred to the customers. The changes in contract liabilities during the Track Record Period were mainly due to the changes in number of sales orders which required advance payments at the end of each reporting period.

21. AMOUNT DUE TO (FROM) THE CONTROLLING SHAREHOLDERS

21(a) Amount due to the Controlling Shareholders

At 31 December 2023 and 2025, the amount due to the Controlling Shareholders of approximately RMB25,562,000 and RMB3,155,000, respectively, which was classified under current liabilities, was non-trade in nature, unsecured, interest-free and repayable on demand.

21(b) Amount due from the Controlling Shareholders

At 31 December 2024, the amount due from the Controlling Shareholders of approximately RMB71,503,000, which was classified under current assets, was non-trade in nature, unsecured, interest-free and repayable on demand.

22. INTEREST-BEARING BORROWINGS

At the end of each reporting period, the details of the interest-bearing borrowings of the Group are as follows:

	At 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fixed-rate bank borrowings			
– secured	2,500	7,080	30,225
– unsecured	<u>3,000</u>	<u>3,000</u>	<u>–</u>
	<u>5,500</u>	<u>10,080</u>	<u>30,225</u>

The secured and unsecured bank borrowings of approximately RMB5,500,000, RMB10,080,000 and RMB30,225,000 at 31 December 2023, 2024 and 2025 were repayable within one year and carried effective interest rate of approximately 3.71%, 3.46% and 2.86% per annum, respectively.

The bank borrowings are drawn under banking facilities. The banking facilities are secured by:

- (i) personal guarantees in aggregate amounts of RMB10,000,000, RMB10,000,000 and RMB15,000,000 given by the Controlling Shareholders, Mr. Zhou and Ms. He at 31 December 2023, 2024 and 2025, respectively;
- (ii) joint guarantees in aggregate amounts of RMB2,500,000 given by Ms. He and Mr. Cai Hehua, an independent third party at 31 December 2023;

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- (iii) personal guarantee in aggregate amounts of RMB7,700,000 and RMB24,450,000 given by Mr. Zhou at 31 December 2024 and 2025, respectively; and
- (iv) personal guarantee in aggregate amounts of RMB5,000,000 given by Ms. He at 31 December 2025.

The above personal guarantees and joint guarantees will be released and replaced by a corporate guarantee from the Company upon the [REDACTED].

All of the banking facilities are subject to the fulfilment of covenants as are commonly found in lending arrangements with financial institutions. If the relevant borrowing entities were to breach the covenants, the drawn down facilities would become repayable on demand. At 31 December 2023, 2024 and 2025, none of the covenants relating to drawn down facilities had been breached.

23. LEASES

The Group as lessee

Right-of-use assets

**Leased
properties
RMB’000**

Reconciliation of carrying amount - year ended 31 December 2023

At 1 January 2023	5,054
Addition	86
Depreciation	<u>(1,986)</u>
At 31 December 2023	<u><u>3,154</u></u>

Reconciliation of carrying amount - year ended 31 December 2024

At 1 January 2024	3,154
Addition	2,447
Depreciation	(348)
Early termination of lease	<u>(3,108)</u>
At 31 December 2024	<u><u>2,145</u></u>

Reconciliation of carrying amount - year ended 31 December 2025

At 1 January 2025	2,145
Addition	4,985
Depreciation	(2,849)
Early termination of lease	<u>(1,605)</u>
At 31 December 2025	<u><u>2,676</u></u>

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	Leased properties RMB’000
At 31 December 2023	
Cost	8,751
Accumulated depreciation	<u>(5,597)</u>
	<u><u>3,154</u></u>
At 31 December 2024	
Cost	2,533
Accumulated depreciation	<u>(388)</u>
	<u><u>2,145</u></u>
At 31 December 2025	
Cost	5,378
Accumulated depreciation	<u>(2,702)</u>
	<u><u>2,676</u></u>

The Group leases properties for its daily operations with the initial lease terms for 1 to 5 years during the Track Record Period.

Extension and termination options

The lease contracts of leased properties contain extension or termination options. These options aim to provide flexibility to the Group in managing the leased assets. The extension option of the leased properties are normally exercised after the contracts terms and conditions are renegotiated and agreed between the Group and the lessor because the Group does not want to incur additional costs, such as leasehold improvements, while exercising the termination option is normally unusual unless the Group could replace the leased properties without significant costs or acquisition of new properties.

During the Track Record Period, all of lease contracts for leased properties contain an extension or termination option, in which the total lease payment made amounted to approximately RMB2,832,000, RMB2,491,000, and RMB3,005,000, respectively, representing the total cash outflows for leased properties for the years ended 31 December 2023, 2024 and 2025.

Restriction or covenants

Most of the leases impose a restriction that, unless approval is obtained from the lessors, the right-of-use assets can only be used by the Group and the Group is prohibited from selling or pledging the underlying assets. The Group is also required to keep those leased assets in a good state of repair and return the leased assets in their original condition at the end of the lease.

Commitments under leases

At 31 December 2023, 2024 and 2025, no material commitments on short-term leases or low-value asset leases.

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Lease liabilities

	At 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Lease liabilities			
Current	2,120	1,213	2,147
Non-current	<u>746</u>	<u>760</u>	<u>374</u>
	<u>2,866</u>	<u>1,973</u>	<u>2,521</u>

Commitments and present value of lease liabilities:

	Lease payments		
	At 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Amounts payable:			
Within 1 year	2,217	1,261	2,192
More than 1 year but within 2 years	762	768	132
More than 2 years but within 5 years	<u>–</u>	<u>–</u>	<u>264</u>
	2,979	2,029	2,588
Less: future finance charges	<u>(113)</u>	<u>(56)</u>	<u>(67)</u>
Total lease liabilities	<u>2,866</u>	<u>1,973</u>	<u>2,521</u>

	Present value of lease payments		
	At 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Amounts payable:			
Within 1 year	2,120	1,213	2,147
More than 1 year but within 2 years	746	760	120
More than 2 years but within 5 years	<u>–</u>	<u>–</u>	<u>254</u>
Total lease liabilities	<u>2,866</u>	<u>1,973</u>	<u>2,521</u>

At 31 December 2023, 2024 and 2025, the weighted average effective interest rates of the lease liabilities of the Group were approximately 4.65%, 3.61% and 3.45% per annum, respectively.

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The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Interest on lease liabilities	192	19	140
Depreciation of right-of-use assets	1,986	348	2,849
Expenses relating to short-term leases	<u>320</u>	<u>1,955</u>	<u>45</u>
	<u><u>2,498</u></u>	<u><u>2,322</u></u>	<u><u>3,034</u></u>

24. DEFERRED TAXATION

The movements in the Group’s deferred tax assets for the Track Record Period were as follows:

	Accrued cost
	<i>RMB’000</i>
Deferred tax arising from:	
At 1 January 2023	232
Income tax expenses	<u>(28)</u>
At 31 December 2023	<u><u>204</u></u>
At 1 January 2024	204
Income tax credit	<u>59</u>
At 31 December 2024	<u><u>263</u></u>
At 1 January 2025	263
Income tax expenses	<u>(85)</u>
At 31 December 2025	<u><u>178</u></u>

At the end of each reporting period, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of the Group’s subsidiaries established in the PRC. In the opinion of the management of the Group, it is probable that the earnings will not be distributed in the foreseeable future. The estimated withholding tax effects on the distribution of accumulated profits were approximately RMB4,382,000, RMB10,416,000 and RMB18,367,000 at 31 December 2023, 2024 and 2025, respectively.

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25. SHARE CAPITAL AND FINANCIAL INFORMATION OF THE COMPANY**(a) Share capital**

The Company was incorporated in the Cayman Islands as an exemption company with limited liability under the Law of the Cayman Islands on 5 January 2023. Upon its incorporation, the authorised share capital of US\$10,000 was divided into 50,000 ordinary shares at US\$0.2 each and 50,000 ordinary shares with total consideration of US\$10,000 was issued.

Pursuant to the written resolutions of the shareholders of the Company passed on 29 May 2025, for the purpose of re-denomination of shares, (a) the authorised share capital of the Company was increased by HK\$380,000 divided into 3,800,000,000 ordinary shares of HK\$0.0001 each; (b) 20,000 and 30,000 ordinary shares of HK\$0.0001 each were allotted and issued to Wanrong and Wansheng, wholly-owned companies of the Controlling Shareholders for a consideration of HK\$2.00 and HK\$3.00, respectively; (c) the Company repurchased from Wanrong and Wansheng an aggregate of 50,000 ordinary shares of US\$0.2 each; (d) these repurchased ordinary shares were cancelled and the authorised share capital of our Company was reduced by US\$10,000; and (e) following the abovementioned steps, the authorised share capital of our Company was re-denominated as HK\$380,000 divided into 3,800,000,000 ordinary shares of HK\$0.0001 each.

On 11 June 2025, 500 ordinary shares were further issued at HK\$0.0001 each to Centrum.

Pursuant to the Reorganisation completed on 11 June 2025, the Company became the holding company of the entities now comprising the Group. Further details of change in authorised and issue capital of the Company since its incorporation are set out in the paragraph headed “Reorganisation, History and Corporate Structure – Reorganisation” of the document.

Save as disclosed above, the Company has not commenced any significant business or operation since its incorporation.

(b) Investment in subsidiaries

Investment in subsidiaries represents 100% of the issued share capital of Focus Global and Happy Medicine Care.

(c) Amount due to a subsidiary

The amount due was non-trade in nature, unsecured, interest-free and repayable on demand.

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(d) Reserve of the Company

	Accumulated losses RMB’000	Total RMB’000
At 5 January 2023 (date of incorporation)	–	–
Loss and total comprehensive loss for the period	<u>23</u>	<u>23</u>
At 31 December 2023	<u>23</u>	<u>23</u>
At 1 January 2024	23	23
Loss and total comprehensive loss for the year (Note)	<u>40</u>	<u>40</u>
At 31 December 2024	<u>63</u>	<u>63</u>
At 1 January 2025	63	63
Profit and total comprehensive income for the year (Note)	<u>(3)</u>	<u>(3)</u>
At 31 December 2025	<u>60</u>	<u>60</u>

Note: During the years ended 31 December 2024 and 2025, the [REDACTED] expenses of approximately RMB[REDACTED] and RMB[REDACTED] charged to the profit or loss were borne by the Company’s subsidiaries without recharge.

26. RESERVES

Capital reserve

The capital reserve represents the aggregate amount of the nominal value of the issued/paid-up capital and capitalisation of accumulated profits (if any) of the entities now comprising the Group before completion of the Reorganisation less consideration paid to acquire the relevant interests (if any) in relation to the Reorganisation.

Special reserve

The special reserve comprises the aggregate amount of the Non-core Assets controlled by the Controlling Shareholders at the respective dates and balances arising from the transactions with owners in their capacity as the equity owners. As further explained in Note 2, the Historical Financial Information excludes the Non-core Assets. For purposes of the preparation of the Historical Financial Information, the Group’s net balance in the Non-core Assets at 1 January 2023 and each subsequent measurement dates (if applicable) has been excluded from the Group’s combined financial statements as an adjustment to the special reserve at 1 January 2023 and each subsequent measurement dates (if applicable).

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Statutory reserve

As stipulated by the relevant laws and regulations for enterprises incorporated/established in the PRC, the Group’s subsidiaries in the PRC are required to appropriate to the statutory reserve an amount not less than 10% of the amount of profit after tax (as reported in the respective statutory financial statements of the PRC subsidiaries prepared in accordance with the PRC accounting regulations). If the accumulated statutory reserve reaches 50% of the registered share capital of the respective PRC subsidiaries, the subsidiary may not be required to make any further appropriation. The statutory reserve can be used to make up for losses, expand the existing operation and convert to additional capital.

27. ADDITIONAL INFORMATION ON THE COMBINED STATEMENTS OF CASH FLOWS**(a) Major non-cash transactions**

In addition to the information disclosed elsewhere in the Historical Financial Information, the Group had the following major non-cash transactions:

The Group incurred payables of approximately RMB2,290,000, RMB6,700,000, and RMB1,799,000 in respect of additions to property, plant and equipment during the years ended 31 December 2023, 2024 and 2025, respectively.

The Group entered into certain lease arrangements in respect of right-of-use assets with total value at the inception of approximately RMB86,000, RMB2,447,000 and RMB4,985,000 during the years ended 31 December 2023, 2024 and 2025, respectively.

During the year ended 31 December 2023, investment cost refunded from deregistration of Quanzhou Jinshan of RMB1,000,000 was settled through the current account with the Controlling Shareholders included in amount due to the Controlling Shareholders.

During the year ended 31 December 2024, the Group de-recognised right-of-use assets and lease liabilities of approximately RMB3,108,000 and RMB2,823,000 respectively upon early termination of leases.

During the year ended 31 December 2025, the Group de-recognised right-of-use assets and lease liabilities of approximately RMB1,605,000 and RMB1,617,000 respectively upon early termination of leases.

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(b) Reconciliation of liabilities arising from financing activities

The movements during the Track Record Period in the Group’s liabilities arising from financing activities are as follows:

Year ended 31 December 2023

	At 1 January 2023 RMB'000	Cash flows, net RMB'000	Non-cash changes			At 31 December 2023 RMB'000
			Addition RMB'000	Investment cost refunded RMB'000	Interest expenses RMB'000	
Amount due to the Controlling Shareholders, net	3,045	23,517	–	(1,000)	–	25,562
Amount due to the former non-controlling interests of a subsidiary	1,083	(1,083)	–	–	–	–
Interest-bearing borrowings	1,945	3,555	–	–	–	5,500
Leases liabilities	5,100	(2,512)	86	–	192	2,866
	<u>11,173</u>	<u>23,477</u>	<u>86</u>	<u>(1,000)</u>	<u>192</u>	<u>33,928</u>

Year ended 31 December 2024

	At 1 January 2024 RMB'000	Cash flows, net RMB'000	Non-cash changes			At 31 December 2024 RMB'000
			Addition RMB'000	Early termination of lease RMB'000	Interest expenses RMB'000	
Amount due to (from) the Controlling Shareholders, net	25,562	(97,065)	–	–	–	(71,503)
Interest-bearing borrowings	5,500	4,580	–	–	–	10,080
Leases liabilities	2,866	(536)	2,447	(2,823)	19	1,973
	<u>33,928</u>	<u>(93,021)</u>	<u>2,447</u>	<u>(2,823)</u>	<u>19</u>	<u>(59,450)</u>

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Year ended 31 December 2025

	At 1 January 2025 RMB'000	Cash flows, net RMB'000	Non-cash changes			At 31 December 2025 RMB'000
			Addition RMB'000	Early termination of lease RMB'000	Interest expenses RMB'000	
Amount due (from) to the						
Controlling Shareholders, net	(71,503)	74,658	–	–	–	3,155
Interest-bearing borrowings	10,080	20,145	–	–	–	30,225
Leases liabilities	1,973	(2,960)	4,985	(1,617)	140	2,521
	<u>(59,450)</u>	<u>91,843</u>	<u>4,985</u>	<u>(1,617)</u>	<u>140</u>	<u>35,901</u>

28. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES THAT DO NOT RESULT IN A CHANGE OF CONTROL

On 20 May 2022, Jiaodian entered into several equity transfer agreements with Mr. Zhuang Yongfeng, Mr. Huang Zhiqiang, Mr. Su Wangsong and Mr. Wu Youshui, the former non-controlling equityholders of Yuejian, pursuant to which Jiaodian acquired an aggregate of 3.43%, 24.0%, 3.37% and 1.0%, respectively, of the registered capital (or 0%, 10.7%, 0% and 2.3%, respectively, of the then paid up capital) in Yuejian from Mr. Zhuang Yongfeng, Mr. Huang Zhiqiang, Mr. Su Wangsong and Mr. Wu Youshui at a consideration of nil, RMB1,400,000, nil and RMB300,000 respectively (the “FY2022 Acquisition”).

The FY2022 Acquisition was completed on 20 May 2022 and the registered capital in Yuejian after the above FY2022 Acquisition was owned as to RMB20,250,000 and RMB9,750,000 by Jiaodian and Mr. Zhuang Yongfeng, representing 67.5% and 32.5% of the registered capital in Yuejian, respectively while the paid-up capital in Yuejian was owned as to RMB11,110,000 and RMB1,950,000 by Jiaodian and Mr. Zhuang Yongfeng, representing 85% and 15% of the then paid-up capital in Yuejian, respectively. The carrying amount of the non-controlling interests in Yuejian on the date of FY2022 Acquisition was approximately RMB3,280,000. The Group derecognised non-controlling interests of approximately RMB3,280,000 and recognised directly in equity attributable to owners of the Company of approximately RMB1,580,000 for the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid.

On 29 May 2023, Jiaodian entered into an equity transfer agreement with Mr. Zhuang Yongfeng, the former non-controlling equityholder of Yuejian, pursuant to which Jiaodian acquired remaining 32.5% of the registered capital (or 15% of the then paid up capital) in Yuejian from Mr. Zhuang Yongfeng at a consideration of RMB3,515,000 (the “FY2023 Acquisition”).

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The FY2023 Acquisition was completed on 30 May 2023. Upon the completion of FY2023 Acquisition, Yuejian became an indirectly wholly owned subsidiary of the Company. The carrying amount of the non-controlling interests in Yuejian on the date of FY2023 Acquisition was approximately RMB5,128,000. The Group derecognised non-controlling interests of approximately RMB5,128,000 and recognised directly in equity attributable to owners of the Company of approximately RMB1,613,000 for the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid.

29. RELATED PARTY TRANSACTIONS

The Group had the following related party transactions during the Track Record Period.

(a) Related party transactions

Transactions between the group entities have been eliminated by combination and are not disclosed. In addition to the transactions/information disclosed elsewhere in the Historical Financial Information, there are no other related party transactions during the Track Record Period.

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances, discretionary bonus and other benefits in kind	591	594	1,196
Contributions to defined contribution retirement plans	142	177	353
	<u>733</u>	<u>771</u>	<u>1,549</u>

Further details of the directors’ emoluments are set out in Note 8.

(c) Balances with related parties

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amount due (to) from the Controlling Shareholders (Note 21)	<u>(25,562)</u>	<u>71,503</u>	<u>(3,155)</u>

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30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise bank balances and cash, restricted bank deposits, amount due from (to) the Controlling Shareholders, interest-bearing borrowings and lease liabilities. The main purpose of these financial instruments is to raise and maintain finance for the Group’s operations. The Group has various other financial instruments such as trade and other receivables and trade and other payables, which arise directly from its business activities.

The accounting policies for financial instruments have been applied to the line items below:

	At 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<i>Financial assets – at amortised cost</i>			
Financial assets included in trade and other receivables	111,843	86,928	205,289
Amount due from the Controlling Shareholders	–	71,503	–
Restricted bank deposits	–	–	3,290
Bank balances and cash	<u>8,023</u>	<u>10,328</u>	<u>33,628</u>
	<u><u>119,866</u></u>	<u><u>168,759</u></u>	<u><u>242,207</u></u>
<i>Financial liabilities – at amortised cost</i>			
Financial liabilities included in trade and other payables	59,797	78,052	98,057
Amount due to the Controlling Shareholders	25,562	–	3,155
Interest-bearing borrowings	5,500	10,080	30,225
Lease liabilities	<u>2,866</u>	<u>1,973</u>	<u>2,521</u>
	<u><u>93,725</u></u>	<u><u>90,105</u></u>	<u><u>133,958</u></u>

The main risks arising from the Group’s financial instruments are credit risk, foreign currency risk and liquidity risk. The Group generally adopts conservative strategies on the Group’s risk management and limits the Group’s exposure to these risks to a minimum. The management of the Group reviews and agrees policies for managing each of these risks and they are summarised below. The Group also monitors the market price risk arising from all financial instruments.

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Credit risk

The carrying amount of financial assets recognised on the combined statements of financial position, which is net of impairment loss, represents the Group’s exposure to credit risk on these financial assets without taking into account the credit enhancements.

Trade receivables

The Group trades only with recognised, creditworthy customers. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 90 days.

The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The default risk of the industry and place of operation in which customers operate also has an influence on credit risk but to a lesser extent. Credit quality of a customer is assessed based on an extensive credit rating and individual credit limit assessment which is mainly based on the Group’s own trading records.

At 31 December 2023, 2024 and 2025, the Group had a concentration of credit risk as approximately 54%, 28% and 17% of the total trade receivables was due from the Group’s largest trade debtor, respectively, and approximately 84%, 48% and 41% of the total trade receivables was due from the Group’s five largest trade debtors, respectively.

The Group’s customer base consists of a wide range of customers and the trade receivables are categorised by common risk characteristics that are representative of the customers’ abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade receivables and recognises loss allowances based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected loss rate used in the provision matrix is calculated based on actual credit loss experience over the past years and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group’s estimate on future economic conditions over the expected lives of the receivables. The Group rebutted the presumption of default under ECL model for trade receivables over 90 days past due based on the good repayment records for these customers and continuous partial settlement by the customers with the Group. There was no change in the estimation techniques or significant assumptions made during the Track Record Period.

The Group does not hold any collateral over trade receivables at 31 December 2023, 2024 and 2025.

None of the trade receivables were written off during the Track Record Period.

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The information about the exposure to credit risk and ECL for trade receivables using provision matrix at 31 December 2023, 2024 and 2025 is summarised as follows:

At 31 December 2023

Group: Non-payment as the principal risk

Past due	Average expected loss rate %	Gross carrying amount RMB’000	Loss allowance RMB’000
Neither past due nor impaired	1.14	84,693	964
Past due but not impaired			
Within 90 days	2.81	19,778	555
91 days to 1 year	19.10	2,900	554
Over 1 year	100.00	<u>801</u>	<u>801</u>
		<u>108,172</u>	<u>2,874</u>

At 31 December 2024

Group: Non-payment as the principal risk

Past due	Average expected loss rate %	Gross carrying amount RMB’000	Loss allowance RMB’000
Neither past due nor impaired	0.45	65,417	298
Past due but not impaired			
Within 90 days	4.11	1,388	58
91 days to 1 year	22.59	2,089	470
Over 1 year	100.00	<u>1,358</u>	<u>1,358</u>
		<u>70,252</u>	<u>2,184</u>

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At 31 December 2025

Group: Non-payment as the principal risk

Past due	Average expected loss rate %	Gross carrying amount RMB’000	Loss allowance RMB’000
Neither past due nor impaired	0.67	164,895	1,098
Past due but not impaired			
Within 90 days	4.86	11,993	583
91 days to 1 year	38.28	478	183
Over 1 year	100.00	<u>14</u>	<u>14</u>
		<u>177,380</u>	<u>1,878</u>

The movement in the loss allowance for trade receivables during the Track Record Period are summarised below.

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At the beginning of the reporting period	571	2,874	2,184
Increase (Decrease) in loss allowance, net	<u>2,303</u>	<u>(690)</u>	<u>(306)</u>
At the end of the reporting period	<u>2,874</u>	<u>2,184</u>	<u>1,878</u>

During the year ended 31 December 2023, the increase in loss allowance on trade receivables was mainly due to the increase in gross balances of the trade receivables.

During the year ended 31 December 2024, the decrease in loss allowance on trade receivables was mainly due to the decrease in gross balances of the trade receivables.

During the year ended 31 December 2025, the decrease in loss allowance on trade receivables was mainly due to the decrease on long-outstanding balances of the trade receivables.

Other financial assets carried at amortised cost

The Company’s other financial assets carried at amortised cost include amount due from the Controlling Shareholders, other receivables, restricted bank deposits and bank balances and cash in the combined statements of financial position.

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The majority of the Company’s restricted bank deposits and bank balances are deposited in major financial institutions located in the PRC, which are of high credit rating. The management of the Group does not expect any losses arising from non-performance by the counterparty.

The management of the Group considers that the financial assets included in other receivables and the amount due from the Controlling Shareholders have low credit risk based on the borrowers’ strong capacity to meet its contractual cash flow obligations in the near term and low risk of default. Impairment on other receivables is measured on 12-month ECL and reflects the short maturities of the exposures.

In estimating the ECL, the management of the Group has taken into account the historical actual credit loss experience over the past years, past collection history, current creditworthiness, adjusted for forward-looking factors that are specific to the counterparties and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. The management of the Group considers the ECL of other receivables to be negligible after taking into account the financial position, credit quality and past settlement records of the counterparties.

The movement in the loss allowance for other receivables during the Track Record Period is summarised below.

	Other receivables <i>RMB’000</i>
At 1 January 2023, 31 December 2023 and 31 December 2024	–
Increase in loss allowance	<u>330</u>
At 31 December 2025	<u><u>330</u></u>

There was no change in the estimation techniques or significant assumptions made during the Track Record Period.

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Foreign currency risk

The Group’s transactions are mainly denominated in RMB and US\$.

Certain financial assets and financial liabilities of the Group are denominated in currencies other than the functional currency of the respective group entities and therefore exposed to foreign currency risk. The net carrying amounts of those financial assets and liabilities are analysed as follows:

	At 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Financial assets and liabilities, net			
US\$	<u>35,869</u>	<u>10,761</u>	<u>55,785</u>

At 31 December 2023, 2024 and 2025, if the exchange rate of US\$ had increased/decreased by 5% against the functional currencies of the respective group entities and other variables were held constant, the Group’s pre-tax results would increase/decrease by approximately RMB1,793,000, RMB538,000 and RMB2,789,000 for the years ended 31 December 2023, 2024 and 2025, respectively.

The sensitivity analysis has been determined assuming that the changes in foreign exchange rates had occurred at the end of each reporting period and had been applied to the Group’s exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management’s assessment of reasonably possible changes in foreign exchange rates over the year until the end of the next reporting period.

In the opinion of the Group’s management, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the reporting period.

The Group’s management monitors the related foreign currency risk exposure closely on daily basis and, the Group would enter into foreign currency forward contracts should need arise. At the end of each reporting period, the Group had no significant outstanding foreign currency forward contracts.

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Liquidity risk

The Group’s objective is to maintain a balance between continuity of funding and flexibility. The Group has no specific policy for managing its liquidity. The undiscounted contractual maturity profile of the Group’s financial liabilities at the end of each reporting period, based on the contractual undiscounted payments, is summarised below:

	Total carrying amount RMB’000	Total Contractual undiscounted cash flow RMB’000	On demand or less than 1 year RMB’000	1 to 2 years RMB’000	2 to 5 years RMB’000
At 31 December 2023					
Trade and other payables	59,797	59,797	59,797	–	–
Amount due to the Controlling Shareholder	25,562	25,562	25,562	–	–
Interest-bearing borrowings	5,500	5,545	5,545	–	–
Lease liabilities	2,866	2,979	2,217	762	–
	<u>93,725</u>	<u>93,883</u>	<u>93,121</u>	<u>762</u>	<u>–</u>
At 31 December 2024					
Trade and other payables	78,052	78,052	78,052	–	–
Interest-bearing borrowings	10,080	10,162	10,162	–	–
Lease liabilities	1,973	2,029	1,261	768	–
	<u>90,105</u>	<u>90,243</u>	<u>89,475</u>	<u>768</u>	<u>–</u>
At 31 December 2025					
Trade and other payables	98,057	98,057	98,057	–	–
Amount due to the Controlling Shareholder	3,155	3,155	3,155	–	–
Interest-bearing borrowings	30,225	30,635	30,635	–	–
Lease liabilities	2,521	2,588	2,192	132	264
	<u>133,958</u>	<u>134,435</u>	<u>134,039</u>	<u>132</u>	<u>264</u>

31. FAIR VALUE MEASUREMENTS

The management of the Group estimates the fair value of its financial assets and financial liabilities measurement of amortised cost using the discounted cash flows analysis. The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the combined statements of financial position approximate their fair values.

32. CAPITAL MANAGEMENT

The objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern and to provide returns for equity owners. The Group manages its capital structure and makes adjustments, including payment of dividend, call for additional capital from equity owners or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the Track Record Period.

APPENDIX I

ACCOUNTANTS’ REPORT

33. COMMITMENTS

(a) Capital expenditure commitments

At the end of the reporting period, the Group had the following capital expenditure commitment:

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Contracted but not provided net of deposits paid for acquisition of property, plant and equipment	<u>1,503</u>	<u>2,300</u>	<u>991</u>

34. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2025, save as disclosed elsewhere in the Historical Financial Information, the Group has the following subsequent events:

[Pursuant to the resolutions in writing of the Company’s shareholders passed on [•], subject to the share premium account of the Company being credited as a result of the [REDACTED] of the Company’s shares, the Company were authorised to allot and issue a total of [REDACTED] shares of [HK\$0.0001] each to the existing shareholders, credited as fully paid at par by way of [REDACTED] of the sum of HK\$[REDACTED] standing to be credit of the share premium account of the Company (the “[REDACTED]”) and the shares to be allotted and issued pursuant to this resolution shall carry the same rights as all shares in issue (save for the right to participate in the [REDACTED]).]

35. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared in accordance with IFRS Accounting Standards and/or other applicable financial reporting standards for the Company or any of its subsidiaries in respect of any period subsequent to 31 December 2025.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

The information set forth in this appendix does not form part of the Accountants’ Report prepared by Forvis Mazars CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this document, and is included herein for information purposes only. The unaudited [REDACTED] financial information should be read in conjunction with the section headed “Financial Information” in this document and the Accountants’ Report set forth in Appendix I to this document.

A. UNAUDITED [REDACTED] STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The following statement of our unaudited [REDACTED] adjusted net tangible assets is prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 “Preparation of [REDACTED] Financial Information for inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants for illustrative purposes only, and is set out below to illustrate the effect of the [REDACTED] on our combined net tangible assets attributable to equity owners of our Company at 31 December 2025 as if the [REDACTED] had taken place on that date.

Our unaudited [REDACTED] adjusted combined net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of our combined net tangible assets attributable to equity owners of our Company at 31 December 2025 or at any future dates following the [REDACTED]. It is prepared based on our audited combined net tangible assets attributable to equity owners of our Company at 31 December 2025 as set out in the Group’s combined financial information included in the Accountants’ Report in Appendix I to this Document, and adjusted as described below. Our unaudited [REDACTED] adjusted combined net tangible assets do not form part of the Accountants’ Report as set out in Appendix I to this Document.

				Unaudited [REDACTED]			
Audited combined net tangible assets attributable to owners of the Company at 31 December 2025		Estimated net [REDACTED] from the [REDACTED]		Unaudited [REDACTED] adjusted combined net tangible assets attributable to owners of the Company		Unaudited [REDACTED] adjusted combined net tangible assets attributable to owners of the Company per Share	
(Note 1)	(Note 5)	(Note 2)	(Note 5)	(Note 5)	(Note 5)	(Note 3)	(Note 5)
RMB\$’000	HK\$’000	RMB\$’000	HK\$’000	RMB\$’000	HK\$’000	RMB	HK\$
Based on the [REDACTED] of							
HK\$[REDACTED] per							
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on the [REDACTED] of							
HK\$[REDACTED] per							
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

NOTES TO THE UNAUDITED [REDACTED] STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

1. The audited combined net tangible assets of the Group attributable to owners of the Company at 31 December 2025 is arrived after deducting intangible assets of RMB1,798,000, from the audited combined net assets attributable to owners of the Company at 31 December 2025 of approximately RMB170,934,000, extracted from the Group’s combined financial information included in the Accountants’ Report as set out in Appendix I to this document.
2. The estimated net [REDACTED] from the [REDACTED] are based on [REDACTED] new Shares and the indicative [REDACTED] of HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED], respectively, after deduction of relevant estimated [REDACTED] [REDACTED] and fees and other related expenses payable by the Company and excluding approximately RMB[REDACTED] [REDACTED]-related expenses which has been accounted for prior to 31 December 2025. The estimated net [REDACTED] have not taken into account any Shares which may be allotted and issued upon exercise of any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates given to the Directors.
3. The calculation of the [REDACTED] adjusted combined net tangible assets of the Group attributable to owners of the Company per Share is based on [REDACTED] Shares expected to be in issue after the completion of the [REDACTED] and the [REDACTED]. It has not taken into account any Shares which may be allotted and issued upon exercise of any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates given to the Directors.
4. No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 December 2025.
5. These amounts are converted from Renminbi to Hong Kong dollars or Hong Kong dollars to Renminbi at an exchange rate of RMB1.000 to HK\$1.1349. No representation is made that Renminbi/Hong Kong dollars amount have been, could have been or may be converted to Hong Kong dollars/Renminbi at that rate or at all.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND COMPANY LAW OF THE CAYMAN ISLANDS

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of our Company and of certain aspects of the Cayman Islands company law.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 5 January 2023 under the Cayman Companies Act. Our Company's constitutional documents consist of its Memorandum of Association and its Articles of Association.

1. MEMORANDUM OF ASSOCIATION

The Memorandum states, *inter alia*, that the liability of members of our Company is limited to the amount from time to time unpaid on such member's shares and that the objects for which our Company is established are unrestricted (including acting as an investment company), and that our Company shall have and be capable of exercising any and all of the powers exercisable by a natural person or body corporate in any part of the world whether as principal, agent, contractor or otherwise and in view of the fact that our Company is an exempted company that our Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of our Company carried on outside the Cayman Islands.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on [•] 2025 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 our Company consists of ordinary shares.

(ii) *Variation of rights of existing shares or classes of shares*

Subject to the Cayman Companies Act, if at any time the share capital of our 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 of the voting rights 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 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.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND COMPANY LAW OF THE CAYMAN ISLANDS

(iii) Alteration of capital

Our Company may by ordinary resolution of its members:

- (aa) increase its share capital as provided in the Articles;
- (bb) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (cc) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as our Company in general meeting or as the Board may determine;
- (dd) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum;
- (ee) cancel any shares, which at the date of passing of the resolution, have not been taken and diminish the amount of its share capital by the amount of the shares so cancelled;
- (ff) make provision for the issue and allotment of shares which do not carry any voting rights;
- (gg) change the currency of denomination of its share capital; and
- (hh) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

Our Company may by special resolution reduce its share capital or any capital redemption reserve or other undistributable reserve in any way and subject to any conditions prescribed by law.

(iv) Transfer of shares

All transfers of shares shall be effected by an instrument of transfer in the usual or common form 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), under hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND COMPANY LAW OF THE CAYMAN ISLANDS

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 Listing Rules that are or shall be applicable to such [REDACTED] shares. The register of members of our Company in respect of our [REDACTED] shares (whether the principal register or a branch register) may be kept by recording the particulars required by Section 40 of the Cayman Companies Act in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the Listing Rules 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 or accept mechanically executed transfers. 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 and from time to 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.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration, and be registered, in the case of any shares on a branch register, at the relevant registration office, and, in the case of any shares on the principal register, at the transfer office.

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 Board is paid to our Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share, is lodged at the relevant registration office, the registered office or the transfer office 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), and the shares are free of any lien in favour of our Company.

The registration of transfers may be suspended and the register may be closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange to that effect be suspended at such times and for such periods (not exceeding in the whole 30 days in any year) as the Board may determine. The period of 30 days may be extended for a further period or periods not exceeding 30 days in respect of any year if approved by members by ordinary resolution.

Fully paid shares are free from any restriction on transfer (except when permitted by the Stock Exchange) and free of all liens.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND COMPANY LAW OF THE CAYMAN ISLANDS

(v) Power of our Company to purchase its own shares

Our Company is empowered by the Cayman 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 our 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 shares.

(vi) Power of any subsidiary of our Company to own shares in our Company

There are no provisions in the Articles relating to the ownership of shares in our Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The Board may from time to time make such calls as it thinks fit 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) and not by the conditions of allotment thereof made payable at a fixed time. A call may be made payable either in one lump sum or by instalments. 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 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, and either in money or money's worth, all or any part of the monies uncalled and unpaid or instalments payable upon any shares held by him.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state 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 shall include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND COMPANY LAW OF THE CAYMAN ISLANDS

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, nevertheless, remain liable to pay to our Company all monies which, at the date of forfeiture, were payable by him to our Company in respect of the forfeited 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 (including the payment of such interest) at such rate not exceeding 20% per annum as the Board may determine.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors 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 our Company by way of qualification. Further, a Director is not required to retire upon reaching any particular age.

The Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director subject to the maximum number determined from time to time by the members in general meeting. Any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the first annual general meeting of our Company after his appointment and shall then be eligible for re-election.

The members may by ordinary resolution remove any Director (including a managing Director or other executive Director) 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 our Company) and may by ordinary resolution appoint another person in his stead. Any Director so appointed shall be subject to the “retirement and rotation” provisions. The number of Directors shall not be less than two.

APPENDIX III **SUMMARY OF THE CONSTITUTION OF OUR COMPANY
AND COMPANY LAW OF THE CAYMAN ISLANDS**

The office of a Director shall be vacated if:

- (aa) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally; or
- (bb) he dies or becomes of unsound mind as determined pursuant to an order made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated; or
- (cc) if he absents himself from the meetings of the Board during a continuous period of six months, without special leave of absence from the Board, and his alternate Director (if any) shall not during such period have attended in his stead, and the Board pass a resolution that he has by reason of such absence vacated his office; or
- (dd) he becomes prohibited by law from acting as a Director or he ceases to be a Director by operation of law or is removed pursuant to the Articles; or
- (ee) he has been validly required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director and the relevant time period for application for review of or appeal against such requirement has lapsed and no application for review or appeal has been filed or is underway against such requirement; or
- (ff) he resigns; or
- (gg) he is removed from office by an ordinary resolution pursuant to the Articles; or
- (hh) he is removed from office by notice in writing served on him signed by not less than three-fourths in number (or if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

The Board may appoint any one or more of them to the office of managing director, joint managing director, deputy managing director or other executive director and/or such other office in the management of the business of the Company as it may decide for such period and upon such terms as it thinks fit. The Board may delegate any of its powers, authorities and discretions to committees consisting of such Director(s) and other persons as it 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.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND COMPANY LAW OF THE CAYMAN ISLANDS

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Companies Act, the Memorandum and Articles and without prejudice to any special rights or restrictions attaching to any shares or any class of shares, (a) any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Directors may determine; or (b) shares may be issued on the terms that may be, or at the option of our Company or the holder are, liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of our Company on such terms as the Board may determine.

Subject to the provisions of the Cayman Companies Act and the Articles and, where applicable, the Listing Rules 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 our 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 our Company nor the Board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares or other securities of our Company, to make, or make available, any such allotment, offer, option or shares or other securities of our Company 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, and shall be deemed not to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of our Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of our 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 our Company and which are not required by the Articles or the Cayman Companies Act to be exercised or done by our Company in general meeting.

(iv) Borrowing powers

The Board may exercise all the powers of our Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of our Company and, subject to the Cayman Companies Act, to issue debentures, bonds and other securities of our Company, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND COMPANY LAW OF THE CAYMAN ISLANDS

(v) Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or our Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is voted) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the ordinary remuneration is payable shall only rank in such division in proportion to the time during such period for which he has 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 or about the performance of their duties as Directors.

Any Director who, at the request of our Company, goes or resides abroad for any purpose of our Company or who performs services which in the opinion of the Board go beyond the ordinary duties of such Director may be paid such extra remuneration as the Board may determine and such extra remuneration may be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director or a Director appointed to be a managing director, joint managing director, deputy managing director or any other executive officer may 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, either on its own or jointly with other companies (being subsidiary companies of our Company or companies with which it is associated in business) and maintain any funds or plans for providing pensions, allowances or emoluments for employees and ex-employees of our Company and their dependants.

(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 our Company in general meeting.

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(vii) Loans and provision of security for loans to Directors

Except as would, if the Company were a company incorporated in Hong Kong, be permitted by the Companies Ordinance and the Cayman Companies Act, our Company shall not directly or indirectly make a loan to a Director or a director of any holding company of our Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of our Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(viii) Disclosure of interests in contracts with our Company or any of its subsidiaries

A Director may hold any other office or place of profit with our Company (except that of the auditor of our 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 other company promoted by our Company or any other company in which our Company may be interested, and shall not be liable to account to our 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 Directors may exercise the voting power conferred by the shares in any other company held or owned by our Company in such manner in all respects as they think 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 our 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 our 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, provided that such Director shall declare the nature of his interest in any such contract or transaction at or prior to the consideration and vote on such contract or transaction, either specifically or by way of a general notice stating that, by reason of the facts specified in such notice, he is to be regarded as interested in any such contract or transaction.

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A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his close associates has/have a material interest, and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for that resolution), but this prohibition does not apply to any of the following matters namely:

- (aa) the giving of any security or indemnity either: (x) 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 our Company or any of its subsidiaries; or (y) to a third party in respect of a debt or obligation of our 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 our Company or any other company which our 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 underwriting or sub-underwriting of the offer;
- (cc) any proposal or arrangement concerning the benefit of employees of our Company or its subsidiaries including the adoption, modification or operation of (x) any employees' share scheme, or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (y) a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his close associates and employees of our Company or of 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 accorded generally to the class of persons to which such scheme or fund relates; and
- (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 our Company by virtue only of his/their interest in shares or debentures or other securities of our Company.

(c) Proceedings of the Board

The Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. 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 a second or casting vote.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND COMPANY LAW OF THE CAYMAN ISLANDS

(d) Alterations to constitutional documents and our Company's name

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, a special resolution shall be required to alter the provisions of the Memorandum, to approve any amendment of the Articles or to change the name of our Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of our 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 Cayman Companies Act, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 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 our 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 class or classes of 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 share of which he is the holder which is fully paid or credited as fully paid but so that no amount paid up or credited as paid up on a share in advance of calls or instalments shall be treated for the purposes of the Articles as paid on the share. On a poll, 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 poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. On a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall (save as provided otherwise in the Articles) have one vote. 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.

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Where a clearing house (or its nominee(s)) is a member of our Company, it may (subject to the Articles) authorise such person or persons as it thinks fit to act as its representative or representatives, at any meeting (including but not limited to any general meeting, creditors meeting or at any meeting of any class of members) of our 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 clearing house (or its nominee(s)) as if such person were an individual member including the right to speak and vote, and where a show of hands is allowed, the right to vote individually on a show of hands.

Members must have the right to: (i) speak at general meetings of our Company; and (ii) vote at a general meeting except where a member is required, by the Listing Rules, to abstain from voting to approve the matter under consideration.

Where our Company has any knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, 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

In each financial year during the Relevant Period (as defined in the Articles), our Company shall hold an annual general meeting within six months after the end of each financial year in addition to any other meeting in that year and shall specify the meeting as such in the notice calling it.

Extraordinary general meetings shall 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 our Company having the right of voting at general meetings, on a one vote per share basis in the share capital of our Company and the foregoing members shall be able to add resolutions to the meeting agenda. 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 specified in such requisition. Such meeting shall be held within two 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 (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 our Company.

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A meeting of the members or any class thereof may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence at such meetings. Unless otherwise determined by the Directors, the manner of convening and the proceedings at a general meeting set out in the Articles shall, mutatis mutandis, apply to a general meeting held wholly by or in-combination with electronic means.

(iv) Notices of meetings and business to be conducted

An annual general meeting shall be called by a notice in writing of not less than 21 days. All other general meetings shall be called by notice in writing of at least 14 days. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time and place and the agenda 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 our 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 our Company, and also to, among others, the auditors for the time being of our Company.

Any notice or document to be given to or by any person pursuant to the Articles may be served on or delivered to any member of our 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 the Cayman Companies Act and the Listing Rules, a notice or document may also be served or delivered by our Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting shall be deemed special. All business shall be deemed special that is transacted at an annual general meeting with the exception of the following, each of which shall be deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheets and the reports of the Directors and the auditors and other documents required to be annexed to the balance sheets;
- (cc) the election of Directors whether by rotation or otherwise in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of, or the determining of the method of fixing of the remuneration of the Directors and of the auditors;

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- (ff) the granting of any mandate or authority to the Board to offer, allot, grant options over, or otherwise dispose of the unissued shares representing not more than 20% (or such other percentage as may from time to time be specified in the Listing Rules) in nominal value of its then existing issued share capital and the number of any securities repurchased pursuant to paragraph (gg); and
- (gg) the granting of any mandate or authority to the Board to repurchase securities of our Company.

(v) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless the requisite quorum is present at the time when the meeting proceeds to business and continues to be present until the conclusion of the meeting.

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 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 of the issued shares of that class.

(vi) *Proxies*

Any member of our Company entitled to attend and vote at a meeting of our Company shall be 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 our Company or at a class meeting. A proxy need not be a member of our 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, every member being a corporation shall be entitled to appoint a representative to attend and vote at any general meeting of our Company and, where a corporation is so represented, it shall be treated as being present at any meeting in person. A corporation may execute a form of proxy under the hand of a duly authorised officer and such 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. On a poll or a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

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(f) Accounts and audit

The Board shall cause true accounts to be kept of the sums of money received and expended by our Company, and the matters in respect of which such receipt and expenditure take place, and of the assets and liabilities of our Company and of all other matters required by the Cayman Companies Act or necessary to give a true and fair view of the state of our Company's affairs and to show and explain its transactions.

The accounting records shall be kept at the head office or at such other place or places as the Board thinks fit and shall always be open to inspection by the Directors. No member (other than a Director) or other person shall have any right to inspect any account or book or document of our Company except as conferred by the Cayman Companies Act or ordered by a court of competent jurisdiction or authorised by the Board or our 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 of the Cayman Islands 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 our Company at its annual general meeting, together with a copy of the Directors' report and a copy of the auditors' report, shall not less than 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 our Company under the provisions of the Articles; however, subject to compliance with the Cayman Companies Act and all applicable rules, including the Listing Rules, our Company may send to such persons summarised financial statements derived from our Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on our Company, demand that our Company sends to him, in addition to summarised financial statements, a complete printed copy of our Company's annual financial statement and the Directors' report thereon.

At the annual general meeting in each year, the members shall by ordinary resolution appoint an auditor to audit the accounts of our 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 term 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 our Company by an ordinary resolution passed at a general meeting or in such manner as the members may by ordinary resolution determine.

The auditor shall audit the financial statements of our Company in each year in accordance with generally accepted auditing standards and prepare an auditors' report thereon to be annexed thereto. Such report shall be submitted to the members and laid before our Company in the annual general meeting.

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(g) Dividends and other methods of distribution

Our 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 our 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 Cayman Companies Act.

Unless and to the extent that 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 (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) 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 Board 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 our Company on account of calls or otherwise.

Whenever the Board or our Company in general meeting has resolved that a dividend be paid or declared on the share capital of our Company, the Board may further resolve either (i) 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 (ii) 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.

Our Company may upon the recommendation of the Board by ordinary resolution resolve in respect of any one particular dividend of our 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.

Unless otherwise directed by the Board, any dividend, interest or other moneys payable in cash to the holder of shares may be paid by cheque or warrant sent through post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent, 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 our Company. Any one of two or more joint holders may give effectual receipts for any dividends and other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or our 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.

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All dividends, bonuses or other distributions or the proceeds of the realisation of any of the foregoing unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of our Company until claimed and our Company shall not be constituted a trustee in respect thereof. All dividends or bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and shall revert to our Company.

No dividend or other monies payable by our Company on or in respect of any share shall bear interest against our Company.

(h) Inspection of corporate records

Pursuant to the Articles, our Company's register and branch register of members shall be open to inspection during business hours by any 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 Cayman 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, except 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 shareholders of our Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix III.

(j) Procedures on liquidation

Subject to the Cayman Companies Act, our Company may at any time and from time to time be wound up voluntarily by 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 our Company is wound up and the assets available for distribution amongst the members of our Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the surplus assets remaining after payment to all creditors shall be distributed *pari passu* and divided among the members in proportion to the amount paid up on the shares held by them respectively; and

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- (ii) if our Company is wound up and the assets available for distribution amongst the members shall be insufficient to repay the whole of the paid-up capital, they 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 our Company is wound up (whether the liquidation be voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Cayman Companies Act, divide among the members in specie or kind the whole or any part of the assets of our 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 and the members within each class. 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 members shall be compelled to accept any shares or other assets upon which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that they are not prohibited by and are in compliance with the Cayman Companies Act, if warrants to subscribe for shares have been issued by our Company and our Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the nominal value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the nominal value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

Our Company is incorporated in the Cayman Islands subject to the Cayman Companies Act and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of the 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 the Cayman Islands company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar. For the avoidance of doubt, special resolution used in the below summary shall have the meaning as set out in the Cayman Companies Act.

(a) Company operations

As an exempted company, our 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.

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(b) Share capital

The Cayman 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 Cayman Companies Act provides that the share premium account may be applied by a company subject to the provisions, if any, of its memorandum and articles of association in (i) paying distributions or dividends to members; (ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (iii) the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman Companies Act); (iv) writing-off the preliminary expenses of the company; and (v) 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 Cayman Companies Act provides that, 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, (a) by special resolution and confirmation by the Grand Court of the Cayman Islands; or (b) by special resolution supported by a solvency statement of all the directors of the company in accordance with Section 14A of the Cayman Companies Act, 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.

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(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 Cayman 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 are 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 Cayman 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.

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(e) Dividends and distributions

The Cayman 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 a 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 Court 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 (i) an act which is ultra vires the company or illegal; (ii) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company; and (iii) 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: (i) an order regulating the conduct of the company's affairs in the future; (ii) 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; (iii) 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 (iv) 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.

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(g) Disposal of assets

The Cayman 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 of the Cayman Islands 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 (As Revised) of the Cayman Islands, the Company has obtained an undertaking:

- (i) 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
- (ii) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
 - (A) on or in respect of the shares debentures or other obligations of the Company; or
 - (B) by way of the withholding in whole or in part of any relevant payment as defined in the Tax Concessions Act.

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The undertaking for our Company is for a period of thirty years from 28 May 2025.

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 Cayman 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 Cayman 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 of association.

(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 Cayman Companies Act. A branch register must be kept in the same manner in which a principal register is by the Cayman 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.

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There is no requirement under the Cayman 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 of the Cayman Islands pursuant to the Tax Information Authority Act of the Cayman Islands.

(o) Register of directors and officers

A 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 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 (the 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 although the Cayman Islands government may introduce regulations to allow for public access in the future. An exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange, may provide its registered office provider with details of its listed 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 (i) compulsorily by order of the Court; (ii) voluntarily; or (iii) under the supervision of the Court.

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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.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND COMPANY LAW OF THE CAYMAN ISLANDS

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by (i) 75% in value of shareholders or class of shareholders, or (ii) a majority in number representing 75% in value of creditors, 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 Cayman 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 (i) is or is likely to become unable to pay its debts within the meaning of section 93 of the Cayman Companies Act; and (ii) intends to present a compromise or arrangement to its creditors (or classes thereof) either, pursuant to the Cayman 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 in value shares of another company, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the approval by the said holders, 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 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).

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND COMPANY LAW OF THE CAYMAN ISLANDS

(u) Economic substance requirements

Pursuant to the International Tax Cooperation (Economic Substance) Act (As Revised) of the Cayman Islands (the “**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

Ogier, our Company’s legal counsel as to Cayman Islands law, have sent to our Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Cayman Companies Act, is available on display as referred to in the paragraph headed “Documents delivered to the Registrar of Companies in Hong Kong and documents on display – B. Documents available on display” 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.

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A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES

1. Incorporation

Our Company was incorporated under the laws of the Cayman Islands on 5 January 2023, as an exempted company with limited liability. Our registered office is at [REDACTED] of 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands. Our Company’s headquarter is located at No. 185-A5-301, Tailin, Shengdong Village, Shengxin Town, Nan’an City, Quanzhou City, Fujian Province, China.

Accordingly, our Company’s corporate structure and the Articles are subject to the relevant laws of the Cayman Islands. A summary of our Articles of Association is set out in Appendix III to this document.

Our Company has established a principal place of business in Hong Kong at Unit 1910, 19/F, C C Wu Building, 302-308 Hennessy Road, Wan Chai, Hong Kong and have been registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance on 11 February 2025. Mr. Zhou Hang and Ms. Wong Po Lam have been appointed as the authorised representatives of our Company for the acceptance of service of process and notice in Hong Kong.

2. Changes in the Share Capital of our Company

On 5 January 2023, our Company was incorporated with an authorised share capital of US\$10,000 divided into 50,000 Shares of US\$0.2 each. Upon its incorporation, one fully-paid Share was allotted and issued to the initial subscriber, McGrath Tonner Corporate Services Limited, who is an Independent Third Party, on 5 January 2023, which was then transferred to Wanrong on the same day. Further 9,999 and 40,000 fully-paid Shares were allotted and issued to Wanrong and Wansheng respectively on the same day.

The following sets forth the changes in the share capital of our Company during the two years immediately preceding the date of this document:

- (a) On 4 April 2023, 10,000 Shares were transferred from Wansheng to Wanrong.
- (b) On 29 May 2025, for the purpose of re-denomination of shares, (i) the authorised share capital of our Company was increased by HK\$380,000 divided into 3,800,000,000 ordinary shares of HK\$0.0001 each; (ii) 20,000 and 30,000 ordinary shares of HK\$0.0001 each were allotted and issued to Wanrong and Wansheng for a consideration of HK\$2 and HK\$3, respectively; (iii) our Company repurchased from Wanrong and Wansheng an aggregate of 50,000 ordinary shares of US\$0.2 each; (iv) these USD ordinary shares were cancelled and the authorised share capital of our Company was reduced by US\$10,000; and (v) following the abovementioned steps, the authorised share capital of our Company was re-denominated as HK\$380,000 divided into 3,800,000,000 ordinary shares of HK\$0.0001 each.

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- (c) On 11 June 2025, pursuant to the share swap agreement entered into between our Company and Centrum, Centrum agreed to transfer the entire issued share capital of Happy Medicine Care to our Company in consideration of issuance of 500 Shares by our Company to Centrum, which represents approximately 1% of the issued shares of our Company.

Immediately following the completion of the [REDACTED] and the [REDACTED] (without taking into account any Share which may be issued upon the exercise of the [REDACTED] and any option which may be granted under the Share Option Scheme, our issued share capital will be HK\$[REDACTED] divided into [REDACTED] Shares, all fully or credited as fully paid and [REDACTED] Shares will remain unissued.

Save as disclosed above and as mentioned in the paragraph headed “5. Resolutions of our Shareholders passed on [•]” below, there has been no alteration in our share capital within the two years immediately preceding the date of this document.

3. Changes in the Share Capital of Our Subsidiaries

Save as disclosed in the section headed “History, Reorganisation and Corporate Structure” of this document, there are no changes in the registered capital of our Company’s subsidiaries during the two years preceding the date of this document.

4. Change in Company Name

Subsequent to the approval by way of special resolutions passed by all Shareholders in writing entitled to vote at general meetings of our Company on 20 January 2025, the Certificate of Incorporation on Change of Name was issued by the Registrar of Companies in Cayman Islands on 23 January 2025, certifying the change of English name of the Company from “FOCUS INTERNATIONAL LTD.” to “FOCUS INTERNATIONAL GROUP LTD.”.

5. Resolutions of our Shareholders passed on [•]

Pursuant to the written resolutions of all Shareholders entitled to vote at general meetings of our Company, which were passed on [•], among others:

- (a) the Memorandum of Association was approved and adopted with immediate effect;
- (b) the Articles of Association was approved and conditionally adopted in substitution for and to the exclusion of the amended and restated articles of association of our Company with effect from the [REDACTED];

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- (c) conditional upon (i) the [REDACTED] of the Stock Exchange granting the [REDACTED] of, and permission to deal in, on the [REDACTED], our Shares in issue and to be issued (pursuant to the [REDACTED], the [REDACTED] and/or, the [REDACTED] and the Share Option Scheme) as mentioned in this document; and (ii) the obligations of the [REDACTED] under the [REDACTED] Agreement becoming unconditional (including, if relevant, as a result of the waiver of any condition(s)) by the [REDACTED] (for itself and on behalf of the [REDACTED]) and not being terminated in accordance with the terms of the [REDACTED] Agreement or otherwise:
- (i) conditional on the share premium account of our Company being credited as a result of the [REDACTED], the sum of HK\$[REDACTED] be capitalised and be applied in paying up in full at par [REDACTED] Shares for allotment and issue to our Shareholders whose names were on the register of members of our Company immediately prior to the [REDACTED] and such Shares (or as they may direct) to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respect with the existing issued Shares;
- (ii) the [REDACTED] and the [REDACTED] were approved and our Directors were authorised to allot and issue the [REDACTED] and the Shares as may be required to be allotted and issued upon the exercise of the [REDACTED] on and subject to the terms and conditions stated in this document and in the relevant application forms;
- (iii) the rules of the Share Option Scheme were approved and adopted, and our Directors or any committee thereof established by the Board were authorised, at their sole discretion, to: (i) administer the Share Option Scheme; (ii) modify/amend the Share Option Scheme from time to time as requested by the Stock Exchange; (iii) grant options to subscribe for Shares under the Share Option Scheme up to the limits referred to in the Share Option Scheme; (iv) allot, issue and deal with Shares pursuant to the exercise of any option which may be granted under the Share Option Scheme; (v) make application at the appropriate time or times to the Stock Exchange for the [REDACTED] of, and permission to deal in, any Shares or any part thereof that may hereafter from time to time be issued and allotted pursuant to the exercise of the options granted under the Share Option Scheme; and (vi) take all such actions as they consider necessary, desirable or expedient to implement or give effect to the Share Option Scheme;

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- (iv) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than by way of 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 of Association or pursuant to the issue of Shares upon the exercise of any subscription rights attached to any warrants of our Company or pursuant to the exercise of options granted under the Share Option Scheme or any other option scheme(s) or similar arrangement for the time being adopted for the grant or issue to Directors and/or officers and/or employees of our Group or rights to acquire Shares or pursuant to a specific authority granted by our Shareholders in general meeting, the Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the [REDACTED] and the [REDACTED] but before any exercise of the [REDACTED] and any options which may be granted under the Share Option Scheme, until the conclusion of the next annual general meeting of our Company, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions or the expiration of the period within the next annual general meeting of our Company is required by the Articles of Association or any applicable law of the Cayman Islands to be held or the passing of an ordinary resolution by our Shareholders in general meetings of our Company varying or revoking the authority given to the Directors, whichever occurs first;
- (v) a general unconditional mandate (the “**Repurchase Mandate**”) be and is hereby given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be [REDACTED] and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the [REDACTED] and the [REDACTED] but before the exercise of the [REDACTED] and any options which may be granted under the Share Option Scheme, until the conclusion of the next annual general meeting of our Company, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions or the expiration of the period within which the next annual general meeting of our Company is required by the Article of Association or any applicable law of the Cayman Islands to be held or the passing of an ordinary resolution by our Shareholders in general meeting of our Company varying or revoking the authority given to the Directors, whichever occurs first;

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- (vi) the extension of the general mandate to allot, issue and deal with Shares as mentioned in paragraph (c)(iv) above by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company bought-back by our Company pursuant to paragraph (c)(v) above, provided that such extended amount shall not exceed 10% of the aggregate of the total nominal value of the share capital of our Company in issue immediately following completion of the [REDACTED] and the [REDACTED] but before the exercise of the [REDACTED] and any options which may be granted under the Share Option Scheme be and is approved; and

Each of the general mandates referred to in paragraphs (c)(iv), (c)(v) and (c)(vi) above will remain in effect until whichever is the earliest of:

- (1) the conclusion of our next annual general meeting, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- (2) the expiration of the period within which our Company is required by any applicable law or the Articles of Association to hold our next annual general meeting; or
- (3) the time when such mandate is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

6. Repurchase of our own securities

This section includes information relating to the repurchase of securities, including information required by the Stock Exchange to be included in this document concerning such repurchase.

(I) Provisions of the Listing Rules

The Listing Rules permit companies with a primary [REDACTED] on the Stock Exchange to repurchase their securities on the Stock Exchange, subject to certain restrictions, the more important of which are summarised below:

(i) Shareholders’ approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the Shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

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Pursuant to the written resolutions passed by our Shareholders on [•], the Repurchase Mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase Shares on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be [REDACTED] and which is recognised by the SFC and the Stock Exchange for this purpose, with a total nominal value up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the [REDACTED] and the [REDACTED] (excluding any Shares which may be issued under the Share Option Scheme), with such mandate to expire at the earliest of (a) the conclusion of our Company’s next annual general meeting unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; (b) the expiration of the period within which our Company is required by law or the Articles of Association to hold its next annual general meeting, and (c) the revocation, variation, or renewal of this general mandate by an ordinary resolution of our Shareholders in a general meeting.

(ii) Source of Funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum of Association and the Articles of Association, the Companies Act, the Listing Rules and the applicable laws of the Cayman Islands. We are not permitted to repurchase our own securities on the Stock Exchange for consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate nominal value of shares in issue on the date the repurchase mandate is granted. A listed company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options, or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities on the Stock Exchange if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A listed company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase made on behalf of the listed company as the Stock Exchange may require.

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(iv) Status of repurchased Shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted, and the certificates for those securities must be cancelled and destroyed.

(v) Suspension of Repurchase

A listed company may not make any repurchase of securities after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company’s results for any year, half-year, quarter, or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for a listed company to announce its results for any year or half-year under the Listing Rules, or quarter or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement, the listed company may not repurchase its securities on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Procedural and reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company’s annual report is required to disclose details regarding repurchases of securities made during the year reviewed, including a monthly analysis of the number of securities repurchased, the purchase price per share, or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.

(vii) Core Connected Persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a “core connected person” (as defined in the Listing Rules), that is, a director, chief executive or substantial shareholder of our Company or any of its subsidiaries or their close associates, and a core connected person is prohibited from knowingly selling his or her securities to the company on the Stock Exchange.

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(II) Reasons for Repurchases

Our Directors believe that it is in the best interest of our Company and our Shareholders as a whole for our Directors to have general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on 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 where our Directors believe that such repurchases will benefit our Company and our Shareholders.

(III) Funding of Repurchase

In repurchasing Shares, we may only apply funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of our Company’s current financial position as disclosed in this document and taking into account its current working capital position, our Directors consider that, if the Repurchase Mandate is exercised in full, it might have a material adverse effect on our working capital and/or gearing position as compared with the position disclosed in this document. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as it would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

(IV) 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) currently intends to sell any Shares to us or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws and regulations of the Cayman Islands.

If as a result of any securities repurchase pursuant to the Repurchase Mandate, a shareholder’s proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate. Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

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No core connected person of our Company has notified our Company that he has a present intention to sell his Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

B. CORPORATE REORGANISATION

In order to streamline the corporate structure and rationalise our corporate structure for the [REDACTED], our Group underwent the Corporate Reorganisation. See “History, Reorganisation and Corporate Structure – Reorganisation” for details.

C. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of the material contracts

The following contracts (not being contracts entered into in the ordinary course of business of our Group) were entered into by our Group within the two years immediately preceding the date of this document and are or may be material:

- (a) A capital increase and equity enlargement agreement dated 30 September 2024 entered into between Mr. Zhou, Ms. He and HK Yueda Jiaodian proposed to increase its registered capital from RMB20.0 million to RMB20.2 million and allot and issue approximately 1% of its enlarged equity interest to HK Yueda at a consideration of RMB1.91 million;
- (b) An equity transfer agreement dated 19 December 2024 entered into between Mr. Zhou, Ms. He and Focus Technology, respectively, each of Mr. Zhou and Ms. He agreed to transfer 59.4% and 39.6% in Jiaodian to Focus Technology for a consideration of approximately RMB19.95 million and RMB13.3 million respectively;
- (c) A share swap agreement dated 11 June 2025 entered into between our Company and Centrum, pursuant to which Centrum agreed to transfer the entire issued share capital of Happy Medicine Care to our Company in consideration of issuance of 500 Shares by our Company to Centrum International, which represents approximately 1% of the entire issued share capital of our Company; and
- (d) the [REDACTED].

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2. Intellectual property rights of our Group

(I) Trademarks

As at the Latest Practicable Date, we have registered the following trademarks in the PRC, which in the opinion of our Directors, is material to our business:

No.	Trademark	Registered owner	Registered number	Class	Registration date	Expiry date
1.	C&E	Yuejian	27119086	10	07 November 2018	06 November 2028
2.	久久呵护	Yuejian	28961675	5	28 December 2018	27 December 2028
3.	久久呵护	Yuejian	28961343	10	28 December 2018	27 December 2028
4.	久久呵护	Yuejian	28936386	35	28 December 2018	27 December 2028
5.	贝姆乐	Yuejian	32321193	5	07 April 2019	06 April 2029
6.	贝姆乐	Yuejian	32319629	16	14 April 2019	13 April 2029
7.	全棉小时光	Yuejian	37673805	5	21 May 2020	20 May 2030
8.	卓媛	Yuejian	40411660	5	07 October 2020	06 October 2030
9.		Yuejian	72697624	5	28 December 2023	27 December 2033
10.		Yuejian	72702355	16	28 December 2023	27 December 2033
11.		Yuejian	72693711	35	28 December 2023	27 December 2033

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No.	Trademark	Registered owner	Registered number	Class	Registration date	Expiry date
12.		Yuejian	40191629	3	21 March 2020	20 March 2030
13.		Yuejian	68079845	5	14 May 2023	13 May 2033
14.		Yuejian	38421263	16	14 May 2020	13 May 2030
15.		Yuejian	68065732	16	14 May 2023	13 May 2033
16.		Yuejian	23020131	5	28 February 2018	27 February 2028
17.		Yuejian	38408757	10	07 February 2020	06 February 2030
18.		Yuejian	51927574	5	14 November 2021	13 November 2031
19.		Yuejian	51947428	16	28 August 2021	27 August 2031
20.		Yuejian	51930664	5	21 November 2021	20 November 2031
21.		Yuejian	51947424	16	21 January 2022	20 January 2032
22.		Yuejian	50362677	3	14 June 2021	13 June 2031
23.		Yuejian	26558353	10	07 September 2018	06 September 2028
24.		Yuejian	50371269	20	14 June 2021	13 June 2031
25.		Yuejian	69029899	16	07 September 2023	06 September 2033
26.	偌美熊	Yuejian	68894771	5	14 June 2023	13 June 2033
27.	偌美熊	Yuejian	68906657	16	14 June 2023	13 June 2033
28.	诺美熊	Yuejian	68890538	24	14 June 2023	13 June 2033
29.		Yuejian	20203547	10	21 July 2017	20 July 2027
30.		Yuejian	75313221	35	07 May 2024	06 May 2034

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No.	Trademark	Registered owner	Registered number	Class	Registration date	Expiry date
31.		Yuejian	67830181	5	07 May 2023	06 May 2033
32.	VEERMOON [®]	Yuejian	68083524	3	21 July 2023	20 July 2033
33.	薇月	Yuejian	68081423	5	28 July 2023	27 July 2033
34.	薇月	Yuejian	68065988	24	14 July 2023	13 July 2033
35.	薇月	Yuejian	68075444	35	14 September 2023	13 September 2033
36.		Yuejian	28489017	5	21 December 2018	20 December 2028
37.		Yuejian	48380248	16	07 May 2021	06 May 2031
38.	Applecumby	Yuejian	66983482	16	14 March 2023	13 March 2033
39.	Maac Tape	Yuejian	66292694	5	07 April 2023	06 April 2033
40.		Yuejian	75784297	5	07 June 2024	06 June 2034
41.		Yuejian	75802760	35	07 June 2024	06 June 2034
42.	御林中	Yuejian	81324561	5	07 April 2025	06 April 2035
43.	蓝棉花	Yuejian	81131232	5	28 March 2025	27 March 2035
44.	棉奇特护巾	Yuejian	75302434	5	28 August 2024	27 August 2034
45.	诺美熊	Yuejian	68906645	16	14 June 2023	13 June 2033
46.	诺美熊	Yuejian	68896350	5	21 August 2023	20 August 2033
47.	诺美熊	Yuejian	68894794	24	14 June 2023	13 June 2033
48.		Yuejian	67832180	3	21 April 2023	20 April 2033

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No.	Trademark	Registered owner	Registered number	Class	Registration date	Expiry date
49.	非凡自由	Yuejian	81257010	5	07 May 2025	06 May 2035
50.	蓝棉花	Yuejian	82524091	30	28 May 2025	27 May 2035
51.	蓝棉花	Yuejian	82522499	28	28 May 2025	27 May 2035
52.	蓝棉花	Yuejian	82521806	44	28 May 2025	27 May 2025
53.	蓝棉花	Yuejian	82518112	10	28 May 2025	27 May 2035
54.	蓝棉花	Yuejian	82515198	38	28 May 2025	27 May 2035
55.	蓝棉花	Yuejian	82512122	29	28 May 2025	27 May 2035
56.	蓝棉花	Yuejian	82508408	11	28 May 2025	27 May 2035
57.	蓝棉花	Yuejian	82508350	9	28 May 2025	27 May 2035
58.	蓝棉花	Yuejian	82506652	32	28 May 2025	27 May 2035
59.	蓝棉花	Yuejian	82506081	41	28 May 2025	27 May 2035
60.	蓝棉花	Yuejian	82504993	12	28 May 2025	27 May 2035
61.	蓝棉花	Yuejian	82501293	14	28 May 2025	27 May 2035
62.	蓝棉花	Yuejian	82524857	21	7 September 2025	6 September 2035
63.	NOUMEIO	Yuejian	69028379	5	7 July 2023	6 July 2033
64.	小亲翼	Yuejian	83715657	5	14 August 2025	13 August 2035
65.	beyond XP5000	Jiaodian	53673359	5	28 November 2021	27 November 2031
66.	braps	Jiaodian	17270359	5	28 August 2016	27 August 2026
67.	Chikako	Jiaodian	64228245	5	14 October 2022	13 October 2032
68.	DRYPERS	Jiaodian	53661992	5	28 November 2021	27 November 2031
69.	everglo	Jiaodian	53673371	5	14 September 2021	13 September 2031
70.	femenina	Jiaodian	53669615	5	14 September 2021	13 September 2031

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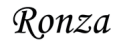
No.	Trademark	Registered owner	Registered number	Class	Registration date	Expiry date
71.	FOCUS LOVE	Jiaodian	14217902	5	07 May 2025	06 May 2035
72.	FOCUS LOVE	Jiaodian	20018692	16	07 July 2017	06 July 2027
73.	focus pantz	Jiaodian	16555309	5	14 May 2016	13 May 2026
74.	Kidde	Jiaodian	58574309	5	14 May 2022	13 May 2032
75.	KiddyPlus	Jiaodian	65828298	5	21 March 2023	20 March 2033
76.	BEAR HUGS	Jiaodian	83634668	5	21 September 2025	20 September 2035
77.		Jiaodian	53671495	5	28 December 2021	27 December 2031
78.	perfect lady	Jiaodian	53673938	5	07 September 2021	06 September 2031
79.		Jiaodian	64243028	5	14 October 2022	13 October 2032
80.		Jiaodian	17660460	5	07 October 2016	06 October 2026
81.	Rapid	Jiaodian	38240495	5	28 March 2020	27 March 2030
82.	Ring Waist	Jiaodian	17851518	5	14 October 2016	13 October 2026
83.	SUAVITO	Jiaodian	53671484	5	14 September 2021	13 September 2031
84.	VE BABAY CARE	Jiaodian	69754342	5	14 August 2023	13 August 2033
85.	苹果艾彼	Jiaodian	68546881	5	28 June 2023	27 June 2033
86.	applyaby	Jiaodian	74355436	5	21 March 2024	20 March 2034
87.	贝奈丝	Jiaodian	74481985	5	28 March 2024	27 March 2034
88.	焦点宝贝	Jiaodian	23675258	5	07 April 2018	06 April 2028
89.	焦点宝贝	Jiaodian	71830397	16	21 February 2024	20 February 2034
90.	焦点宝贝	Jiaodian	71837040	24	28 November 2023	27 November 2033
91.	萌宠娃	Jiaodian	71449383	5	28 October 2023	27 October 2033
92.	萌宠鸭	Jiaodian	70824025	5	28 September 2023	27 September 2033
93.	萌新兔	Jiaodian	70802449	5	07 December 2023	06 December 2033

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No.	Trademark	Registered owner	Registered number	Class	Registration date	Expiry date
94.		Jiaodian	79970216	5	21 April 2025	20 April 2035
95.		Jiaodian	78355248	5	21 June 2025	20 June 2035
96.		Jiaodian	83453491	5	14 August 2025	13 August 2035
97.		Jiaodian	86593984	5	21 February 2026	20 February 2036
98.		Jiaodian	34958946	5	28 August 2019	27 August 2029

As at the Latest Practicable Date, we have applied for the registration of the following trademarks in the PRC:

No.	Trademark	Registered owner	Application number	Class	Application date
1.		Jiaodian	87472377	5	6 September 2025
2.		Jiaodian	89645218	5	12 January 2026
3.		Jiaodian	89645216	5	12 January 2026
4.		Jiaodian	89645217	5	12 January 2026

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(II) Domain Names

As at the Latest Practicable Date, we have registered the following domain name:

Registrant	Domain name	Registered number	Approval date
Jiaodian	qzfocus.com	閩ICP備2025103232號	17 June 2025

(III) Patents

As at the Latest Practicable Date, we have registered the following patents in the PRC:

No.	Patent Category	Patent Number	Application Date	Name of the Patent	Owner of the Patent	Expiry date
1.	Invention	ZL 2021 1 0155552.X	04 February 2021	A dual-adsorption wheel diaper sheet moulding device and moulding method (一種雙吸附輪紙尿褲片材成型設備及成型方法)	Yuejian	03 February 2041
2.	Invention	ZL 2021 1 0155616.6	04 February 2021	Double-layer waistband diaper and its production method (雙層腰封紙尿褲及其生產方法)	Yuejian	03 February 2041
3.	Utility Model	ZL 2022 2 1900414.6	22 July 2022	A three-layer core adult diaper (一種三層芯體成人紙尿褲)	Yuejian	21 July 2032
4.	Utility Model	ZL 2023 2 2947618.6	01 November 2023	A high-capacity baby diaper (一種大容積嬰兒紙尿褲)	Yuejian	31 October 2033
5.	Utility Model	ZL 2021 2 0322404.8	04 February 2021	A dual-adsorption diaper sheet moulding device (一種雙吸附紙尿褲片材成型設備)	Yuejian	03 February 2031
6.	Utility Model	ZL 2021 2 3278453.5	24 December 2021	An adjustable embossing device (一種方便調整的壓花裝置)	Yuejian	23 December 2031
7.	Utility Model	ZL 2022 2 2260485.0	26 August 2022	An adjustable adult female diaper (一種可調節用成人女性用紙尿褲)	Yuejian	25 August 2032
8.	Utility Model	ZL 2022 2 2267575.2	26 August 2022	A high-capacity nursing pad (一種可裝載容量大的護理墊)	Yuejian	25 August 2032

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No.	Patent Category	Patent Number	Application Date	Name of the Patent	Owner of the Patent	Expiry date
9.	Utility Model	ZL 2021 2 2101829.9	01 September 2021	A specialised adult incontinence care pant for the elderly (一種失禁老年人專用護理褲)	Yuejian	31 August 2031
10.	Utility Model	ZL 2021 2 2066921.6	30 August 2021	A diaper for bedridden elderly patients (一種老年臥床患者用紙尿褲)	Yuejian	29 August 2031
11.	Utility Model	ZL 2021 2 2087075.6	01 September 2021	An antibacterial healthcare diaper for the elderly (一種抗菌保健的老年人紙尿褲)	Yuejian	31 August 2031
12.	Utility Model	ZL 2021 2 2091502.8	01 September 2021	A diaper for the elderly that prevents leakage of urine and faeces (一種防大小便倒漏的老年人紙尿褲)	Yuejian	31 August 2031
13.	Utility Model	ZL 2022 2 1899259.0	22 July 2022	A leak-proof adult diaper for both genders (一種防側漏男女通用成人紙尿褲)	Yuejian	21 July 2032
14.	Utility Model	ZL 2022 2 2080763.4	08 August 2022	A leak-proof nursing pad (一種防側漏的護理墊)	Yuejian	07 August 2032
15.	Utility Model	ZL 2022 2 2074326.1	08 August 2022	A permeation-proof nursing pad (一種防滲透的護理墊)	Yuejian	07 August 2032
16.	Utility Model	ZL 2022 2 1904333.3	22 July 2022	A permeation-proof isolation nursing pad (一種防滲透隔尿護理墊)	Yuejian	21 July 2032
17.	Utility Model	ZL 2023 2 2597761.7	25 September 2023	An edge-sealing leak-proof adult diaper (一種防溢貼邊的成人紙尿褲)	Yuejian	24 September 2033
18.	Utility Model	ZL 2023 2 3202729.0	27 November 2023	A leak-proof menstrual panty (一種防漏隔邊經期褲)	Yuejian	26 November 2033

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No.	Patent Category	Patent Number	Application Date	Name of the Patent	Owner of the Patent	Expiry date
19.	Utility Model	ZL 2022 2 2267070.6	26 August 2022	An adult diaper with a floating core (一種具有懸浮芯體的成人紙尿褲)	Yuejian	25 August 2032
20.	Utility Model	ZL 2021 2 2069963.5	30 August 2021	An easy-to-remove elderly diaper (一種易拆換的老年人紙尿褲)	Yuejian	29 August 2031
21.	Utility Model	ZL 2023 2 2571873.5	21 September 2023	A storage-friendly menstrual panty (一種便於收納的經期褲)	Yuejian	20 September 2033
22.	Utility Model	ZL 2021 2 2091697.6	01 September 2021	An easy-to-replace elderly sanitary diaper (一種便於更換的老年人衛生紙尿褲)	Yuejian	31 August 2031
23.	Utility Model	ZL 2023 2 3457399.X	19 December 2023	A composite dual-layer core menstrual panty (一種複合雙層芯體經期褲)	Yuejian	18 December 2033
24.	Utility Model	ZL 2021 2 2066866.0	30 August 2021	A pearl granule layer diaper sheet moulding device (一種帶珍珠顆粒狀夾層紙尿褲片材成型設備)	Yuejian	29 August 2031
25.	Utility Model	ZL 2021 2 2068114.8	30 August 2021	A pearl granule layer diaper production device (一種帶珍珠顆粒狀夾層紙尿褲生產設備)	Yuejian	29 August 2031
26.	Utility Model	ZL 2023 2 2571925.9	21 September 2023	An adult diaper with a comfortable waistband (一種帶舒適腰圍的成人紙尿褲)	Yuejian	20 September 2033
27.	Utility Model	ZL 2023 2 2945806.5	01 November 2023	An adult pull-up pants suitable for obese individuals (一種適用於肥胖人群的成人拉拉褲)	Yuejian	31 October 2033
28.	Utility Model	ZL 2021 2 3295117.1	24 December 2021	A high-molecule uniform fabric device (一種高分子均勻布料裝置)	Yuejian	23 December 2031

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No.	Patent Category	Patent Number	Application Date	Name of the Patent	Owner of the Patent	Expiry date
29.	Utility Model	ZL 2023 2 2947615.2	01 November 2023	A highly breathable environmentally friendly adult diaper (一種高透氣環保型成人紙尿褲)	Yuejian	31 October 2033
30.	Utility Model	ZL 2022 2 2074321.9	08 August 2022	A nursing pad that is easy to stick and tear off (一種粘貼方便易撕脫的護理墊)	Yuejian	07 August 2032
31.	Utility Model	ZL 2022 2 2269671.0	26 August 2022	A breathable environmentally friendly adult diaper (一種透氣環保型成人紙尿褲)	Yuejian	25 August 2032
32.	Utility Model	ZL 2023 2 3457403.2	19 December 2023	An ultra-thin core menstrual panty (一種超薄芯體經期褲)	Yuejian	18 December 2033
33.	Utility Model	ZL 2021 2 3315535.2	24 December 2021	A high-molecule application device with variable spreading width (一種播撒寬度可變的高分子材料施加裝置)	Yuejian	23 December 2031
34.	Utility Model	ZL 2021 2 0323685.9	04 February 2021	Double-layer waistband diaper (雙層腰封紙尿褲)	Yuejian	03 February 2031
35.	Utility Model	ZL 2021 2 0295328.6	02 February 2021	Composite high-molecule diaper inner core and its diaper (複合高分子紙尿褲內芯及其紙尿褲)	Yuejian	01 February 2031
36.	Utility Model	ZL 2024 2 1074953.8	17 May 2024	A new type of diaper using perforated non-woven fabric (一種採用打孔無紡布的新型紙尿褲)	Yuejian	16 May 2034
37.	Utility Model	ZL 2023 2 3281190.2	04 December 2023	A cutting device for diaper production (一種紙尿褲生產用的切割設備)	Yuejian	03 December 2033
38.	Design patent	ZL 2023 3 0434024.8	11 July 2023	Packaging bag (Monkey King series) (包裝袋(美猴王系列))	Yuejian	10 July 2038

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No.	Patent Category	Patent Number	Application Date	Name of the Patent	Owner of the Patent	Expiry date
39.	Utility Model	ZL 2023 2 3281191.7	04 December 2023	A three-layer core baby diaper (一種三層芯體嬰兒紙尿褲)	Yuejian	03 December 2033
40.	Design patent	ZL 2024 3 0716321.6	13 November 2024	Sanitary pads (double wings sanitary pads)(衛生巾(雙耳衛生巾))	Yuejian	12 November 2039
41.	Invention	202511850832.7	10 December 2025	A Herbal essential oil extraction equipment for a medicinal fragrance-processed sanitary pads (一種藥香工藝中藥養護衛生巾的草本精油萃取設備)	Yuejian	9 December 2045
42.	Utility Model	202422566911.2	23 October 2024	A type of highly absorbent pull-up pants (一種高吸水性拉拉褲)	Yuejian	22 October 2034
43.	Utility Model	202422566910.8	23 October 2024	A detachable waistband menstrual panty (一種可脫卸環腰經期褲)	Yuejian	22 October 2034
44.	Utility Model	202520282524.8	21 February 2025	A new type of adult diaper that is easy to put on and take off (一種新型成人方便穿脫紙尿褲)	Yuejian	20 February 2035
45.	Utility Model	202422771992.X	14 November 2024	A type of sanitary pads with double wings (一種雙耳衛生巾)	Yuejian	13 November 2034
46.	Utility Model	ZL 2023 2 1910607.4	20 July 2023	A three-layer core baby diaper (一種紙尿褲包裝裝置)	Jiaodian	19 July 2033
47.	Utility Model	ZL 2023 2 1919301.5	20 July 2023	Diaper covering device (一種紙尿褲覆合裝置)	Jiaodian	19 July 2033
48.	Utility Model	ZL 2023 2 1164502.9	15 May 2023	A close-fitting and comfortable baby diaper (一種貼身舒爽型嬰兒紙尿褲)	Jiaodian	14 May 2033
49.	Utility Model	ZL 2023 2 1164501.4	15 May 2023	A diaper that can keep the navel warm (一種可保暖臍部的紙尿褲)	Jiaodian	14 May 2033
50.	Utility Model	ZL 2023 2 1164499.0	15 May 2023	An adult diaper for male patients (一種男病患用成人紙尿褲)	Jiaodian	14 May 2033

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As at the Latest Practicable Date, we have applied for the registration of the following patent in the PRC:

No.	Name of the Patent	Application of the Patent	Application Number	Patent Category	Application Date
1.	Invention	Yuejian	2025105786748	A menstrual panty and its absorbent core (一種經期褲及其吸收芯體)	7 May 2025
2.	Invention	Yuejian	2025105786733	A leak-proof sanitary pads and its manufacturing equipment (一種防側漏衛生巾及其生產加工設備)	7 May 2025
3.	Invention	Yuejian	2026100492884	A type of herbal medicine menstrual care warming panty and its sterilization equipment (一種草本藥物護理暖宮經期褲及其滅菌設備)	15 January 2026

(IV) Copyrights

As at the Latest Practicable Date, we have registered the following copyrights in the PRC:

No.	Name of the Copyright	Owner of the Copyright	Registration number	Registration Date
1.	Nuomei packaging (偌美熊包裝)	Yuejian	閩作登字-2023-F-01088702	06 March 2023
2.	Born Extraordinary, Shining into the Future (Nezha Conquers the Dragon King) (生而不凡耀未來(哪吒鬧海))	Yuejian	閩作登字-2023-F-01384433	02 August 2023
3.	Heroes Emerge from Youth (Step by Step, Lotus Blossoms) (自古英雄出少年(步步生蓮))	Yuejian	閩作登字-2023-F-01384432	02 August 2023

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No.	Name of the Copyright	Owner of the Copyright	Registration number	Registration Date
4.	Monkey King Series (Havoc in Heaven) (美猴王系列(大鬧天宮))	Yuejian	閩作登字-2023-F-01384431	02 August 2023
5.	Monkey King Series (Treasure from the Dragon Palace) (美猴王系列(龍宮取寶))	Yuejian	閩作登字-2023-F-01384434	02 August 2023
6.	Yuejian (悅健護理)	Yuejian	閩作登字-2020-F-00161616	14 December 2020
7.	Lanmianhua Lanyoujun Special Care Needed During Menstruation (藍棉花藍友君經期需要特別護理)	Yuejian	渝作登字-2024-F-00429923	27 February 2024
8.	Logo of Jiadian (焦點LOGO)	Jiadian	閩作登字-2018-F-00035758	20 June 2018

3. Further information about our PRC establishments

(I) Jiadian

Nature of the company	:	Limited liability company (Invested by corporation in Hong Kong, Macau or Taiwan, non-wholly owned (港台澳投資、非獨資))
Unified Social Credit Code	:	913505030926969999
Address	:	No. 185-A5-301, Tailin, Dongcun, Xinzhen Town, Nan'an City, Quanzhou City, Fujian Province, China
Incorporation date	:	21 February 2014
Term of business operation	:	Long Term
Registration status	:	Continuing existence (in operation, in business, on the register)
Legal representative	:	Mr. Zhou
Registered capital	:	RMB20.2 million
Paid-up capital	:	RMB20.2 million
Attributable interest of our Company	:	100%

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Scope of business : General items: Sales of hygiene products and disposable medical supplies; sales of personal hygiene products; sales of maternal and infant products; retail of cosmetics; wholesale of cosmetics; sales of paper products; sales of daily-use masks (non-medical); sales of daily-use chemical products; wholesale of daily necessities; sales of daily necessities; sales of general merchandise; sales of daily sundries; wholesale of kitchenware, sanitary ware, and daily sundries; retail of kitchenware, sanitary ware, and daily sundries; sales of office supplies; sales of leather products; sales of bags; retail of pet food and supplies; wholesale of pet food and supplies; sales of household goods; sales of textiles; sales of toys; internet sales (excluding goods requiring permits); import and export of goods; import and export of technology; brand management; enterprise management; corporate image planning; marketing planning; advertising design and agency; general cargo warehousing services (excluding hazardous chemicals and other items requiring permits and approvals); technical services, technology development, technology consulting, technology exchange, technology transfer, and technology promotion. (Except for projects that require approval by law, business activities may be carried out independently in accordance with the law based on the business license.) (Business activities shall not be carried out in areas prohibited to foreign investment in the “Negative List for Foreign Investment Access”)

(II) Yuejian

Nature of the company : **Limited liability company (Invested or controlled solely by natural person (自然人投資或控股法人獨資))**

Unified Social Credit Code : 91350582MA355JXA82

Address : No. 10 Lingshan Road, Jinjiang Economic Development Zone (Wuliyuan), Quanzhou City, Fujian Province, China

Incorporation date : 1 December 2020

Term of business operation : Long Term

Registration status : Continuing existence (in operation, in business, on the register)

Legal representative : Mr. Zhou

Registered capital : RMB30 million

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Paid-up Capital	:	RMB30 million
Attributable interest of our Company	:	100%
Scope of business	:	General items: sales of sanitary products and disposable medical products; sales of maternal and infant products; sales of paper products; paper product manufacturing; plastic product manufacturing; sanitary ware manufacturing; glass insulation container manufacturing; household textile finished product manufacturing; industrial textile finished product production; plastic product sales; sanitary ware sales; industrial textile finished product sales; disinfectant sales (excluding hazardous chemicals); needle textile sales; daily mask (non-medical) sales; daily mask (non-medical) production; medical staff protective equipment production (Class I medical devices); medical mask wholesale; medical mask retail; medical staff protective equipment wholesale; medical staff protective equipment retail; Internet sales (except for sales of goods requiring a licence); Class I medical device production; Class I medical device sales (except for projects that require approval according to law, business activities are carried out independently in accordance with the law with a business licence). Licensed projects: technology import and export; goods import and export; import and export agency; sanitary products and disposable medical products production (projects that require approval according to law can only carry out business activities after approval by relevant departments, and specific business projects are subject to the approval documents or licences of relevant departments).

D. FURTHER INFORMATION ABOUT OUR DIRECTORS

1. Directors’ service contracts and letters of appointment

The executive Directors have entered into a service contract with us, under which he or she agreed to act as executive Directors for an initial term of three years commencing from his or her respective date of appointment, which may be terminated by not less than three months’ notice in writing served by either the executive Director or us. The appointment of the executive Director is subject to the provisions of retirement and rotation of Directors under the Articles of Association.

Each of the independent non-executive Directors [has] signed an appointment letter with us for a term of one year with effect from their respective date of appointment. Under their respective appointment letters, each of the independent non-executive Directors is entitled to a fixed Director’s fee. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles of Association and the applicable Listing Rules.

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Save as disclosed above, none of the Directors has entered into any service contract 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).

Save as aforesaid, none of our Directors has or is proposed to have a service contract with us or any of our subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

2. Directors’ remuneration

For the remuneration of the Directors during the Track Record Period, see note 8 of the “Accountants’ Reports” in Appendix 1 to this document for details.

For the three years ended 2025, the aggregate of the remuneration paid to our Directors by us were RMB0.65 million, RMB0.67 million and 1.44 million, respectively.

Save as disclosed above, no other emoluments have been paid or are payable, in respect of the three years ended 2025, by us to our Directors.

Under the arrangements currently in force, we estimate that the aggregate remuneration payable to, and benefits in kind receivable by, our Directors (excluding discretionary bonus) for the year ending 2026 will be approximately RMB1.17 million.

There was no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three financial years immediately preceding the issue of this document.

None of the Directors has been or is interested in the promotion of, or in the property proposed to be acquired by, us, and no sum has been paid or agreed to be paid to any of them in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him in connection with the promotion or formation of our Company.

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3. DISCLOSURE OF INTERESTS

(i) *Interests of Directors in our Company*

As at the Latest Practicable Date and immediately following completion of the [REDACTED] and the [REDACTED] and taking no account of any Shares which may be allotted and issued pursuant to the [REDACTED] and options to be granted under the Share Option Scheme, the interests and/or short positions (as applicable) of our Directors and chief executives in the shares, underlying shares and debentures of our Company and its associated corporations, within the meaning of Part XV 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 (including interests and/or short positions (as applicable) which he or she is 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 recorded 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 Listed Issuers as contained in the Appendix C3 of the Listing Rules, will be as follows:

(ii) *Interest in our Company*

Name of director or chief executive	Nature of interest ⁽¹⁾	Number of Shares	Approximate % of shareholding of the Company's share capital upon completion of the [REDACTED] and the [REDACTED] (assuming [REDACTED] or Share Option is not exercised)
Mr. Zhou	Interest in controlled corporations ⁽²⁾ Interest of spouse ⁽³⁾	[REDACTED]	[REDACTED]%
Ms. He	Interest in controlled corporations ⁽⁴⁾ Interest of spouse ⁽⁵⁾	[REDACTED]	[REDACTED]%

Notes:

- (1) All interests stated are long positions.
- (2) Wansheng is a wholly-owned company of Mr. Zhou. Hence, Mr. Zhou is deemed to be interested in the Shares held by Wansheng under the SFO.
- (3) Mr. Zhou is the spouse of Ms. He. By virtue of the SFO, Mr. Zhou is deemed to be interest in the Shares in which Ms. He is interested in.
- (4) Wanrong is a wholly-owned company of Ms. He. Hence, Ms. He is deemed to be interested in the Shares held by Wanrong under the SFO.
- (5) Ms. He is the spouse of Mr. Zhou. By virtue of the SFO, Ms. He is deemed to be interested in the Shares in which Mr. Zhou is interested in.

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(iii) Disclosure of interests of substantial shareholders

Save as disclosed in the section headed “Substantial Shareholders” in this document, our Directors are not aware of any other person who will, immediately following the completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised and without taking into account any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme) have an interest or short position in the Shares or the underlying Shares which are required to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or directly or indirectly, be interested in 10% of more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of our Company.

4. Agency Fees or Commissions Received

Save as disclosed in the section headed “Financial Information – [REDACTED] Expenses” in this document, no commissions, discounts, brokerages or other special terms were granted within the two years preceding the date of this document in connection with the issue or sale of any capital or security of any member of our Group.

5. Disclaimers

Save as disclosed herein:

- (a) none of our Directors or the chief executive of our Company has any interest or short position in the 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 Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once the Shares are [REDACTED] on the Stock Exchange;
- (b) none of our Directors or any of the experts named in the paragraph headed “F. Other information – 8. Qualifications and Consents of Experts” in this appendix 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 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;
- (d) 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));

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- (e) so far as is known to our Directors or the chief executive of our Company, no person (not being a Director or chief executive of our Company) will, immediately following the completion of the [REDACTED] and the [REDACTED], have an interest or short position in the 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 nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and
- (f) none of our Directors or their respective close associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group in each year during Track Record Period.

E. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally approved by a resolution of all Shareholders passed on [•], and adopted by a resolution of our Board on [•] (“**Adoption Date**”). The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules.

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable our Group to grant options to the eligible participants as incentives or rewards for their contributions to our Group and/or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to our Group.

(b) Who may join

Our Directors shall, in accordance with the provisions of the Share Option Scheme and the Listing Rules, be entitled but shall not be bound at any time within a period of 10 years commencing from the date of the adoption of the Share Option Scheme to make an offer to any of the following classes:

- (i) any Directors and employees of our Group (including persons who are granted options under the Share Option Scheme as an inducement to enter into employment contracts with any member of our Group) (the “**Employee Participants**”);
- (ii) directors and employees of the holding companies, fellow subsidiaries or associated companies of our Company (the “**Related Entity Participants**”); and

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- (iii) persons who provide services to our Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of our Group, which may include persons who work for the member of our Group as independent contractors where the continuity and frequency of his/her service is akin to those of employees (the “**Service Providers**”), but excluding any (i) placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions; and (ii) professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity.

and, for the purpose of the Share Option Scheme, the offer for the grant of an option may be made to any company wholly owned by one or more eligible participants.

For the avoidance of doubt, the grant of any option by our Company for the subscription of Shares or other securities of our Group to any person who falls within any of the above classes of eligible participants shall not, by itself, unless our Directors otherwise determine, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of the eligible participants to an offer under the Share Option Scheme shall be determined by our Directors from time to time on the basis of our Directors’ opinion as to such eligible participant’s experience in the business of our Group, the length of his/her service with our Group, his or her contribution to the development and growth of our Group and other factors as our Directors may at their discretion consider appropriate. In assessing the eligibility of any Service Provider and whether such Service Provider provides services on a continuing or recurring basis in the ordinary and usual course of business of our Group, our Directors shall consider all relevant factors as appropriate from time to time, including (i) the experience of the Service Provider; (ii) the types of services that the Service Provider had provided to our Group; (iii) the period of engagement of the Service Provider; (iv) the contribution and/or future contribution of the Service Provider to the development and growth of our Group.

(c) **Maximum number of Shares**

- (i) The total number of Shares which may be allotted and issued in respect of all options to be granted under the Share Option Scheme and any other share option schemes and share award schemes of our Group shall not in aggregate exceed 10% of the total number of Shares in issue as at the [REDACTED] (the “**Scheme Mandate Limit**”) unless our Company obtains an approval from our Shareholders pursuant to paragraphs (iii) and (iv) below. The options which are cancelled or lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme(s) or share award scheme(s) of our Company shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

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- (ii) Subject to paragraph (i), the total number of Shares which may be allotted and issued in respect of all options to be granted under the Share Option Scheme and any other share option scheme(s) and share award scheme(s) of our Group to Service Providers shall be within the Scheme Mandate Limit and must not in aggregate exceed 1% of the total number of Shares (assuming the [REDACTED] (as defined in this document)) in issue at the time dealings in the Shares first commence on the Stock Exchange (the “**Service Provider Sublimit**”) unless our Company obtains an approval from our Shareholders pursuant to paragraphs (iii) and (iv) below.
- (iii) Without prejudice to (iv) below, our Company may seek approval of our Shareholders in a general meeting to refresh the Scheme Mandate Limit and Service Provider Sublimit after three years from the approval of our Shareholders for the adoption of the Share Option Scheme or the last refreshment.
- (iv) Any refreshment within any three year period must be approved by our Shareholders subject to:
 - (a) 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) must abstain from voting in favour of the relevant resolution at the general meeting; and
 - (b) 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.

The requirements under paragraphs (a) and (b) above do not apply if the refreshment is made immediately after an issue of securities by our Company to our Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the scheme mandate (as a percentage of the relevant class of shares in issue) upon refreshment is the same as the unused part of the scheme mandate immediately before the issue of securities, rounded to the nearest whole share.

- (v) The total number of Shares which may be allotted and issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option scheme and share award schemes of our Company under the Scheme Mandate Limit as refreshed shall not exceed 10% of the Shares in issue as at the date of the approval of the limit.
- (vi) Our Company may seek separate Shareholders’ approval in a general meeting to grant options under the Share Option Scheme beyond the Scheme Mandate Limit, or if applicable, the extended limit referred to in (iii) or (iv) above to eligible participants identified by our Company before such approval is sought. The number and terms of options or awards to be granted to such eligible participants must be fixed before Shareholders’ approval. In respect of any options to be granted, the date of the board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the subscription price.

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(d) Maximum entitlement of each eligible participant

Subject to (e) below, the total number of Shares issued and which may fall to be issued upon exercise of any option which may be granted under the Share Option Scheme and any option or award which may be granted under any other share option scheme(s) and share award scheme(s) of our Group (including both exercised or outstanding options but excluding any options and awards lapsed in accordance with the terms of the scheme) to each grantee in any 12-month period up to and including the date of such grant shall not exceed 1% of the issued share capital of our Company for the time being (the “**1% Individual Limit**”). Where any further grant of options under the Share Option Scheme to a grantee under the Share Option Scheme would result in the Shares issued and to be issued upon exercise of all options and awards granted and proposed to be granted to such person (including exercised, cancelled and outstanding options but excluding any options and awards lapsed in accordance with the terms of the scheme) under the Share Option Scheme and any other share option scheme(s) and share award scheme(s) of our Group in the 12-month period up to and including the date of such further grant exceeding the 1% Individual Limit, such further grant must be separately approved by our Shareholders in a general meeting of our Company with such grantee and his or her close associates (or his or her associates if the participant is a connected person) abstaining from voting. The number and terms of the options to be further granted to such Grantee must be fixed before Shareholders’ approval. In respect of any options to be further granted, the date of the board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(e) Grant of options to core connected persons

- (i) Without prejudice to (ii) below, the making of an offer under the Share Option Scheme to any Director, chief executive or substantial shareholder of our Company or any of their respective associates must be approved by our independent non-executive Directors (excluding any independent non-executive Director who is the grantee of an option under the Share Option Scheme).
- (ii) Without prejudice to (i) above, where any grant of options under the Share Option Scheme to an independent non-executive Director or a substantial shareholder or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options under the Share Option Scheme already granted and to be granted (including options exercised, cancelled and outstanding but excluding any options and awards lapsed in accordance with the terms of the scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of our Shares in issue.

Such further grant of options must be approved by our Shareholders in a general meeting. The grantee, his or her associates and all core connected persons of our Company must abstain from voting in favour at such general meeting. Any change in the terms of options granted to a participant who is a Director, chief executive or substantial shareholder of our Company, or any of their respective associates, must be approved by our Shareholders in the manner as set out in this paragraph if the initial grant of the options requires such approval (except where the changes take effect automatically under the existing terms of the Share Option Scheme).

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For the purpose of seeking the approval from our Shareholders under paragraphs (c), (d) and (e) above, our Company must send a circular to our Shareholders containing the information required under the Listing Rules and where the Listing Rules shall so require, the vote at our Shareholders’ meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the Listing Rules abstaining from voting.

(f) Time of acceptance and exercise of an option

An offer under the Share Option Scheme may remain open for acceptance by the eligible participants concerned (and by no other person) for a period of up to 21 days from the date, which must be a Business Day, on which the offer is made.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to the grantee but in any event shall not be more than 10 years from the offer date of that option.

An offer shall have been accepted by an eligible participant in respect of all Shares which are offered to such eligible participant when the duplicate letter comprising acceptance of the offer duly signed by the eligible participant together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof is received by our Company within such time as may be specified in the offer (which shall not be later than 21 days from the offer date). Such remittance shall in no circumstances be refundable.

Any offer may be accepted by an eligible participant in respect of less than the number of Shares which are offered provided that it is accepted in respect of a board lot for dealings in our Shares on the [REDACTED] or an integral multiple thereof and such number is clearly stated in the duplicate letter comprising acceptance of the offer duly signed by such eligible participant and received by our Company together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof within such time as may be specified in the offer (which shall not be later than 21 days from the offer date). Such remittance shall in no circumstances be refundable.

(g) Vesting Period and performance targets

The vesting period for options shall be determined by the Board and in any case, shall not be less than 12 months. A shorter vesting period may be granted to an Employee Participant at the discretion of the Board in the following circumstances:

- (i) grants of “make-whole” options to new joiners to replace the share awards they forfeited when leaving the previous employer;
- (ii) grants of options to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control event;
- (iii) grants of options with performance-based vesting conditions in lieu of time-based vesting criteria;

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- (iv) grants of options that are made in batches during a year for administrative and compliance reasons;
- (v) grants of options with a mixed or accelerated vesting schedule such as where the options may vest evenly over a period of 12 months; and
- (vi) grants of options with a total vesting and holding period of more than 12 months.

The Board may determine and set any performance targets, which shall be stated in the offer to the grantee, to be attained before the exercise of an option granted to the grantee as the Board may think fit. Such performance targets may include: (i) aggregate amount of revenue or business generated by the specific grantee during a financial year; (ii) annual growth on the revenue of our Group as compared to the immediately preceding financial year; or (iii) any measurable performance benchmark which the Board considers is relevant to the grantee.

(h) Subscription price for Shares

The subscription price in respect of any option shall, subject to any adjustment made pursuant to paragraph(s) below, be at the discretion of our Directors, provided that it shall not be less than the highest of:

- (i) the closing price of our Shares as stated in the Stock Exchange’s daily quotations sheet for trade in one or more board lots of our Shares on the offer date;
- (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 offer date; and
- (iii) the nominal value of a Share.

(i) Ranking of Shares

Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles of Association of our Company for the time being in force and will rank equally in all respects with the then existing fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members (the “**Exercise Date**”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefore shall be before the Exercise Date. A Share allotted and issued upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

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(j) Restrictions on the time of grant of options

For so long as our Shares are [REDACTED] on the Stock Exchange, an offer may not be made after inside information has come to our Company’s knowledge until it has announced the information. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company’s result for any year, half-year, quarter-year or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for our Company to announce its results for any year, half-year, quarter-year period or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no offer for the grant of option may be made.

Our Directors may not make any offer to an eligible participant who is a Director during the periods or times in which our Directors are prohibited from dealing in Shares under such circumstances as prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

(k) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

(l) Rights of ceasing employment

If the grantee is an Employee Participant and in the event of his ceasing to be an Employee Participant for any reason other than his or her death, ill-health or retirement in accordance with his contract of employment or the termination of his or her employment on one or more of the grounds specified in (n) below before exercising the option in full, the option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless our Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as our Directors may determine following the date of such cessation or termination. The date of cessation or termination as aforesaid shall be the last day on which the grantee was actually at work with our Company or the relevant subsidiary(ies) whether salary is paid in lieu of notice or not.

(m) Rights on death, ill-health or retirement

If the grantee is an Employee Participant and in the event of his ceasing to be an Employee Participant by reason of his or her death, ill-health or retirement in accordance with his or her contract of employment before exercising the option in full, his or her personal representative(s) or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation of employment which date shall be the last day on which the grantee was at work with our Company or the relevant subsidiary whether salary is paid in lieu of notice or not.

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(n) Rights on dismissal

In respect of a grantee who is an Employee Participant, the date on which the grantee ceases to be an Employee Participant by reason of the termination of his or her employment on the grounds that he or she has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or our Group into disrepute), such option (to the extent not already exercised) shall lapse automatically and shall not in any event be exercisable on or after the date of his or her cessation to be an Employee Participant.

(o) Rights on breach of contracts

In respect of a grantee other than an Employee Participant, the date on which our Directors shall at their absolute discretion determine that (1) such grantee has committed any breach of any contract entered into between such grantee on the one part and our Group on the other part; or (2) such grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (3) such grantee could no longer make any contribution to the growth and development of our Group by reason of the cessation of its relations with our Group or by any other reason whatsoever, the option shall lapse as a result of any event specified in subparagraphs (1) to (3).

(p) Rights on a general offer, a compromise or an arrangement

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of our Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, our Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to our Shareholders, the grantee shall, notwithstanding any other terms on which his/her option was granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee’s notice to our Company in exercise of his or her option at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be. Subject to the above, an option will lapse automatically (to the extent not exercised) on the date on which such offer (or, as the case may be, revised offer) closes.

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(q) Rights on winding-up

In the event of a resolution being proposed for the voluntary winding-up of our Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to our Company at any time not less than two Business Days before the date on which such resolution is to be considered and/or passed, exercise his or her option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share Option Scheme and our Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his or her option not less than one Business Day before the date on which such resolution is to be considered and/or passed whereupon he or she shall accordingly be entitled, in respect of the Shares allotted and issued to him/her in the aforesaid manner, to participate in the distribution of the assets of our Company available in liquidation equally with the holders of our Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of our Company.

(r) Grantee being a company wholly owned by eligible participants

If the grantee is a company wholly owned by one or more eligible participants:

- (i) the provisions of paragraphs (l), (m), (n) and (o) above shall apply to the grantee and to the option granted to such grantee, mutatis mutandis, as if such option had been granted to the relevant eligible participant, and such option shall accordingly lapse or fall to be exercisable after the event(s) referred to in paragraphs (l), (m), (n) and (o) above shall occur with respect to the relevant eligible participant; and
- (ii) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly owned by the relevant eligible participant provided that our Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

(s) Adjustment to the subscription price

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a [REDACTED], rights issue, consolidation or sub-division of the Shares, or reduction of the share capital of our Company, then, in any such case our Company shall instruct our auditors or an independent financial adviser to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular grantee, to:

- (i) the number or nominal amount of Shares to which the Share Option Scheme or any option(s) relate(s) (insofar as it is or they are unexercised); and/or
- (ii) the subscription price of any option; and/or

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- (iii) (unless the relevant grantee elects to waive such adjustment) the number of Shares comprised in an option or which remain comprised in an option,

and an adjustment as so certified by our auditors or such independent financial adviser shall be made, provided that:

- (i) any such adjustment shall give the grantee the same proportion of the issued share capital of our Company (as interpreted in accordance with the supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes), rounded to the nearest whole share, for which such grantee would have been entitled to subscribe had he or she exercised all the options held by him/her immediately prior to such adjustment;
- (ii) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (iii) the issue of Shares or other securities of our Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
- (iv) any such adjustment shall be made in compliance with the Listing Rules and such rules, codes and guidance notes of the Stock Exchange from time to time.

In respect of any adjustment referred to above, other than any adjustment made on a [REDACTED], our auditors or such independent financial adviser must confirm to our Directors in writing that the adjustments satisfy the relevant provisions of the Listing Rules and the supplemental guidance attached to the letters from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes.

(t) Cancellation of options

Subject to the provisions in the Share Option Scheme and the Listing Rules, any option granted may not be cancelled except with the prior written consent of the relevant grantee and the approval of our Directors.

Where our Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with the available Scheme Mandate Limit, the Service Provider Sublimit or the limits approved by our Shareholders pursuant to paragraph (c)(iii) or (c)(iv) above (excluding, for this purpose, the options so cancelled).

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(u) Termination of the Share Option Scheme

Our Company by an ordinary resolution in a general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but in all other respects the provision of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option (to the extent not already exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(v) Rights are personal to grantee

An option shall be personal to the grantee and shall not be transferable or assignable, and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any option or enter into any agreement so do so, unless a waiver is granted by the Stock Exchange allowing the transfer of the option to a vehicle for the benefit of the grantee and any family members of such grantee for estate planning and tax planning purposes that would continue to meet the purpose of the Share Option Scheme and the Listing Rules. Any breach of the foregoing by a grantee shall entitle our Company to cancel any option granted to such grantee to the extent not already exercised.

(w) Lapse of option

An option shall lapse automatically (to the extent not already exercised) on the earliest of (i) the expiry of the option period in respect of such option; (ii) the expiry of the periods or dates referred to in paragraphs (l), (m), (n), (o), (p), (q) and (r) above; or (iii) the date on which our Directors exercise our Company’s right to cancel the option by reason of paragraph (v) above.

(x) Others

(i) The Share Option Scheme is conditional upon:

- (1) the Stock Exchange granting the [REDACTED] of and permission to deal in such number of Shares representing the Scheme Mandate Limit to be allotted and issued by our Company pursuant to the exercise of options in accordance with the terms and conditions of the Share Option Scheme; and
- (2) the passing of the necessary resolutions to approve and adopt the Share Option Scheme in a general meeting or by way of written resolution of our Shareholders.

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- (ii) Any alterations to the provisions of the Share Option Scheme relating to the matters governed by Rule 17.03 of the Listing Rules to the advantage of grantees or prospective grantees must be approved by our Shareholders in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of the holders of the Shares under the Articles of Association for the time being of our Company for a variation of the rights attached to the Shares.
- (iii) Subject to paragraph (v) below, any alterations to the terms of options granted to a participant must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or our Shareholders (as the case may be) if the initial grant of the options was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or our Shareholders (as the case may be) except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (iv) The terms of the Share Option Scheme and/or any option amended must comply with the applicable requirements of the Listing Rules.
- (v) Any change to the authority of our Directors or the administrators of the Share Option Scheme in relation to any alteration to the terms of the Share Option Scheme must be approved by our Shareholders in a general meeting.

Application has been made to the Stock Exchange for the [REDACTED] of and permission to deal in the Shares within the Scheme Mandate Limit pursuant to the exercise of options which may be granted under the Share Option Scheme.

As at the date of this document, no option has been granted or agreed to be granted under the Share Option Scheme.

F. OTHER INFORMATION

1. Estate Duty

We have been advised that no material liability for estate duty under Hong Kong law is likely to fall upon our Company or any member of our Group.

2. Litigation

As at the Latest Practicable Date, neither we nor any of our subsidiaries were or was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our results of operations or financial condition.

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3. Preliminary expenses

We did not incur any material preliminary expense.

4. Promoter

There is no promoter of our Company.

5. Sole Sponsor

The Sole Sponsor made an application on our behalf to the [REDACTED] for [REDACTED] of, and permission to deal in, the Shares in issue as mentioned herein, the Shares to be issued pursuant to the [REDACTED] and any Shares failing to be issued pursuant to the exercise of [REDACTED], and the Shares that may be issued upon the exercise of options that may be granted under the Share Option Scheme. The Sole Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor will be paid by our Company a total fee of approximately HK\$[REDACTED] to act as sponsor to our Company in connection with the [REDACTED].

6. No material adverse change

Our Directors confirm that, except as disclosed in Appendix I to this document, there has been no material adverse change in our Company’s financial or trading position or prospects since 31 December 2024 (being the date to which our latest audited combined financial statements were made up).

7. Binding effect

this document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance so far as applicable.

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8. Qualifications and Consents of Experts

this document contains statements made by the following experts:

Name	Qualification
VBG Capital Limited	A licenced corporation under the SFO for type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
Tian Yuan Law Firm	PRC legal advisers
Ogier	Legal advisers as to Cayman Islands law
Forvis Mazars CPA Limited	Certified Public Accountants
Frost & Sullivan	Independent industry consultant
Hogan Lovells	Legal advisers as to International Sanctions laws

Each of the experts as referred above has given and has not withdrawn its consent to the issue of this document with the inclusion of its view, report and/or letter and/or legal opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

None of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

9. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance on the exemption provided in section 4 of the Companies Ordinance (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

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10. Taxation of Holders of Shares

(a) Hong Kong

The sale, purchase and transfer of Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate of Hong Kong stamp duty for such sale, purchase and transfer 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. The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of Shares whose death occurs on or after February 11, 2006.

(b) Cayman Islands

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(c) Consultation with Professional Advisers

Intending holders of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasised 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, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in the Shares or exercise of any rights attaching to them.

11. Miscellaneous

Within the two years immediately preceding the date of this document:

- (a) save as disclosed in the section headed “History, Reorganisation 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;
- (b) 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;
- (c) neither our Company nor any of our subsidiaries have issued or agreed to issue any founder shares, management shares or deferred shares;

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- (d) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group;
- (e) there is no arrangement under which future dividends are waived or agreed to be waived;
- (f) none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;
- (g) our Company has no outstanding convertible debt securities or debentures; and
- (h) there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this document.

APPENDIX V

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND ON DISPLAY

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the material contracts referred to in the paragraph headed “Statutory and General Information – C. Further Information about our Business – 1. Summary of the material contracts” in Appendix IV to this document; and
- (b) the written consents referred to in the paragraph headed “Statutory and General Information – F. Other Information – 8. Qualifications and Consents of Experts” in Appendix IV to this document.

2. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.qzfocus.com up to and including the date which is 14 days from the date of this document:

- (a) the Memorandum of Association of the Company;
- (b) the Articles of Association of the Company;
- (c) the Accountants’ Report from Forvis Mazars CPA Limited, the text of which is set out in Appendix I to this document;
- (d) the report on the unaudited [REDACTED] financial information of our Group from Forvis Mazars CPA Limited, the text of which is set out in Appendix II to this document;
- (e) the audited consolidated financial statements of our Group for the three years ended 31 December 2025;
- (f) the PRC legal opinions issued by Tian Yuan Law Firm, our PRC Legal Advisers, in respect of certain aspects of our Group;
- (g) the Cayman legal opinion issued by Ogier, our Cayman Islands Legal Advisers, in respect of certain aspects of our Group;
- (h) the legal memorandum issued by Hogan Lovells, our legal advisers as to International Sanctions laws in respect of International Sanctions risk analysis;
- (i) the Cayman Companies Act;
- (j) the material contracts referred to in the paragraph headed “Statutory and General Information – C. Further Information about our Business – 1. Summary of the material contracts” in Appendix IV to this document;

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- (k) the written consents referred to in the paragraph headed “Statutory and General Information – F. Other Information – 8. Qualifications and Consents of Experts” in Appendix IV to this document;
- (l) the service contracts and the letters of appointment referred to in the paragraph headed “Statutory and General Information – D. Further Information about our Directors – 1. Directors’ service contracts and letters of appointment” in Appendix IV to this document;
- (m) the industry report issued by Frost & Sullivan, the summary of which is set forth in the section headed “Industry Overview” in this document; and
- (n) the terms of the Share Option Scheme.