Insoftb®
婴舒宝

舒寶國際集團有限公司
Soft International Group Ltd

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2569

GLOBAL OFFERING

Sole Sponsor and Sole Overall Coordinator

SUNNY FORTUNE

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

SUNNY FORTUNE

越秀証券 YUE XIU SECURITIES

Joint Bookrunners and Joint Lead Managers

民銀資本 CMBC CAPITAL HOLDINGS LIMITED

鴻昇證券 HUNG SING SECURITIES

粵商國際

ZTSC 中泰國際

中募金融

Joint Lead Manager

華升證券

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

Soft International Group Ltd
舒寶國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**250,000,000 Shares (subject to the Over-allotment Option)**
Number of International Offer Shares	**:**	**225,000,000 Shares (subject to reallocation and the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**25,000,000 Shares (subject to reallocation)**
Offer Price	**:**	**Not more than HK$0.60 per Offer Share and expected to be not less than HK$0.50 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**HK$0.0001 per Share**
Stock code	**:**	**2569**

Sole Sponsor and Sole Overall Coordinator

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粵商國際 YuetSheung International

ZTSC 中泰國際

中募金融

Joint Lead Manager

華升證券 CHINA SUNRISE SECURITIES

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents Delivered to the Registrar of Companies and on Display" in Appendix VII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and us on the Price Determination Date, which is expected to be on or around Tuesday, 25 March 2025 (Hong Kong time). The Offer Price will be not more than HK$0.60 per Offer Share and is currently expected to be not less than HK$0.50 per Offer Share unless otherwise announced. Investors applying for the Hong Kong Offer Shares may be required to pay, on the application (subject to application channels), the maximum Offer Price of HK$0.60 per Offer Share together with brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% subject to refund if the Offer Price as finally determined is lower than HK$0.60 per Offer Share. If, for any reason, the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and us are unable to reach an agreement on the Offer Price by 12:00 noon on Tuesday, 25 March 2025 (Hong Kong time), the Global Offering will not become unconditional and will not proceed.

The Sole Overall Coordinator (for itself and on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares offered under the Global Offering and/or reduce the indicative Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. 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.Insoftb.com**. Further details are set out in the section headed "Structure and Conditions of the Global Offering" in this prospectus.

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

Prospective investors of the Hong Kong Offer Shares should note that the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe, and to procure subscribers to subscribe for, the Hong Kong Offer Shares, are subject to termination by the Sole Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) if certain events shall occur prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Further details of the terms of such provisions are set out in the section headed "Underwriting" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. The Offer Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering. This prospectus is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk and our website at www.Insoftb.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

19 March 2025

**IMPORTANT NOTICE TO INVESTORS:
FULLY ELECTRONIC APPLICATION PROCESS**

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Stock Exchange at *http://www.hkexnews.hk under the "HKEXnews > New Listings > New Listing Information" section, and our website at www.Insoftb.com*. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

(a) apply online through the **HK eIPO White Form** service at **www.hkeipo.hk**;

(b) apply electronically through the **HKSCC EIPO** channel and cause HKSCC Nominees to apply on your behalf by instructing your **broker** or **custodian** who is a HKSCC Participant to give **electronic application instructions** via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong).

*If you are an **intermediary**, **broker** or **agent**, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.*

Please refer to the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus for further details of the procedures through which you can apply for the Hong Kong Offer Shares electronically.

Your application through the **HK eIPO White Form** service or by giving **electronic application instructions** to HKSCC must be made for a minimum of 5,000 Hong Kong Offer Shares and in one of that numbers set out in the table. You are required to pay the amount next to the number you select.

If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective amount payable on application in full upon application for Hong Kong Offer Shares.

If you are applying through the **HKSCC EIPO** channel, you are required to pre-fund your application based on the amount specified by your **broker** or **custodian**, as determined based on the applicable laws and regulations in Hong Kong.

No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment
	HK$		*HK$*		*HK$*		*HK$*
5,000	3,030.25	70,000	42,423.56	500,000	303,025.50	7,000,000	4,242,357.00
10,000	6,060.51	80,000	48,484.08	600,000	363,630.60	8,000,000	4,848,408.00
15,000	9,090.76	90,000	54,544.59	700,000	424,235.70	9,000,000	5,454,459.00
20,000	12,121.02	100,000	60,605.10	800,000	484,840.80	10,000,000	6,060,510.00
25,000	15,151.28	150,000	90,907.66	900,000	545,445.90	11,000,000	6,666,561.00
30,000	18,181.54	200,000	121,210.20	1,000,000	606,051.00	12,500,000(1)	7,575,637.50
35,000	21,211.79	250,000	151,512.76	2,000,000	1,212,102.00		
40,000	24,242.05	300,000	181,815.30	3,000,000	1,818,153.00		
45,000	27,272.30	350,000	212,117.86	4,000,000	2,424,204.00		
50,000	30,302.56	400,000	242,420.40	5,000,000	3,030,255.00		
60,000	36,363.05	450,000	272,722.96	6,000,000	3,636,306.00		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** Service Provider) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on the Stock Exchange's website at ***www.hkexnews.hk*** *and our Company's website at* ***www.Insoftb.com****.*

Time and date*(Note 1)*

Hong Kong Public Offering commences . . . . 9:00 a.m. on Wednesday, 19 March 2025

Latest time for completing electronic applications under the **HK eIPO White Form** service through the designated website **www.hkeipo.hk***(Note 2)*: . . . . . 11:30 a.m. on Monday, 24 March 2025

Application lists of the Hong Kong Public Offering open*(Note 3)* . . . . 11:45 a.m. on Monday, 24 March 2025

Latest time for (a) completing payment for **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC*(Note 4)* . . . . 12:00 noon on Monday, 24 March 2025

If you are instructing your **broker** or **custodian** who is a HKSCC Participant submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists of the Hong Kong Public Offering close*(Note 3)* . . . . 12:00 noon on Monday, 24 March 2025

Expected Price Determination Date*(Note 5)* . . . . Tuesday, 25 March 2025

Announcement of the offer price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.Insoftb.com** on or before*(Note 6)* . . . . Wednesday, 26 March 2025

The results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:

- in the announcement to be posted at the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.Insoftb.com**, respectively . . . . .Wednesday, 26 March 2025
- the "Allotment Results" function at the designated results of allocations website at **www.tricor.com.hk/ipo/result** or **www.hkeipo.hk/IPOResult** with a "search by ID" function from . . . . .24 hours from 11:00 p.m. on Wednesday, 26 March 2025 to 12:00 midnight on Tuesday, 1 April 2025
- from the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from . . . . .Thursday, 27 March 2025 to Tuesday, 1 April 2025 (excluding Saturday, Sunday and public holiday in Hong Kong)

Despatch of Share certificates/Deposit of Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before *(Note 7) (Note 9)* . . . . .Wednesday, 26 March 2025

HK eIPO White Form e-Auto Refund payment instructions/refund cheques in respect of (i) wholly or partially successful applications (if applicable) and (ii) wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering to be despatched on or before *(Note 8) (Note 9)* . . . . .Thursday, 27 March 2025

Dealings in the Shares on the Stock Exchange expected to commence . . . . .at 9:00 a.m. on Thursday, 27 March 2025

Notes:

1. All dates and times refer to Hong Kong local dates and time, except as otherwise stated.

2. You will not be permitted to submit your application under the **HK eIPO White Form** service through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for lodging applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for lodging applications, when the application lists close.

3. If there is/are a tropical cyclone warning signal number 8 or above, a "black" rainstorm warning and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 24 March 2025, the application lists will not open or close on that day. See "How to Apply for the Hong Kong Offer Shares — E. Bad Weather Arrangements" in this prospectus.

4. Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to the HKSCC via CCASS or instructing your **broker** or **custodian** to apply on your behalf via CCASS should refer to the section headed "How to Apply for the Hong Kong Offer Shares — A. Application for Hong Kong Offer Shares — 2. Application Channels" in this prospectus.

5. The Price Determination Date is expected to be on or around Tuesday, 25 March 2025. If, for any reason, we do not agree with the Sole Overall Coordinator (for itself and on behalf of the Underwriters) on the pricing of the Offer Shares by 12:00 noon on Tuesday, 25 March 2025, the Global Offering will not proceed and will lapse.

6. None of the websites set out in this section or any of the information contained on the websites forms part of this prospectus.

7. Share certificates for the Hong Kong Offer Shares are expected to be issued on Wednesday, 26 March 2025 but will only become valid certificate of title provided that (i) the Global Offering has become unconditional in all aspects, and neither of the Underwriting Agreements has been terminated in accordance with its terms, prior to 8:00 a.m. on the Listing Date which is expected to be on or around Thursday, 27 March 2025. Investors who trade Shares on the basis of publicly available allocation details before the receipt of Share certificates or before the Share certificates becoming valid certificates of title do so entirely at their own risk, (ii) the right of termination as described in "Underwriting — Grounds for Termination" has not been exercised and has lapsed.

8. e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering. Part of the applicant's identification document number, or, if the application is made by joint applicants, part of the identification document number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's identification document number before encashment of the refund cheque. Inaccurate completion of an applicant's identification document number may invalidate or delay encashment of the refund cheque.

9. Applicants who apply via **HKSCC EIPO** channel should refer to the section headed "How to Apply for the Hong Kong Offer Shares — D. Despatch/Collection of Share Certificates and Refund of Application Monies" in this prospectus for details. Applicants who have applied through the **HK eIPO White Form** service by paying the application monies through single bank accounts may have refund monies (if any) despatched to the bank account in the form of e-Auto Refund payment instructions. Applicants who apply via the **HK eIPO White Form** service by paying the application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions in the form of refund checks in favour of the applicant (or, in the case of joint applications, the first-named applicant) by ordinary post and at their own risk.

   Share certificates and/or refund cheques will be despatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

   Further information is set out in the section headed "How to Apply for the Hong Kong Offer Shares — D. Despatch/Collection of Share Certificates and Refund of Application Monies" in this prospectus.

The above expected timetable is a summary only. For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, please refer to the sections headed "Structure and Conditions of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" in this prospectus, respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such case, we will make an announcement as soon as practicable thereafter.

You should read carefully "Underwriting" "Structure and Conditions of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" for details relating to the structure of the Global Offering, procedures on the applications for Hong Kong Offer Shares and the expected timetable, including conditions, effect of bad weather and/or Extreme Conditions and the despatch of refund monies and Share certificates.

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to subscribe for or buy any security other than the Hong Kong Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to subscribe for or buy any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not included in this prospectus must not be relied on by you as having been authorised by us, the Sole Sponsor, the Sole Overall Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, 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 Global Offering. Information contained on our website, located at ***www.Insoftb.com*** *does not form part of this prospectus.*

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This summary aims to give you an overview of the information contained in this prospectus 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 prospectus. 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 prospectus 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 prospectus. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. You should read the entire prospectus before you decide to invest in the Offer Shares.

OVERVIEW

We are principally engaged in the development, manufacture and sale of personal hygienic disposables (such as babycare, feminine care and adult incontinence products) based in China, specialising in babycare category for emerging markets in Eurasia. We were ranked as the second largest exporter of babycare disposable hygienic products from China to Russia in terms of export value in 2023, with a market share of approximately 3.7% of the export value of babycare hygienic disposables in 2023 according to the Frost & Sullivan Report.

Revenue Generation and Business Segments

During the Track Record Period, we generated revenue primarily through two main business segments: Contract Manufacturing, which contributed the majority of our revenue; and Branded Product Business, which contributed to a lesser extent. These segments are distinguished by their sales modes, customer types, and commercial relationships.

- **Contract Manufacturing:** under this segment, we primarily manufacture and sell babycare products as an Original Design Manufacturer (ODM) to business customers, including independent retailers and babycare brand owners. Our Contract Manufacturing products carry their brands for export from China into countries in Eurasia. We serve major business customers including top-tier Russian children's goods retailers and international brands, customising products to their specifications. This segment focuses mainly on export markets and predominantly produces babycare products. During the Track Record Period, due to the Russo-Ukrainian War, our Directors observed that Russian customers' demand shifted from international brands to private label brands. As a result, during FY2021 to FY2023, we recorded significant and increasing revenue from the Russian market.

- **Branded Product Business:** we manufacture, market, and sell products under our own brands in China under this segment, which we operate primarily through a Direct-to-Consumer (D2C) sales model utilising self-operated e-stores and third-party operated e-stores on major digital platforms in China. These platforms include traditional e-commerce channels such as Pinduoduo, Tmall, and JD.com, as well as social media and short video platforms like Douyin and Kuaishou. As at 30 September 2024, we operated more than approximately 30 e-stores for our D2C sales, all self-operated following the Reorganisation. This segment offers a broader range of our branded products including babycare products under "Insoftb", feminine care products under "Misecr", and adult incontinence products under "Cosoftb".

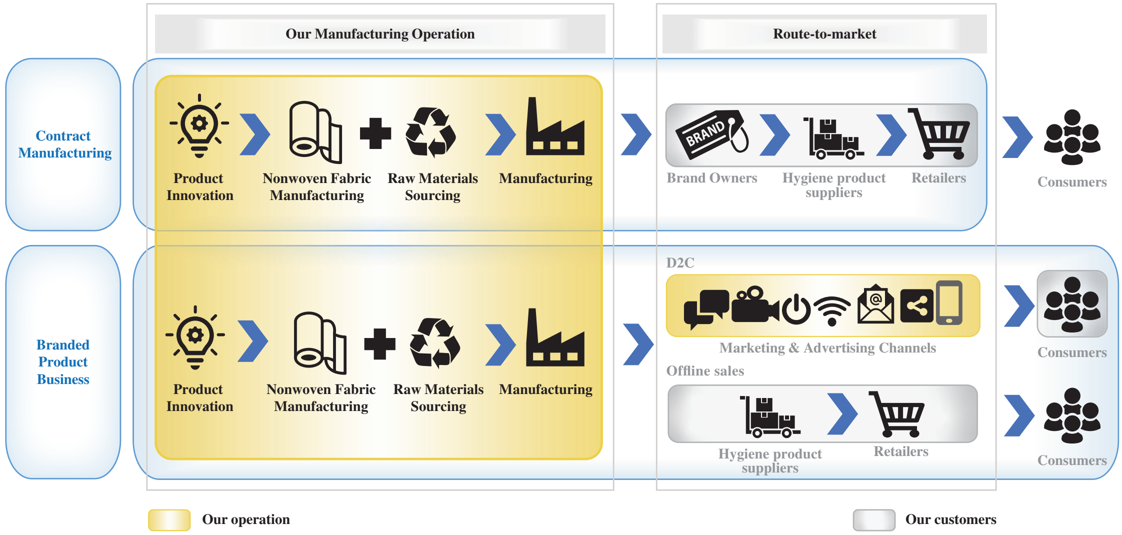
Alongside the rising consumer awareness about hygiene and eco-sustainability worldwide, we manufacture nonwoven fabrics, a raw material critical to the manufacture of most hygienic disposables, at our own Nonwoven Fabric Facilities for our own use, and to a lesser extent, to independent raw material suppliers and manufacturers of hygiene and personal care products in China. Our Directors believe that manufacturing our own nonwoven fabrics allows us to ensure stable supply as well as giving us greater control and thus assurance over the quality of this key raw material.

Our Business Model

Throughout over 14 years of operation, we have established a vertically integrated manufacturing operation from product development, nonwoven fabric manufacturing, raw material sourcing, manufacturing, quality control, warehousing to logistics management across all our core product categories. With one-stop supply chain management solution and supported by our fully automated production and warehousing facilities, we can respond faster to customers' needs, providing higher output and uniform quality and continuously optimising operational efficiency.

The rapid development of e-commerce all over the world in recent years has assisted us to not only overcome our lack of physical establishments, but also build a presence through multiple digital online and social media platforms. To cope with this trend, we strive to develop "Direct-to-Consumer" (D2C) model where we directly market and sell our branded products to end consumers through third-party pureplay digital platforms. We build direct connections with consumers and can interact with them along the entire consumer journey from customer acquisition to delivery to service.

The diagram below illustrates our business model as at the Latest Practicable Date:



Set forth below is a breakdown of our revenue by business segments for the periods indicated:

	FY2021		FY2022		FY2023		9M2023		9M2024	
	RMB'000 (approx.)	*%*	*RMB'000 (approx.)*	*%*	*RMB'000 (approx.)*	*%*	*RMB'000 (approx.)*	*%*	*RMB'000 (approx.)*	*%*
							(Unaudited)			
Contract Manufacturing[(1)] . . .	170,434	64.8	267,878	65.6	448,383	68.5	373,395	75.8	296,483	57.0
Branded Product Business										
D2C Sales[(2)]	77,294	29.3	53,328	13.1	142,336	21.7	74,364	15.1	140,723	27.0
Offline Sales[(3)]	13,336	5.1	20,004	4.9	11,673	1.8	9,425	1.9	25,186	4.9
Subtotal	90,630	34.4	73,332	18.0	154,009	23.5	83,789	17.0	165,909	31.9
Nonwoven fabric and others . .	2,162	0.8	66,856	16.4	52,168	8.0	35,620	7.2	57,905	11.1
Total	263,226	100.0	408,066	100.0	654,560	100.0	492,804	100.0	520,297	100.0

Notes:

(1) Among our revenue from Contract Manufacturing which was primarily generated in Eurasia, approximately 94.5%, 98.8%, 98.3%, and 87.8% were attributable to the sale of our babycare products, approximately 0.2%, 0.3%, 0.1%, and 7.5% were attributable to the sale of our feminine care products and approximately 5.3%, 0.9%, 1.6% and 4.7% were attributable to others during the Track Record Period.

(2) Among our revenue from D2C Sales which was primarily generated in China, approximately 75.2%, 74.8%, 14.2%, and 9.0% were attributable to the sale of our babycare products, approximately 0.5%, 1.9%, 78.8%, and 88.8% were attributable to the sale of our feminine care products and approximately 24.3%, 23.3%, 7.0% and 2.2% were attributable to others during the Track Record Period.

(3) Customers who purchased our branded products through offline sales during the Track Record Period primarily comprised hygiene product suppliers which were mainly based in China.

OUR PRODUCTS AND BRANDS

We offer a multi-category assortment of nonwoven hygienic disposables that is intentionally designed to serve consumers every day, at every age and through every life stage from infancy to old age. Our core product categories broadly include: –

(i) ***Babycare products***, our primary product category principally consisted of baby pants and baby diapers and, to a lesser extent, baby wipes. We offer a wide spectrum of affordable premium to luxury premium baby diapers for use by premature babies to older infants. Our baby pants are absorbent materials resembling underwear used for toilet, swimming and other training purposes for toddler age. As at 30 September 2024, we had approximately six assortments, consisting of over approximately 140 SKUs incorporating over various vibrant character designs available in seven key sizes from newborn to XXXL. Our branded babycare products are primarily marketed and sold under our own flagship brand "Insoftb" (嬰舒寶) , which was recognised by the Government of Fujian Province as a "2016 Fujian Famous Brand Products" (2016年度福建名牌產品);

(ii) ***Feminine care products***, such as sanitary pants and wipes, primarily marketed and sold under our own brand "Misecr" (五月私語) in China. In late 2022, we and an Independent Third Party jointly established another feminine care brand "Lishi" (麗氏) and "Duowei" (朵唯)*(Note)* which was subsequently disposed to another Independent Third Party in September 2023. See "History, Reorganisation and Corporate Structure — Reorganisation — 3. Disposal of Jinjiang Lantu" for details of the disposal. There were over approximately 20 SKUs as at 30 September 2024; and

(iii) ***Adult incontinence products***, specifically designed for the elderly to manage light, moderate and heavy incontinence, such as diapers, pull-ups and wipes, primarily marketed and sold under our own brand "Cosoftb" (康舒寶) in China, with over approximately 15 SKUs as at 30 September 2024.

Note: Before September 2023, the "Lishi" and "Duowei" brands were operated under our Branded Product Business segment. However, after we disposed of Jinjiang Lantu in September 2023, these brands were transferred to our Contract Manufacturing segment, where we now manufacture these products as a contractor rather than owning the brands directly.

Set forth below is a breakdown of our revenue by our product category for the periods indicated:

	FY2021				FY2022				FY2023				9M2023				9M2024			
	Revenue RMB'000 (approx.)	*%*	*Sales volume (more than approx. million pcs/kg)*	*ASP RMB/ pcs/kg (approx.)*	*Revenue RMB'000 (approx.)*	*%*	*Sales volume (more than approx. million pcs/kg)*	*ASP RMB/ pcs/kg (approx.)*	*Revenue RMB'000 (approx.)*	*%*	*Sales volume (more than approx. million pcs/kg)*	*ASP RMB/ pcs/kg (approx.)*	*Revenue RMB'000 (approx.)*	*%*	*Sales volume (more than approx. million pcs/kg)*	*ASP RMB/ pcs/kg (approx.)*	*Revenue RMB'000 (approx.)*	*%*	*Sales volume (more than approx. million pcs/kg)*	*ASP RMB/ pcs/kg (approx.)*
														(unaudited)						
Babycare	228,498	86.8	317.1	0.7	322,077	78.9	414.0	0.8	467,960	71.5	622.7	0.8	388,852	78.9	512.0	0.8	286,151	55.0	411.8	0.7
Feminine care	1,057	0.4	0.9	1.2	1,994	0.5	1.7	1.2	113,744	17.4	122.2	0.9	51,726	10.5	49.6	1.0	157,997	30.4	214.9	0.7
Adult incontinence	12,313	4.7	8.5	1.4	6,714	1.6	4.2	1.6	13,419	2.1	8.4	1.6	10,041	2.1	6.1	1.6	14,305	2.7	11.2	1.3
Others[(Note iv)]	19,196	7.3	46.3	0.4	10,425	2.6	8.1	1.3	7,269	1.0	7.1	1.0	6,565	1.3	6.1	1.1	3,939	0.8	2.0	2.0
Subtotal	261,064	99.2			341,210	83.6			602,392	92.0			457,184	92.8			462,392	88.9		
Nonwoven fabric and others	2,162	0.8	0.2	12.6	66,856	16.4	6.3	10.6	52,168	8.0	4.7	11.1	35,620	7.2	3.3	10.8	57,905	11.1	5.3	10.9
Total	263,226	100.0			408,066	100.0			654,560	100.0			492,804	100.0			520,297	100.0		

Notes:

(i) Among our sales of babycare products, approximately 45.9%, 63.8%, 80.1% and 71.4% were sold to Russia; approximately 29.5%, 17.8%, 5.8% and 9.0% were sold in China; and the remaining approximately 24.6%, 18.4%, 14.1% and 19.6% were sold to others & Eurasian jurisdictions, respectively, during the Track Record Period.

(ii) Among our sales of feminine care products, approximately 66.1%, 62.1%, 99.4% and 98.5% were sold in China; approximately 27.2%, 28.9%, 0.6% and 1.5% were sold to Southeast Asia; and the remaining approximately 6.7%, 9.0%, nil, nil were sold to others & Eurasian jurisdictions, respectively during the Track Record Period.

(iii) Among our sales of adult incontinence products, approximately 54.0%, 71.0%, 48.0% and 14.4% were sold in China; approximately 3.5%, 0.2%, 13.4% and 69.7% were sold to Southeast Asia; and the remaining approximately 42.5%, 28.8%, 38.6% and 15.9% were sold to Russia and others & Eurasian jurisdictions, respectively, during the Track Record Period.

(iv) Included the sale of masks, toilet paper, tissue, pet care products and cleaning wipes, substantially all of which were sold in China.

(v) All nonwoven fabric and others were sold in China.

The ASP of our feminine care products fluctuated from approximately RMB1.2 per piece in FY2021 to approximately RMB0.9 per piece in FY2023, primarily attributable to changes in our product mix following the introduction of our new sanitary pants in late FY2022 that were sold at a lower ASP relative to that of other feminine care products; a further drop to approximately RMB0.7 per piece in 9M2024 was because we have become a contract manufacturer to supply sanitary pants for the "Lishi" and "Duowei" brands after the disposal of Jinjiang Lantu in September 2023 which were offered at a lower price. Other than the above, the ASPs of our babycare products, adult incontinence and nonwoven fabric and others were relatively stable throughout the Track Record Period in general. Please refer to further details in the section headed "Financial Information — Description and analysis of principal items of our combined statements of profit and loss and other comprehensive income — (b) Revenue by product category" in this prospectus.

OUR SALES AND CUSTOMERS

Our customers vary by our business activities and geographies which can be broadly categorised into two main types: (i) business customers including several top-tier children's goods retailers and established babycare brand owners and their dealers primarily in Russia, China and Southeast Asia; e-store operators which focus on running e-stores and marketing and promotion, such as Jinjiang Libaida (our customer prior to our acquisition which completed in October 2023, upon which it became our wholly owned subsidiary) and Lantu Group (being our subsidiary prior to our disposal which completed in September 2023, upon which it became our customer), and hygiene product suppliers which focus on downstream sales and supply of hygiene products primarily in China, as well as fabric related customers comprising personal hygiene raw materials suppliers and product manufacturers in China; and (ii) end consumers of our branded products primarily in China.

Set forth below is a breakdown of our revenue by types of our customers for the periods indicated: –

	FY2021		FY2022		FY2023		9M2023		9M2024	
	RMB'000 (approx.)	*%*	*RMB'000 (approx.)*	*%*	*RMB'000 (approx.)*	*%*	*RMB'000 (approx.) (unaudited)*	*%*	*RMB'000 (approx.)*	*%*
Business customers										
– Retailers	39,439	15.0	130,564	32.0	319,980	48.9	277,463	56.3	191,989	36.9
– Brand owners and their dealers	121,099	46.1	131,573	32.3	122,241	18.7	92,384	18.8	84,269	16.2
– E-store operators	18,017	6.8	1,014	0.2	47,237	7.2	26,603	5.4	19,819	3.8
– Hygiene product suppliers	23,232	8.8	25,745	6.3	17,836	2.7	12,986	2.6	25,891	5.0
– Fabric related customers*(Note)*	2,162	0.8	66,856	16.4	52,168	8.0	35,620	7.2	57,905	11.1
Subtotal	203,949	77.5	355,752	87.2	559,462	85.5	445,056	90.3	379,873	73.0
End consumers	59,277	22.5	52,314	12.8	95,098	14.5	47,748	9.7	140,424	27.0
Total	263,226	100.0	408,066	100.0	654,560	100.0	492,804	100.0	520,297	100.0

Note: Comprised personal hygiene raw materials suppliers and hygiene product manufacturers purchasing nonwoven fabrics from us.

For the one-year period immediately preceding the Latest Practicable Date, approximately 11.0 million end consumers had transacted with our self-operated e-stores on third-party digital platform. Set forth below is the key operating data of our self-operated and third-party owned e-stores for the periods indicated: –

	FY2021	FY2022	FY2023	9M2024
Number of e-stores(1)	34	28	37	34
– self-operated e-stores	*30*	*25*	*37*	*34*
– third-party operated e-stores	*4*	*3*	–	–
Number of digital platforms deployed by us	9	11	13	9
Total annual transactions *(in thousand)*	1,700	1,580	8,480	8,250
Average annual transactions per e-store(2) *(in thousand)*	50	56	229	243
Average annual D2C sales per e-store(3) *(RMB'000)*	2,270	1,900	3,800	4,100
– babycare products	*2,900*	*2,650*	*960*	*650*
– feminine care products	*30*	*80*	*5,090*	*5,950*

Notes:

(1) Representing number of active e-stores at the end of each year/period.

(2) Based on the total annual transactions for each of the year/period divided by the number of e-stores.

(3) Based on the sales from D2C sales for each of the year/period divided by the number of e-stores.

Sales to our five largest customers for each year or period during the Track Record Period, all of which being business customers, accounted for approximately 45.6%, 54.1%, 64.1% and 48.0% of our total revenue, respectively. Save for Jinjiang Libaida and Lantu Group being one of our top five customers in FY2023 and 9M2024, respectively, all of our five largest customers for each year or period during the Track Record Period were Independent Third Parties. Our five largest customers for each year or period during the Track Record Period generally had not less than three years of business relationship with us as at the Latest Practicable Date.

Our relationship with Russian Top-tier Retailer

Russian Top-tier Retailer, our second largest customer in FY2021 and our largest customer during FY2022, FY2023 and 9M2024, accounted for approximately 11.8%, 31.5%, 48.7% and 36.8%, respectively of our total revenue for the corresponding periods. To the best knowledge and information of our Directors and based on the confirmation by Russian Top-tier Retailer, Russian Top-tier Retailer is the largest children's goods retailer in Russia operating over approximately 1,250 stores in Russia, Kazakhstan and Belarus as at December 2024. It has been operating for more than approximately 75 years with annual revenue of approximately US$2.4 billion in 2024. During the Track Record Period and up to the Latest Practicable Date, we had been engaged by Russian Top-tier Retailer as the only contract manufacturer to manufacture and supply babycare products for one of its major babycare private labels. During the Track Record Period, we entered into five consecutive supplemental supply agreements with Russian Top-tier Retailer. In December 2023, we extended the terms of our framework supply agreement with Russian Top-tier Retailer with a term up to 31 December 2030.

Despite our reliance on Russian Top-tier Retailer, as we have developed a mutually beneficial and complementary relationship with them, our Directors are of the view that the likelihood of relationship termination or material adverse changes is low because: (i) we have been the single source supplier of babycare products for one of its major babycare private labels for over three years and established a stable business relationship with Russian Top-tier Retailer; (ii) we were successfully awarded five supplemental framework supply agreements as a stable source of supply for babycare products; (iii) during the Track Record Period and up to the Latest Practicable Date, we had no material product return, disruption in delivery of our products or complaint as to product quality or late delivery from Russian Top-tier Retailer; (iv) our ability to meet Russian Top-tier Retailer's demands for private label babycare products facilitates the development of its private label over time; and (v) Russian Top-tier Retailer is subject to risks and costs for switching to other contract manufacturers in China. In light of our mutually beneficial relationship with Russian Top-tier Retailer mentioned above, we were able to extend the term of our framework supply agreement with Russian Top-tier Retailer with no target purchase volume in December 2023 with a term up to 31 December 2030.

Business activities in countries subject to International Sanctions

During the Track Record Period, we have sold our babycare products, feminine care products and adult incontinence products to Russia (excluding Crimea, LPR, DPR, Kherson and Zaporizhzhia regions), Hong Kong, Myanmar, Ukraine (excluding Crimea, LPR, DPR, Kherson and Zaporizhzhia regions) (collectively, "**Relevant Regions**", please refer to "Definition" for further details), which are subject to various forms of sanctions programs maintained by the Relevant Jurisdiction (includes the U.S., the UK, the EU, the UN and Australia), but none of the programs were general and comprehensive export, import, financial or investment embargo, i.e. none of the Relevant Regions is a Comprehensively Sanctioned Country. As advised by our International Sanctions Legal Advisers after performing the procedures they consider necessary, during the Track Record Period and up to the Latest Practicable Date, our sales to the Relevant Regions did not represent a violation of International Sanctions because (i) our sales to the Relevant Regions were limited to our sales of our babycare, feminine care and adult incontinence products, and our Group's products are not subject to export controls in accordance with applicable International Sanctions, in particular our Chinese-origin babycare, feminine care and adult incontinence products are not incorporated with a jurisdiction-subject level of U.S., EU, UK or Australian content that would subject such products to the export controls of these jurisdictions, and such products are also not identified in the Common High Priority List maintained by the BIS, the list of Russia Critical Items Determination maintained by the OFAC, and the lists of industrial goods or luxury goods set out in annexes 4 and 5 of §746.8 the EAR, respectively; (ii) we have not engaged in Primary Sanctioned Activity (i.e. the violation to the International Sanctions) and/or Secondary Sanctionable Activity as we had no business activities in the Relevant Jurisdictions or (a) with; or (b) directly or indirectly benefiting, or involving the property or interests in property of, a Sanctioned Target; and (iii) certain business activities with the Sanctioned Russian Counterparties (sales attributable to which amounted to nil, approximately RMB1.9 million, RMB1.8 million and nil respectively during the Track Record Period) did not represent a violation the International Sanctions as those business activities are being denominated in RMB with no involvement of US or UK persons, or any US or UK nexus otherwise, and for indirect activities with the Sanctioned Russian Shipping Company, the shipping company was engaged by our customers out of our control under the FoB shipping terms.

Set forth below is a breakdown of our revenue by geographical locations for the periods indicated.

	FY2021		FY2022		FY2023		9M2023		9M2024	
	RMB'000 (approx.)	*%*	*RMB'000 (approx.)*	*%*	*RMB'000 (approx.)*	*%*	*RMB'000 (approx.) (unaudited)*	*%*	*RMB'000 (approx.)*	*%*
Russia	105,371	40.0	205,506	50.4	377,452	57.7	325,741	66.1	206,214	39.6
The PRC	92,683	35.2	140,188	34.4	205,759	31.4	118,990	24.1	242,531	46.6
Southeast Asia	31,771	12.1	27,940	6.8	34,423	5.3	19.508	4.0	36,713	7.1
Kazakhstan	5,237	2.0	12,232	3.0	6,890	1.0	6,502	1.3	222	0.0
Others*(Note)*	28,164	10.7	22,200	5.4	30,036	4.6	22,063	4.5	34,617	6.7
Total	263,226	100.0	408,066	100.0	654,560	100.0	492,804	100.0	520,297	100.0

Note: Others mainly included Taiwan, India, Sri Lanka and South Korea.

To identify and monitor our exposure to risks associated with sanctions laws relating to these sales, we will implement relevant internal control measures to protect the interests of our Group and our Shareholders. See "Risk Factors — Risks Related to Our Industry and Business — We could be adversely affected as a result of any sales we make to certain countries that are, or become subject to, sanctions administered by the United States, the United Kingdom, the European Union, the United Nations, Australia and other relevant sanctions authorities" and "Business — Our Sales and Customers — Business activities in countries subject to International Sanctions" for details.

Contracting and pricing

We typically enter into framework agreements with our major business customers under our Contract Manufacturing segment, generally for a term from one to three years. These agreements are generally on a non-exclusive basis and contain no minimum purchase obligations. For our other customers, such as hygiene product suppliers and fabric related customers, we usually conduct transactions with them on a purchase order basis. We typically receive purchase orders from our business customers that set out the specific terms for each order on a regular basis according to the terms of the framework agreements, including pricing terms, product specifications, quantity and date of delivery. We generally set prices of our products on a cost-plus basis after taking into account a combination of factors, among other things, production factors such as cost of raw materials and other manufacturing costs, product features, and extent of customisation (if any); as well as market factors such as market trends and demand, business relationship with our business customers, and comparable product prices set by our competitors.

We do not sign any contract with end consumers directly with respect to our D2C e-commerce of our branded products. In addition to the aforementioned factors (where applicable), we take into account other considerations such as brand and product positioning of each product, and our marketing strategy for each third-party pureplay digital platform on which we offer our branded products. We seek to price our branded products appropriately to attract and retain consumer customers on the one hand and to protect our profit margin on the other hand. We believe we are able to focus on competing on quality, and not solely on price, to meet the needs of our stable and loyal consumer base.

OUR PRODUCTION AND WAREHOUSING FACILITIES

We have an automated production facilities. Our production facilities are situated in Jinjiang, Fujian Province with a total production capacity of over approximately 1,000 million pieces per annum as at 30 September 2024. Our Jinjiang Production Facilities had a total of 17 production lines producing our core products, each primarily comprising a full-servo machine, as at 30 September 2024. Our average utilisation rate for our babycare products were approximately 51.0%, 68.9%, 84.1% and 60.0% during the Track Record Period, respectively, while our average utilisation rate for our feminine care products were approximately 1.5%, 34.9%, 138.3% and 100.7%, respectively, and our average utilisation rate for our adult incontinence products were approximately 13.7%, 7.4%, 14.7% and 27.2%, respectively, for the same periods.

We also possess our own nonwoven fabric production facilities strategically located in Shishi, Fujian Province in close proximity to our production facilities, enabling us to continuously optimise our production costs and uniform product quality. As at 30 September 2024, our Nonwoven Fabric Facilities had a total production capacity of over approximately 14,000 tonnes per annum, with five production lines at an average utilisation rate of approximately 51.3%, 71.1%, 96.3% and 111.6% during the Track Record Period, respectively.

To support our sales across different business segments and demands from different customers, including our D2C e-commerce sales which require fast and accurate fulfilment of small-item, high-variability orders, we had built fully automated warehouse strategically located next to our production facilities for seven storeys with a total GFA of approximately 8,800 sq.m. and total storage capacity of over approximately 50 million pieces. It is equipped with fully automated material handling equipment, warehouse execution systems, and automatic inventory and shipment identification that allows autonomous and intelligent action that can pick, move, and pack packages, while conveying packages to loading docks and trucks. The highly-automated sorting technology is capable of sorting over approximately 900,000 pieces per hour. It requires minimal human workers to monitor the automation systems only.

OUR SUPPLIERS

We maintained a diverse base of over approximately 35 raw material suppliers as at 30 September 2024 to supply us with the principal raw materials we use, including fluff pulp, superabsorbent polymer, various kinds of chemicals such as polypropylene and high-density polyethylene, as well as packing materials. Our purchases from our five largest suppliers for each year or period during the Track Record Period accounted for approximately 45.1%, 44.4%, 42.7% and 34.4%, respectively, of our total purchases, and our largest supplier for each year or period during the Track Record Period accounted for approximately 21.2%, 18.7%, 13.4% and 8.8%, respectively of our total purchases for the corresponding period. All of our five largest suppliers for each year or period during the Track Record Period were Independent Third Parties.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths contribute to our success and differentiate us from our competitors: (i) focus on attractive product categories with favourable market dynamics particularly in Eurasia with rising living standards and hygiene consciousness; (ii) strong relationships with recognised retailers and brands enable us to grow with our customers as they expand their business; (iii) growing D2C presence to drive consumer engagement; (iv) operational efficiency driven by strong manufacturing capabilities; and (v) experienced management team. See "Business — Competitive Strengths" for details.

OUR BUSINESS STRATEGIES

Our business mission is to provide essential and holistic hygiene solutions for consumer needs in various occasions of all life stages. We aim to achieve this by pursuing the following strategies: (i) reinforce the strength and scale of our babycare category and expand our feminine care category; (ii) grow brand awareness and accelerate D2C presence; (iii) expand in attractive categories; (iv) drive accretive product innovation; and (v) continuous improvements in operational efficiencies. See "Business — Our Business Strategies" for details.

MARKET POTENTIAL AND COMPETITIVE LANDSCAPE

Market dynamics and potential

Hygienic disposables are non-discretionary consumer staples that benefit from a relative inelasticity of demand, which contributes to stable demand regardless of general economic trends. According to the Frost & Sullivan Report, the hygienic disposable industry keeps growing in Eurasia, but it has undergone a remarkable transformation in recent years, mainly driven by a combination of digitalisation and evolving consumer preferences of the younger generation. Traditionally, consumers were known for their preference for established international brands. However, the younger generation of consumers, in particular Millennials and Gen Z consumers, desire affordable premium brands giving rise to the fast growth of D2C brands and private labels across many emerging markets in Eurasia.

As many consumers search for more affordable options, private labels readily seized this opportunity, rapidly capturing market share of various emerging markets in Eurasia, especially in Russia. The most popular baby diaper brands among Russians are private labels of local retailers. Many Russian retailers have seen a rapid increase in demand for private-label babycare products, because of the sanctions imposed against Russia since spring 2022 leading to the exit of global brands in Russia. In 2023, most of the private label baby diapers that were supplied to Russian retailers were made in China and Turkey. According to the Frost & Sullivan Report, the export value of babycare hygienic disposables to Russia from China were approximately RMB1,346.1 million in 2023 and is forecasted to continue to increase to approximately RMB2,364.0 million in 2028, representing a CAGR of approximately 14.4% from 2023 to 2028.

In China, Chinese consumers now have higher disposable incomes, leading to an increased focus on quality and brand experience rather than just price. Also thanks to the rise of Guochao, meaning "national wave", homegrown Chinese D2C brands of affordable babycare hygienic disposables have gained immense popularity among consumers. Feminine care and adult incontinence sectors are also on the rise in China mainly due to rising living standards, improved consumer awareness in addition to the continually ageing population. According to the Frost & Sullivan Report, the babycare hygienic disposables, feminine care hygienic disposables and adult incontinence disposables markets in China were approximately RMB50.4 billion, RMB66.3 billion and RMB14.2 billion in 2023, respectively, and are forecasted to grow to approximately RMB58.0 billion, RMB71.6 billion and RMB18.4 billion in 2028, respectively, representing a CAGR of approximately 2.8%, 1.5% and 5.3% respectively, from 2023 to 2028.

As competition is heating up in China, Chinese hygienic disposable manufacturers are looking abroad to vie for customers in Southeast Asia. These countries register an increasing population well above the global average, representing the third largest global market for babycare hygienic disposables. According to the Frost & Sullivan Report, the hygienic disposables market in Southeast Asia was approximately RMB8.4 billion in 2023 and is projected to grow to approximately RMB11.7 billion by 2028 at a CAGR of approximately 6.9% from 2023 to 2028.

Competitive landscape

The markets in which we operate are highly competitive and rapidly evolving, with many new brands and product offerings emerging in the marketplace. According to the Frost & Sullivan report, the hygienic disposable market in China has polarised into luxury premium segment dominated by international and established brands and affordable premium segment competed by local players. Certain of our competitors are multinational corporations that may have greater financial, marketing, research and development or other resources than we do, as well as greater market share within certain of our categories or geographic markets. We also face significant competition from smaller players, especially, emerging D2C brands which have benefited from the substantial growth in e-commerce and D2C or other non-traditional, digital business models.

In addition, competition is likely to intensify in the overseas markets as we may be required to compete with other contract manufacturers in the areas of product innovation, manufacturing capabilities and operational efficiency. Moreover, we also compete with peers in China that export overseas and domestic manufactures in Russia and Southeast Asia.

Our Directors consider that our products on-demand capability can differentiate ourselves and tap into growth opportunities in the industry as reflected by, among other things, our recognition as a "2018 China Diaper Industry Top 10 Enterprise" (2018年度中國嬰兒紙尿褲行業十強企業) by the Household Paper Professional Committee of the China Paper Association (中國造紙協會生活用紙專業委員會) and the fact that we were shortlisted as one of the major drafters of the formulation of the currently applicable national standard for baby disposable diapers revised in 2021.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, Mr. Ngan beneficially owns approximately 90% of our Shares through companies 100% directly or indirectly owned by him, namely, Softo BVI, Wish BVI, and Galaxey BVI. These companies are Mr. Ngan's investment holding entities with no operation other than holding our Shares. Softo BVI, Wish BVI, and Galaxey BVI are respectively holding approximately 58.95%, 16.00% and 15.05% of our Shares as at the Latest Practicable Date. For the purpose of the Listing and under the Listing Rules, Softo BVI, Wish BVI and Galaxey BVI, as well as Mr. Ngan, are considered as a group of Controlling Shareholders. Immediately after completion of the Global Offering, our Controlling Shareholders, namely, Mr. Ngan, Softo BVI, Wish BVI and Galaxey BVI will control, in aggregate, the exercise of voting rights of approximately 67.50% of our Shares eligible to vote in the general meeting of our Company (assuming that the Over-allotment Option is not 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. For further details, please refer to the subsection headed "Relationship with our Controlling Shareholders" in this prospectus.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Set forth below is the selected financial data derived from our combined financial statements for the period indicated, the details of which are set forth in the Accountants' Report in Appendix I to this prospectus.

Selected Items of Combined Statements of Profit or Loss and Other Comprehensive Income

	FY2021	FY2022	FY2023	9M2023	9M2024
	RMB'000 (approx.)	*RMB'000 (approx.)*	*RMB'000 (approx.)*	*RMB'000 (approx.) (unaudited)*	*RMB'000 (approx.)*
Revenue	263,226	408,066	654,560	492,804	520,297
– Contract Manufacturing .	*170,434*	*267,878*	*448,383*	*373,395*	*296,483*
– Branded Product Business	*90,630*	*73,332*	*154,009*	*83,789*	*165,909*
– Nonwoven fabric and others	*2,162*	*66,856*	*52,168*	*35,620*	*57,905*
Gross profit	56,734	111,226	197,267	142,942	162,064
Profit for the year/period attributable to owners of the Company	10,006	41,860	58,900	54,883	40,462

We have experienced substantial revenue growth during the Track Record Period. Our revenue increased from approximately RMB263.2 million in FY2021, RMB408.1 million in FY2022, RMB654.6 million in FY2023, representing a CAGR of approximately 57.7% during FY2021 to FY2023 and our revenue for 9M2024 increased to approximately RMB520.3 million compared to that for 9M2023 of approximately RMB492.8 million representing a growth rate of approximately 5.6%. Such increases were mainly due to a combination of effects our fluctuations of revenue for our business segments as follows:

(i) Contract Manufacturing

During the Track Record Period, we experienced significant growth in revenue, primarily driven by the increase in our Contract Manufacturing business by approximately RMB97.5 million or 57.2% from RMB170.4 million in FY2021 to RMB267.9 million in FY2022, and further by approximately RMB180.5 million or 67.4% increase to RMB448.4 million in FY2023. Substantially all our Contract Manufacturing business were attributable to the sales of our babycare products. The increases in our Contract Manufacturing business during the Track Record Period was mainly in line with the increased export sales of our babycare products to Russia, in particular to Russian Top-tier Retailer for its private label with several incremental sales volume increases in FY2022 and FY2023. Our revenue from our Contract Manufacturing business decreased by approximately RMB76.9 million or approximately 20.6% to RMB296.5 million for 9M2024 compared to approximately RMB373.4 million for 9M2023. This decrease was mainly due to (i) the decrease in revenue primarily attributable to the sales of babycare products to Russia of approximately RMB119.3 million, mainly as a result of (a) the decrease in both the sales volume of approximately 22.9% primarily as a result of the continuous depreciation of Ruble against RMB since early 2024; and (b) the decrease in the ASP of approximately 8.9% in 9M2024, which was partially offset by (ii) the increase in revenue attributable to the sales of feminine care products of approximately RMB19.8 million, resulting from sales to Lantu Group recognised as revenue under Contract Manufacturing following our disposal in September 2023.

Our Directors advised that during the last quarter of 2024, our revenue primarily attributable to the sales of babycare product to Russia with respect to our Contract Manufacturing business for the three months ended for 31 December 2024 has rebounded to approximately RMB120.0 million compared to the same period for 31 December 2023 of approximately RMB51.3 million, representing an increase of approximately 133.9%. Please refer to "Description of selected items in consolidated statement of profit and loss and other comprehensive income" in Appendix III to this prospectus for more details. Our Directors also advised that our share of the total China's export value of babycare hygiene disposables is estimated to decrease from 28.0% in FY2023 to approximately 17.3% in FY2024, so that we recorded the revenue from sales to Russia decreased by approximately 13.0% to approximately RMB328.3 million from approximately RMB377.5 million for FY2023, although the overall China's export value of hygienic disposables to Russia in FY2024 is estimated to increase to approximately RMB1.9 billion.

In light of the aforementioned currency weakness of the Ruble which has reduced Russian importers' purchasing power for Chinese goods, as well as uncertainties and potential instability of the Russian market as a result of the Russo-Ukrainian war which also brought about constant changes to industry trends in the Russian hygienic disposables market from international brands to private label brands, we have strategically reallocated resources since FY2023 to focus on our domestic D2C market in China, particularly in feminine care products, as evidenced by the increase in its overall revenue contribution of approximately 17.4% for FY2023 to approximately 30.4% for 9M2024 of our total revenue, respectively.

Our Directors will continue to explore ways to diversify our revenue streams to maintain sustainable growth across different geographical markets and product categories. However, we cannot assure that the decrease in revenue from the Russian market can be fully compensated by our efforts in expanding other sources of revenue in China and other Eurasian countries. See "Risk Factors — Risks Related to Our Industry and Business — Our business and financial performance is subject to shifts in product mix and geographical regions in which we conduct our sales" for details.

(ii) Branded Product Business

For the Branded Product Business, our revenue decreased by approximately RMB17.3 million or 19.1% from RMB90.6 million in FY2021 to RMB73.3 million in FY2022, mainly due to the discontinued sales of our babycare products to Customer C in FY2022 as Customer C have ceased to operate its e-store on Taobao and minimised its operation. However, our revenue from the Branded Product Business then increased by approximately RMB80.7 million or 110.1% from RMB73.3 million in FY2022 to RMB154.0 million in FY2023, driven by higher sales volume of branded feminine care products, particularly our own brand mainly attributable to (i) the increase in the overall domestic sales of sanitary pants, being our new feminine care products since its launch in China in late FY2022; and (ii) strategic focus on D2C sales particularly on short video and live streaming apps in China by setting up new self-operated e-stores and engaging third-party operated e-stores, namely Jinjiang Libaida and Lantu Group. Our revenue increased by approximately RMB82.1 million or approximately 98.0% from approximately RMB83.8 million for 9M2023 to RMB165.9 million for 9M2024. This increase was mainly as a result of our continuous increase in the sales volume of our sanitary pants mentioned above and our increasing online marketing efforts. Our online sales and promotion expenses increased from approximately RMB31.8 million for 9M2023 to RMB47.4 million for 9M2024. Excluding the one-off nationwide billboard and outdoor advertising campaign expenses of approximately RMB11.3 million in 9M2023 which was offline in nature, our online sales and promotion expenses increased from approximately RMB20.5 million for 9M2023 to RMB47.4 million, and as a percentage of revenue from Branded Product Business increased from 24.5% for 9M2023 to 28.6% for 9M2024.

(iii) Nonwoven Fabric and Others segment

In the Nonwoven Fabric and Others segment, our revenue surged by approximately 2,940.9% from RMB2.2 million in FY2021 to RMB66.9 million in FY2022, mainly due to (i) the commencement of full-scale operation of our Nonwoven Fabric Facilities in FY2022; and (ii) the sale of fluff pulp of approximately RMB19.6 million in the same year. Our revenue from the Nonwoven Fabric and Others segment decreased by approximately 22.0% from RMB66.9 million in FY2022 to RMB52.2 million in FY2023 mainly due to the fact that we did not have any sales of fluff pulp during FY2023. Our revenue increased by approximately RMB22.3 million or approximately 62.6% from approximately RMB35.6 million for 9M2023 to RMB57.9 million for 9M2024. This increase was mainly a result of higher sales in nonwoven fabrics, as we expanded our Nonwoven Fabric Facilities by acquiring a new bicomponent nonwoven fabric production line in September 2023.

In light of the foregoing, our overall gross profit was RMB56.7 million in FY2021, RMB111.2 million in FY2022, RMB197.3 million in FY2023, and RMB162.1 million in 9M2024, with corresponding gross profit margins of approximately 21.6%, 27.3%, 30.1% and 31.1%. Please refer to the paragraph headed "Key Financial Ratios" below for further details.

As a result, the profit attributable to the owners of the Company was approximately RMB10.0 million in FY2021, RMB41.9 million in FY2022, RMB57.7 million in FY2023 and RMB40.5 million in 9M2024, which aligns with our gross profit growth.

Selected Items of Combined Statements of Financial Position

	As at 31 December			As at 30 September
	2021	*2022*	*2023*	*2024*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(approx.)	*(approx.)*	*(approx.)*	*(approx.)*
Non-current assets	218,234	242,149	271,922	277,180
Current assets	216,988	281,743	247,516	249,711
Non-current liabilities	195,659	213,170	215,343	8,223
Current liabilities	255,828	285,671	221,104	188,331
Net current (liabilities)/assets	(38,840)	(3,928)	26,412	61,380
Net (liabilities)/assets	(16,265)	25,051	82,991	330,337

We recorded net current liabilities of approximately RMB38.8 million as at 31 December 2021 primarily due to the amounts owed to our Controlling Shareholder of approximately RMB137.6 million (current portion). As at 31 December 2022, our net current liabilities decreased by approximately 89.9% to approximately RMB3.9 million mainly due to the increase in our trade and other receivables by approximately RMB38.0 million as a result of our sales growth in FY2022. As at 31 December 2023, our net current liabilities position changed from approximately RMB3.9 million as at 31 December 2022 to a net current assets position of approximately RMB26.4 million as at 31 December 2023, which was mainly attributable to the combined effects of (i) an increase in our cash and bank balances of approximately RMB56.5 million, partially offset by (ii) a decrease in our inventories of approximately RMB80.2 million. As at 30 September 2024, our net current assets position increased by approximately RMB35.0 million to approximately RMB61.4 million, primarily attributable to (i) an increase in trade and other receivables of approximately RMB65.9 million, (ii) a decrease in amount due to the Controlling Shareholder under current liabilities of approximately RMB48.5 million which was offset by (iii) a decrease in cash and cash equivalents of approximately RMB40.1 million, (iv) a decrease in inventories of approximately RMB26.8 million, and (v) an increase in trade and other payables of approximately RMB13.4 million.

As at 31 December 2021, we had total net liabilities of approximately RMB16.3 million, primarily due to our accumulated losses of approximately RMB19.2 million brought from the previous years since the inception of our Group. Please refer to the section headed "Financial Information — Accumulated Losses" in this prospectus. We turned our net liabilities to net assets position as at 31 December 2022 of approximately RMB25.1 million, which was mainly attributable to the net profit of approximately RMB41.9 million generated in FY2022 and offset against the aforesaid accumulated losses brought forward. As at 31 December 2023, our total net asset position rose to approximately RMB83.0 million, primarily attributable to the net profit for the year amounting to RMB57.7 million. Our total net asset position further increased to approximately RMB330.3 million as at 30 September 2024, which was primarily attributed to amounts due to our Controlling Shareholder of approximately RMB207.3 million was waived and credited to the capital reserve under equity and the net profit for the period amounting to approximately RMB40.5 million.

We recorded accumulated losses of approximately RMB27.8 million and RMB19.2 million as of 1 January 2021 and 31 December 2021, respectively. See "Financial Information — Accumulated Losses" for details.

Selected Items of Combined Statements of Cash Flows

	FY2021	FY2022	FY2023	9M2023	9M2024
	RMB'000 *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)* *(unaudited)*	*RMB'000* *(approx.)*
Net cash from operating activities	30,644	5,043	155,964	51,911	26,216
Net cash used in investing activities	(62,445)	(24,965)	(31,393)	(26,502)	(21,971)
Net cash from/(used in) financing activities	13,598	5,806	(68,035)	(28,294)	(44,196)
Net (decrease)/increase in cash and cash equivalents	(18,203)	(14,116)	56,536	(2,885)	(39,951)
Cash and cash equivalents at the beginning of the year/period	38,783	20,580	6,464	6,464	63,000
Cash and cash equivalents at the end of the year/period	20,580	6,464	63,000	3,579	22,867

For 9M2024, we recorded net cash operating inflows of RMB26.2 million primarily attributable to an increase in trade and other receivables of approximately RMB65.9 million as at 30 September 2024 mainly as a result of D2C sales of our feminine care products in China and export sales of babycare products to the Russian Top-tier Retailer around the end of 9M2024. For more information, please refer to "Financial Information — Liquidity and capital resources".

For 9M2024, we experienced an increased financing outflow of RMB 44.2 million compared to the previous period, primarily due to additional repayments to the Controlling Shareholder. This followed the FY2023 period where a net cash financing outflow of RMB 68.0 million was recorded, mainly attributed to the same reason.

Key Financial Ratios

Set forth below are the key financial ratios for the years and as at the dates indicated:

	For the year ended/As at 31 December			For the nine months ended/As at 30 September
	2021	2022	2023	2024
Profitability				
Gross profit margin	21.6%	27.3%	30.1%	31.1%
– Contract Manufacturing	*20.1%*	*31.1%*	*29.6%*	*28.9%*
– Branded Product Business	*24.7%*	*33.2%*	*40.6%*	*44.5%*
– Nonwoven fabric and others	*3.3%*	*5.4%*	*3.9%*	*4.1%*
Net profit margin	3.8%	10.3%	8.8%	7.8%
Return on equity	N/A(1)	170.6%	69.5%	N/A(4)
Return on total assets	2.3%	8.0%	11.1%	N/A(4)
Liquidity				
Current ratio	0.8 times	1.0 times	1.1 times	1.3 times
Quick ratio	0.4 times	0.4 times	0.8 times	1.1 times
Capital sufficiency				
Gearing ratio	N/A(1)	71.9%	15.7%	5.5%
Net debt to equity ratio	N/A(1)	46.1%	N/A(3)	N/A(3)
Interest coverage	N/A(2)	N/A(2)	120.0 times	N/A(2)

Notes:

(1) Total equity and shareholders' equity are negative in FY2021, and therefore the ratio for relevant year is not applicable.

(2) We have net interest income for FY2021 and FY2022, and therefore the ratio for the relevant years are not applicable.

(3) As our cash and bank balances are larger than our interest-bearing borrowings, the ratio for the relevant year is not applicable.

(4) The return on equity and return on total assets for 9M2024 are not applicable. Such ratios are not applicable as they are not comparable to annual figures.

Our gross profit margin from Contract Manufacturing improved significantly from approximately 20.1% in FY2021 to approximately 31.1% in FY2022. Such increase in FY2022 was due to (i) the higher selling price of our babycare products to Russian Top-tier Retailer under Contract Manufacturing during 2022, and (ii) the lower unit costs of our babycare products achieved by utilising our in-house nonwoven fabrics and benefiting from economies of scale. Our gross profit margin from Contract Manufacturing was stable at approximately 29.6% in FY2023. In 9M2024, it then decreased to approximately 28.9% in 9M2024 mainly due to the decrease in the ASPs of our babycare product category by approximately 8.2% in 9M2024 and the sale of feminine care products to Lantu Group on a contract manufacturing basis since September 2023 that commanded a lower profit margin.

Our gross profit margin from the Branded Product Business increased from approximately 24.7% in FY2021 to approximately 33.2% in FY2022 due to increase in ASP of our D2C sales of branded babycare products. Our gross profit margin from the Branded Product Business further increased to 40.6% in FY2023 primarily due to increase in sales volume of our D2C sales of our feminine care product with a higher margin. Our gross profit margin further increased to approximately 44.5% for 9M2024 mainly due to increased sales volume of our higher margin feminine care product.

Our gross profit margin from Nonwoven Fabric and Others increased from approximately 3.3% in FY2021 to approximately 5.4% in FY2022 primarily due to our sale of fluff pulp with a higher margin in FY2022, but no such item was noted in FY2023. Our gross profit margin from Nonwoven Fabric and Others remained relatively stable at approximately 3.9% in FY2023 and 4.1% in 9M2024.

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

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. The amount of any dividends to be declared and paid in the future will depend on, amongst other things, our general financial conditions, actual and future operations and liquidity positions, and future cash requirements and availability. See "Financial Information — Dividends" for details.

UNAUDITED PRELIMINARY FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2024

The preliminary financial information of our Group as of and for the year ended 31 December 2024 as set out in Appendix III to this prospectus, which is prepared in compliance with the content requirements as for preliminary results announcements under Rule 13.49 of the Listing Rules, have been agreed by the Reporting Accountants, to the amounts set out in the draft consolidated financial statements of the Group for the year ended 31 December 2024, following with their work under Practice Note 730 (Revised) "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants.

OFFERING STATISTICS

Market capitalisation of our Shares[1]	:	HK$500 million to HK$600 million
Offer size	:	25% of the enlarged issued share capital of our Company
Offer Price	:	HK$0.50 to HK$0.60 per Offer Share
Number of Offer Shares	:	250,000,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	:	25,000,000 Shares (subject to reallocation)
Number of International Offer Shares	:	225,000,000 Shares (subject to reallocation and the Over-allotment Option)

	Based on the Offer Price of HK$0.50 per Offer Share (low-end)	Based on the Offer Price of HK$0.60 per Offer Share (high-end)
Unaudited pro forma adjusted combined net tangible assets attributable to owners of our Company per Share[2][3]	HK$0.47[4]	HK$0.49[4]

Notes:

1. The calculation of market capitalisation of the Shares is based on 1,000,000,000 Shares in issue immediately after completion of the Capitalisation Issue and the Global Offering.
2. See Appendix II to this prospectus for details.
3. All statistics in this table are based on the assumption that the Over-allotment Option is not exercised.
4. The calculation of the unaudited pro forma adjusted combined net tangible assets of our Group attributable to owners of the Company per Share is based on 1,000,000,000 Shares expected to be in issue after the completion of the Capitalisation Issue and the Global Offering. It has not taken into account any Shares which may be allotted and issued upon exercise of the Over-allotment Option or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates given to the Directors.

FUTURE PLANS AND USE OF PROCEEDS

Based on the Offer Price of HK$0.55 per Share (being the mid-point of the indicative Offer Price range of HK$0.50 to HK$0.60 per Share) and assuming that Over-allotment Option is not exercised, the net proceeds of the Global Offering, after deduction of underwriting fees and other expenses payable by our Company in relation to the Global Offering, are estimated to be approximately HK$96.0 million. Our Company currently intends to use the net proceeds from the Global Offering in the following manner:

	Approximate amount of net proceeds	Intended applications
1. .	Approximately HK$28.0 million (equivalent to RMB25.5 million) or 29.2%	Acquiring machineries for establishing additional babycare and feminine care product production lines
2. .	Approximately HK$25.0 million (equivalent to RMB22.8 million) or 26.0%	Acquiring machineries for establishing additional nonwoven fabric production lines
3. .	Approximately HK$16.4 million (equivalent to RMB14.9 million) or 17.1%	Enhancing our branding, marketing and promotion activities
4. .	Approximately HK$17.0 million (equivalent to RMB15.5 million) or 17.7%	Upgrading our warehouse and investment in IT infrastructure
5. .	Approximately HK$9.6 million (equivalent to RMB8.8 million) or 10.0%	General working capital

See "Future Plans and Use of Proceeds" for details.

LISTING EXPENSES

Our estimated Listing expenses primarily consisted of underwriting fees and commissions as well as legal and professional fees in relation to the Listing. Assuming an Offer Price of HK$0.55 per Share, being the mid-point of the Offer Price range stated in this prospectus, the Listing expenses to be borne by our Company are estimated to be approximately HK$41.5 million (representing approximately 30.2% of the total gross proceeds from the Global Offering), of which (i) approximately HK$15.9 million (approximately RMB14.4 million) is to be accounted for as a deduction from equity; (ii) approximately HK$6.6 million (approximately RMB6.0 million) was recognised in our combined statement of profit and loss and other comprehensive income for FY2023; (iii) approximately HK$11.9 million (approximately RMB10.7 million) was recognised in our combined statement of profit and loss and other comprehensive income for 9M2024; and (iv) approximately HK$7.1 million (approximately RMB6.3 million) is expected to be recognised in our combined statement of profit or loss and other comprehensive income for the three months ended 31 December 2024 and the year ending 31 December 2025. The aforementioned total estimated Listing expenses (based on the mid-point of the Offer Price range stated in this prospectus and assuming that the Over-allotment Option is not exercised) in relation to the Global Offering includes (i) underwriting-related expenses (including but not limited to underwriting fees and commissions) of approximately HK$8.3 million (equivalent to approximately RMB7.4 million); and (ii) non-underwriting-related expenses of approximately HK$33.2 million (equivalent to approximately RMB30.0 million), which can be further categorised into (a) fees and expenses of legal advisers and reporting accountants of approximately HK$17.8 million (equivalent to approximately RMB16.0 million); and (b) other fees and expenses of approximately HK$15.4 million (equivalent to approximately RMB14.0 million). Prospective investors should note the financial performance of our Group for FY2024 will be materially and adversely affected by the aforementioned listing expenses.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our business model, revenue structure and cost structure generally remained unchanged subsequent to the Track Record Period. Based on our unaudited financial information for FY2024, we recorded revenue of approximately RMB752.8 million for FY2024, representing an increase of 15.0% as compared to FY2023. For further details, please refer to Appendix III to this prospectus. After FY2024 and up to 31 January 2025, our Group have delivered sales order of more than RMB70 million to our customers.

We expected to record a decrease in listing expense for FY2025 as compared with that of FY2024. However, our financial performance for FY2025 may be affected if, among other things, the Ruble further depreciates or there are other changes to the Russian market causing a decrease in their demand for our babycare products in the near future and our efforts in expanding our sales in the domestic market in China may not be able to compensate such decrease in revenue from the Russian market. Moreover, we anticipate to incur additional professional fees and expense after the listing in FY2025. As a result, we may not be able to maintain our adjusted level of net profit (excluding listing expense) for FY2025 at the same level for FY2024.

Save as above, our Directors confirm that since 30 September 2024, being the date of the latest combined financial information of our Group, and up to the date of this prospectus, there has been no material adverse change in our business model, financial or trading position and prospects of the overall baby and personal hygienic disposables industry. We also confirm that there have been no events since 30 September 2024 which would materially affect the financial information shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

SUMMARY OF MATERIAL RISK FACTORS

There are certain risks involved in our operations which may be beyond our control. These risks are further described in the section headed "Risk Factors" in this prospectus. Major risks we face include (i) we generated a significant portion of our revenue during the Track Record Period from Russian Top-tier Retailer; (ii) we rely on the highly competitive babycare hygienic disposables market in Eurasia; (iii) the growing global trend towards eco-friendly alternatives may adversely affect the demand for our disposable hygienic products; (iv) we are exposed to market risk from changes in foreign currency exchange rates which could materially and adversely impact our business and results of operations; (v) uncertainty in international relationships and global trade environment, especially between China and the United States and Russia, could affect China's trade relationships and in turn our export sales; (vi) our business and financial performance is subject to shifts in product mix and geographical regions in which we conduct our sales; (vii) we recorded net current liabilities and net liabilities during the Track Record Period; (viii) our customers may delay and/or default in their payments to us; (ix) we face a highly competitive D2C business environment and our D2C business is subject to changing consumer preferences; (x) a significant portion of our D2C sales during the Track Record Period was conducted on various third-party pureplay digital platforms; (xi) we may face challenges in implementing our D2C sales strategy and such strategy may not yield the desired results; and (xii) our business and financial performance could be materially affected by fluctuations in the price of raw materials.

"9M2023"	the nine months ended 30 September 2023
"9M2024"	the nine months ended 30 September 2024
"Accountants' Report"	the accountants' report set out in Appendix I to this prospectus
"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
"Ambition BVI"	Ambition International Holding Ltd, a company incorporated in the BVI with limited liability on 27 December 2023, which is directly wholly owned by Aspiring BVI, and indirectly 100% owned by Mr. Zeng, our executive Director
"Articles" or "Articles of Association"	the second amended and restated articles of association of our Company conditionally adopted on 10 March 2025 and will come into effect upon Listing (as amended, supplemented or otherwise modified from time to time), a summary of which is set out in Appendix V to this prospectus
"Aspiring BVI"	Aspiring International Holding Ltd, a company incorporated in the BVI with limited liability on 25 October 2023, which is 100% owned by Mr. Zeng, our executive Director
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"BIS"	U.S. Department of Commerce, Bureau of Industry and Security
"Blue Giant E-commerce"	Fujian Blue Giant Network Technology Co., Ltd.* (福建藍色巨人網絡科技有限公司), a company established under the laws of the PRC with limited liability on 26 October 2015 which was wholly owned by Insoftb China immediately prior to its deregistration on 8 October 2023

"Blue Giant Hygiene Products"	Fujian Blue Giant Hygiene Products Co., Ltd.*(福建藍色巨人衛生用品有限公司), a company established under the laws of the PRC with limited liability on 22 December 2016. It is wholly owned by Insoftb China and a wholly owned subsidiary of our Group
"Board"	our board of Directors
"Business Day(s)" or "business day(s)"	day(s) 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
"Capital Market Intermediary(ies)" or "CMI(s)"	the capital market intermediaries participating in the Global Offering and has the meaning ascribed thereto under the Listing Rules
"Capitalisation Issue"	the capitalisation of an amount of HK$65,000 standing to the credit of the share premium account of our Company by applying such sum in paying up in full 650,000,000 Shares for allotment and issue to holder(s) of our Shares as resolved by the written resolutions of our Shareholders passed on 10 March 2025
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CFR"	the Code of Federal Regulations of the United States
"China" or "PRC"	the People's Republic of China including but not limited to Hong Kong, Macau and Taiwan region but in the context of financial reporting purposes in this prospectus only, refers to the geographical regions under direct PRC regulatory jurisdiction commonly known as mainland China excluding Hong Kong, Macau and Taiwan region
"Chuzhou Insoftb"	Insoftb (Chuzhou) Infant and Child Products Co., Ltd.* (嬰舒寶(滁州)嬰童用品有限公司), a company established under the laws of the PRC with limited liability on 6 March 2013 which is wholly owned by Insoftb China and a wholly owned subsidiary of our Group

"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"	Soft International Group Ltd (舒寶國際集團有限公司), an exempted company with limited liability incorporated in the Cayman Islands on 22 November 2023 and registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 24 May 2024, and holding company of all other companies in the Group
"Comprehensively Sanctioned Country"	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, currently 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
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and, in the context of this prospectus, refers to Mr. Ngan, Softo BVI, Wish BVI and Galaxey BVI
"Countries subject to International Sanctions"	any country or territory subject either to a general and comprehensive embargo or a more limited set of export, import, financial or investment restrictions under sanctions related laws or regulation of the Relevant Jurisdiction

"COVID-19"	a viral respiratory disease caused by the severe acute, respiratory syndrome coronavirus 2, which has been declared by World Health Organisation as a pandemic on 11 March 2020
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Deed of Indemnity"	the deed of indemnity dated 10 March 2025 entered into by our Controlling Shareholders in favour of our Company (on its own behalf and as the trustee for each of its subsidiaries) to provide certain indemnities, further information on which is set forth in the section headed "Statutory and General Information — F. Other Information — 1. Deed of Indemnity" in Appendix VI to this prospectus
"Director(s)" or "our Director(s)"	director(s) of our Company
"Eastern Europe"	includes Belarus, Bulgaria, Czech Republic, Hungary, Poland, Moldova, Romania, Russia, Slovakia, and Ukraine, in accordance with the United Nations Statistics Division
"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
"Eurasia"	the region comprising the continents of Europe and Asia
"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

"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
"FINI" or "Faster Interface for New Issuance"	an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listing of securities
"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
"Fujian Insoftb E-commerce"	Fujian Insoftb E-commerce Co., Ltd.* (福建嬰舒寶電子商務有限公司), a company established under the laws of the PRC with limited liability on 17 June 2014 which was wholly owned by Insoftb China immediately prior to its deregistration on 28 September 2023
"Fujian Shusen"	Fujian Shusen Network Technology Co., Ltd.* (福建舒森網絡科技有限公司), a company established under the laws of the PRC with limited liability on 3 February 2021 which was owned as to 51% by Insoftb China, 40% by Jinjiang Xiwu Trading Co., Ltd.* (晉江市熹舞商貿有限公司) and 9% by Cai Yuanyang (蔡遠陽) immediately prior to its deregistration on 7 August 2023. Each of Jinjiang Xiwu Trading Co., Ltd.* and its beneficial owners and Cai Yuanyang are Independent Third Parties
"FY"	the financial year ended/ending 31 December
"Galaxey BVI"	Galaxey International Holdings Ltd, a company incorporated in the BVI with limited liability on 27 December 2023, which is directly wholly owned by Softo BVI, and indirectly 100% owned by Mr. Ngan. Galaxey BVI is one of our Controlling Shareholders

"General Rules of HKSCC"	General Rules of HKSCC published by the Stock Exchange and as amended from time to time
"Global Offering"	the Hong Kong Public Offering and the International Offering
"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 for New Listing Applicants"	the Guide for New Listing Applicants issued by the Stock Exchange in December 2023, with effect from 1 January 2024, as amended and supplemented from time to time
"Heynckes Trading"	Fujian Shubao Heynckes Trading Co., Ltd.* (福建舒寶亨克斯商貿有限公司), formerly known as Yixian Linghua Trading Co., Ltd.* (易縣靈華商貿有限公司), a company established under the laws of the PRC with limited liability on 23 May 2018. Heynckes Trading is wholly owned by Insoftb China and is a wholly owned subsidiary of our Group after the Reorganisation
"**HK eIPO White Form**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name, submitted online through the designated website at **www.hkeipo.hk**
"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** service provider designated by our Company as specified on the designated website at **www.hkeipo.hk**
"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
"HKSCC EIPO channel"	the arrangement in these HKSCC Operational Procedures for instructions to be given electronically to HKSCC by Participants via FINI for applications to be made on their behalf for new issue shares and for the payment of application moneys, and for those instructions to be acted upon

"HKSCC Nominees"	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
"HKSCC Operational Procedures"	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
"HKSCC Participant"	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	the 25,000,000 Offer Shares initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to reallocation as described in the section headed "Structure and Conditions of the Global Offering" in this prospectus)
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong (subject to adjustment as described in the section headed "Structure and Conditions of the Global Offering" in this prospectus) at the Offer Price (plus brokerage, SFC transaction levies, AFRC transaction levy and Stock Exchange trading fees), on and subject to the terms and conditions described in this prospectus as further described in "Structure and Conditions of the Global Offering — The Hong Kong Public Offering" in this prospectus
"Hong Kong Share Registrar"	Tricor Investor Services Limited
"Hong Kong Underwriters"	the underwriters for the Hong Kong Public Offering as listed out in "Underwriting" in this prospectus
"Hong Kong Underwriting Agreement"	the Hong Kong underwriting agreement dated 18 March 2025 relating to the Hong Kong Public Offering entered into between, among others, our Company, Mr. Ngan, Softo BVI, Wish BVI and Galaxey BVI (as warranting shareholders), Mr. Zeng, Mr. Zhou and Mr. Gao (as warranting directors), the Sole Sponsor, the Sole Overall Coordinator and the Hong Kong Underwriters, as further described in "Underwriting" in this prospectus

"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
"Insoftb China" or "WFOE"	Insoftb (China) Co., Ltd.* (嬰舒寶(中國)有限公司), a company established under the laws of the PRC with limited liability on 30 November 2010 which is wholly owned by Soft HK and a wholly owned subsidiary of our Group
"Insoftb New Material"	Fujian Insoftb New Materials Technology Co., Ltd.* (福建嬰舒寶新材料科技有限公司), a company established under the laws of the PRC with limited liability on 7 August 2020 which is wholly owned by Insoftb China and a wholly owned subsidiary of our Group
"Insoftb Qinning"	Fujian Insoftb Qinning Hygiene Products Co., Ltd.* (福建嬰舒寶親寧衛生用品有限公司), a company established under the laws of the PRC with limited liability on 9 January 2020 which was owned as to 75% by Insoftb China, and 25% by Zhang Yu (張雨), an Independent Third Party, immediately prior to its deregistration on 7 October 2023
"International Offer Shares"	the 225,000,000 Shares initially offered by our Company for subscription pursuant to the International Offering together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option (subject to reallocation as described in the section headed "Structure and Conditions of the Global Offering" in this prospectus)

"International Offering"	the conditional placing of the International Offer Shares by the International Underwriters for and on behalf of our Company to institutional, professional, corporate and other investors in Hong Kong and elsewhere in the world outside the United States at the Offer Price in accordance with Regulation S, as further described in "Structure and Conditions of the Global Offering" in this prospectus
"International Sanctions"	all applicable laws and regulations related 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., the EU, the UN or any other governmental authority having jurisdiction over our business
"International Sanctions Legal Advisers"	Hogan Lovells, our legal advisors as to International Sanctions laws in connection with the Listing
"International Underwriters"	the underwriters of the International Offering
"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering and expected to be entered into by, among others, our Company, the Controlling Shareholders, the Sole Sponsor, the Sole Overall Coordinator and the International Underwriters on or about the Price Determination Date, as further described in "Underwriting — The International Offering" in this prospectus
"Jiangxi Lantu"	Jiangxi Future Blueprint Hygiene Products Co., Ltd.* (江西未來藍圖衛生用品有限公司), a company established under the laws of the PRC with limited liability on 5 December 2022 and was owned as to 100% by Jinjiang Lantu, and was our subsidiary before Reorganisation
"Jiangxi Lishi"	Jiangxi Lishi Hygiene Products Co., Ltd.* (江西麗氏衛生用品有限公司), a company established under the laws of the PRC with limited liability on 5 December 2022 and was owned as to 100% by Jinjiang Lantu, and was our subsidiary before Reorganisation

"Jinjiang Foreign Trade"	Fujian Jinjiang Foreign Trade Co., Ltd.* (福建省晉江市對外貿易有限公司), a company established under the laws of the PRC with limited liability on 9 September 2002 which was owned as to 30% by Mr. Ngan, 14% by Chen Lituo (陳禮托), 16% by Cai Zongze (蔡宗澤), 30% by Yan Jin (顏錦) and 10% by Jinjiang State-owned Assets Investment and Management Co., Ltd.* (晉江市國有資產投資經營有限責任公司), each of whom is an Independent Third Party, immediately prior to the disposal on 24 April 2024
"Jinjiang Lantu"	Jinjiang Future Blue Journey Technology Co., Ltd.* (晉江未來藍途科技有限公司), a company established under the laws of the PRC with limited liability on 30 November 2022 and was owned as to 51% by Insoftb China and 49% by Nanchang Niu Le Ge Niu Enterprise Management Consultancy Centre (Limited Partnership)* (南昌牛了個牛企業管理諮詢中心(有限合夥)) immediately prior to the completion of disposal on 28 September 2023. Each of Nanchang Niu Le Ge Niu Enterprise Management Consultancy Centre (Limited Partnership)* and its beneficial owners, Wei Qiang (魏強) and Zheng Jianchun (鄭建春), are Independent Third Parties. As Jinjiang Lantu holds 100% equity interest in Jiangxi Lantu and Jiangxi Lishi respectively, after the completion of the disposal on 28 September 2023, Jiangxi Lantu and Jiangxi Lishi were divested out of our Group
"Jinjiang Libaida"	Jinjiang Libaida Trading Co., Ltd.* (晉江市利佰達貿易有限責任公司), a company established under the laws of the PRC with limited liability on 17 November 2011. After the Reorganisation, Jinjiang Libaida is wholly owned by Insoftb China and is a wholly owned subsidiary of our Group
"Jinjiang Production Facilities"	our existing production facilities located at Intersection of Zhizao Avenue and Wu'an Road, Jinjiang City, Quanzhou, Fujian Province (福建省泉州市晉江市智造大道與梧安路交叉口), which comprise production lines for substantially all our products under both Contract Manufacturing and Branded Product Business
"Joint Bookrunners"	the joint bookrunners as named in "Directors and Parties Involved in the Global Offering" in this prospectus

"Joint Lead Managers"	the joint lead managers as named in "Directors and Parties Involved in the Global Offering" in this prospectus
"Lantu Group"	Jinjiang Lantu and its subsidiaries, namely Jiangxi Lishi and Jiangxi Lantu
"Latest Practicable Date"	10 March 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Listing"	listing of our Shares on the Main Board of the Stock Exchange
"Listing Date"	the date, expected to be on or around Thursday, 27 March 2025, on which our Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
"Listing Division"	the Listing Division of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Macau"	the Macao Special Administrative Region of the PRC
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Gao"	Mr. Gao Yue (高躍), an executive Director, who is also nephew of Mr. Ngan, cousin of Mr. Zhou and Ms. Ngan
"Mr. Ngan"	Mr. Ngan Pui Kuan (顏培坤), an executive Director, our chair, and one of our Controlling Shareholders who is also father of Ms. Ngan, father-in-law of Mr. Zhou, and uncle of Mr. Gao
"Mr. Zeng"	Mr. Zeng Guodong (曾國棟), an executive Director
"Mr. Zhou"	Mr. Zhou Jiahao (周家豪), an executive Director, who is also son-in-law of Mr. Ngan, brother-in-law of Ms. Ngan, and cousin of Mr. Gao

"Ms. Ngan"	Ms. Ngan Ka Wai (顏嘉瑋), the vice president of our Group and one of our joint company secretaries, who is also daughter of Mr. Ngan, sister-in-law of Mr. Zhou, and cousin of Mr. Gao
"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)
"Nonwoven Fabric Facilities"	our existing production facilities located at No. 28 Caobing North District, Hongshan Road, Shishi City, Quanzhou, Fujian Province (福建省泉州市石獅市鴻山路草柄北區28號), which comprise production lines for our nonwoven fabrics
"OFAC"	the U.S. Department of Treasury's Office of Foreign Assets Control
"Offer Price"	the final Hong Kong dollar price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%) at which the Offer Shares are to be subscribed for pursuant to the Global Offering, as further described in "Structure and Conditions of the Global Offering" in this prospectus
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares
"Over-allotment Option"	the option granted by our Company under the International Underwriting Agreement, pursuant to which the Sole Overall Coordinator (for itself and on behalf of the Underwriters) may require us to allot and issue up to an aggregate of 37,500,000 additional new Shares (representing 15% of the total number of the Offer Shares initially available under the Global Offering), if any, as further described in "Structure and Conditions of the Global Offering" in this prospectus
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC

"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 Listing
"Price Determination Date"	the date on which the Offer Price will be fixed for the purposes of the Global Offering, expected to be on or about Tuesday, 25 March 2025
"Primary Sanctioned Activity"	any activities in a Comprehensively Sanctioned Country or (i) with; or (ii) directly or indirectly benefiting or involving the property or interests in property of, a Sanctioned Target by the Company incorporated or located in a Relevant Jurisdiction or which otherwise has a nexus with such jurisdiction with respect to the relevant activity, such that it is subject to the relevant sanctions law and regulation
"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
"Regulation S"	Regulation S under the U.S. Securities Act
"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 assess or certain countries, governments, person or entities targeted by such law or regulation. For the purpose of this prospectus, includes the U.S., the UK, the EU, the UN and Australia

"Relevant Persons"	means our Company, together with our investors and Shareholders and persons who might directly or indirectly, be involved in permitting the listing, trading clearing and settlement of our Shares including the Stock Exchange and related group companies
"Relevant Regions"	Hong Kong, Myanmar, Ukraine (excluding Crimea, LPR, DPR, Kherson and Zaporizhzhia regions) and Russia (excluding Crimea, LPR, DPR, Kherson and Zaporizhzhia regions)
"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 Listing, details of which are set out in the section headed "History, Reorganisation and Corporate Structure" in this prospectus
"Russian Top-tier Retailer"	one of the largest Russian children's goods retailer operating over 1,250 stores as at December 2024. See "Business — Our Sales and Customers — Our mutually beneficial relationship with Russian Top-tier Retailer" in this prospectus for details
"Sanctioned Persons"	certain person(s) and entity(ies) listed on OFAC's Specially Designated Nationals and Blocked Persons List or other restricted parties' lists, including those maintained by the U.S., the UK, the EU, the UN and Australia
"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 Country; 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 our 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 sutra to that Relevant Jurisdiction
"SFC"	the Securities and Futures Commission of Hong Kong
"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)
"Soft BVI"	Soft International Group Holding Ltd, a company incorporated in the BVI with limited liability on 27 December 2023 and a wholly owned subsidiary of our Group
"Soft HK"	Hong Kong Super Infant International Group Company Limited (香港嬰舒寶國際集團有限公司), a limited liability company incorporated in Hong Kong on 17 August 2010 which is wholly owned by Soft BVI and is an indirect wholly owned subsidiary of our Company
"Softo BVI"	Softo Co., Ltd, a company incorporated in the BVI with limited liability on 25 October 2023, which is 100% owned by Mr. Ngan, our chair, executive Director and one of our Controlling Shareholders. Softo BVI is also one of our Controlling Shareholders
"Sole Sponsor" or "Sole Overall Coordinator"	Sunny Fortune Capital Limited, the sole sponsor for the Listing and a corporation licensed under the SFO and permitted to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

"Southeast Asia"	the geographical south-eastern region of Asia, comprising countries such as Brunei, Burma (Myanmar), Cambodia, Timor-Leste, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand and Vietnam
"Stabilising Manager"	Yue Xiu Securities Company Limited
"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 Softo BVI and the Stabilising Manager, pursuant to which the Stabilising Manager may borrow up to an aggregate of 37,500,000 Shares to cover any over-allocations in the International Offering
"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 exercise 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"	FY2021, FY2022, FY2023 and 9M2024
"UN"	the United Nations
"Underwriters"	the Hong Kong Underwriters and the International Underwriters

"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"US" or "U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"US$" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"Wish BVI"	Wish International Holding Ltd, a company incorporated in the BVI with limited liability on 27 December 2023, which is directly wholly owned by Softo BVI, and indirectly 100% owned by Mr. Ngan. Wish BVI is one of our Controlling Shareholders
"Xiamen Insoftb E-commerce"	Insoftb (Xiamen) E-commerce Co., Ltd.* (嬰舒寶(廈門)電子商務有限公司), a company established under the laws of the PRC with limited liability on 14 August 2020 and was wholly owned by Insoftb China immediately prior to its deregistration on 22 September 2023

Certain amounts and percentage figures included in this prospectus 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.

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. The English translation of company names in Chinese which are marked with "" is for identification purposes only.*

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

"affordable premium baby disposable hygienic products"	economy and mid-end baby disposable hygienic products, which are known for their cost-effectiveness and provide essential features for everyday use
"ASP"	average selling price per piece
"business customers"	businesses which purchase products with the intention of reselling them to others
"CAGR"	compound annual growth rate
"Cleanroom"	a designated room with a low level of environmental pollutants such as dust, airborne microbes, aerosol particles, and chemical vapours which complies with GB50591-2010 Code for Cleanroom Construction and Acceptance (潔淨室施工及驗收規範)
"D2C"	acronym for "direct-to-customer", our business model where we sell our branded products directly to end consumers largely through digital platforms in China
"disposable hygienic products"	absorbent disposable hygienic products, usually for single use, and are disposed of after use
"end consumers"	ultimate user of a product or service, regardless of whether such product was purchased by themselves or received from others
"ISO"	International Organisation for Standardisation
"Japanese-inspired"	products that are distinguished by design elements, quality standards, and features that draw inspiration from Japanese culture, aesthetics and technology
"kg"	kilogramme(s)
"luxury premium baby disposable hygienic products"	baby disposable hygienic products characterised by superior quality, advanced technology, and additional features

"non-discretionary consumer staples"	essential products (such as diapers) that consumers need to purchase regularly regardless of their financial situation or economic conditions, which are considered basic necessities for daily living and hygiene and are typically purchased out of necessity rather than choice or preference, classified as non-discretionary due to factors such as being essential for health and hygiene, regular and repeated use and limited substitutes
"ODM"	acronym for "original design manufacturing", whereby products are designed and manufactured in accordance with the manufacturer's own specifications for sale under a third party's brand
"R&D"	research and development
"SAP"	superabsorbent polymer
"SKU"	stock-keeping unit, a unique identifier for each distinct product, as distinguished by style, size and colour, which can be purchased
"social media, live streaming and short video channels"	third-party pureplay digital platforms which focus on content creation, sharing, and interaction. They enable users to create and consume content such as videos, live streams, and posts, often integrating e-commerce features for product promotion and sales. Unlike traditional e-commerce platforms, their primary function is content distribution and social engagement, with commerce being an additional feature
"sq.m."	square metre(s)
"third-party pureplay digital platforms"	online platforms that specialise exclusively in digital services and commerce without any physical retail presence, normally acting as intermediaries for connecting sellers and buyers or content creators and consumers, and are not owned by the companies whose products or content are being sold or displayed. These platforms focus solely on their digital operations, leveraging technology to facilitate transactions, engagement, and content distribution and can be broadly categorised into two primary sales channels, namely (i) traditional e-commerce platforms and (ii) social media, live streaming and short video channels

"tonne"	metric tonne/thousand kilogrammes
"traditional e-commerce platforms"	third-party pureplay digital platforms dedicated to online retail, offering a wide range of products from various sellers. These platforms provide the infrastructure for transactions, logistics, and customer service but do not have physical stores of their own. Sellers list their products on these platforms, and consumers purchase them through these platforms' user interface

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

This prospectus 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 prospectus. 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:

- our business strategies and plans to achieve these strategies;
- expected growth of and changes in the industry and markets in which we operate;
- our future debt levels and capital needs;
- our expectations with respect to our ability to acquire and maintain regulatory licenses or permits;
- changes in competitive conditions and our ability to compete under these conditions;
- future developments, trends and conditions in the industry and markets in which we operate;
- general economic, political, regulatory and business conditions in the markets in which we operate;
- effects of the global financial markets and economic crisis;
- our financial condition and performance; and
- 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 prospectus 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 prospectus 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 prospectus are qualified by reference to this cautionary statement.

In addition to other information in this prospectus, you should carefully consider the following risk factors before making an investment in our Shares. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The trading price of the Offer Shares could decline due to any of these risks and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or which we currently deem immaterial may arise or become material in the future and may have a material effect on us.

RISKS RELATED TO OUR INDUSTRY AND BUSINESS

We generated a significant portion of our revenue during the Track Record Period from Russian Top-tier Retailer.

We had a high concentration of revenue during the Track Record Period. We generated approximately 45.6%, 54.1%, 64.1%, and 48.0% of our revenue from our five largest customers for each year or period during the Track Record Period, respectively, while revenue generated from Russian Top-tier Retailer, our second largest customer in FY2021 and our largest customer during FY2022, FY2023 and 9M2024, accounted for approximately 11.8%, 31.5%, 48.7%, and 36.8% of our total revenue, for the respective periods.

Our agreements with Russian Top-tier Retailer do not impose any obligations on it to procure from us any fixed or minimum value of products. There can be no assurance that Russian Top-tier Retailer will place recurring orders in a timely manner at the existing volume or pricing or at all, or that we will be able to renew our existing agreements with Russian Top-tier Retailer upon expiration at terms commercially acceptable to us or at all. As we have been, and are expected to continue to be, reliant on Russian Top-tier Retailer, any adverse changes in our business relationship with it or otherwise diminishing its demand for our products could have a material adverse impact on our business, financial condition, operating results and prospects. In addition, we may have to accept additional requests from or provide concessions to it, such as extension of credit term or additional discounts in order to maintain our business relationship with it, which in turn could have an adverse impact on our profitability.

Moreover, due to the significant revenue contribution from our largest customer for each year or period during the Track Record Period, our business depends on the profitability of the retail industry in Russia, in particular its private label babycare hygienic disposables sector. We will continue our sales to Russian Top-tier Retailer and the Russian market as a whole. As a result, we are subject to a variety of risks and uncertainties associated with exports to the Russian market and its private label babycare hygienic disposables sector, such as changes in the regulatory requirements and local industry standards in Russia, possible customs and trade barriers such as new or increasing customs duties, import taxes and tariffs and overall change in the Russian economy and/or its private label baby hygienic disposables market, many of which are out of our control. Any of the foregoing and other risks and uncertainties could adversely affect our sales and result in material detrimental effect on our financial condition and results of operations.

We rely on the highly competitive baby hygienic disposable market in Eurasia.

During the Track Record Period, we derived over approximately 70.0% of our revenue from the manufacturing and sales of babycare products. On the other hand, the baby hygienic disposable market in Eurasia is highly competitive and rapidly evolving, with many new brands and product offerings emerging in the marketplace. For example, according to the Frost & Sullivan report, the baby and personal hygienic disposable market in China has polarised into luxury premium segment dominated by international and established brands on one hand; and on the other hand affordable premium segment with around 500 players in 2023.

We compete with a broad range of babycare hygienic disposables manufacturers in China and abroad. Certain of our competitors are multinational corporations that may have stronger brand recognition and greater financial, marketing, research and development or other resources than we do, as well as greater market share within certain of our categories or geographic markets. We also face significant competition from smaller players, especially emerging D2C brands which have benefited from the substantial growth in e-commerce and focus on D2C or other non-traditional, digital business models. In addition, our competitors may be acquired by, receive investment from or enter into strategic relationships with larger and more established companies or investors.

As a result, we face a variety of competitive challenges, which include but are not limited to (i) price, design and quality of products; (ii) production capacities and capabilities; (iii) business reputation and brand recognition, both as an ODM and as a brand owner; (iv) logistics and inventory management capabilities; (v) product research and development capability; and (vi) diversity of retail channels. Increased competition could result in price reductions, increased marketing expenditures and loss of market share, any of which could have a material adverse effect on our results of operations and financial condition. There can be no assurance that we will be able to address these challenges and compete successfully against current and future competitors, and those competitive pressures may have a material adverse effect on our business, growth prospects, financial condition and results of operations.

Furthermore, due to the substantial revenue contribution from our babycare products, changes in birth rates in the markets which we offer our babycare products may have a significant impact on the demand for our products, and in turn affect our revenue, profit and market share. We derived the majority of our revenue during the Track Record Period from the sales of our babycare products, which amounted to approximately 86.8%, 78.9%, 71.5%, and 55.0% of our total revenue during the Track Record Period, respectively. On the other hand, Russia had a declining birth rate of 9.6 per mille in 2021 which was at a low point for the past 10 years, while birth rate in China has also been declining in recent years from 10.9 per mille in 2018 to 6.4 per mille in 2023, and is expected to further drop to 5.0 per mille in 2027, according to the Frost & Sullivan Report. As a result, our financial condition and results of operations may be significantly and adversely affected by the current decreasing trend of birth rate in China and Russia, and the potential decrease in birth rate in other countries where our customers are located.

The growing global trend towards eco-friendly alternatives may adversely affect the demand for our disposable hygienic products.

There is a growing global trend of increasing consumer preference for more environmentally sustainable alternatives over traditional disposable hygienic products. Consumers are becoming more environmentally conscious and showing greater interest in reusable and eco-friendly alternatives to disposable sanitary products and babycare items. This shift in consumer preference is driven by increasing awareness of environmental issues such as plastic waste, carbon footprint and sustainability. We cannot assure you that this trend will not accelerate or that consumers will not increasingly switch to eco-friendly alternatives. If we fail to adapt our product offerings to meet this changing consumer preference or if the demand for traditional disposable hygienic products experiences a significant decline due to this trend, our business, financial condition and results of operations could be materially and adversely affected. Furthermore, we may need to incur substantial costs and dedicate significant resources to develop more environmentally sustainable products to remain competitive, which could impact our profitability and operating results.

We are exposed to market risk from changes in foreign currency exchange rates which could materially and adversely impact our business and results of operations.

We exported and sold our products primarily in Eurasia and such export sales were denominated in RMB and USD during the Track Record Period. As a result, we are exposed to foreign currency risk as exchange rates fluctuation. In particular for the export sale transactions denominated in USD, changes in currency exchange rates may affect the relative prices at which we and our competitors sell products in the same market. Our transactions with our major Russian customers are settled in RMB in accordance with the terms stated in the contracts, and the exchange fluctuation between the Ruble and RMB would pose transactional impacts on the ASP (average selling price) of our products sold in Russia over time. For example, the continuous depreciation of the Russian Ruble against RMB in 2024 has reduced Russian importers' purchasing power for Chinese goods, which contributed to the decline in our revenue from Russia by approximately 36.7% from approximately RMB325.7 million in 9M2023 to approximately RMB206.2 million in 9M2024. The translational and transactional impacts caused by fluctuation in exchange rates, will vary over time and may be more material in the future. There can be no assurance that we can implement effective measures to reduce or eliminate our exposure to fluctuations in foreign exchange rates.

Uncertainty in international relationships and global trade environment, especially between China and the United States and Russia, could affect China's trade relationships and in turn our export sales.

During the Track Record Period, we generated a substantial portion of our revenue from overseas markets, particularly from Russia, which accounted for RMB325.7 million or 66.1% of our total revenue in 9M2023 and RMB206.2 million or 39.6% of our total revenue in 9M2024. The ongoing geopolitical tensions, particularly between the United States and Russia, have created significant uncertainties in the global trade environment which could adversely affect China's export markets and in turn our business operations and financial performance.

The United States and other jurisdictions have implemented various trade measures, including but not limited to tariffs, economic sanctions, and trade restrictions, which directly or indirectly affect China's export markets. These measures, coupled with potential retaliatory actions, could result in disruptions to established trade relationships and supply chains. We cannot predict the interpretation or implementation of trade policies by the United States or other major economies, nor can we assure you that future changes in international trade relationships will not adversely affect China's ability to maintain its export market position.

Furthermore, while China currently maintains trade relationships with Russia, there can be no assurance that such relationships will remain stable or continue to develop favourably. Any changes in Chinese-Russian economic ties, whether due to geopolitical factors, international pressure, or changes in domestic policies of either country, could materially affect our revenue from the Russian market. The broader implications of geopolitical tensions could lead to additional trade barriers, increased operational costs, or reduced market access for Chinese exporters like us in both Russian and other international markets.

Given our significant reliance on export sales, any deterioration in China's trade relationships resulting from these international uncertainties could materially and adversely affect our business operations, financial condition and results of operations. There can be no assurance that we will be able to effectively mitigate the impacts of such geopolitical and trade-related risks or successfully develop alternative markets to maintain our revenue levels.

Our business and financial performance is subject to shifts in product mix and geographical regions in which we conduct our sales.

During the Track Record, we generated the majority of our revenue through the sales of babycare products and a substantial amount of revenue from the Russian market. On the other hand, we recorded declining sales from this key product category and this geographical region. Our revenue from the sales of babycare products decreased from RMB388.9 million or 78.9% of our total revenue in 9M2023 to RMB286.2 million or 55.0% of our total revenue in 9M2024. Similarly, our revenue from Russia decreased from RMB325.7 million or 66.1% of our total revenue in 9M2023 to RMB206.2 million or 39.6% of our total revenue in 9M2024. Such decline was primarily attributable to the weakening of the Ruble against RMB, which has reduced Russian importers' purchasing power for Chinese goods and in turn affected our export sales to that market. In addition, the Russian market is subject to uncertainties and potential instability as a result of the Russo-Ukaranian war. This also brought about constant changes to industry trends in the Russian babycare product market from international brands to private label brands. As a result, we have strategically reallocated resources since FY2023 to develop our domestic market in China, particularly in feminine care products. There can be no assurance that such shifts in product mix and geographical market can offset the decrease in revenue from the sales of babycare products and in the Russian market.

We recorded net current liabilities and net liabilities during the Track Record Period.

During the Track Record Period, we have relied not only on our internal resources and bank borrowings, but also amounts due to our Controlling Shareholder to support our business operation. In this regard, we recorded net current liabilities of RMB38.8 million and net liabilities of approximately RMB16.3 million as at 31 December 2021 primarily due to the amount owed to our Controlling Shareholder of approximately RMB327.7 million. Further, we recorded net current liabilities of RMB3.9 million as at 31 December 2022 primarily due to the same reason. As a result of the continued sales growth for the Track Record Period, our current liabilities and net liabilities have decreased, and we recorded net current assets and net assets of approximately RMB26.4 million and RMB83.0 million as at 31 December 2023. As at 30 September 2024, amount due to our Controlling Shareholder were approximately RMB23.1 million which will be fully settled upon Listing.

There can be no assurance that we will not experience liquidity problems in the future. A net liabilities position can expose us to the risk of shortfalls in liquidity. This, in turn, would require us to seek adequate financing from sources such as external debt, which may not be available on terms favourable or commercially reasonable to us or at all. Any difficulty or failure to meet our liquidity needs as and when needed can have a material adverse effect on our prospects. Moreover, our future liquidity, the payment of trade and other payables, and the repayment of our interest-bearing borrowings when they become due will primarily depend on future operating and financial performance, including our ability to maintain adequate cash inflows from operating activities and our ability to obtain adequate financing. Our future performance will be impacted by prevailing economic conditions and a range of other business and competitive factors beyond our control. Therefore, there is no assurance that we will not experience net current liabilities in the future. The net current liabilities position would expose us to liquidity risk, which could restrict our ability to make necessary capital expenditures or develop business opportunities, and our business, operating results, and financial condition could be materially and adversely affected. There can also be no assurance that we will always have adequate funds to meet our repayment obligations or that our historical net current liabilities will not impair our ability to obtain new borrowings to finance our operations or capital commitments. In such circumstances, our business, financial position, results of operations, and prospects may be materially and adversely affected.

Our customers may delay and/or default in their payments to us.

We are subject to the credit risk that our customers may fail to make prompt payments of monies due to us, or may not pay at all, and our liquidity is dependent on such customers making prompt payments. During the Track Record Period, we generally require our business customer to settle the full purchase price before the shipment, while we may also grant credit terms of up to 90 days for part or all of the purchase price.

As at 31 December 2021, 2022, 2023 and 30 September 2024, our trade receivables (net of loss allowance) amounted to approximately RMB36.9 million, RMB68.0 million, RMB34.9 million, and RMB77.6 million, respectively, accounting for approximately 17.0%, 24.1%, 14.1% and 31.1% of our total current assets, respectively. As at 31 December 2021, 2022, and 2023 and 30 September 2024, approximately RMB8.2 million, RMB3.1 million, RMB0.9 million and RMB2.4 million of our trade receivables (net off loss allowance), respectively, were past due but not impaired (i.e. over 90 days), and our trade and bill receivables turnover days were approximately 37 days, 47 days, 36 days and 42 days during the Track Record Period respectively. For details, see "Financial Information — Description and Analysis of Selected Items of our Combined Statements of Financial Position — Trade and other receivables".

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. Furthermore, if disputes arise between us and our customers, we may require a longer period than the credit period offered to collect payments. The uncertainties or failure in the settlement of our receivables by our customers may negatively affect our cash flows, business, results of operations, and financial condition.

We face a highly competitive D2C business environment and our D2C business is subject to changing consumer preferences.

The D2C business environment for hygienic disposables in PRC is intensely competitive. The convenience of e-commerce provides consumers with a wider array of choice and allows for more readily shifting consumer preferences. In such highly competitive business environment, we may not be able to compete successfully and this could reduce our market share and adversely affect our financial performance. We may also be required to expand further resources on marketing and incur additional online sales and promotion expenses in order to maintain sufficient exposure of our products amidst such competitive environment. Our D2C business is subject to consumer preferences and related factors, which could be constantly changing as the market for baby and personal hygienic disposables evolves. Our Branded Product Business which directly target end consumers, depends substantially on factors such as consumer preferences, consumer perceptions of our brand image, consumer confidence in our product safety and quality as well as government policies which affect spending patterns. Similarly, major customers under our Contract Manufacturing business include a number of private label brand owners who are retailers. Their demand for our products is dependent on their sales to end consumers in the countries and markets they operate in, which in turn is also subject to the aforementioned factors. Many of such factors are beyond our control and any unfavourable changes in such factors could have a material adverse impact on our business, financial condition and results of operations.

Consumer spending patterns are affected by, among other factors, general and local economic conditions, interest rates, inflation, taxation, government fiscal policies and uncertainties about future economic prospects. Consequently, our success depends on, among other things, our ability to accurately identify these factors and take them into account during various stages of our production process from product design and manufacturing to branding and marketing. This requires a combination of various elements including, without limitation, timely collection of consumer feedback, accurate analysis and prediction of market trends, strong research and development capability and flexible product production. If we are unable to successfully anticipate, identify or react to changing consumer preferences or market trends in a timely manner, or if we misjudge the market for our products, our sales may be materially and adversely affected. Any material or adverse changes in consumer demand for our products, whether driven by changes in consumer preference, consumer perceptions of and confidence in our products, or in their discretionary spending power or other factors may have a material and adverse effect on the results of our D2C business operations, financial performance and prospects. Similarly, our financial performance may suffer as a result of increased online sales and promotion expenses due to additional online marketing activities for our products. These risks could have a material adverse impact on our brand image as well as our business, financial condition, results of operations and cash flows.

A significant portion of our D2C sales during the Track Record Period was conducted on various third-party pureplay digital platforms.

We conduct Direct-to-Consumer (D2C) sales through self-operated and third-party operated e-stores on various third-party pureplay digital platforms, comprising traditional e-commerce, social media, live streaming and short video platforms, which are maintained by Independent Third Parties, namely Douyin, Kuaishou, Pinduoduo, Tmall and JD.com. During the Track Record Period, our sales on the five largest third-party pureplay digital platforms on which we offered our products amounted to approximately RMB62.6 million, RMB58.1 million, RMB94.1 million, and RMB139.6 million, respectively, representing approximately 99.1%, 98.4%, 98.1%, and 99.3% of our total revenue from D2C sales during the respective periods, while our sales on the largest third-party pureplay digital platform on which we offered our products amounted to approximately RMB29.3 million, RMB20.2 million, RMB50.4 million and RMB79.8 million, respectively, representing approximately 46.4%, 34.2%, 52.5% and 56.8% of our total revenue from D2C sales for the same periods.

Our D2C operations are therefore subject to the terms and conditions set out in the service agreements entered with these third-party digital platforms, which could be unfavourable to us. In addition, we are generally required to comply with the various operational rules and guidance set by these digital platforms, including but not limited to sales arrangements, invoicing and settlement arrangements, and arrangements for promotional and marketing activities.

We may face the risk of being terminated from our collaborations with these digital platforms if their requirements and rules and guidance are not fullfiled. If our relationships with them was terminated, or if these platforms restrict, suspend or refuse to sell our products, it would result in a loss of customer base and a decrease in sales, among other consequences.

We may face challenges in implementing our D2C sales strategy and such strategy may not yield the desired results.

We cannot assure you that our D2C sales strategy, which is still in a relatively early development stage, will continue to develop at the historical level. The continuous development of our D2C sales strategy, which primarily includes sales through third-party pureplay digital platforms and live streaming marketing, is dependent on a number of factors, including but not limited to the overall economic conditions in the PRC, the overall e-commerce environment in the PRC, our ability to establish and operate current and additional online shops, the quality of the products and services that we offer, our ability to market our products effectively online, timely delivery of online orders and others.

We cannot guarantee that we will be able to implement our D2C sales strategy, whether as planned or at all, or that such strategy can yield the desired results. Furthermore, there can be no assurance that we will be able to maintain our historical rates of growth, or remain profitable, particularly if the retail environment is stagnant or declines or in the event of a recession in the general economy. If we fail to implement our D2C sales strategy or otherwise effectively market our products, address the demands of our customers and market trends, our business may suffer in the future and our business prospects and financial results may be materially and adversely affected.

Our business and financial performance could be materially affected by fluctuations in the price of raw materials.

Our business and financial performance could be significantly affected by fluctuation in the prices and availability of our major raw materials, including fluff pulp and superabsorbent polymer (SAP) for our end products, and polypropylene and high-density polyethylene (HDPE) for our nonwoven fabric manufacturing. During the Track Record Period, nonwoven fabrics, fluff pulp and SAP accounted for approximately 84.1%, 84.0%, 82.9% and 81.0% of our total direct material costs, respectively. We have limited control over the supply and availability of these major raw materials. In particular, the prices and availability of our major raw materials are sensitive to government policies, general economic and market conditions, transport disruptions, and many other factors that are beyond our control. We may not be able to pass on the increasing raw materials costs to our customers. As a result, our profitability and overall financial performance may be materially and adversely affected by any substantial increase in the prices of our major raw materials. See "Financial Information — Significant Factors Affecting Our Results of Operations and Financial Condition — Availability and costs of our critical raw materials" for details of the impact of change in the average costs of our raw materials on our net profit.

Our production process requires timely and stable supply of quality raw materials at reasonable prices. We source our major raw materials from independent third party suppliers primarily in the PRC, as well as from a number of overseas suppliers. Moreover, our ability to maintain a consistent and quality manufacturing process depends on reliable supply of raw materials in accordance with our specifications. We generally do not have long-term agreements with our major suppliers and our procurements are made on a purchase order basis.

There can be no assurance that we will not have any material disputes with our major suppliers, or we will be able to maintain business relationships with existing major suppliers in future. Any material disputes between us and our major suppliers may also affect our relationship with our suppliers which in turn undermine the stable supply of raw materials in future.

We cannot guarantee that our current suppliers will always be able to meet our demand or requirements in the future. If our suppliers no longer supply raw materials to us, or fail to deliver raw materials in accordance with our specifications in terms of quality and quantity in a timely manner, or on commercially acceptable terms, our business operations could be significantly disrupted, and our business and operating results may be materially and adversely affected.

Our product expansion and regional expansion are subject to uncertainties and risks.

To expand our market share, we plan to continue to expand our geographic coverage and deepen our market penetration by way of, among other things, selectively enlarging our customer base, particularly in sizable, growing and underpenetrated geographic markets such as Southeast Asia, as well as expanding in attractive categories of products. See "Business — Our Business Strategies" for further details of our future plans for product expansion and regional expansion.

However, we cannot assure you that we will be able to develop new products or extend our geographic footprint, whether as planned or at all. We might not be able to identify suitable customers or business partners, enter into agreements at commercially acceptable terms, have enough production capacity, attract and retain skilled personnel, or engage quality, cost-efficient logistics providers to support our expansion plan. We might also be unable to achieve the desired development of new production methods or product features, whether due to technological constraints, cost inefficiency or otherwise. In addition, the expansion of our geographic coverage and product profile may put pressure on our managerial, financial, operational and other resources. If we are unable to effectively manage our expansion or control rising costs associated with our expansion, our growth potential and profitability could be materially and adversely affected.

In addition, there is a possibility that we may not achieve sustained growth or successfully implement our business strategies. The implementation of our future plans could result in additional costs that may impact our profitability. The business strategies outlined in this prospectus, as described in the section headed "Business — 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.

We could be adversely affected as a result of any sales we make to certain countries that are, or become subject to, sanctions administered by the United States, the United Kingdom, the European Union, the United Nations, Australia and other relevant sanctions authorities.

The United States and other jurisdictions or organisations, including the UK, the EU, the UN and Australia have, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against such countries or against targeted industry sectors, groups of companies or persons and/or organisations within such countries.

During the Track Record Period and up to the Latest Practicable Date, we sold our babycare products to customers located in the Relevant Regions, in particular Russia (excluding Crimea, LPR, DPR, Kherson and Zaporizhzhia regions). Revenue generated from such transactions amounted to approximately RMB105.4 million, RMB205.5 million, RMB377.5 million, and RMB206.2 million, representing approximately 40.0%, 50.4%, 57.7%, and 39.6% of our total revenue during the Track Record Period, respectively. We received cash proceeds in the aggregate amount of approximately RMB31.6 million, RMB32.1 million, RMB9.5 million and RMB4.0 million, respectively, from indirect transactions with respect to RMB payments remitted to us through five Russian sanctioned clearing banks engaged by our non-sanctioned customers in Russia (excluding Crimea, LPR, DPR, Kherson and Zaporizhzhia regions) during the same periods. See "Business — Our Sales and Customers — Business activities in countries subject to International Sanctions" for details of our operations and business activities in the Relevant Regions.

We cannot predict the interpretation or implementation of government policy at the U.S. federal, state or local levels or any policy by the UK, the EU, the UN, Australia and other applicable jurisdictions with respect to any current or future activities by us or our affiliates in these countries. Nor can we assure you that regulators will not take the position that our past, current or future activities globally constitute sanctionable activities or business. Our business and reputation could be adversely affected if the government of the United States, the UK, the EU, the UN, Australia or any other governmental entities were to determine that any of our activities constitute violations of the sanctions they impose.

In addition, because sanctions programmes evolve over time, new requirements or restrictions could come into effect which may increase scrutiny on our business or result in our business activities being deemed to violate sanctions. We cannot assure you that investors who are subject to the jurisdictions of the United States, the UK, the UN, the EU, Australia, and/or other jurisdictions will be willing to make investments, or may divest their investment, in us, which may have an adverse impact on the Offer Price and the future prevailing market price of our Shares, despite our commitment not to direct the proceeds from the Global Offering to dealings with sanctioned targets. We have undertaken to the Stock Exchange that we will not use the net proceeds from the Global Offering, as well as any other funds raised through the Stock Exchange, whether directly or indirectly, to finance or facilitate any activities or businesses with, or for the benefit of, any Comprehensively Sanctioned Countries or any other government, individual or entity sanctioned by the U.S., the UK, the EU, the UN, and Australia, including but not limited to, any government, individual or entity that is the subject to any OFAC-administered sanctions or that would be in breach of sanctions imposed by the U.S., the UK, the EU, the UN, and Australia. If we breach these undertakings to the Stock Exchange after the Listing, it is possible that the Stock Exchange may delist our Shares. In addition, if any of our customers becomes subject to economic sanctions in the future, we may have to discontinue our business with such customers due to potential economic sanctions liability risks. In such events, our financial results may be materially and adversely affected.

Recent Media Coverage of Substandard Sanitary Products in China Could Impact Consumer Perception and Demand for Our Products

Recent incidents and media coverage involving manufacturers of substandard sanitary products in China have significantly heightened consumer concerns regarding quality control and hygiene standards, particularly following these widely publicized events. This has led to increased public scrutiny over the safety and reliability of domestically produced sanitary items, potentially driving a shift in consumer preferences toward overseas brands. Although our company is not the target of such media coverage, has not been the subject of these reports, and is not involved in any of the quality control incidents currently being discussed, we operate within the same industry and remain vulnerable to the broader repercussions of negative publicity affecting the sector. As a manufacturer of sanitary products adhering to rigorous quality assurance measures, we are not immune to the possibility that consumers may increasingly prioritize products from overseas brands, which could result in a decline in demand for our products.

In the event that consumer confidence in the PRC in domestically produced sanitary products continue to erode, we may experience a significant adverse impact on our sales and revenue, potentially hindering our growth prospects and market position.

Certain buildings that we currently use are subject to defect.

As at the Latest Practicable Date, we have not completed the obtaining of the building ownership certificates for certain buildings (the "**Defected Buildings**") of the Jinjiang Property. The aggregate gross floor area of the Defected Buildings was approximately 9,614.02 sq.m. which included portion of office buildings, warehouse, auxiliary facilities, representing approximately 2.0%, 5.6% and 2.4%, respectively, of the total gross floor area of the properties we owned as at 30 September 2024. As advised by our PRC Legal Advisers, we may face the risks of, among others, (i) not being able to dispose, transfer, lease or mortgage, the Defected Buildings in accordance with PRC laws and regulations; (ii) being requested to rectify such incident, demolish the Defected Buildings; and (iii) paying a fine for any parts of the buildings located beyond the final granted site area at an amount not less than RMB100 but not more than RMB1,000 per sq.m.. On this basis, our Directors estimated that the penalty would range from approximately RMB1.3 million to RMB13.4 million based on the difference between the final granted site area and the planned site area of the Jinjiang Property. In addition, we may also be fined not less than 5% but not more than 10% the construction cost of the Defected

Buildings for construction without obtaining the construction project planning permit. We may be fined not less than 1% but not more than 2% of the project contract price for construction without obtaining the construction permit. We may also be fined not less than RMB30,000 but not more than RMB300,000 without fire acceptance. And we may also be fined not less than RMB5,000 and not more than RMB30,000 for failure to secure completion and acceptance of safety facilities. We may also be ordered rectification and impose a fine of 2% or more and 4% or less of the construction costs of the Defected Buildings for delivery for use without organising the acceptance of completion. If the operation of the Defected Buildings is relocated, we may incur costs for relocation. For details of such title defect and our remedial actions, see "Business — Properties" and "Business — Legal Proceedings and Non-compliance". Therefore, our business, financial condition and results of operation may be materially and adversely affected.

We have not made full contribution to the social insurance and housing provident funds for certain employees in the PRC.

In accordance with relevant PRC national labour 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, certain of our PRC subsidiaries did not make full contributions to the social insurance and housing provident funds for certain employees. In this connection, the relevant social security authority may order an enterprise to pay the outstanding contributions within a prescribed time limit and may impose a late payment fee of the outstanding contribution from the due date. If payment is not made within the prescribed period, the relevant administration department may impose a fine in an amount equivalent to one to three times of the overdue payment.

The relevant housing provident fund authorities may order our PRC subsidiaries to pay the outstanding amounts within the prescribed time period. If our PRC subsidiaries 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" for details. We can give no assurance that we will not be subject to such an order in the future.

We are dependent on our brands. Failure to maintain or enhance our brand image and reputation could adversely impact our sales and results of operations.

Brand image is a key factor in consumer purchase decisions. We believe that the brand name and trademarks under which our products are marketed and sold are crucial to our branded business and our brand image has contributed to the success of our branded business. Therefore, maintaining and enhancing the recognition and image of brands affects our ability to differentiate our products and to compete effectively. Our brand image, however, could be jeopardised if we fail to maintain good product quality, keep up with evolving market trends, fulfil orders for popular items, or if our logistics providers fail to offer efficient and reliable services. In addition, any negative publicity or disputes regarding our products, company or management could also materially harm our brand image.

In order to capture business opportunities in different consumer groups, we market our branded products under different brands, including but not limited to "Insoftb" (嬰舒寶), "Misecr" (五月私語), and "Cosoftb" (康舒寶), to appeal to consumer groups of different needs, age ranges, genders and consumption propensity. Each brand has its own unique design, features and characteristics to fit the target consumer groups' needs. Our brand image may be negatively affected if our products offered under any brands are unable to meet consumer expectations with respect to quality or function. Failure to successfully promote and maintain the image of any of our brands, damage to our reputation or loss of consumer confidence for any of the above or other reasons could have a material adverse effect on our results of operations and financial condition as well as requiring additional resources to rebuild our reputation. In addition, we cannot assure you that such measures will be successful. If we are unable to effectively promote our brands used in our businesses, we may lose the substantial benefits we currently enjoy from our brand recognition, and our results of operations and financial condition could be adversely affected.

Furthermore, unauthorised use of our brand name(s) may adversely affect our business and reputation, including the perceived quality and reliability of our products. As at the Latest Practicable Date, we had obtained 326 registered trademarks in the PRC, and one registered trademark in Hong Kong. We also had 11 pending trademark applications in the PRC. In addition, as at the Latest Practicable Date, we had obtained a total of 47 patents in the PRC, including two invention patents, one design patent and 44 utility model patents, and had pending applications for another five invention patents. We also obtained eight copyrights in connection with the design of our products, and six domain names in the PRC as at the same date. There can be no assurance that we will not experience counterfeiting, imitation or any other infringement of our products and trademarks in the future. Any actual or perceived counterfeiting and imitation of our products, product misbranding or tampering may lead to the erosion of our brands, regardless of its merits. Furthermore, failure to protect our domain names could adversely affect our reputation and brand, and make it more difficult for users to locate our websites. We may not be successful in prosecuting these unauthorised third-party uses. Any future litigation could result in substantial costs and diversion of our resources, and could adversely affect our business, financial condition and results of operations.

We experienced fluctuations in revenue and gross profit during the Track Record Period and we may not be able to maintain growth and profitability.

Our revenue and gross profit fluctuated during the period from FY2021 to FY2023. Our revenue increased by approximately 55.0% from FY2021 to FY2022 and by approximately 60.4% from FY2022 to FY2023 primarily due to the increase in sales volume of our Contract Manufacturing business, which was mainly attributable to the increase in sales volume of babycare products to Russia. Accordingly, our overall gross profit increased by approximately 96.1% from FY2021 to FY2022 and by approximately 77.4% from FY2022 to FY2023. Although our revenue and overall gross profit remained relatively stable for 9M2024 as compared to 9M2023, we cannot assure you that we can maintain the same level of profitability in the future. As competition in the PRC baby and personal hygienic disposables industry intensifies, both in terms of domestic sales and export to Eurasian countries, it may become more difficult for us to sustain or further increase our revenue and our expansion plan may be unsuccessful. In particular, 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. There can be no guarantee that we can maintain our existing customer base, or that our customers continue to place orders with us on the existing scale if at all. Hence, we may not be able to sustain the growth rate we achieved in the past.

Any mismanagement on inventory level or lead time may increase our cost, reduce our profitability and damage our reputation.

We believe that our inventory management is the key to the quick response of our sales team facing various demand. We closely monitor our inventory level. We generally estimate demand for our products ahead of production and the actual time of sale according to the historical data in our daily inventory reports, observation of market trend and customers' demand. See "Business — Inventory Management, Warehousing and Logistics — Inventory management" for details. We cannot assure you that we can accurately predict our sales trends. Failure to do so may result in increased costs and reduced profitability. Any unexpected change in demand for our products may result in mismanagement of our inventory level, which could have direct and material adverse impact on our sales and pricing strategies. On one hand, failure to maintain sufficient inventory to satisfy customer demands could adversely affect our production lead time and profitability, which may damage our reputation. On the other hand, excess inventory levels might strain our liquidity and financial resources and eventually hinder our business development. We may also have to sell our excess inventory at a discount, or make allowances or write-down the carrying amount of inventories identified as obsolete, slow-moving or no longer recoverable or suitable for use in production (if any), which would negatively affect our results of operations and financial conditions. We cannot assure you that we will not incur losses due to mismanagement of inventory level or lead time, which may result in increased costs or reduced sales and may adversely affect our financial conditions and results of operations. Any failure to maintain adequate inventory may hinder us from keeping a short delivery lead time and minimising our cost of sales by avoiding extra costs for urgent purchase orders.

Any over-utilisation or significant disruption in the operations of our warehouses could adversely affect our sales and product delivery.

We currently store our end products in our automated warehouse located in our Jinjiang Production Facilities. As at 30 September 2024, the utilisation rate of our automated warehouse had reached approximately 98.1%, which illustrated our strong demand for storage space. If we cannot address such increasing demand for storage capacity to align with our business growth, we may face the risk of over-utilisation in future. Any over-utilisation or significant disruption in the operations of our warehouses due to natural disaster or accidents such as fire, prolonged power outages, system failures or other unforeseen causes, could damage or devalue a significant portion of our inventories, which could adversely affect the sales and delivery of our products. We cannot guarantee in such case, we could effect delivery of our products in a timely manner if at all and at the current cost. If we encounter any over-utilisation or difficulties with our automated warehouse, we cannot ensure that critical systems and operations will be restored in a timely manner. Any disruptions or disasters at our warehouses could also have a material adverse effect on our business, prospects, financial conditions, and results of operations.

Business interruptions at our production facility due to any downtime for maintenance and repair of equipment could adversely and materially affect our business.

Our production process utilises automated equipment and robotics to optimise efficiency, with manual labour required only for the final packing stage. Our Jinjiang Production Facilities had a total of approximately 17 production lines producing our core products, each primarily comprising a highly automated full-servo machine as at 30 September 2024. Our production lines require diligent maintenance, calibration, and quality checks by our or third party technicians to ensure optimal performance. Any downtime for equipment repairs or maintenance may temporarily interrupt production flow. Similarly, failure to promptly address mechanical issues could halt operations at our facilities for prolonged periods. Such extended downtime could result in lost sales volumes. We may lose customers from delivery delays and struggle to regain their business thereafter. Mechanical failure, including unforeseen equipment malfunctions, could interrupt production for days or weeks, and as a result, our business and results of operations would be adversely affected.

Our business operations may be affected by any risks related to logistics support.

Our business operations require various forms of logistics support. We are responsible for the delivery of our products to our overseas customers to the designated port in China on FOB terms. The products are then delivered overseas in accordance with the contracts and/or purchase orders we enter into with our overseas customers. For our sales to customers within China, we are also responsible for arranging delivery to their designated address. See “Business — Inventory Management, Warehousing and Logistics — Logistics” for details.

We deliver our products to our customers through third party logistics service providers. We also engage third party agent in China to handle export clearance matters. We cannot assure you that we will be able to continue our relationships with our third party logistics providers and export clearance agent on terms acceptable to us, or that we will be able to establish relationships with new logistics providers or export clearance agents. Any failure to maintain or develop stable relationships with logistics providers or export clearance agent may inhibit our ability to offer products in sufficient quantities, on a timely basis, or at prices acceptable to our customers. Moreover, as we do not have any direct control over the logistics providers or the export clearance agent mentioned above, we cannot guarantee the quality of their services. Any delay in delivery, damage to products or other issues may cause us to lose customers and sales and our brand image may be tarnished. Any disruption of our logistics arrangements mentioned above could result in delayed delivery of products or increased costs. Any breakdown in our relationships with our preferred logistics providers or deficiencies in the services they provide materially and adversely affect our business, financial condition and results of operations.

We incur significant costs on a variety of marketing efforts designed to increase sales of our products, expand our consumer base and enhance our brand recognition. Some marketing campaigns and methods may turn out to be ineffective in attracting or retaining loyal consumers.

We continuously invest in our brand to raise brand recognition and acceptance. In order to capture business opportunities in different consumer groups, we market our branded products under different brands, including but not limited to "Insoftb" (嬰舒寶), "Misecr" (五月私語), and "Cosoftb" (康舒寶), to appeal to consumer groups of different needs, age ranges, genders and consumption propensity. We rely on different marketing efforts tailored to our target consumer groups to enhance their recognition of our aforementioned brands and products we launch under these brands, which are intended to stimulate sales and improve our revenue. We market our brands across a wide variety of media, including but not limited to engaging celebrities as brand ambassadors, use of animated cartoon characters on our products and conducting livestream marketing.

During the Track Record Period, our online sales and promotion expenses amounted to approximately RMB20.1 million, RMB22.5 million, RMB53.3 million, and RMB47.4 million, respectively. However, we cannot guarantee that our marketing efforts will be well-received by consumers and result in the expected levels of sales. In addition, we believe marketing approaches and tools in the consumer products market in the PRC are evolving, which requires us to enhance our marketing approaches and experiment with new marketing methods to keep pace with industry developments and consumer preferences. Failure to refine our marketing approaches or to adopt new, more cost-effective marketing techniques could negatively affect our business, growth prospects and results of operations.

Our preferential tax treatment in connection with our status as a high and new technology enterprise and with our export sales may be subject to changes, which may affect our results of operations.

Insoftb China, our primary operating subsidiary, has been recognised as a National High and New Technology Enterprise (國家高新技術企業) since December 2020. As a result, under the applicable PRC laws and regulations, Insoftb China is entitled to a preferential tax rate of 15% for its enterprise income tax, as opposed to the normal level of 25%. In addition, we are entitled to export tax rebates in connection with our export sales. Subject to the relevant PRC laws, 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. However, we cannot assure you that there will not be any adverse change in the tax policies and/or the preferential tax treatment we currently enjoy in the PRC in the future, thereby resulting in adverse changes to our results of operations.

Our success depends on our ability to retain our senior management team and qualified personnel. If we lose their service, we may incur significant costs in finding suitable replacements, if any at all, and our business may be severely disrupted.

Our future success depends in large part on the continued service of our officers and other key managerial, scientific, sales and technical personnel. We rely heavily on our officers, senior management and other key technical personnel to operate and grow our business. We rely on our senior management including our executive Director, chairman and chief executive officer, Mr. Ngan, to oversee the strategies of our business development. Moreover, sales, marketing and research and development personnel with experience in the baby and personal hygienic disposables industry in the PRC are scarce.

If one or more of such personnel are unable or unwilling to continue in their present positions or leave us, we may not be able to replace them readily, if at all. Any loss or interruption of the services of any of our senior management or key personnel could significantly reduce our ability to effectively manage our operations and meet our strategic objectives because we cannot assure you that we would be able to locate suitable or qualified replacements. As a result, our business may be severely disrupted, and we may incur additional expenses to recruit and retain new officers and personnel. Moreover, if any of our executive officers or key employees joins a competitor or forms a competing company, we may lose consumers, suppliers, know-how and key professionals and staff members.

Non-registration of lease agreement may subject us to fines and risk of cessation of use.

As at the Latest Practicable Date, certain lease agreements between Insoftb China and our other PRC subsidiaries, and the office premises in Xiamen have not been registered with the relevant PRC authorities. As advised by our PRC Legal Advisers, failure to complete the registration and filing of lease agreements will not affect the validity of such leases or result in our being required to vacate the leased properties. However, the relevant government authorities may impose a fine ranging from RMB1,000 to RMB10,000.

In addition, there is no assurance that our right to use and occupy this property will not be challenged in the future and we may be required to relocate from this property, and we may be subject to the risk of cessation of use. See "Business — Properties — Non-registration of lease agreements" for further details.

If our research and development efforts, trademarks, trade names, copyrights, patents and other intellectual property rights do not adequately protect our product design or trade secrets, we may lose market share to our competitors and be unable to operate our business profitably.

We conduct research and development activities during the course of our business for, among other things, developing new products and improving our existing products and production processes. As a result of our research and development efforts, we may acquire intellectual property rights, including but not limited to patents relating to manufacturing techniques or product characteristics. We rely on a combination of trademark, trade name, copyrights, patents, and other intellectual property laws as well as confidentiality agreements with our key employees to protect our trademarks, trade names, copyrights, product designs and other intellectual property rights. Details of our intellectual property rights are set out in "Statutory and General Information — C. Further Information About Our Business — 2. Intellectual property rights of our Group" in Appendix VI to this prospectus.

The process of seeking patent protection can be lengthy and costly, and we cannot assure you that our patent applications will result in patents being issued, or that our existing or future issued patents will be sufficient to provide us with meaningful protection or commercial advantage. We cannot assure you that our confidentiality agreements with our employees and others will not be breached, or that they have not disclosed, or will not disclose, any of our trade secrets or proprietary know-how to our competitors or other third parties. We also cannot assure you that our trade secrets, proprietary know-how and other non-patentable technology will not otherwise become known to, or be independently developed by, our competitors.

Policing unauthorised use of proprietary technology can be difficult and costly, and we may need to resort to litigation to enforce or defend patents issued to us or to determine the enforceability, scope and validity of our proprietary rights or those of others. Any such litigation may require significant expenditure of financial and managerial resources and could have a material adverse impact on our business, financial condition and results of operations. An adverse determination in any such litigation will impair our intellectual property rights and may harm our business, prospects and reputation.

We may be involved in legal or other proceedings arising out of our operations, including intellectual property rights infringement and product liability claims, from time to time and may face significant liabilities as a result.

We may be involved from time to time in disputes with various parties involved in our business operations, including but not limited to our employees, logistics providers, consumers, suppliers, insurers and banks. In particular, as a contract manufacturer of hygienic disposables for brand and private label owners, our success is affected by our ability to manufacture and sell products involving third party intellectual property without infringing upon their intellectual property rights. These disputes may lead to legal or other proceedings, which may result in damages to our reputation, substantial costs and diversion of our resources and management's attention. In addition, we may encounter additional compliance issues during our operations, which may subject us to administrative proceedings and unfavourable results, and result in liabilities and delays relating to our production or product launch schedules. We cannot assure you as to the outcome of such legal proceedings, and any negative outcome may materially and adversely affect our business, financial condition and results of operations.

We are also exposed to potential product liability claims if there is any damage or adverse effects caused by defective products, such as skin irritation or rashes caused by the use of our products. A successful product liability claim against us could require us to pay substantial damages. Product liability claims against us, whether or not successful, are costly and time-consuming to defend. If our products prove to be defective, we may be required to recall or redesign such products. We also cannot assure you that a product liability claim will not be brought against us in the future. A product liability claim, with or without merit, could result in significant adverse publicity against us, and could have a material adverse effect on our reputation and the marketability of our products, which in turn, could have a material adverse effect on our business, financial condition and results of operations.

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

We may require additional cash resources to finance our continued growth or other future developments, including any investments or acquisitions we may decide to pursue. To the extent that our funding requirements exceed our financial resources, we will be required to seek additional financing or to defer planned expenditures. There can be no assurance that we can obtain additional funds on terms acceptable to us, or at all. In addition, our ability to raise additional funds in the future is subject to a variety of uncertainties, including, but not limited to:

- our future financial condition, results of operations and cash flows;
- general market conditions for capital raising and debt financing activities; and
- economic, political and other conditions in the PRC and elsewhere.

Furthermore, if we raise additional funds through equity or equity-linked financings, your equity interest in our Company may be diluted. Alternatively, if we raise additional funds by incurring debt obligations, we may be subject to various covenants under the relevant debt instruments that may, among other things, restrict our ability to pay dividends or obtain additional financing. Servicing such debt obligations could also be burdensome to our operations. If we fail to service such debt obligations or are unable to comply with any of these covenants, we could be in default under such debt obligations and our liquidity and financial condition could be materially and adversely affected.

We are exposed to various financial risks through our hedging instruments.

Our production processes rely heavily on key raw materials including fluff pulp and superabsorbent polymer for our end products, as well as polypropylene (PP) and high-density polyethylene (HDPE) for our nonwoven fabric manufacturing. As PP and HDPE are by-products of oil, their prices are particularly susceptible to oil price fluctuations in the global market. The prices of these raw materials (especially PP and HDPE) are affected by various factors beyond our control, including but not limited to global supply and demand dynamics, geopolitical events, and changes in government policies.

To manage our exposure to raw material price fluctuations, we entered into commodities futures contracts as hedging instruments since the last quarter of FY2024 which were recognised as financial assets at FVPL. Please refer to "Discussion of Selected Consolidated Statement of Financial Position Items — Financial assets at FVPL" in Appendix III to this prospectus for details. While these hedging activities are intended to reduce our exposure to price volatility, they also expose us to additional financial risks. These include market risk where we may incur potential losses if market prices move against our positions, counterparty risk where we face exposure to losses if our trading partners default on their obligations, and liquidity risk where we may be unable to close out positions quickly enough to avoid losses. The effectiveness of our hedging strategy depends on various factors, including our ability to accurately forecast raw material needs and properly match hedging positions with actual requirements. There can be no assurance that our hedging activities will adequately protect us against raw material price fluctuations or that we will not incur significant losses from our hedging positions. Our business, financial condition and results of operations could be materially and adversely affected if we fail to effectively manage these risks related to our hedging activities.

Current uncertainty in global economic conditions could materially and adversely affect our business, financial condition and results of operations.

Our operations and performance may be adversely impacted by a deterioration of global economic conditions. These conditions may make it difficult for our customers to accurately plan future business activities and could cause our customers to terminate their relationships with us or could cause consumers to slow or reduce their spending on the products we sell. Furthermore, during challenging economic times, our customers may face issues gaining timely access to sufficient credit, which could reduce the number of products they order from us. We cannot predict the timing, magnitude or duration of any future economic slowdown or subsequent economic recovery, globally, in the PRC or in our industry. These and other economic factors could have a material adverse effect on our business, financial condition and results of operations.

Our prospects could be adversely affected by acts of war, terrorism, civil unrest, riots, strikes, natural disasters, pestilence, or acts of God.

We could be adversely affected by any negative developments or uncertainties resulting from acts of war, civil unrest, riots, strikes, natural disasters, pestilence, or acts of God. The occurrence of war, civil unrest, riots and strikes could impede administration and management, cause damages to infrastructures necessary to our operations and impact all aspects of our business. The countries or regions in which we operate and to which our products are sold may be under the threat of flood, earthquake, rainstorm or drought. In addition, natural disasters, epidemics such as the COVID-19 pandemic, the human swine flu, also known as Influenza A (H1N1), H5N1 avian flu, severe acute respiratory syndrome (SARS), Ebola virus or Zika virus and other natural disasters and acts of God are beyond our control and may adversely affect the global economy, infrastructure and people's livelihood.

RISKS RELATING TO DOING BUSINESS IN THE PRC

Changes in political and economic policies may have effect on the overall economic situation of the PRC, which could increase our manufacturing costs and affect our competitive position.

During the Track Record Period, all of our productions and assets were located in the PRC and a substantial amount of our revenue was derived from the PRC market. Accordingly, our business, financial condition, operating results and prospects are affected significantly by economic, political and legal developments in the PRC.

Any change in the economic conditions in the PRC, the policies of the PRC government or the laws and regulations in the PRC, could have an effect on the market demand for our products and our competitive position.

PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of the Global Offering to make loans or additional capital contributions to our PRC subsidiaries.

In utilising the proceeds from the Global Offering or any further offerings, as an offshore holding company of our PRC subsidiaries, we may make loans to our PRC subsidiaries, or we may make additional capital contributions to our PRC subsidiaries. Any loans to our PRC subsidiaries are subject to PRC regulations and approvals. For example, loans by us to our wholly owned PRC subsidiaries to finance their activities cannot exceed statutory limits and must be registered or filed on record.

We may also decide to finance our PRC subsidiaries through capital contributions. These capital contributions must be registered by the SAMR or its local counterpart and reported to the MOFCOM or its local counterpart. We cannot assure you that we will be able to obtain these government registrations or approvals or to complete reporting procedures on a timely basis, if at all, with respect to future loans or capital contributions by us to our subsidiaries or any of their respective subsidiaries. If we fail to receive such registrations or approvals or fail to complete such reporting procedures, our ability to use the proceeds of the Global Offering and to capitalise our PRC operations may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

We rely on dividends paid by our subsidiaries for our cash needs, and any limitation on the ability of our subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business.

We conduct all of our business through our subsidiaries in the PRC. As our Company is a holding company, we rely on dividends paid by these subsidiaries for our cash needs, including the funds necessary to pay any dividends and other cash distributions to our shareholders, to service any debt we may incur and to pay our operating expenses. The payment of dividends by entities established in the PRC is subject to limitations. Regulations in the PRC currently permit payment of dividends only out of accumulated profits as determined in accordance with accounting standards and regulations in the PRC. Each of our PRC subsidiaries is also required to set aside a certain amount of its after-tax profit based on PRC accounting standards each year to its general reserves or statutory capital reserve fund. Such statutory reserves are not distributable as loans, advances or cash dividends. In addition, if any of our PRC subsidiaries incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Any limitations on the ability of our PRC subsidiaries to transfer funds to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends and otherwise fund and conduct our business.

Our dividend income from our foreign-invested PRC subsidiaries may be subject to a higher rate of withholding tax than that which we currently anticipate.

Under the EIT Law and its implementation rules, dividend payments from PRC subsidiaries to their foreign shareholders, if the foreign shareholder is not deemed as a PRC tax resident enterprise under the EIT Law, are subject to a withholding tax at the rate of 10%, unless the jurisdiction of such foreign shareholders has a tax treaty or similar arrangement with the PRC. If certain conditions and requirements under the Arrangement between the Mainland of China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and 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(國稅函[2006]第884號)) (the "**Mainland-Hong Kong Tax Arrangement**") are met, the withholding rate could be reduced to 5%. However, the Announcement of the State Administration of Taxation on Issues Relating to "Beneficial Owner" in Tax Treaties (國家稅務總局關於稅收協定中"受益所有人"有關問題的公告) ("**Notice 9**") provides that "Beneficial Owners" refer to persons who engaged in substantial business operations. It is unclear whether Notice 9 applies to dividends from our PRC operating subsidiaries paid to us through our direct subsidiary incorporated in Hong Kong which holds our PRC entities. If, under Notice 9, such Hong Kong subsidiary was not considered the "beneficial owner" of any such dividends, such dividends would, as a result, be subject to income tax withholding at the rate of 10% rather than the more favourable 5% rate applicable under the Mainland-Hong Kong Tax Arrangement. In that case, our financial condition and results of operations may be materially and adversely affected. We are actively monitoring the withholding tax and are evaluating appropriate organizational changes to minimise the corresponding tax impact.

We may be classified as a "resident enterprise" for PRC enterprise income tax purposes, which could result in unfavourable tax consequences to us and our non-PRC shareholders.

The EIT Law provides that enterprises established outside of the PRC whose "de facto management bodies" are located in the PRC are considered "resident enterprises" for tax purposes and are generally subject to the uniform 25% enterprise income tax rate on their worldwide income. "De facto management bodies" is defined as the body that has actual overall management and control over the business, personnel, accounts and properties of an enterprise. However, there have been no official implementation rules regarding the determination of the "de facto management body" in the PRC for foreign enterprises. Therefore, it remains unclear how PRC tax authorities will treat a case like ours. If the PRC tax authorities determine that we are a "resident enterprise", we may be subject to enterprise income tax at a rate of 25% on our worldwide income, which will have an impact on our effective tax rate, a material adverse effect on our net income and results of operations.

Dividends payable by us to our foreign investors and gains on the sale of our Shares may become subject to withholding taxes under the PRC tax laws.

Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement that provides otherwise, a PRC withholding tax at a rate of 10% is normally applicable to dividends from "sources within the PRC" paid to our foreign investors who are "non-resident enterprises", which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but whose relevant income is not effectively connected with the establishment or place of business. Any gain realised on the transfer of Shares by such investors is generally subject to a 10% PRC income tax if such gain is regarded as income derived from "sources within the PRC".

Under PRC Individual Income Tax Law and its implementation rules, dividends from "sources within the PRC" paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realised by such investors on the transfer of shares are generally subject to PRC income tax at a rate of 20% for individuals. Any PRC tax may be reduced or exempted under applicable tax treaties or similar arrangements.

If we are treated as a PRC resident enterprise as described under the risk factor headed "— We may be classified as a "resident enterprise" for PRC enterprise income tax purposes, which could result in unfavourable tax consequences to us and our non-PRC shareholders" in this section, dividends we pay with respect to our Shares, or the gain realised from the transfer of our Shares, may be treated as income derived from "sources within the PRC" and as a result be subject to the PRC income taxes described above. However, shareholders who are not PRC tax residents and seek to enjoy preferential tax rates under relevant tax treaties may claim tax treaty benefits on their own when filing a tax return by themselves or making a withholding declaration through a withholding agent pursuant to the Administrative Measures for Non-resident Taxpayers to Enjoy Treatment under Treaties (非居民納稅人享受協定待遇管理辦

法), which was promulgated by the SAT on 14 October 2019 and came into effect on 1 January 2020. With respect to dividends, Notice 9 will also apply. If determined to be ineligible for the foregoing tax treaty benefits, gains obtained from sales of our Shares and dividends on our Shares paid to such Shareholders would subject to higher PRC tax rates. In such cases, the value of our foreign investors in our Shares may be materially and adversely affected.

It may be difficult to effect service of process or to enforce foreign judgements against our Group and management.

All of our productions and assets are located in the PRC. Furthermore, all of our executive Directors are located in the PRC. Therefore, investors may encounter difficulties in effecting service of process from other places outside the PRC upon us or our executive Directors. Moreover, the differences in legal systems between different jurisdictions may indeed affect the service of process and the execution of verdicts to some extent in the context of globalization. China has no treaties with the US, the UK and other countries for the mutual recognition and enforcement of court verdicts. Therefore, recognition and enforcement in China of verdicts by a court of non-PRC jurisdictions may be difficult to some extent.

The heightened scrutiny over acquisitions from the PRC tax authorities may have an adverse impact on our business, acquisitions or restructuring strategies.

On 3 February 2015, the SAT promulgated the Announcement of SAT on Several Issues Concerning Enterprise Income Tax on Income from Indirect Transfer of Assets by Non-Resident Enterprises (關於非居民企業間接轉讓財產企業所得稅若干問題的公告) ("**Circular 7**"), which provides comprehensive guidelines relating to, and heightened the PRC tax authorities' scrutiny on indirect transfers, by a non-resident enterprise, of assets (including equity interests) of a PRC resident enterprise.

Circular 7 may be determined by the tax authorities to be applicable to our future offshore restructuring transactions or sale of the shares of our offshore subsidiaries, where non-resident enterprises being transferors are involved. Furthermore, we, our non-resident enterprises and PRC subsidiaries may be required to spend valuable resources to comply with Circular 7 or to establish that we and our non-resident enterprises should not be taxed under Circular 7 for our future restructuring or disposal of shares of our offshore subsidiaries, which may have a material adverse effect on our financial condition and results of operations.

PRC regulations relating to the establishment of offshore special purpose vehicles by PRC residents may subject our PRC resident Shareholders to personal liability, limit our PRC subsidiaries' ability to distribute profits to us, or otherwise adversely affect our financial position.

According to the Circular of the SAFE on Foreign Exchange Administration of Overseas Investments and Financing and Round-Trip Investments by Domestic Residents via 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) ("**Circular 37**"), PRC residents (including PRC citizens and PRC enterprises) shall apply to the SAFE or its local bureau to register foreign exchange for overseas investments before contributing to special purpose vehicles ("**SPVs**") with legitimate domestic and overseas assets or rights and interests. In the event of any alteration in the basic information of the registered SPVs, such as the change of a PRC citizen shareholder, name and operating duration; or in the event of any alternation in key information, such as increases or decreases in the share capital held by PRC citizens, or equity transfers, swaps, consolidations, or splits, the registered PRC residents shall timely submit a change in the registration of the foreign exchange for overseas investments with the foreign exchange bureaus.

We may not at all times be fully aware or informed of the identities of all our beneficiaries who are PRC nationals, and may not always be able to compel our beneficiaries to comply with the requirements of Circular 37. As a result, we cannot assure you that all of our Shareholders or beneficiaries who are PRC nationals will at all times comply with, or in the future make or obtain any applicable registrations or approvals required by Circular 37 or other related regulations. Under the relevant rules, failure to comply with the registration procedures set forth in Circular 37 may result in restrictions on the foreign exchange activities of the relevant PRC enterprise and may also subject the relevant PRC resident to penalties under the PRC foreign exchange administration regulations.

Changes in foreign exchange regulations and fluctuations in the value of the Renminbi may adversely affect our business and results of operations and our ability to remit dividends.

A majority of our revenue and expenditures are denominated in Renminbi, while the net proceeds from the Global Offering and any dividends we pay on our Shares will be in Hong Kong Dollars. Fluctuations in the exchange rates between the Renminbi and the Hong Kong Dollar or US Dollar will affect the relative purchasing power in Renminbi terms. Fluctuations in the exchange rates may also cause us to incur foreign exchange losses and affect the relative value of any dividend issued by our PRC subsidiaries. In addition, appreciation or depreciation in the value of the Renminbi relative to the Hong Kong Dollar or US Dollar would affect our financial results in Hong Kong Dollar or US Dollar terms without giving effect to any underlying change in our business or results of operations.

In addition, conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. If we fail to obtain the approval from the State Administration of Foreign Exchange to convert Renminbi into any foreign exchange for any purposes, our capital expenditure plans, and even our business, results of operations and financial condition, may be materially adversely affected.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares.

Prior to the Listing, there has not been a public market for our Shares. An active public market may not develop or be sustained after the Global Offering. The indicative Offer Price range for our Shares was the result of, and the Offer Price will be the result of, negotiations among our Company and the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and may not be indicative of prices that will prevail in the trading market after the Global Offering.

We have applied to list and deal in our Shares on the Stock Exchange. However, even if approved, being listed on the Stock Exchange does not guarantee that an active trading market for our Shares will develop or be sustained. If an active market for our Shares does not develop after the Global Offering, the market price and liquidity of our Shares may be adversely affected. As a result, you may not be able to resell your Shares at prices equal to or greater than the price paid for our Shares in the Global Offering.

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

The liquidity, market price and trading volume of our Shares may fluctuate significantly and rapidly as a result of a variety of factors, many of which are beyond our control, including:

- actual and anticipated fluctuations in our results of operations, such as revenue, earnings and cash flows;
- changes in securities analysts' estimates or market perception of our financial performance;
- announcement by us of significant acquisitions, dispositions, strategic alliances or joint ventures;
- recruitment or loss of key personnel by us or our competitors;
- market developments affecting us or the personal hygiene product industry in general;
- regulatory or legal developments, including litigation;
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control;
- fluctuations in trading volumes or the release of lock-up or other transfer restrictions on our Shares;

- outstanding Shares or sales of additional Shares by us; and
- general economic, political and stock market conditions in the PRC and elsewhere in the world.

In such cases, investors may not be able to sell their Shares at or above the Offer Price.

Investors for our Shares will experience immediate dilution and may experience further dilution if we issue additional Shares in the future.

Based on the Offer Price range, the Offer Price is expected to be higher than the net tangible book value per Share prior to the listing. Therefore, you will experience an immediate dilution in pro forma net tangible book value per Share. In addition, we may issue additional Shares or equity-related securities in the future to raise additional funds, finance acquisitions or for other purposes. If we issue additional Shares or equity-related securities in the future, the percentage ownership of our existing Shareholders may be diluted. In addition, such new securities may have preferred rights, options or pre-emptive rights that make them more valuable than or senior to the Shares.

The interests of our Controlling Shareholders may differ from those of our other Shareholders.

Immediately upon completion of the Global Offering, our Controlling Shareholders will own approximately 67.50% of our issued share capital, without taking into account of the Shares which may be issued upon the exercise of the Over-allotment option. Therefore, they will be able to exercise significant influence over all matters requiring Shareholders' approval, including mergers, consolidations and the sale of all or substantially all of our assets, election of Directors and other significant corporate transactions. Our Controlling Shareholders have no obligation to consider our interests or the interests of our other Shareholders. The interests of the Controlling Shareholders may not always coincide with our Company or your best interests. If the interests of the Controlling Shareholders conflict with the interests of our Company or our other Shareholders, or if the Controlling Shareholders choose to cause our business to pursue strategic objectives that conflict with the interests of our Company or other Shareholders, our Company or those other Shareholders, including you, may be disadvantaged as a result.

There can be no assurance if and when we will pay dividends in the future.

Distribution of dividends shall be formulated by our Board at their discretion and will be subject to shareholders' approval. A decision to declare or to pay any dividends and the amount of any dividends will depend on various factors, including but not limited to our results of operations, cash flows and financial condition, operating and capital expenditure requirements, distributable profits as determined under the PRC GAAP or IFRS (whichever is lower), our Articles of Association, the PRC Company Law and other applicable PRC laws and regulations, market conditions, our strategic plans and prospects for business development, contractual limits and obligations, payment of dividends to us by our operating subsidiaries, taxation, and any other factors determined by our Board of Directors from time to time to be relevant to the declaration or suspension of dividend payments. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future or that we will pay dividends in accordance with our dividend policy. See "Financial Information — Dividends" for more details of our dividend policy.

You may not have the same protection of your shareholder rights under Cayman Islands law comparing to what you would have under Hong Kong law.

Our corporate affairs are governed by our Memorandum and Articles, the Companies Law, and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, the rights of minority shareholders to institute actions and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of our Shareholders and the fiduciary responsibilities of our Directors under Cayman Islands law may not be the same as they would be under statutes or judicial precedent in Hong Kong. In particular, the Cayman Islands have different securities laws as compared to Hong Kong and may not provide the same protection to investors. Furthermore, a Hong Kong court may not have jurisdiction to entertain a derivative action brought by shareholders for and on behalf of the Company.

Sale, or perceived sale, of substantial amounts of our Shares in the public market could adversely affect the prevailing market price of our Shares.

The Shares held by our existing Shareholders are subject to certain lock-up periods expiring six and 12 months after the date on which trading in our Shares commences on the Hong Kong Stock Exchange, details of which are set out in "Underwriting". Our existing Shareholders may dispose of Shares that they may own now or in the future. Sales of substantial amounts of our Shares in the public market, or the perception that these sales may occur, could materially and adversely affect the prevailing market price of our Shares.

The Underwriting Agreements may be terminated due to factors beyond our control.

Prospective investors of the Global Offering should note that the Underwriters are entitled to terminate their obligations under the Underwriting Agreements by notice in writing to our Company from the Sole Overall Coordinator (for itself and on behalf of the Underwriters) upon the occurrence of any of the events stated in the relevant underwriting agreements, many of which are beyond our control. Such events include, without limitation, any acts of God, wars, riots, public disorder, civil commotion, fire, flood, tsunami, explosions, epidemic, pandemic, acts of terrorism, earthquakes, strikes or lock-outs.

RISKS RELATING TO STATEMENTS MADE IN THIS PROSPECTUS

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

This prospectus contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, 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, as they relate to our Company or our management, are intended to identify forward-looking statements. Please refer to the section headed "Forward-Looking Statements" in this prospectus for further details.

Such forward-looking statements reflect 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 other risk factors as described in this prospectus. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. Investors should not place undue reliance on such forward-looking statements and information.

Facts, forecasts and statistics in this prospectus relating to the PRC, the global economy and the industry in which we operate may not be fully reliable.

Facts, forecasts and statistics in this prospectus relating to the PRC, the global economy and the industry in which we operate are obtained from official government publications generally believed to be reliable. However, we cannot assure you the quality or reliability of these sources. Neither we, the Sole Sponsor, the Sole Overall Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters nor our or their respective affiliates or advisers have independently verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions relied upon in those facts, forecasts and statistics obtained from these sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and factual information and other problems, the aforementioned facts, forecasts and statistics may be inaccurate and you should not place undue reliance on it. We make no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as may be the case in other countries.

Current market condition may not be reflected in the statistical information included in this prospectus.

The historical information set out in this prospectus relating to market conditions of the PRC may not reflect the current market situation. In order to provide context to the industry in which we operate, and greater understanding of our market presence and performance, various statistics and facts have been provided throughout this prospectus. However, this information may not reflect current market condition of the PRC as recent economic development may not be fully factored into these statistics, and the availability of the latest data may lag behind of this prospectus. As such, any information relating to market share, size and growth, or performance in the markets in the PRC and other similar industry data should be viewed as historical figures that may have little value in determining future trends and results.

We strongly caution you not to place any reliance on any information contained in press articles, media coverage and/or research analyst reports regarding us and the Global Offering.

There may be press articles, media coverage and/or research analyst reports regarding, among others, our Group, our business, our industry, our Controlling Shareholders, our Directors and employees or the Global Offering, which may include certain financial information, financial projections and other information about us that do not appear in this prospectus. We have not authorised the disclosure of any such information in the relevant publications and we do not accept any responsibility for any such press articles, media coverage and/or research analyst reports or the accuracy or completeness or reliability of any such information or publications. To the extent that any such information appearing in publications other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, we disclaim it. Accordingly, prospective investors should not rely on any such information. In making your decision as to whether to purchase our Shares, you should rely only on the financial, operational and other information included in this prospectus.

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

MANAGEMENT PRESENCE

Rule 8.12 of the Listing Rules requires that a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. As the principal business operations, properties, offices and facilities of our Group are predominantly located, managed and conducted in the PRC, all of our executive Directors and senior management are and will continue to be based in the PRC.

As at the Latest Practicable Date, all of our executive Directors and senior management are not Hong Kong resident or based in Hong Kong. We consider that it would be unduly burdensome for us to relocate any of our executive Directors to Hong Kong and that the appointment of any additional executive Director who is ordinarily resident in Hong Kong will not be beneficial to our Group. Hence, our Directors consider it may not be practicable or in the best interest of our Company nor our Shareholders as a whole to appoint two executive Directors who are ordinarily resident in Hong Kong for the purpose of satisfying the requirements of Rule 8.12 of the Listing Rules. We have applied to the Stock Exchange for, and the Stock Exchange have granted, a waiver from strict compliance with the requirements set out in Rule 8.12 of the Listing Rules subject to the following conditions:

(a) we have appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules who will act as our principal channel of communication with the Stock Exchange. The two authorised representatives are Mr. Gao Yue (高躍), our executive Director, and Mr. Yeung Kwong Wai (楊光偉), one of our joint company secretaries, respectively. Mr. Yeung Kwong Wai (楊光偉) is ordinarily resident in Hong Kong. Each of the authorised representatives will be available to meet with any officers of the Stock Exchange in Hong Kong within a reasonable period of time upon request and will be readily contactable by telephone, facsimile, e-mail or any other contact methods (if available) prescribed by the Stock Exchange from time to time. Each of the authorised representatives has been duly authorised to communicate on our behalf with the Stock Exchange;

(b) our authorized representatives have means of contacting all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange proposes to contact a Director with respect to any matters. To enhance communication between the Stock Exchange, our authorized representatives and our Directors, our Company has implemented a policy whereby:

    (i) each Director will provide his/her office phone number, mobile phone number, residential phone number, office facsimile number (if available) and email address to our authorized representatives;

(ii) each Director will provide valid phone numbers or means of communication to our authorized representatives when he or she travels; and

(iii) all Directors will provide their mobile phone numbers, office phone numbers, email addresses and facsimile numbers (if any) to the Stock Exchange;

(c) all of our executive Directors and non-executive Director who are not ordinarily resident in Hong Kong have confirmed that they possess or can apply for valid travel documents to visit Hong Kong and would be able to meet with the Stock Exchange in Hong Kong within a reasonable period of time;

(d) our Company has appointed a compliance adviser pursuant to Rule 3A.19 of the Listing Rules who will have access at all times to our authorised representatives, Directors and senior management to ensure that they are in a position to provide prompt responses to any query or request from the Stock Exchange in respect of our Company and will act as an additional channel of communication with the Stock Exchange for a period commencing on the Listing Date and ending on the date on which our Company distributes the annual report for the first full financial year after the Listing Date (the "**Engagement Period**") in accordance with Rule 13.46 of the Listing Rules;

(e) our Company will ensure that during the Engagement Period, the compliance adviser has access at all times promptly to our authorised representatives, Directors and other senior officers who will provide to the compliance adviser such information and assistance as the compliance adviser may reasonably require in connection with the performance of the compliance adviser's duties; and

(f) our Company shall inform the Stock Exchange promptly in the event of any changes to the authorised representatives or the compliance adviser of our Company in accordance with the Listing Rules.

JOINT COMPANY SECRETARIES

In accordance with Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary, by virtue of his/her academic or professional qualifications or relevant experience, who is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary. The academic or professional qualifications that are acceptable to the Stock Exchange are as follows:

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance, Chapter 159 of the Laws of Hong Kong); or

(c) a certified public accountant (as defined in the Professional Accountants Ordinance, Chapter 50 of the Laws of Hong Kong).

In addition, pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing "relevant experience", the Stock Exchange will consider the individual's:

(a) length of employment with the issuer and other issuers and the roles he or she played;

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

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

(d) professional qualifications in other jurisdictions.

We have appointed Ms. Ngan Ka Wai (顏嘉瑋) and Mr. Yeung Kwong Wai (楊光偉) as the joint company secretaries of our Company. Mr. Yeung is a Certified Public Accountant (Practising) of HKICPA, a member of the American Institute of Certified Public Accountants and also a CFA charterholder and he is therefore satisfies the requirements under Rules 3.28 and 8.17 of the Listing Rules pursuant to Note 1 of Rule 3.28 of the Listing Rules. On the other hand, Ms. Ngan does not possess a qualification as required under Rules 3.28 and 8.17 of the Listing Rules. However, the Directors consider that Ms. Ngan, by virtue of her background and experience, is capable of discharging the functions of the joint company secretaries. For further details about the qualifications and experience of Ms. Ngan, see "Directors and Senior Management" in this prospectus. Ms. Ngan is experienced in business management and has a thorough understanding of the daily operations of our Group. Ms. Ngan has been actively involved throughout the preparation of the Listing of our Company, hence she is familiar with the legal and the Listing Rules' requirements and has been assisting the Board on governance matters. Ms. Ngan as a member of senior management, also attended a training seminar regarding the responsibility of directors of listed companies delivered by our Company's legal advisers as to Hong Kong laws to the Directors and senior management of our Company.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules. The waiver is valid for an initial period of three years from the Listing Date. The waiver is granted on condition that (i) we engaged Mr. Yeung, who possess all the requisite qualifications required under Rule 3.28 of the Listing Rules, as the joint company secretaries, to assist Ms. Ngan in discharging her duties as a company secretary; and (ii) the waiver will be revoked if there are material breaches of the Listing Rules by our Group. Prior to the expiry of the three-year period, the qualification and experience of Ms. Ngan and the need for on-going assistance of Mr. Yeung will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied, and we will demonstrate to the Stock Exchange that Ms. Ngan, having had the benefit of the assistance of Mr. Yeung for three years, would have attained the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules such that there is no need to further apply for a waiver.

CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions which will constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon Listing.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, waivers in relation to certain continuing connected transactions between us and certain connected persons under Chapter 14A of the Listing Rules. For further details in this respect, see "Continuing Connected Transactions".

WAIVER IN RELATION TO RULE 4.04(1) OF THE LISTING RULES AND EXEMPTION FROM COMPLIANCE WITH SECTION 342(1) OF AND PARAGRAPH 27 OF PART I AND PARAGRAPH 31 OF PART II OF THE THIRD SCHEDULE TO THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Pursuant to Rule 4.04(1) of the Listing Rules, the Accountants' Report contained in this prospectus must include, inter alia, the results of our Company in respect of each of the three financial years immediately preceding the issue of this prospectus or such shorter period as may be acceptable to the Stock Exchange.

Pursuant to section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, all prospectuses shall include the matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and it set out the reports specified in Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Pursuant to paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Company is required to include in this prospectus a statement as to the gross trading income or sales turnover (as the case may be) of our Company during each of the three financial years immediately preceding the issue of this prospectus as well as an explanation of the method used for the computation of such income or turnover and a reasonable breakdown of the more important trading activities.

Pursuant to paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Company is required to include in this prospectus a report by our Company's auditor with respect to profits and losses in respect of each of the three financial years immediately preceding the issue of the prospectus and assets and liabilities of the Company at the last date to which the financial statements of the Company were prepared.

Pursuant to section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from compliance with the relevant requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interests of the investing public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or is otherwise unnecessary or inappropriate.

Appendix II to Chapter 1.1A of the Guide For New Listing Applicants issued by the Stock Exchange has provided the conditions for granting a waiver from strict compliance with Rule 4.04(1) of the Listing Rules as follows:

(a) the applicant must list on the Stock Exchange within three months after the latest year end;

(b) the applicant must obtain a certificate of exemption from the SFC on compliance with the relevant Companies (Winding Up and Miscellaneous Provisions) Ordinance requirements; and

(c) the financial information for the latest financial year (which must (i) follow the same content requirements as for a preliminary results announcement under MB Rule 13.49; and (ii) be agreed with the Reporting Accountants, to the amounts set out in the draft consolidated financial statements of the Group for the year ended 31 December 2024, following their review under Practice Note 730 (Revised) "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants) and a commentary on the results for that financial year must be included in the prospectus.

The Accountants' Report for each of the Track Record Period has been prepared and is set out in Appendix I to this prospectus.

Pursuant to the relevant requirements set out above, our Company is required to produce three full years of audited accounts for the years ended 31 December 2022, 2023, and 2024. However, an application has been made to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules, and such waiver has been granted by the Stock Exchange on the conditions that:

a. the unaudited preliminary financial information for the latest financial year ended 31 December 2024 and commentary on the results for the year must be set out in this prospectus. The financial information to be included in the prospectus must (i) follow the same content requirements as for a preliminary results announcement under Rule 13.49 of the Listing Rules; and (ii) be agreed with the reporting accountants, Forvis Mazars CPA Limited, to the amounts set out in the draft consolidated financial statements of the Group for the year ended 31 December 2024, following their review under Practice Note 730 (Revised) "Guideline for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants;

b. this prospectus will be issued on or before 19 March 2025 and the Shares of our Company must be listed on the Stock Exchange on or before 31 March 2025 (i.e. within three months after the end of the Company's latest financial year immediately preceding the issue of this prospectus);

c. our Company must obtain a certificate of exemption from the SFC from strict compliance with the requirements under section 342(1) in respect of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and

d. our Company will not be in breach of our constitutional documents or laws and regulations of the Cayman Islands, where our Company is incorporated, or other regulatory requirements regarding our obligation to publish preliminary results announcements.

An application has also been made to the SFC for a certificate of exemption from strict compliance with the requirements under section 342(1) in respect of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and a certificate of exemption has been granted by the SFC under section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that (i) the particulars of the exemption be set out in this prospectus; (ii) this prospectus will be issued on or before 19 March 2025; and (iii) our Company be listed on the Stock Exchange on or before 31 March 2025 (i.e. within three months after the end of the Company's latest financial year immediately preceding the issue of this prospectus).

The applications to Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules and to the SFC for a certificate of exemption from strict compliance with the requirements under section 342(1) in respect of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance have been made on the grounds, among others, that strict compliance with the above requirements would be unduly burdensome and the exemption would not prejudice the interests of the investing public as:

a. there would not be sufficient time for our Company and the reporting accountants of our Company (the "**Reporting Accountants**") to finalise the audited financial statements for the year ended 31 December 2024 for inclusion in this prospectus. If the financial information for the year ended 31 December 2024 is required to be audited, our Company and the Reporting Accountants would have to carry out substantial volume of work to prepare, update and finalise the Accountants' Report and the prospectus, and the relevant sections of the prospectus will need to be updated to cover such additional period. This would involve additional time and costs since substantial work is required to be carried out for audit purposes. It would be unduly burdensome for the audited results for the year ended 31 December 2024 to be finalised in a short period of time. Our Directors consider that the benefits of such work to the existing and prospective shareholders of our Company may not justify the additional work and expenses involved and the delay of the Listing timetable;

b. this prospectus will be issued on or before 19 March 2025 and the Shares of our Company will be listed on the Stock Exchange on or before 31 March 2025 (i.e. within three months after the end of the Company's latest financial year immediately preceding the issue of this prospectus);

c. our Company has included in this Prospectus the Accountants' Report covering the Track Record Period as set out in Appendix I to this prospectus, together with a the unaudited preliminary financial information for the year ended 31 December 2024, which has been agreed with the Reporting Accountants, Forvis Mazars CPA Limited, to the amounts set out in the draft consolidated financial statements of the Group for the year ended 31 December 2024, following their review under Practice Note 730 (Revised) "Guideline for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants, and the commentary on the results for the year as set out in Appendix III to this prospectus;

d. the unaudited preliminary financial information for the latest financial year ended 31 December 2024 and commentary on the results for the year as set out in Appendix III to this prospectus are no less than the content requirements for a preliminary results announcement under Rule 13.49 of the Listing Rules. As such, our Company is of the view that all material information that is necessary for the Shareholders and the potential investors to make an informed assessment of the prospects, financial position and management of our Company has been disclosed in the prospectus;

e. our Company will not be in breach of our constitutional documents or laws and regulations of the Cayman Islands, where our Company is incorporated, or other regulatory requirements regarding our obligation to publish preliminary results announcements; and

f. our Company will comply with the requirements under Rule 13.46 of the Listing Rules in respect of the publication of its annual report. Our Company currently expects to issue the annual report for the financial year ended 31 December 2024 on or before 30 April 2025. In this regard, our Directors consider that the Shareholders, the investing public, as well as potential investors of our Company, will be kept informed of the financial results of the Group for the financial year ended 31 December 2024.

In particular, our Directors confirmed that all information necessary for the public to make an informed assessment of the prospects, financial position and management of our Company has been disclosed in this prospectus, and that, as such, the granting of the certificate of exemption from strict compliance with the requirements under section 342(1) in relation to paragraphs 27 and 31 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance will not prejudice the interest of the investing public. Furthermore, our Directors and the Sole Sponsor, after conducting due diligence, confirmed that there had not been any material adverse change in the financial or trading positions or prospects of our Group since 30 September 2024 and up to the Latest Practicable Date, and that there is no event since 30 September 2024 and up to the Latest Practicable Date which will materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors (including any proposed director who is named as such in this prospectus) collectively and individually accept full responsibility, contains particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFO and the Listing Rules for the purpose of giving information with regard to us. Our Directors, (including any proposed director who is named as such in this prospectus) collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or in this prospectus misleading.

UNDERWRITING AND INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus contain all the terms and conditions of the Hong Kong Public Offering.

The Public Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out in this prospectus. No person is authorised to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by us, the Sole Sponsor, the Sole Overall Coordinator, the Joint Bookrunner(s), the Joint Lead Manager(s), the Underwriters, any of their respective directors, officers, agents, employees, advisers or representatives or any other parties involved in the Global Offering.

The Listing is sponsored by the Sole Sponsor. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price to be determined between the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and us on the Price Determination Date.

The Offer Price is expected to be fixed among the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Tuesday, 25 March 2025 and, in any event, not later than 12:00 noon on Tuesday, 25 March 2025. If, for whatever reason, the Offer Price is not agreed between Sole Overall Coordinator (for itself and on behalf of the Underwriters) and us on or before 12:00 noon on Tuesday, 25 March 2025, the Global Offering will not become unconditional and will lapse immediately.

Details of the structure of the Global Offering, including its conditions, are set out in "Structure and Conditions of the Global Offering", and the procedures for applying for the Public Offer Shares are set out in "How to Apply for the Hong Kong Offer Shares".

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, constitute or create any implication that there has been no change or development in our affairs since the date of this prospectus or that the information in it is correct as at any subsequent time.

RESTRICTIONS ON OFFER AND SALE OF OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares, or the distribution of this prospectus, in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption from those authorities.

CSRC FILING

On 19 February 2025, the CSRC publicly informed us that they have confirmed our Company's overseas offering and listing information submitted to them, and therefore, we have completed the CSRC filing for application of listing of our Shares on the Stock Exchange and the Global Offering. The CSRC accepts no responsibility for the financial soundness of us or for the accuracy of any of the statements made or opinions expressed in this prospectus.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Division of the Stock Exchange for the granting of the listing of, and permission to deal in our Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option).

No part of our Shares or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future. All the Offer Shares will be registered on the register of members of our Company in Hong Kong in order to enable them to be traded on the Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the Listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

OVER-ALLOTMENT OPTION AND STABILISATION

Details of the arrangements relating to the Over-allotment Option and stabilisation are set out in the section headed "Structure and Conditions of the Global Offering" in this prospectus.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional adviser for details of those arrangements and how such arrangements will affect their rights and interests.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, 27 March 2025, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, 27 March 2025.

The Shares will be traded in board lots of 5,000 Shares each.

The stock code of our Shares will be 2569.

PROFESSIONAL TAX ADVICE RECOMMENDED

Professional investors in the Global Offering are recommended to consult their professional advisers as to the taxation implications of subscribing for, purchasing, holding or disposing of, and dealing in, our Shares (or exercising rights attaching to them) under the laws of Hong Kong and the place of their operations, domicile, residence, citizenship or incorporation. None of the Sole Sponsor, the Sole Overall Coordinator, the Joint Bookrunner(s), the Joint Lead Manager(s), the Underwriters, us, any of our or their respective directors, officers, agents, employees, advisers or representatives, or any other parties involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchasing, holding or disposing of, or dealing in, our shares (or exercise of any rights attaching to them).

SHARE REGISTER AND STAMP DUTY

Our Company's principal register of members will be maintained by our principal share registrar, Ogier Global (Cayman) Limited, in the Cayman Islands, and our Company's register of members in Hong Kong will be maintained by the Hong Kong Share Registrar, Tricor Investor Services Limited, in Hong Kong.

Dealings in our Shares registered in the register of members in Hong Kong will be subject to Hong Kong stamp duty. For further details of Hong Kong stamp duty, please seek professional tax advice. Unless otherwise determined by our Board, dividends will be paid to Shareholders whose names are listed on our register of members in Hong Kong, by ordinary post, at the Shareholders' risk in Hong Kong dollars.

PROCEDURE FOR APPLICATION FOR PUBLIC OFFER SHARES

The procedure for applying for Public Offer Shares is set out in the section headed "How to Apply for the Public Offer Shares" in this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering (including the Hong Kong Public Offering and its conditions) are set out in the section headed "Structure and Conditions of the Global Offering" in this prospectus.

CURRENCY TRANSLATIONS

Unless otherwise specified, for illustrative purposes only, amounts denominated in Renminbi and U.S. dollars have been, respectively, converted into Hong Kong dollars in this prospectus at the following rates:

RMB0.912 = HK$1.0
RMB0.140 = US$1.0

No representation is made that any amounts in one currency can be or could have been at the relevant dates converted at the above rate or any other rates, or at all.

LANGUAGE

English translations of the Chinese names or words which are included in this prospectus are for identification purposes only, and should not be regarded as the official English translation of such Chinese names or words. If there is any inconsistency, the Chinese names or words shall prevail.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Any discrepancies in any table, chart or elsewhere between the total shown and the sum of the amounts listed are due to rounding.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Ngan Pui Kuan (顏培坤)	Room 403, Building 8 No. 595, Beihuan Road Anhai Town Jinjiang, Quanzhou Fujian Province China	Chinese
Mr. Zeng Guodong (曾國棟)	Room 1606, Block 12 Ruijing Xiangxie Huadu Jinjiang, Quanzhou Fujian Province China	Chinese
Mr. Zhou Jiahao (周家豪)	Room 1602, Building 3 No. 159, Hongjiang Middle Road Anhai Town, Jinjiang City Fujian Province China	Chinese
Mr. Gao Yue (高躍)	No. 5, Yangxiao Hou Anhai Town, Jinjiang City Fujian Province China	Chinese
Non-executive Director		
Mr. Cai Hao (蔡昊)	No. 22, New Area of Qiancai Village Anhai Town, Jinjiang City Fujian Province China	Chinese

Name	Address	Nationality
Independent Non-executive Directors		
Ms. Leong Kai Weng Subrina (梁佳穎)	Flat C, 21/F L. Living 23, 13-31 Pine St Tai Kok Tsui Kowloon Hong Kong	Chinese
Mr. Wong Tai Wai David (黃大維)	Flat B, 1/F, Tower 2 Man Lai Court 47 Man Lai Road Taiwai, NT Hong Kong	Chinese
Mr. Ng Brian Hong Jing (吳康政)	Flat D 11/F Block 1B Lime Gala 393 Shau Kei Wan Rd Hong Kong	Chinese

Please also refer to the section headed "Directors and Senior Management" for further details of our Directors.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor and Sole Overall Coordinator	**Sunny Fortune Capital Limited** Suite 2101, Chinachem Century Tower 178 Gloucester Road Wanchai Hong Kong
Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers and Capital Market Intermediaries	**Sunny Fortune Capital Limited** Suite 2101, Chinachem Century Tower 178 Gloucester Road Wanchai Hong Kong **Yue Xiu Securities Company Limited** Rooms Nos. 4917-4937, 49/F Sun Hung Kai Centre No. 30 Harbour Road Wanchai, Hong Kong
Joint Bookrunners, Joint Lead Managers and Capital Market Intermediaries *(in alphabetical order)*	**CMBC Securities Company Limited** 45/F, One Exchange Square 8 Connaught Place Central, Hong Kong **Hung Sing Securities Limited** Unit 2505, 25/F West Tower, Shun Tak Centre 200 Connaught Road Central Hong Kong **Yuet Sheung International Securities Limited** 8/F, Central 88 88-98 Des Voeux Road Central Central, Hong Kong **Zhongtai International Securities Limited** 19/F, Li Po Chun Chambers 189 Des Voeux Road Central Central, Hong Kong **ZMF Asset Management Limited** Unit 2502, 25/F, World Wide House 19 Des Voeux Road Central Central, Hong Kong

Joint Lead Manager and Capital Market Intermediary	**China Sunrise Securities (International) Limited** Unit 4502, 45/F, The Center 99 Queen's Road Central Central, Hong Kong
Legal Advisers to the Company	*As to Hong Kong laws:* **Morgan, Lewis & Bockius** 19th Floor, Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong *As to PRC laws:* **Tian Yuan Law Firm** 20/F, China Life Finance Centre 23 Zhenzhi Road Chaoyang District Beijing China *As to Cayman Islands laws:* **Ogier** 11th Floor Central Tower 28 Queen's Road Central Hong Kong *As to International Sanctions laws:* **Hogan Lovells** 11th Floor One Pacific Place 88 Queensway Hong Kong

Legal Advisers to the Sole Sponsor and the Underwriters	*As to Hong Kong laws:* **King & Wood Mallesons** 13/F, Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong *As to PRC laws:* **Commerce & Finance Law Offices** 12-14th Floor, China World Office 2 No. 1 Jianguomenwai Avenue Beijing China
Reporting Accountants and Independent Auditors	**Forvis Mazars CPA Limited** *Certified Public Accountants and Registered Public Interest Entity Auditor* 42nd Floor, Central Plaza 18 Harbour Road Wan Chai Hong Kong
Property valuer	**BonVision International Appraisals Limited** Room 1205-06 12/F Tai Yau Building 181 Johnston Road Wan Chai Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Suite 2504 Wheelock Square 1717 Nanjing West Road Shanghai PRC
Receiving Bank	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong

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	Zhizao Avenue Economic Development Zone (Food Park) Quanzhou Jinjiang Fujian Province China
Principal place of business in Hong Kong	Room 1910, 19/F., C C Wu Building 302–308 Hennessy Road Wan Chai Hong Kong
Company's website address	**www.Insoftb.com** *(the information contained on this website does not form part of this prospectus)*
Joint company secretaries	Ms. Ngan Ka Wai (顏嘉瑋) R De Paris 46-113 Bl 1 Fl 07 Flat V Ed Fu Tat Macau Mr. Yeung Kwong Wai (楊光偉), HKICPA, AICPA, CFA Room 1910, 19/F., C C Wu Building 302–308 Hennessy Road Wan Chai Hong Kong
Authorised representatives	Mr. Gao Yue (高躍) No. 5, Yangxiao Hou Anhai Town, Jinjiang City Fujian Province China Mr. Yeung Kwong Wai (楊光偉) Room 1910, 19/F., C C Wu Building 302–308 Hennessy Road Wan Chai Hong Kong

Audit Committee	Ms. Leong Kai Weng Subrina (梁佳穎) *(Chair)* Mr. Ng Brian Hong Jing (吳康政) Mr. Wong Tai Wai David (黃大維)
Remuneration Committee	Mr. Wong Tai Wai David (黃大維) *(Chair)* Mr. Ng Brian Hong Jing (吳康政) Mr. Ngan Pui Kuan (顏培坤)
Nomination Committee	Mr. Ng Brian Hong Jing (吳康政) *(Chair)* Mr. Wong Tai Wai David (黃大維) Mr. Gao Yue (高躍)
Sanctions Oversight Committee	Mr. Zeng Guodong (曾國棟) *(Chair)* Mr. Cai Hao (蔡昊) Mr. Zhou Jiahao (周家豪)
Cayman Islands principal share registrar and transfer office	**Ogier Global (Cayman) Limited** 89 Nexus Way Camana Bay Grand Cayman, KY1-9009 Cayman Islands
Hong Kong Share Registrar	**Tricor Investor Services Limited** 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Compliance Adviser	**Sunny Fortune Capital Limited** Suite 2101, Chinachem Century Tower 178 Gloucester Road Wanchai Hong Kong
Principal Banks	**Industrial and Commercial Bank of China Limited** **Jinjiang Branch** 273 Chongde Road Jinjiang City Fujian Province China **Bank of China Limited** **Jinjiang Branch** Bank of China Building 154 Chongde Road, Qingyang Street Jinjiang City Fujian Province China

The information and statistics set out in this section and other sections of this prospectus 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 Global Offering. The information from official government sources has not been independently verified by us, the Sole Sponsor, the Sole Overall Coordinator, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering, 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 RMB880,000 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.

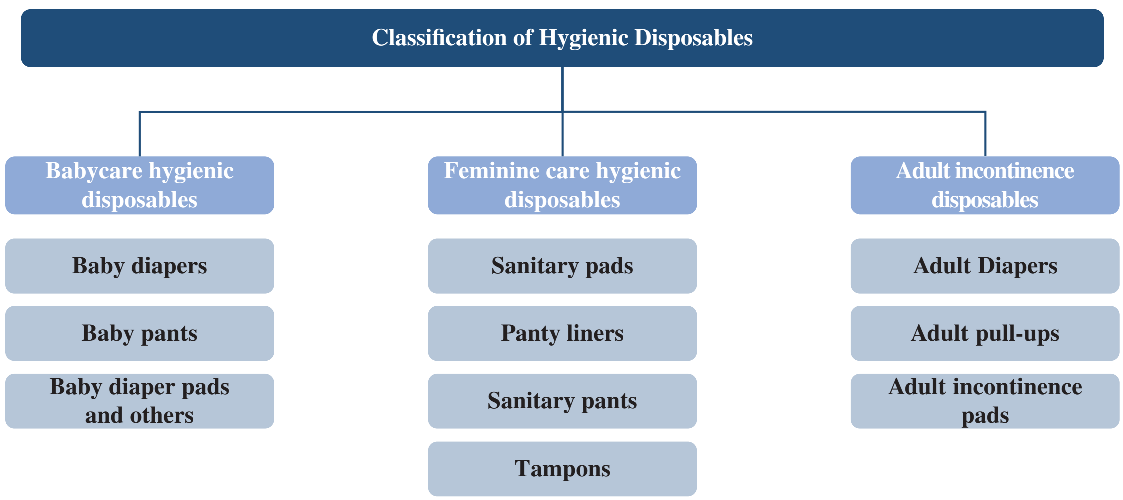
Our Directors confirm that, to the best of their knowledge, after making reasonable inquiries and exercising reasonable care, there is no material adverse change in the market information since the date of the relevant data contained in the Frost & Sullivan Report which may qualify, contradict or have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

OVERVIEW OF GLOBAL HYGIENIC DISPOSABLES MARKET

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 babycare hygienic disposables, feminine care hygienic disposables and adult incontinence disposables.



Source: Frost & Sullivan

Market Size and Growth of Global Hygienic Disposables Market

During the unprecedented disruption caused by the COVID-19 pandemic in 2020, the global economy experienced significant challenges. The repercussions on the global supply chain for disposable absorbent hygiene products were profound, leading to substantial disruptions. These disruptions impacted the procurement of raw materials and the distribution of finished goods, thereby affecting the availability and accessibility of these products to consumers. The pandemic-induced constraints on production capabilities, coupled with limitations in transportation and logistics, contributed to a diminished capacity to meet market demand. Consequently, the market size of the global disposable hygiene products experienced a decline from 2019 to 2022.

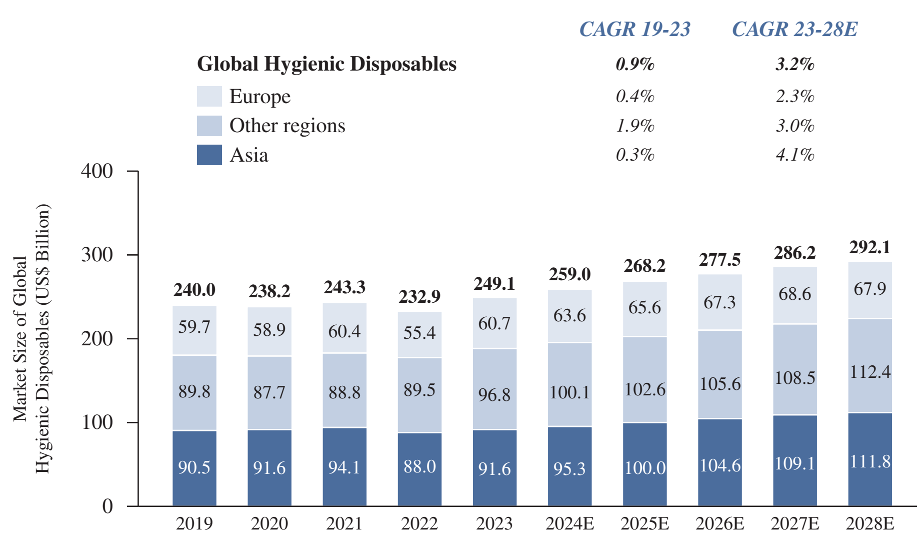
The global consumer market for disposable absorbent products is experiencing a gradual resurgence after the COVID-19 pandemic. With the epidemic progressively coming under control, manufacturing activities for disposable absorbent products have rebounded. Heightened consumer focus on health and personal hygiene has steered purchasing preferences towards hygiene and personal care products. Consequently, this shift has precipitated an upsurge in market demand for disposable absorbent products, culminating in an upward trajectory in market size from 2022 to 2023.

Despite the economic fluctuations, the impact of the COVID-19 pandemic and fluctuations in raw material prices, the market size of the global hygienic disposables market still increased slightly from approximately US$240.0 billion in 2019 to approximately US$249.1 billion in 2023, representing a CAGR of approximately 0.9%. It is expected to reach approximately US$292.1 billion in 2028, representing a CAGR of approximately 3.2% from 2023.

In the Asian region, despite a marginal reduction in market size from US$94.1 billion in 2021 to US$88.0 billion in 2022, the region continues to play a significant role in the global hygienic disposables market, commanding a market share of approximately 36.8%. With population growth and an increasing focus on hygiene awareness, the market is poised for recovery, expected to reach US$111.8 billion by 2028, with a CAGR of approximately 4.1% from 2023.

Europe, however, witnessed a more substantial decline in market size, from US$60.4 billion in 2021 to US$55.4 billion in 2022. Nevertheless, a recovery is expected, and the market is expected to reach approximately US$67.9 billion in 2028, with a CAGR of approximately 2.3% from 2023.

Market Size of Global Hygienic Disposables Market, 2019-2028E



Source: International Monetary Fund (IMF, April 2024), Frost & Sullivan

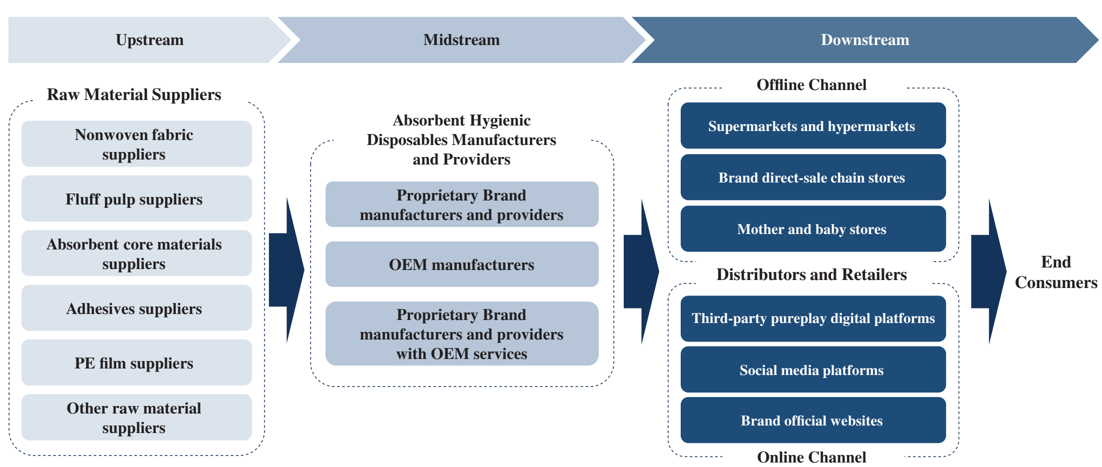
VALUE CHAIN OF HYGIENIC DISPOSABLES MARKET IN THE PRC

The value chain of the hygienic disposables market in China 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 research and development, 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 in the PRC



Source: Frost & Sullivan

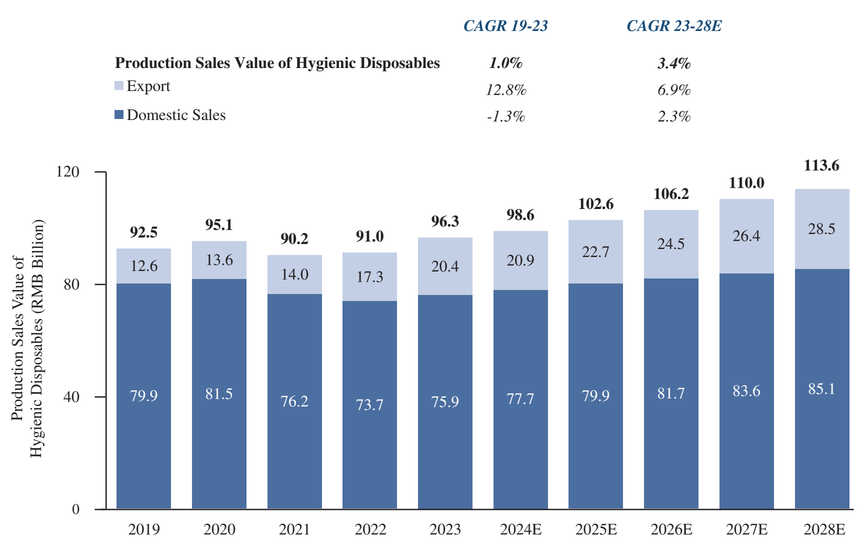
OVERVIEW OF HYGIENIC DISPOSABLES EXPORT MARKET IN THE PRC

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

Revenue generated from the manufacturing of hygienic disposables, indicative of production sales value, increased from approximately RMB92.5 billion in 2019 to RMB96.3 billion in 2023, demonstrating a CAGR of approximately 1.0%. Projections indicate a further increase to approximately RMB113.6 billion by 2028, representing a CAGR of approximately 3.4% from 2023. Production sales value refers to the total monetary worth of products that a company or a factory has both produced and sold in a specific period.

At present, the production sales value attributed to exports experienced substantial growth, surging from approximately RMB12.6 billion in 2019 to RMB20.4 billion in 2023, marking a notable CAGR of approximately 12.8%. Forecasts predict a continued upward trajectory, reaching approximately RMB28.5 billion by 2028, with a CAGR of approximately 6.9% from 2023. Moreover, the share of export value relative to total production sales value rose from approximately 13.6% in 2019 to 21.2% in 2023 and is expected to rise to approximately 25.1% by 2028.

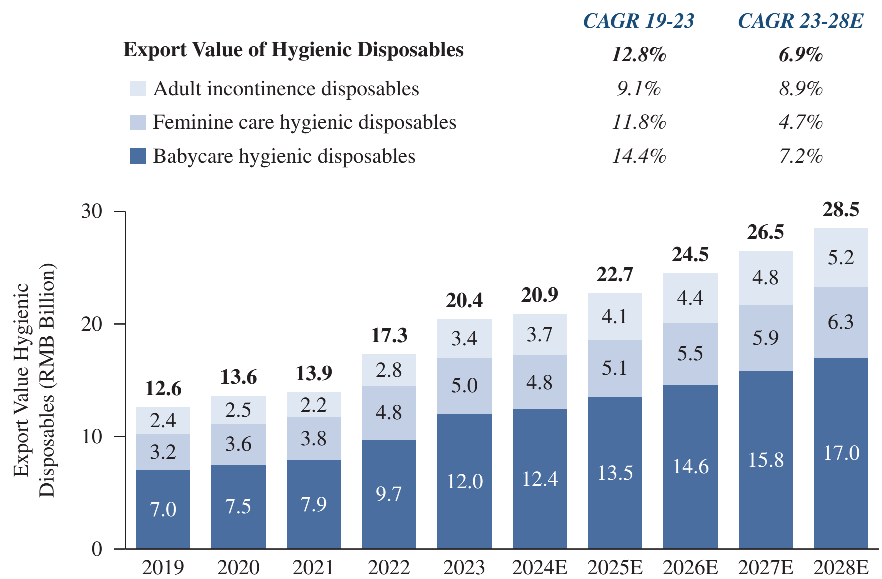
Production Value (Value-added Tax inclusive) of Hygienic Disposables by Export and Domestic Sales (China), 2019-2028E



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

The export value of hygienic disposables increased significantly from approximately RMB12.6 billion in 2019 to approximately RMB20.4 billion in 2023, representing a CAGR of approximately 12.8%. It is expected to reach approximately RMB28.5 billion in 2028, representing a CAGR of approximately 6.9% from 2023. Babycare hygienic disposables export market is the fastest growing subset of the hygienic disposables export market, which grew from approximately RMB7.0 billion in 2019 to RMB12.0 billion in 2023, representing a CAGR of approximately 14.4%. It is expected to reach RMB17.0 billion in 2028, representing a CAGR of approximately 7.2% from 2023.

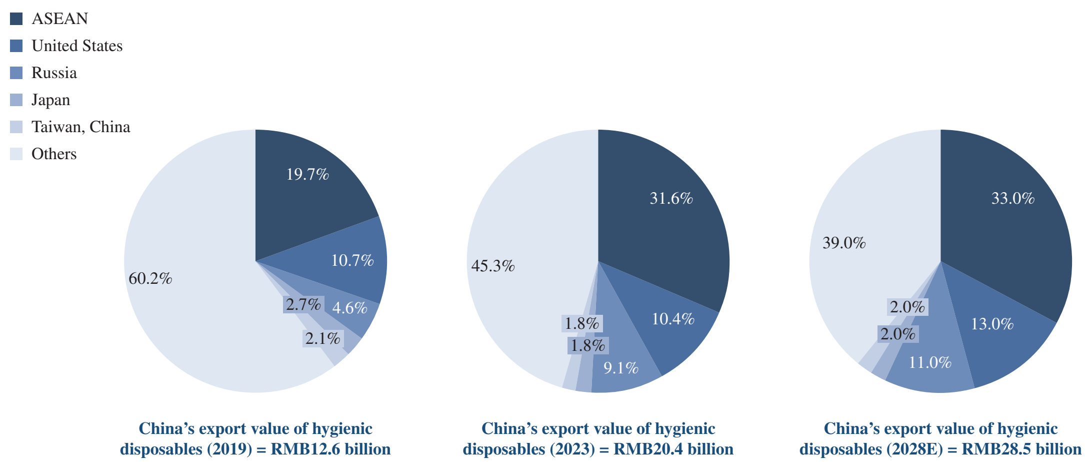
Export Value (Value-added Tax Inclusive) of Hygienic Disposables by Category (China), 2019-2028E



Source: General Administration of Customs, Frost & Sullivan

The primary export destinations for China's hygienic disposables are ASEAN, the United States, and Russia. The percentage share of China's exports of hygienic disposables to these three regions changed from 19.7%, 10.7%, and 4.6% in 2019 to 31.6%, 10.4%, and 9.1%, respectively, in 2023. This growth is attributed to China's advancements in production, technology, and strengthened trade relations, which have provided more export opportunities. It is projected that by 2028, the export proportions of China's hygienic disposables to these three regions are expected to reach 33.0%, 13.0%, and 11.0%, respectively.

Export Value of Hygienic Disposables by Regions (China), 2019 vs 2023 vs 2028E



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

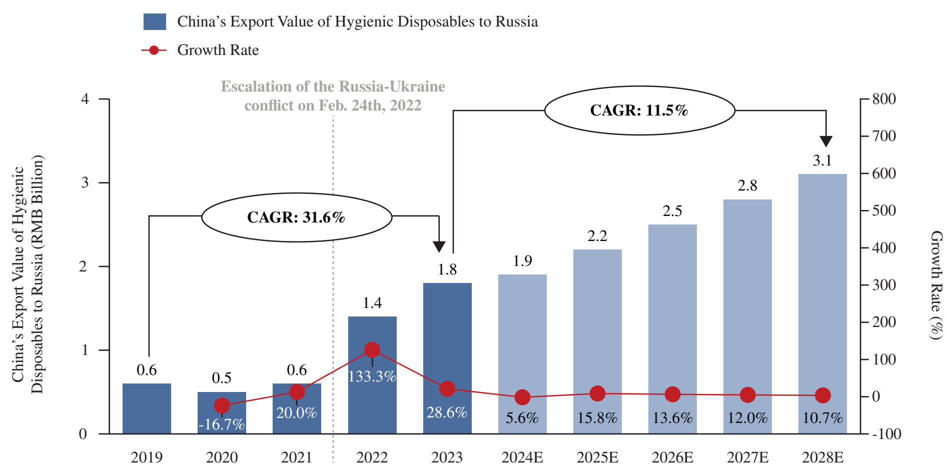
Source: General Administration of Customs, Frost & Sullivan

The export value of hygienic disposables from China to Russia has experienced remarkable growth, surging from approximately RMB0.6 billion in 2019 to RMB1.8 billion in 2023, indicating a remarkable CAGR of approximately 31.6%. This substantial increase can be attributed to several factors, including heightened demand for quality hygiene products in the Russian market, improved trade relations, and the commendable reputation of Chinese manufacturers for delivering reliable and cost-effective products. Taking currency fluctuations into account, the market is expected to reach approximately RMB3.1 billion by 2028, representing a CAGR of approximately 11.5% from 2023.

It is noted that the annual export values of hygiene disposables from China to Russia during the period 2019 to 2021 (i.e. the period before the imposition of the International Sanctions) were stable about approximately RMB0.5 billion to RMB0.6 billion. Following the imposition of the International Sanctions in early 2022, Chinese exports to Russia have significantly increased to approximately RMB1.4 billion in 2022 (133.3% year-on-year increase) and RMB1.8 billion in 2023 (28.6% increase). Such growth was largely driven by the increasing sale orders from Russian retailers and local diaper brands to fill the gap in market demand amid the exodus of global brands in Russia following the imposition of the International Sanctions. Since Russian local diaper brands and retailers are more willing to engage independent contract manufactures instead of their competitors' manufacturing partners (i.e. the OEM manufacturers of the leading global diaper companies) in China, the growth in export values of hygiene disposables from China to Russia has largely been captured by independent Chinese contract manufacturers.

Despite the low birth rate in Russia, private label babycare products have gained significant popularity in Russia as consumers seek more affordable options. Many Russian retailers have experienced rapid growth in demand for private-label products, driven further by raw material shortages and higher logistics costs. This trend could help offset the impact of the declining birth rate.

Export Value of Hygienic Disposables to Russia (China), 2019-2028E



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. As a result, Chinese products remain competitive in the global market, attracting buyers looking for affordable yet high-quality hygienic disposables.

Technological advancements: Continued investment in research and development fosters technological innovations within China's hygienic disposables manufacturing industry. Upgrades in machinery, production techniques, and materials lead to improved product quality, efficiency, and innovation. Enhanced technological capabilities enable manufacturers to produce products that meet international standards, ensure reliability and meet varying consumer requirements worldwide.

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 2023, China exported hygienic disposables to 193 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 0.9% in 2019 to 1.4% in 2023.

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 hygiene product 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.

Opportunities and Challenges of Hygienic Disposables Export Market in the PRC

Expanding Demand: Increasing awareness of hygiene and health-related concerns presents an opportunity for China's hygienic disposables export market. With increased awareness of personal hygiene, especially in emerging markets, there is a growing demand for high-quality hygienic disposables. China can capitalise on this expanding market by offering a diverse range of high-quality and affordable products tailored to different consumer segments.

Intense market competition: One of the challenges facing China's export market for hygienic disposables is intense competition from both domestic manufacturers and international players. Different countries produce similar products, leading to a competitive landscape where pricing, quality, and branding become key factors. This competition requires constant innovation, cost management, and differentiation strategies to maintain market share.

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 practices, 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.

COMPETITIVE LANDSCAPE OF BABYCARE HYGIENIC DISPOSABLES EXPORT MARKET IN THE PRC

Ranking and Market Share of China's Hygienic Disposables Providers

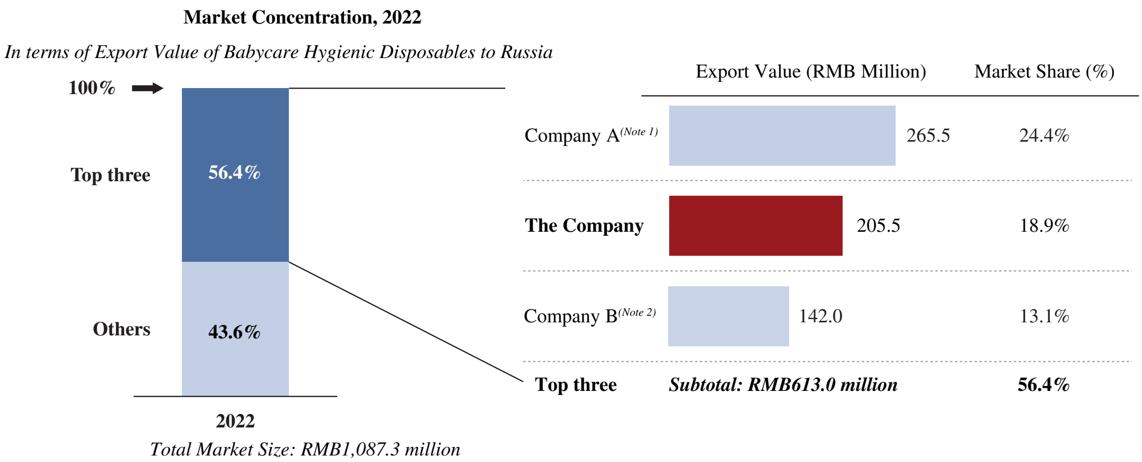
There are approximately 300 players in the export market of babycare hygienic disposables to Russia from China. The market was highly concentrated, with the top three hygienic disposables providers accounting for an aggregate market share of approximately 56.4% and 77.0% in terms of export value in 2022 and 2023, respectively.

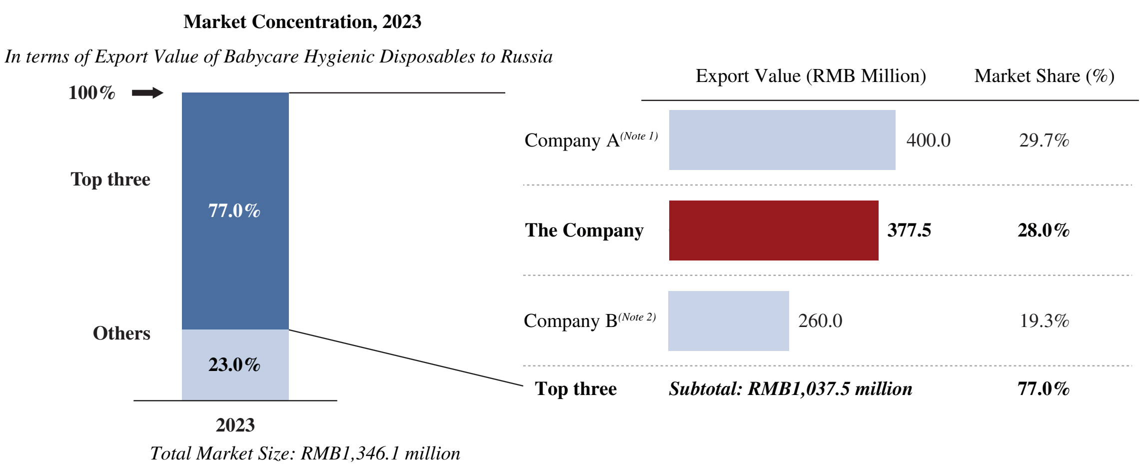
In both 2022 and 2023, the Company ranked second in terms of the export value of babycare hygienic disposables to Russia among all hygienic disposables providers in the PRC. The Company mainly generated revenue from its contract manufacturing business and recorded significant and increasing revenue from Russia during the Track Record Period as a result of the International Sanctions on Russia.

The babycare hygienic disposables sold in Russia by leading global diaper companies are not exclusively domestically produced. With Chinese companies gaining substantial experience and technological proficiency in production, they are now capable of manufacturing high-quality products that meet international standards. Consequently, renowned diaper companies such as Company C which is a subsidiary of a NYSE listed company and specializes in a wide range of personal health/consumer health and personal care and hygiene products and Company G which is a subsidiary of a Tokyo Stock Exchange listed company and specializes in a wide range of personal care and pet care products have partnered with OEM manufacturers in China.

Moreover, economic sanctions against Russia may disrupt the supply chain of raw materials or increase raw material prices, thereby raising production costs for local manufacturers. In contrast, China possesses a mature supply chain and robust production capacity, allowing it to maintain a stable supply to Russia even under sanctions. This positions Chinese babycare product manufacturers competitively in the Russian market.

Ranking and Market Share of Top Three Hygienic Disposables Providers in terms of Export Value of Babycare Hygienic Disposables to Russia (China), 2022 and 2023





Notes:

1. Company A is a private domestic company, founded in 2012 and headquartered in Fujian Province. It principally provides babycare hygienic disposables, feminine care hygienic disposables, adult incontinence disposables, pet diapers, wet wipes, etc.

2. Company B is a private domestic company, founded in 2005 and headquartered in Fujian Province. It principally provides babycare hygienic disposables, feminine care hygienic disposables, adult incontinence disposables, etc.

OVERVIEW OF HYGIENIC DISPOSABLES MARKET IN THE PRC

Market Size and Growth of Hygienic Disposables Market in the PRC

Hygienic disposables include babycare hygienic disposables, feminine care hygienic disposables and adult incontinence disposables. China's declining birth rate has led to a significant contraction in this demographic, with the 0-6 age group shrinking from approximately 97.6 million in 2019 to approximately 70.7 million in 2023 (CAGR -7.7%) and projected to decline further to approximately 46.8 million by 2028 (CAGR -7.9%). The 0-3 age group, which is directly affected by the birth rate decline, decreased from approximately 46.8 million in 2019 to 29.1 million in 2023 (CAGR -11.2%) and is expected to fall further to approximately 21.4 million by 2028 (CAGR -6.0%). Affected by the continuously decreasing birth rate and the severe impact of the COVID-19 epidemic in China, from 2019 to 2023, the retail sales value of China's babycare hygienic disposables market decreased from approximately RMB75.5 billion to RMB50.4 billion, with a CAGR of approximately -9.6%. As a result, the retail sales value of the hygienic disposables market decreased slightly from approximately RMB142.1 billion in 2019 to RMB130.9 billion in 2023, representing a CAGR of approximately -2.0%. It is expected to reach approximately RMB148.0 billion in 2028, representing a CAGR of approximately 2.5% from 2023.

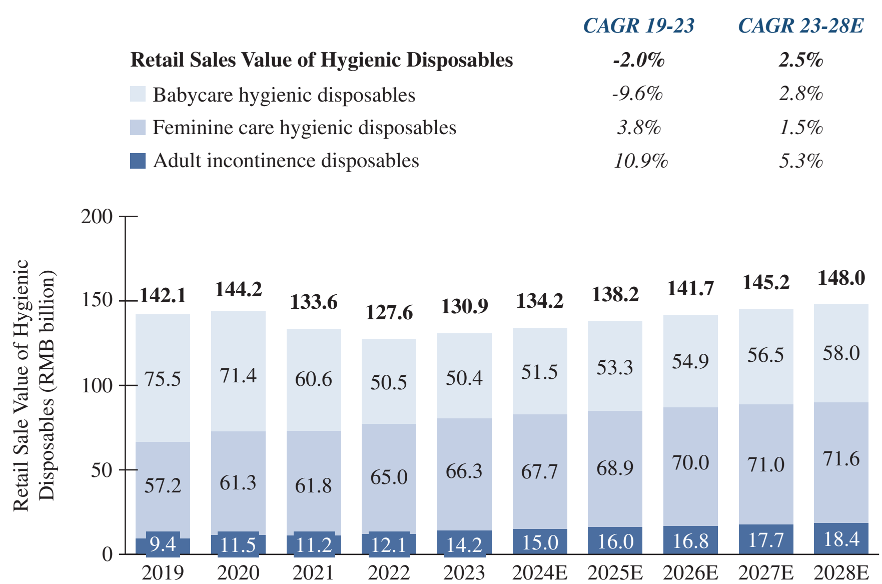
Adult incontinence disposables market is the fastest growing subset of the hygienic disposables market, whose retail sales value grew from approximately RMB9.4 billion in 2019 to RMB14.2 billion in 2023, representing a CAGR of approximately 10.9%. It is expected to reach approximately RMB18.4 billion in 2028, representing a CAGR of approximately 5.3% from 2023. The primary users of adult incontinence disposables are individuals aged 65 and above, with demand driven by age-related declines in physical function and the increasing prevalence of incontinence. As life expectancy rises, China's elderly population expanded from approximately 177.7 million in 2019 to 216.8 million in 2023 (CAGR 5.1%) and is projected to reach approximately 241.8 million by 2028 (CAGR 2.2%). The elderly demographic accounted for approximately 15.4% of the total population in 2023 and is expected to rise to approximately 17.2% by 2028.

Feminine care disposable market has remained relatively stable, with sales value increasing from approximately RMB57.2 billion in 2019 to RMB66.3 billion in 2023, reflecting a CAGR of approximately 3.8%. It is projected to reach approximately RMB71.6 billion by 2028, with a CAGR of approximately 1.5%. The primary consumers are women aged 12 to 49, and market expansion has been supported by the decreasing age of menarche and increasing age of menopause. The population of women aged 10 to 49, based on the distribution of female population data by five-year age groups from the National Bureau of Statistics of China (e.g., 10-14, 15-19, … 45-49), declined from approximately 378.3 million in 2019 to 352.0 million in 2023 (CAGR -1.4%) and is expected to further decrease to approximately 341.0 million by 2028 (CAGR -0.6%). Despite this trend, the proportion of this demographic within the total population is anticipated to remain relatively stable at approximately 25.0% in 2023 and 24.3% in 2028.

The negative CAGR for China's hygienic disposables market from 2019 to 2023 was primarily due to the contraction in the babycare hygienic disposables segment from 2019 to 2022 and the impact of the COVID-19 pandemic. The babycare hygienic disposables market decreased from approximately RMB75.5 billion in 2019 to RMB50.5 billion in 2022, with a CAGR of approximately -12.5%. The market size of babycare hygienic disposables was RMB50.4 billion in 2023, which was only a slight decline of 0.2% from 2022. In contrast, the feminine care hygienic disposables market and adult incontinence disposables experienced growth during this period.

With the implementation of the three-child policy in August 2021 and the introduction of more government policies to support childbirth, the declining birth rate trend is expected to alleviate and gradually reverse. In addition, as Chinese consumers' purchasing power increases and the demand for higher-quality babycare hygienic disposables rises, higher-priced baby pants have emerged and gained popularity in China's babycare hygienic disposables market due to their distinct features and functionalities. The rebound in fertility rates and the increase in the frequency of baby pants consumption are expected to drive the growth of China's hygienic disposables market from 2023 to 2028.

Retail Sales Value of Hygienic Disposables by Category (China), 2019-2028E



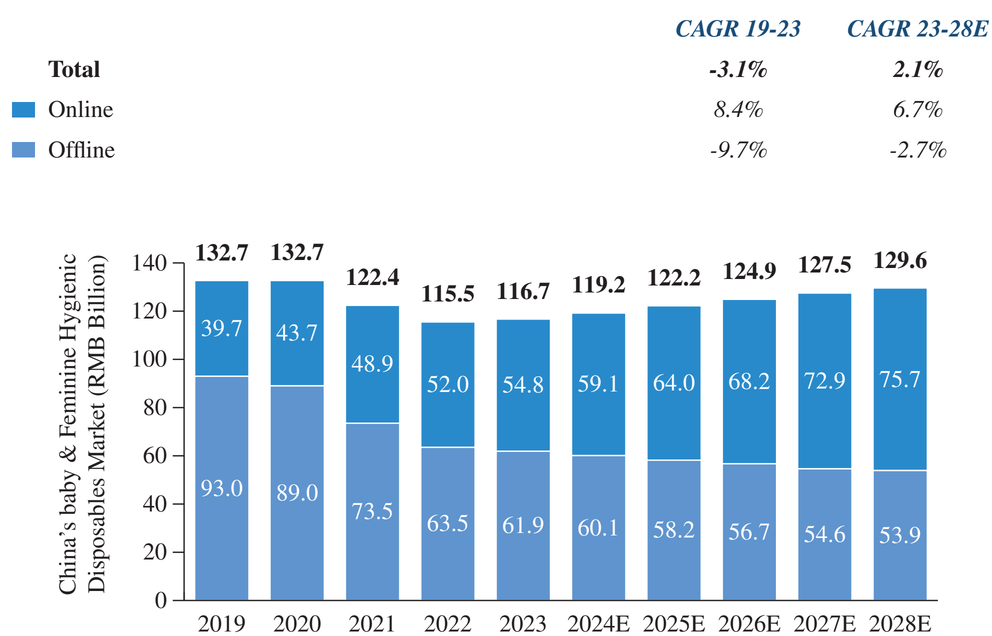
Source: China Paper Association (CPA), National Bureau of Statistics, Frost & Sullivan

The baby & feminine care hygienic disposables market can be classified into online and offline markets based on channel segmentation. From 2019 to 2023, the online and offline sales channels for baby & feminine care hygienic disposables have changed significantly. The online market increased from approximately RMB39.7 billion in 2019 to RMB54.8 billion in 2023, representing a CAGR of approximately 8.4%, and accounted for 47.0% of the baby & feminine care hygienic disposables market in 2023. Meanwhile, offline market for baby & feminine care hygienic disposables declined from approximately RMB93.0 billion in 2019 to RMB61.9 billion in 2023, with a CAGR of approximately -9.7%.

In the digital era, consumers are increasingly gravitating towards online shopping, especially for daily necessities, including baby & feminine care hygienic disposables. Online retailers offer competitive pricing, often with additional discounts and deals, making the online shopping experience not only time-saving but also cost-effective. In the forecast period, the online retail sales value of the baby & feminine care hygienic disposables is expected to reach approximately RMB74.7 billion in 2028, with a CAGR of approximately 6.7% from 2023 to 2028. The offline retail sales value of the baby & feminine care hygienic disposables is expected to decline further to approximately RMB53.9 billion in 2028, with a CAGR of approximately -2.7%. The online market and the offline market are expected to account for approximately 58.4% and 41.6%, respectively, of the total market in 2028.

The reduction in the proportion of offline sales does not inherently signify a contraction in the overall market size. As e-commerce becomes more widespread, offering consumers the benefits of convenience and accessibility, sales of babycare and feminine care hygienic disposables are increasingly shifting to online channels. This trend has reduced reliance on the offline market. However, the expansion of online sales channels has the potential to offset the decline in offline market share, thus maintaining or even strengthening the total hygienic disposables market size.

Market Size of Baby & Feminine Care Hygienic Disposables Market by Sales Channels (China), 2019-2028E



Source: National Bureau of Statistics, CPA, Frost & Sullivan

Affordable premium babycare hygienic disposables are known for their cost-effectiveness and provide essential features for everyday use. It offers a budget-friendly solution for price-conscious consumers, are of high quality, competitively priced, and are the choice of the majority of consumers. It experienced a decline in 2020 due to the impact of COVID-19 pandemic, which affected the logistic and general business environment ultimately reaching approximately RMB37.0 billion in 2023, with a CAGR of approximately -5.1% from 2019, and accounted for 73.4% of the total retail sales value of the babycare hygienic disposables market in 2023.

Luxury premium babycare hygienic disposables are positioned as premium options, characterized by superior quality, advanced technology, and additional features. These babycare hygienic disposables are designed to offer top-tier performance and comfort, making them a preferred choice for consumers seeking a premium diapering experience, generally with an average retail price of above approximately RMB2.0 per piece. The retail sales value of the luxury premium babycare hygienic disposables market decreased from approximately RMB29.8 billion in 2019 to approximately RMB13.4 billion in 2023, with a CAGR of approximately -18.1%, and accounted for 26.6% of the total retail sales value of the babycare hygienic disposables market in 2023.

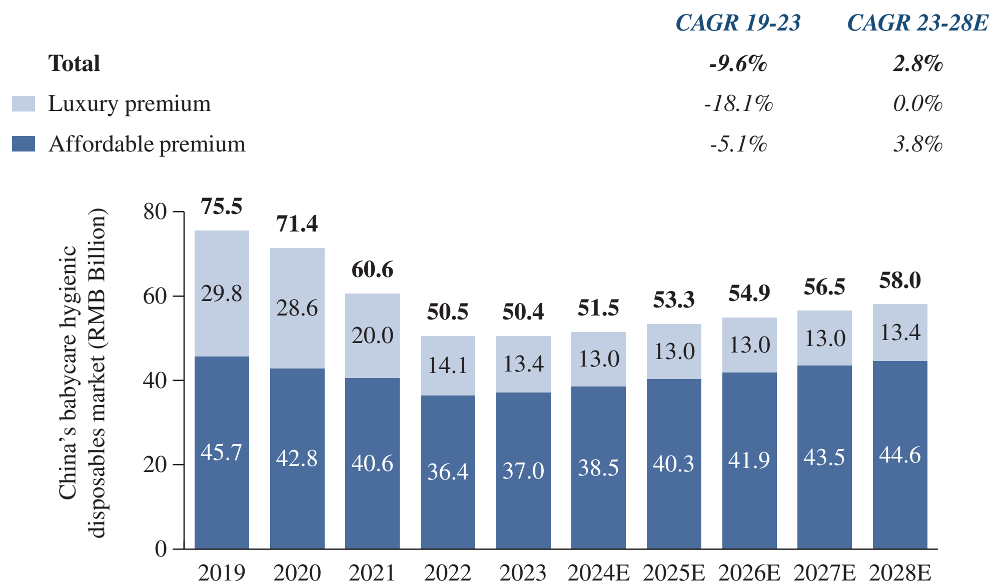
During periods of rapid economic growth, rising household expenditures fueled increased demand for a wider range of products and boosting household spendings. However, with the slowdown in economic growth, household spending has become more cautious, with consumers placing greater emphasis on value for money. With per capita household expenditure growth in China expected to moderate to a CAGR of approximately 5.2% from 2023 to 2028, compared to approximately 5.6% from 2019 to 2023, consumers are increasingly prioritizing cost-effective products in their purchasing decisions.

The market size of babycare hygienic disposables market decreased from approximately RMB75.5 million in 2019 to approximately RMB50.4 million in 2023, with a CAGR of approximately -9.6%. The affordable premium babycare hygienic disposables market recorded a smaller CAGR of approximately -5.1%, while the luxury premium hygienic disposables market has experienced a significant contraction, with a CAGR of approximately -18.1%. As such, the industry is witnessing a shift toward affordable premium brands in the babycare hygienic disposables segment, driven by increasing consumer demand for cost-effective yet high-quality products and the expansion of digital retail channels. The sales value of affordable premium babycare hygienic disposables is projected to reach approximately RMB44.6 billion by 2028, reflecting a CAGR of approximately 3.8% from 2023. Meanwhile, the luxury premium segment is expected to stabilize at approximately RMB13.4 billion by 2028 as consumers increasingly prioritize value-driven alternatives.

This trend is further reinforced by product innovation and intensified online competition, making affordable premium brands the key growth driver in the market. Regarding private labels, official data on their growth in the Russian hygienic disposables market remains scarce due to regulatory constraints, fragmented supplier reporting, and economic volatility. However, industry insights obtained through literature reviews and interviews with market participants indicate a growing shift toward private label products.

As the quality of affordable premium babycare hygienic disposables continues to increase and consumer preferences shift towards cost-effective solutions, the market is witnessing a gradual expansion in the market share of affordable premium babycare hygienic disposables. This shift is further propelled by a myriad of brands leveraging online channels to offer more competitively priced options. As a result, these affordable premium products are poised to compete for a greater share of the luxury premium segments within the market landscape.

Market Size of Babycare Hygienic Disposables Market by Product Positioning (China), 2019-2028E



Note: Babycare hygienic disposables can be classified into two categories based on the average retail price per piece. Generally, those priced below RMB2.0 per piece are considered affordable premium babycare hygienic disposables, luxury premium babycare hygienic disposables are typically priced above RMB2.0 per piece.

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

Key Drivers of Hygienic Disposables Market in the PRC

Rising purchasing power of women and families with infants: As women's economic empowerment continues to rise, coupled with the focus on child health and well-being, there is a notable surge in expenditure on high-quality hygienic disposables for both infants and mothers. According to Frost & Sullivan, the consumption expenditure per household on hygienic disposables is expected to grow from approximately RMB254.5 to approximately RMB298.0 from 2023 to 2028, with a CAGR of approximately 3.2%. This demographic segment's inclination towards premium and specialised products, coupled with their increasing disposable income, significantly contributes to the expansion of the domestic market for absorbent hygiene items tailored for babies and women.

Growing penetration of babycare hygienic disposables: The market penetration rate of babycare hygienic disposables is calculated by dividing the number of babies using babycare hygienic disposables by the total number of babies. China's market for babycare hygienic disposables has shown consistent growth in its market penetration, reaching approximately 86.5% in 2023 and projected to climb to approximately 92.7% by 2028. As parental awareness regarding diverse babycare hygienic disposables expands, it triggers a surge in market demand, contributing significantly to the continual expansion and development of the babycare hygienic disposables market.

Implementation of the three-child policy and supporting measures: In pursuit of balanced and sustained population growth, the State Council issued the "Decision on improving birth policies to promote long-term and balanced population development" in 2021 to implement the three-child policy and several incentives to further adapt to the new changes in the population structure and the requirements for high-quality development. The implementation of the three-child policy, and tax reductions to stimulate growth in the babycare hygienic disposables market.

Future Trends of Hygienic Disposables Market in the PRC

Growing usage of sustainable and eco-friendly raw materials: As global consumer preferences increasingly shift towards eco-friendly alternatives over traditional disposable hygienic products, demand for sustainable materials in sanitary pads, pants, and baby products continues to rise. Growing environmental awareness among consumers and manufacturers is driving a notable transition toward more responsible sourcing and production. Biodegradable SAPs are being developed to decompose more readily in the environment. Similarly, nonwoven fabrics are increasingly made from plant-based or recycled fibers, utilizing bio-based materials such as bamboo, cotton, and biodegradable polymers. To further enhance environmental sustainability, manufacturers are improving raw material efficiency and adopting less harmful chemical processes compared to traditional methods, enabling a reduction in material use without compromising absorption performance. 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 hygiene products brands is another upcoming trend in China's hygienic disposables market. This trend is further supported by the "Guiding Opinions on the Development of the Industrial Textile Industry during the 14th Five-Year Plan" 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 hygiene products 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.

Opportunities and Challenges

Growing elderly population and increased penetration rate of incontinence: As the number of elderly individuals increases, coupled with increased awareness and acceptance of incontinence-related concerns, is driving a substantial demand for high-quality hygienic disposables tailored to elderly care. This demographic shift and the increased recognition of the need for specialised hygiene items contribute in particular to the growth of China's domestic market for hygienic disposables that address the needs of the elderly 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.

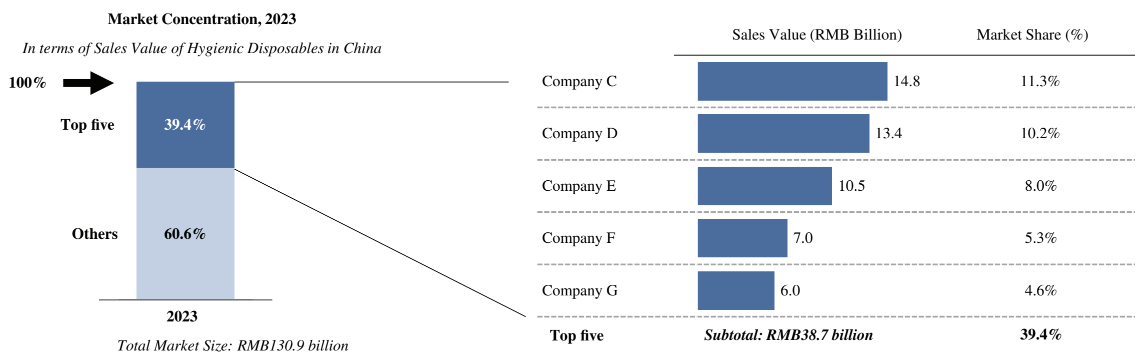
COMPETITIVE LANDSCAPE OF HYGIENIC DISPOSABLES MARKET IN THE PRC

Ranking and Market Share of China's Hygienic Disposables Providers

- There are more than 1,000 players in the hygienic disposables market in China, and the market was relatively concentrated, with the top five hygienic disposables providers accounting for an aggregate market share of approximately 39.4% in terms of sales value in 2023.

- In 2023, the Company's market share in terms of sales value in the hygienic disposables market in China was approximately 0.2%.

Ranking and Market Share of Top Five Hygienic Disposables Providers in terms of Sales Value of Hygienic Disposables (China), 2023



Notes:

1. Company C is a subsidiary of a NYSE listed company, founded in 1993. It specializes in a wide range of personal health/consumer health, and personal care and hygienic disposables.

2. Company D is a subsidiary of a NYSE listed company, founded in 1872. It is an American multinational personal care corporation that produces mostly paper-based consumer products.

3. Company E is a HKEX listed company, founded in 1985 in China and headquartered in Fujian province. It specializes in personal care and hygienic disposables.

4. Company F is a private domestic company, founded in 2014 and headquartered in Zhejiang Province. It principally provides supplementary nutrition, maternal and infant health care products, maternal and infant consumer products and other products.

5. Company G is a subsidiary of a Tokyo Stock Exchange listed company, founded in 1961. It specializes in a wide range of personal care and pet care products.

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

OVERVIEW OF RAW MATERIAL OF HYGIENIC DISPOSABLES IN THE PRC

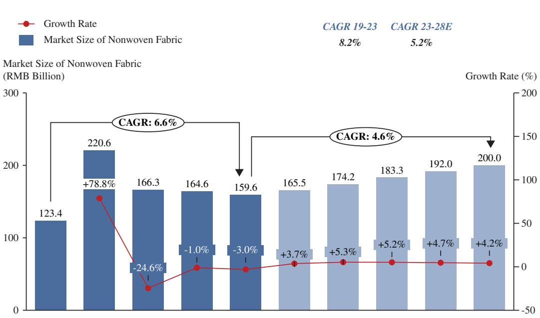
Market Size of Nonwoven Fabric Market

The market size of nonwoven fabric in terms of revenue surged from approximately RMB123.4 billion in 2019 to RMB220.6 billion in 2020, with a year-on-year growth of approximately 78.8%. In 2023, the market size of nonwoven fabric was approximately RMB159.6 billion, representing a CAGR of approximately 6.6% from 2019. It is expected to reach approximately RMB200.0 billion in 2028, representing a CAGR of approximately 4.6% from 2023.

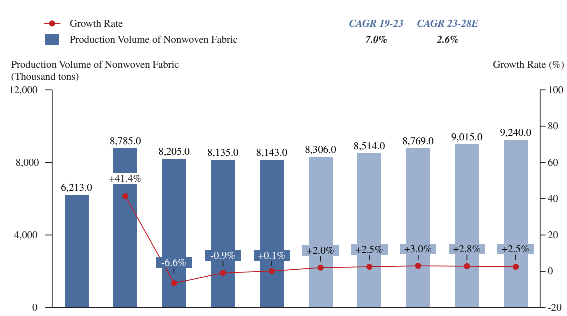
The COVID-19 pandemic has had a profound impact on the production of nonwoven fabrics. During the pandemic, demand for nonwoven fabrics surged as consumer behavior shifted, with heightened awareness of personal hygiene and health protection. This has led to a marked increase in the utilization and stockpiling of hygienic disposable products. As a result, the pandemic has had a substantial and lasting impact on manufacturing activity in the nonwoven fabric sector. In 2020, the outbreak of COVID-19 pandemic caused a surge in demand for epidemic prevention materials, particularly nonwoven fabrics used in mask production. This led to a significant upswing in China's nonwoven fabrics market. The production of nonwoven fabrics surged from 6,213.0 thousand tons in 2019 to 8,785.0 thousand tons in 2020, with a year-on-year growth of approximately 41.4%. Although the demand for masks decreased following the initial outbreak, the intermittent recurrences of COVID-19 from 2020 to 2022 have kept awareness of personal hygiene and health protection heightened. This increased consciousness and change in preventive behaviors have sustained high demand for masks and nonwoven materials throughout this period. In 2023, the production volume of nonwoven fabrics was 8,143.0 thousand tons, representing a CAGR of approximately 7.0% from 2019.

Due to the gradual reduction in the impact of the COVID-19 pandemic, the overall production of nonwoven fabrics progressively slowed down in 2022 and 2023, maintaining stability thereafter. By 2028, production is projected to reach approximately 9,240.0 thousand tons, representing a CAGR of approximately 2.6% from 2023.

Market Size of Nonwoven Fabric Market (China), 2019-2028E



Production Volume of Nonwoven Fabric (China), 2019-2028E



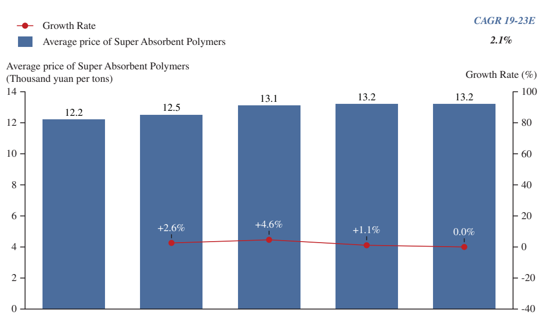
Source: China Nonwovens & Industrial Textiles Association (CNITA), Frost & Sullivan

Raw Materials Price Trend

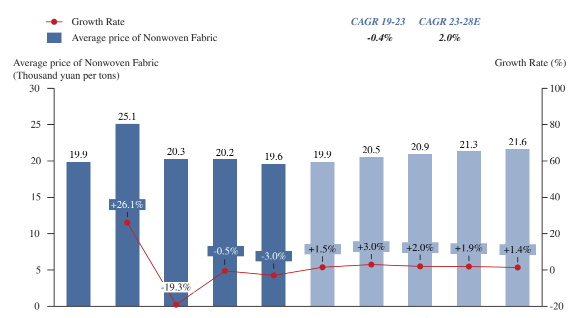
The average price of super absorbent polymers increased from approximately RMB12,200 per tonne in 2019 to RMB13,200 per tonne in 2023, representing a CAGR of approximately 2.1% from 2019 to 2023. In the future, the market demand for super absorbent polymers is expected to continue to grow, thereby supporting a stable increase in the price of super absorbent polymers.

The average price of nonwoven fabrics surged from approximately RMB19,900 per tonne in 2019 to RMB25,100 per tonne in 2020, with a year-on-year growth of approximately 26.1%. In 2023, the average price of nonwoven fabrics is approximately RMB19,600 per tonne, representing a CAGR of approximately -0.4% from 2019. The price of nonwoven fabrics tends to be stable, and the price of nonwoven fabrics is expected to be approximately RMB21,600 per tonne in 2028, representing a CAGR of approximately 2.0% from 2023.

Average Price of Super Absorbent Polymers (China), 2019-2023E



Average Price of Nonwoven Fabric (China), 2019-2028E



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

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

Company Law

The Company Law of the PRC (中華人民共和國公司法) (the "Company Law"), which was promulgated by the Standing Committee of the National People's Congress (the "SCNPC") on 29 December 1993, effective on 1 July 1994 and last amended on 26 October 2018, provides for the establishment, corporate structure and corporate management of companies, which also applies to foreign-invested enterprises in the PRC. The Company Law is enacted for the purposes of regulating the organisation and activities of companies, protecting the legitimate rights and interests of companies, shareholders and creditors, maintaining the social economic order, and promoting the development of the socialist market economy. It stipulates that a limited company shall prepare a shareholders' register, which shall record (i) the name and address of each shareholder; (ii) the capital contribution made by each shareholder; and (iii) the serial number of each capital contribution certificate. 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 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 revised version was adopted by the SCNPC on 29 December 2023, and came into effect on 1 July 2024. The main amendments involve perfecting the company's capital system, improving the company's establishment and exit system, optimising the company's organizational 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 NPC has come into effect. The Sino-Foreign Equity Joint Ventures Law of the PRC, the Wholly Foreign-owned Enterprises Law of the PRC and the Sino-Foreign Cooperative Joint Ventures Law of the PRC 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 laws.

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 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, foreign investors who directly or indirectly carry out investment activities in China 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 methods include initial reports, change reports, cancellation reports, and annual reports.

On 27 December 2021, the MOFCOM and the National Development and Reform Commission (the "NDRC") promulgated the Special Management Measures for the Market Entry of Foreign Investment (2021 Version) (the "Negative List") (外商投資准入特別管理措施(負面清單)), which took effective from 1 January 2022. The Negative List set 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 12 industries, and any field not falling in the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment.

Laws and Regulations Relating 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 on 16 November 2009 and latest amended on 9 May 2017, enterprises who engaged in the production and packaging of disinfection products in PRC must apply for the Hygiene License for Disinfection Product Production Enterprises 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, only within the scope of the license, and shall not change the approved production methods, production projects, production categories, production processes, and production workshop layout without authorisation. After obtaining the health license, if there are changes in the production mode, production items, or production category, an application for change shall be submitted to the provincial health administrative department. If there are changes in the 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 reviews.

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 and unincorporated organizations that engage in business activities of selling commodities or offering services through the internet and 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 licenses for conducting those operational activities which are required by law to obtain administrative licenses. Commodities sold or services offered by e-commerce operators shall meet the requirements to protect personal and property safety and the environmental protection requirements, and e-commerce operators shall not sell or provide any commodity or service prohibited by laws and administrative regulations.

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, key technologies, internet and information technology products and services, and other important activities that are likely to impact the national security of the PRC.

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, 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 organizations and individuals carrying out data activities and implements data security protection responsibilities.

On 14 November 2021, the Cyberspace Administration of China (中華人民共和國國家互聯網信息辦公室) (the "**CAC**") issued the Regulations on the Administration of Cyber Data Security (Draft for Comments) (網絡數據安全管理條例(徵求意見稿)) (the "**Draft Regulations on Data Security**"), which stipulates that, among others, data processors seeking for listing in Hong Kong that affects or may affect national security must report to the CAC for a cybersecurity review. However, the Draft Regulations on Data Security provides no further explanation or interpretation of "affects or may affect national security". As at the Latest Practicable Date, the Draft Regulations on Data Security has not become effective, and is therefore subject to further changes and interpretations. As advised by our PRC Legal Advisers, in the event that the Draft Regulations on Data Security becomes effective in its current form, we will have to fulfil corresponding obligations, including "conducting data security assessment once a year on our own or by entrusting a data security search institution, and submitting the previous year's data security assessment report to the municipal network information department divided into districts before January 31 of each year" and "formulating data security training plans and organising data security education and training for all employees every year", etc. Nevertheless, the Regulations on the Administration of Cyber Data Security (Draft for Comments) will not have a material adverse impact on our business operations (assuming the Draft Regulations on Data Security is implemented in its current form).

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 relevant regulatory authorities may initiate cybersecurity review if such regulatory authorities 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 20 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 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. 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 desensitize 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 desensitized personal information will not be stored by us.

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, 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) any serious loss of evidence of criminal activities; or (iv) other severe situations, and any individual or entity that (a) illegally sells or provides personal information to the others or (b) steals or illegally obtains any personal information 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 November 1, 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 unauthorized 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 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 less than RMB50 million or less 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 31 October 1993, as last amended in 2013 and 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 us 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 licenses, 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 Law on Protection of Rights and interests of consumers 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.

Regulation 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 became effective on 1 April 2000, last amended on 9 February 2021 and became effective on 1 June 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. In case of any material change to the design, raw materials, production process, scope of application and method of use of a Class II or Class III medical device that has been registered, which might affect the safety and effectiveness of the medical device, a registrant of such medical device shall apply to the original registration authority for going through the formalities for modification of registration; in case of any other change, the registrant shall file for record or make a report in accordance with the provisions of the drug regulatory department under the State Council.

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 20 July 2004, lasted amended on 10 March 2022 and became effective on 1 May 2022, those engaged in the manufacture of Class II medical devices shall be approved by the drug regulatory authority of a province, autonomous region or centrally-administered municipality where they are located and obtain the manufacturing permit for medical devices in accordance with the law; and 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 drug regulatory authority at the level of city divided into districts where they are located.

Pursuant to 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 30 July 2014 and amended on 17 November 2017 and latest amended on 10 March 2022 and became effective from 1 May 2022, licensing or recordation is not required for business activities involving Class I medical devices, while recordation administration shall apply to business activities involving Class II medical devices, and licensing administration shall apply to business activities involving Class III medical devices.

Pursuant to the Medical Devices Regulation, 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, medical devices of Class I are subject to record-filing, while medical devices of Class II and Class III are subject to registration.

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) (the "Online Medical Devices Sales Measures"), 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 licenses or operation licenses or have been filed for record in accordance with laws and regulations, unless such licenses 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 involve the fulfillment of the record-filing and registration procedures of Class I and Class II medical devices, we have fulfilled such procedures and the filing certificate and registration certificate obtained are legal and valid.

Laws Related to Product Liability

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.

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), which was promulgated by the SCNPC on 22 February 1993, effective on 1 September 1993 and last amended and became effective on 29 December 2018. The Product Quality Law is applicable to all activities of production and sale of any product within the territory of the PRC, and the producers and sellers shall be liable for product quality in accordance with the Product Quality Law.

Laws and Regulations on KOLs (Key Opinion Leader) and Online Celebrities

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) (the "**Advertising Law**") was promulgated in 1994 and was latest revised in 2021. The Advertising 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. An advertisement shall not use "national level," "highest level," "best" or similar wordings. Furthermore, an advertisement for medical devices shall not contain any of the following information: (1) any assertion or guarantee for efficacy or safety; (2) any statement on cure rate or effective rate; (3) any comparison with other drugs or medical devices in efficacy and safety or comparison with other medical institutions; (4) any recommendation or certification by an endorser; and (5) any other information prohibited by any law or administrative regulation. And 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 issued the Administrative Measures for Internet Advertising (互聯網廣告管理辦法). The Administrative Measures for Internet Advertising mainly regulates Internet advertising activities, clarifies the definition and scope of Internet advertising, and standardizes Internet advertising behaviors. Internet advertising should be identifiable so that consumers can distinguish advertising from non-advertising content. With regard to commodities or services ranked under competitive bidding, advertisement publishers shall indicate conspicuously the word "Advertisement" to distinguish them from the natural search results. Where an Internet advertisement is published in the form of pop-up or otherwise, an advertiser and advertisement publisher shall clearly mark the closure sign to ensure the closure of the advertisement by one click. 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 mainly regulates online transaction behaviors. 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. It also standardizes the order of the online transaction market and protects the legitimate rights and interests of consumers. According to the Measures, the goods sold or services provided by online transaction operators shall meet the requirements for the protection of personal and property safety and the requirements for environmental protection, and online transaction operators shall not sell goods or provide services that are prohibited by law or administrative regulations, damage the national interest and public interest, or violate public order and good morals. Online transaction operators shall collect and use the personal information of consumers by following the principles of legitimacy, rightfulness and necessity, expressly state the purposes, methods and scope of information collection and use, and obtain the consent of consumers. And Online transaction operators and their employees shall strictly keep confidential the personal information they have collected, and shall not provide such information to any third party including the related parties without the authorization and consent of the persons whose information is collected, except for assistance in supervision and law enforcement activities in accordance with the law.

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 behaviors.

The Opinions on Further Regulating the Profit-making Behavior 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 behavior 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 behaviors such as live-streaming with goods, standardizing 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 (國家市場監督管理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.

Land Administration Law

Pursuant to the Land Administration Law of the PRC (中華人民共和國土地管理法) (the "**Land Administration Law**") promulgated by the SCNPC on 25 June 1986, effective on 1 January 1987 and last amended on 26 August 2019, and the Regulations for the Implementation of the Land Administration Law of the PRC (中華人民共和國土地管理法實施條例) promulgated by the State Council on 4 January 1991, effective on 1 February 1991 and last amended on 2 July 2021 and effective on 1 September 2021, the natural resources administrative department under the State Council shall be responsible for administration and supervision work pertaining to land nationwide. On the other hand, the respective people's governments of provinces, autonomous regions and centrally administered municipalities shall be responsible for setting up their respective natural resources administrative departments and determining their respective duties pursuant to the relevant provisions promulgated by the State Council. Further, the State Council may authorise agencies to supervise land use and land administration by the people's governments of provinces, autonomous regions and centrally administered municipalities as well as municipal people's governments determined by the State Council. Pursuant to the Article 8 of the Land Administration Law, downtown area land in cities shall belong to the state. Rural and suburbs land shall be collectively owned by farmers, unless the laws stipulate otherwise; homestead and reserved land and hilly land reserved for private use shall be collectively owned by farmers. Pursuant to the Article 9 State-owned land and land collectively owned by farmers may, pursuant to the law, be determined as used by organisations or individuals. Organisations and individuals using land shall bear obligations for protection, management and reasonable utilisation of land.

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 15 June 2001 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, 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 as required 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.

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 2 August 2002 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.

Domain Names

In accordance with the Measures for the Administration of Internet Domain Names (互聯網域名管理辦法) which was issued by the Ministry of Industry and Information Technology (the "**MIIT**") on 24 August 2017 and came into effect on 1 November 2017, the MIIT is responsible for supervision and administration of domain name services in the PRC. Communications administrative bureaus at provincial levels shall conduct supervision and administration of the domain name services within their respective administrative jurisdictions. Domain name registration services shall, in principle, be subject to the principle of "first apply, first register". A domain name registrar shall, in the process of providing domain name registration services, ask the applicant for which the registration is made to provide authentic, accurate and complete identity information on the holder of the domain name and other domain name registration related information.

Laws Related to Trade Secret

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 and business information that is unknown to the public, has utility, may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders. Under the Anti-Unfair Competition Law of the PRC, business persons are prohibited from infringing others' trade secrets by: (1) acquiring a trade secret from the right holder by theft, bribery, fraud, coercion, electronic intrusion, or any other 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 a person, or tempting another person into or in 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 obtains, uses or discloses trade secrets of others, 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 Labor Protection

Labor, Social Insurance and Housing Provident Funds

According to the Labor 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 Labor 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 Labor 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, labor contracts in written form shall be executed to establish labor relationships between employers and employees. In addition, wages shall not be lower than local minimum wages. The employers must establish a system for labor safety and sanitation, strictly comply with national rules and standards, provide education regarding labor safety and sanitation to its employees, provide employees with labor 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 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), 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. Any employer who fails to make the required contributions may be fined and ordered to compensate the deficit within a stipulated time limit. 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 Regulations, such companies shall be ordered by the housing provident fund administration center 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 center 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 on 20 July 2018, 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 on Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady Orderly and Effective Manner (國家税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 Stabilizing 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 on Implementing Measures on Further Support and Serve the Development of Private Economy (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 organize 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, the budget for facilities for the prevention and control of occupational diseases of a construction project shall be included in the budget of the project and those facilities shall be designed, constructed and put into operation simultaneously the main body of the project. The entity that takes charge of the project 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.

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 do as aforesaid, it may be ordered to rectify 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 on Fire Protection and Environmental Protection

Fire Protection

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 latest 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.

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 last amended on 24 April 2014, outlines the authorities and duties of various environmental protection regulatory agencies. The Ministry of Ecology and Environment is authorised to issue national standards for environmental quality and emissions, and to monitor the environmental protection scheme of the PRC. Meanwhile, local environment protection authorities 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.

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, 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 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, for any construction projects that have an impact on the environment, an entity is required to produce either a report, or a statement, or a registration form of such environmental impacts depending on the seriousness of effect that may be exerted on the environment.

Laws and Regulations on Production Safety

According to the Production Safety Law of the PRC (中華人民共和國安全生產法) latest amended by the SCNPC on 10 June 2021 and 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 in a timely manner. Any unsolved issue shall be reported to the person-in-charge in a timely manner and the person-in-charge shall solve such issue immediately. 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 meet 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 demonstrate and pre-assess the safety conditions of its construction projects, prepare a dedicated safety design report, submit to the relevant work safety administrative department for examination or filing, complete acceptance of safety facilities and prepare reports for inspection according to requirements. 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 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 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, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds derived by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders 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 handle the foreign exchange registration and approval under foreign direct investment while SAFE and its branches indirectly supervise the foreign exchange registration and approval under foreign direct investment 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.

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 the entrusted customs brokers. To undergo customs declaration formalities, the consignee or consignor of imported or exported goods and the customs declaration enterprise 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.

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) (i.e. 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 amended on 23 April 2019, 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 set up 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 or have set up institutions or sites 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 STA 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 the 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 is 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.

Pursuant to the Circular of the State Administration of Taxation ("**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 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, at any time during the twelve months prior to the obtainment of the dividends.

Laws and 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 offering and listing of PRC domestic companies' securities and regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities. Any domestic company that is deemed to conduct overseas offering and listing activities shall file with the CSRC in accordance with the Overseas Listing Trial Measures.

The Overseas Listing Trial Measures provide that the overseas securities offering and listing will be considered a direct overseas offering by a PRC domestic company if the issuer is a company limited by shares registered and established in mainland China. In addition, the overseas securities offering and listing will be considered 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 Offering and Listing is an indirect overseas offering by domestic company under the Trial Measures. We will comply with the filing requirements under the Trial Measures and do not fall under any of the prohibited circumstances that would disallow an overseas Offering and Listing as stipulated in the Trial Measures. We submitted the filing materials to the CSRC on 14 May 2024 and the CSRC officially accepted the filing materials on 27 May 2024.

Besides, 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 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 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) that constitutes a threat to or endangers national security; (iii) the PRC domestic company, or its controlling shareholder(s) and de facto controller(s), have committed relevant crimes such as corruption, bribery, 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 offenses 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 March 31, 2023. According to the Provision on Confidentiality, where any PRC domestic company provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, 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.

OVERVIEW

We are principally engaged in the development, manufacture and sale of personal hygienic disposables based in China and, specialising in babycare category for emerging markets in Eurasia. Our history could be traced back to 2010 when our founder, Mr. Ngan, founded Insoftb China. Prior to founding our Group, Mr. Ngan was in the trading businesses for various types of children's goods. Leveraging on the business experiences and personal networks gained from his other trading business in November 2010, Mr. Ngan ventured into the children goods industry and established Insoftb China. Please refer to the section headed "Directors and Senior Management" in this prospectus for details of his background and experience. Since then, we have predominantly marketed and sold our branded babycare products in China commencing a line of feminine care products, and extended our expertise to produce adult incontinence products.

Throughout more than 14 years of devoted efforts in hygienic disposables industry, we have gathered industry experience, built up reputation and expanded our product offering over the years. As at the Latest Practicable Date, we operated Jinjiang Production Facilities to manufacture hygienic disposables for three main categories, namely, (i) babycare; (ii) feminine care; (iii) adult incontinence care; and the Nonwoven Fabric Facilities to manufacture nonwoven fabrics mainly for our inhouse use. In 2023, our Company ranked the second in terms of the export value of babycare hygienic disposables from China to Russia.

Key Milestones

We set out below our major business milestones and achievements:

Year	Event
2010	Insoftb China was founded. A famous actress and singer was engaged as our brand ambassador to promote our brand image and drive our user awareness
2011-2013 . .	We launched our own babycare brand "Insoftb" (嬰舒寶) and commenced our production of baby disposable diapers in Jinjiang, Fujian Province, PRC
	We established our first e-store at Tmall (天貓)
2014	We started our production of babycare products in Chuzhou, Anhui Province, PRC
2015	We commenced business for manufacture babycare products for Customer A under its own Japanese-inspired diaper brand for Russian market
2016	We began to market and sell feminine care products under our own brand "Misecr" (五月私語)

Year	Event
2017	Insoftb China was awarded the title of "2016 Fujian Famous Brand Product" (2016年度福建名牌產品) by People's Government of Fujian Province (福建省人民政府)
	We relocated our production facilities to our Jinjiang Production Facilities in Jinjiang, Fujian Province, China, and commenced the operation of our fully automated warehouse adjacent to our Jinjiang Production Facilities
2018	We began to market and sell adult incontinence care products under our own brand "Cosoftb" (康舒寶)
2019	Insoftb China was awarded the title of "2018 China Diaper Industry Top 10 Enterprise" (2018年度中國嬰兒紙尿褲行業十強企業) by Household Paper Professional Committee of the PRC Paper Association (中國造紙協會生活用紙專業委員會)
	We were licensed to produce a popular Japanese manga and anime series products, a manga series written and illustrated by Momoko Sakura for the period up to 30 April 2021
2020	Insoftb China was awarded the title of "High-tech 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 Administration of Taxation (國家稅務總局福建省稅務局)
2021	We started the operation of our Nonwoven Fabric Facilities for the manufacturing of nonwoven fabrics
	We became one of the drafting units of the national industry standard (GB/T28004.1:2021) for "diapers" (紙尿褲)
2023	Insoftb China obtained the certificates of "Medical-grade product certification certificate" (醫護級產品認證證書) for baby diapers, feminine sanitary pants, and adult diapers, which were issued by China Health & Safety (Beijing) Certification Centre (中衛安(北京)認證中心)

OUR CORPORATE DEVELOPMENTS

As at the Latest Practicable Date, our Group comprised our Company and our subsidiaries incorporated in BVI, Hong Kong and the PRC. We carry out our business through our operating subsidiaries in the PRC. Details of the major corporate developments of our operating subsidiaries in the PRC which were material to our performance during the Track Record Period are set out below.

Soft HK

Soft HK serves as an investment holding company in our Group. Soft HK was incorporated as a limited liability company under the laws of Hong Kong on 17 August 2010, with one share of par value of HK$1.00 each issued to an incorporator who is an Independent Third Party. Such share was subsequently transferred to Mr. Ngan on 24 August 2010. On 20 August 2010, Soft HK allotted 332 shares, 333 shares and 334 shares to Mr. Ngan, Zhuang Yongque (莊永雀), and Cai Changding (蔡長頂) for a consideration of HK$332, HK$333, and HK$334, respectively. Each of Zhuang Yongque (莊永雀) and Cai Changding (蔡長頂) is an Independent Third Party. Upon completion of the aforesaid share allotment and share transfer on 20 August 2010 and 24 August 2010, Soft HK was owned as to 33.3% by Mr. Ngan, 33.3% by Zhuang Yongque (莊永雀), and 33.4% by Cai Changding (蔡長頂), respectively.

On 4 October 2011, (i) Zhuang Yongque transferred his 333 shares of Soft HK to Mr. Ngan for a consideration of HK$333; (ii) Cai Changding transferred his 50 shares of Soft HK to Zhang Baipiao (張百漂), an Independent Third Party, for a consideration of HK$50; (iii) Cai Changding transferred his 100 shares of Soft HK to Mr. Zeng for a consideration of HK$100, and (iv) Cai Changding transferred his 184 shares of Soft HK to Mr. Ngan for a consideration of HK$184, respectively. Such consideration was at par value and determined with reference to historical payment made by Zhuang Yongque and Cai Changding. Upon completion of the share transfer on 4 October 2011, Soft HK was owned as to 85% by Mr. Ngan, 10% by Mr. Zeng, and 5% by Zhang Baipiao, respectively.

On 12 September 2014, Mr. Ngan acquired 50 shares of Soft HK from Zhang Baipiao for a consideration of HK$50 which was at par value and determined with reference to historical payment made by Zhang Baipiao. Upon completion of the share transfer on the same date, Soft HK was owned as to 90% by Mr. Ngan and 10% by Mr. Zeng, respectively.

On 26 April 2024, Soft BVI acquired the entire interest of Soft HK from Mr. Ngan and Mr. Zeng as part of the Reorganisation. See the paragraph headed "— Reorganisation" below for further details of such acquisition. Since the completion of the transfer on 26 April 2024 and until the Latest Practicable Date, Soft HK has been wholly owned by Soft BVI.

Insoftb China

Insoftb China was established as a limited liability company in the PRC on 30 November 2010 with a registered capital of US$10 million and since then until the Latest Practicable Date, it has been wholly owned by Soft HK.

Insoftb China is primarily engaged in production of hygiene products and disposable medical products, among others.

Insoftb New Material

Insoftb New Material was established as a limited liability company in the PRC on 7 August 2020 with a registered capital of RMB100 million and since then until the Latest Practicable Date, it has been wholly owned by Insoftb China.

Insoftb New Material is primarily engaged in production of industrial textile products and sales of personal hygiene products, among others.

Blue Giant Hygiene Products

Blue Giant Hygiene Products was established as a limited liability company in the PRC on 22 December 2016 with a registered capital of RMB10 million and was wholly owned by Blue Giant E-commerce at the time of its establishment. Blue Giant E-commerce is a company established under the laws of the PRC with limited liability on 26 October 2015. Immediately prior to the deregistration of Blue Giant E-commerce on 8 October 2023, it was wholly owned by Insoftb China, which in turn was 100% owned by Soft HK, where Soft HK was owned 90% by Mr. Ngan and 10% by Mr. Zeng.

From the establishment of Blue Giant Hygiene Products until 1 April 2021, Blue Giant Hygiene Products was wholly owned by Blue Giant E-commerce, which was in turn wholly owned by Insoftb China, thus Blue Giant Hygiene Products was indirectly wholly owned by Insoftb China. On 1 April 2021, Insoftb China acquired the entire equity interest in Blue Giant Hygiene Products from Blue Giant E-commerce for nil consideration as (i) Blue Giant E-commerce has not made any capital contribution to Blue Giant Hygiene Products up to the date of transfer; (ii) Blue Giant Hygiene Products had a negative net asset value, reflecting its operating losses; and (iii) a result of arm's length negotiations between the parties. Our Directors take the view that such nil consideration would not cause any material adverse impact on our business, financial condition and results of operations. Since the completion of the transfer on 1 April 2021 and until the Latest Practicable Date, Blue Giant Hygiene Products has been wholly owned by Insoftb China.

Blue Giant Hygiene Products has been owned by Insoftb China as a subsidiary since its incorporation. The Directors are of the opinion that Blue Giant Hygiene Products is under common control of the Controlling Shareholder for the purpose of applying merger accounting.

Blue Giant Hygiene Products is primarily engaged in production of hygiene products and disposable medical products, among others.

Chuzhou Insoftb

Chuzhou Insoftb was established as a limited liability company in the PRC on 6 March 2013 with a registered capital of RMB5 million and since then until the Latest Practicable Date, it has been wholly owned by Insoftb China.

Chuzhou Insoftb is primarily engaged in production and sales of diapers, wet wipes, sanitary napkins, sanitary pads, household paper, among others.

Heynckes Trading

Heynckes Trading was established as a limited liability company in the PRC on 23 May 2018 with a registered capital of RMB10 million by Tang Maohua (唐茂華) and Hu Xiaojun (胡曉軍), each of whom is an Independent Third Party. On 16 December 2020, Mr. Zeng acquired the entire equity interest in Heynckes Trading from Tang Maohua and Hu Xiaojun at nil consideration as Tang Maohua and Hu Xiaojun have not yet made any capital contribution to Heynckes Trading up to the date of transfer and after arm's length negotiations between the parties. Pursuant to the sole shareholder's resolution dated 10 March 2021, each of Mr. Zeng and Mr. Gao agreed to provide RMB5 million and RMB4 million as additional capital contribution to Heynckes Trading, respectively. Immediately after such increase in registered capital, Heynckes Trading was owned as to 60% by Mr. Zeng and 40% by Mr. Gao. On 29 July 2021, Insoftb China acquired the entire equity interest in Heynckes Trading from Mr. Gao and Mr. Zeng for nil consideration as (i) Mr. Zeng and Mr. Gao have not yet made any capital contribution to Heynckes Trading up to the date of transfer; and (ii) a result of arm's length negotiations between the parties. Our Directors take the view that such nil consideration would not cause any material adverse impact on our business, financial condition and results of operations. Since the completion of the transfer on 29 July 2021 and until the Latest Practicable Date, Heynckes Trading has been wholly owned by Insoftb China.

Heynckes Trading is primarily engaged in sales of pet supplies and personal hygiene products, among others.

MAJOR ACQUISITIONS AND DISPOSALS

Acquisition of Jinjiang Libaida

Jinjiang Libaida has been principally engaged in sale of hygiene products and disposable medical products, among others. During the Track Record Period, Jinjiang Libaida focused on operating e-stores under our "Misecr" or our "Insoftb" brands on various third-party pureplay e-commerce platforms exclusively for onward sales of our feminine care and babycare products to end consumers. During the Track Record Period, our Directors are of the view that (i) the sales to Jinjiang Libaida was supported by genuine demand from the end consumers; and (ii) the salient terms of the agreements and the terms of transactions with Jinjiang Libaida were substantially the same as other independent third party customers and that the transactions were conducted on normal commercial terms and arm's length basis.

After considering the synergy between Jinjiang Libaida and our Group based on Jinjiang Libida being the key operator of running the "Misecr" brand flagship e-stores exclusively for our feminine care products, and aiming to achieve consolidated resources and unified management in preparation for the Listing, our Directors believe that the acquisition of Jinjiang Libida is in the interests of our Company and our Shareholders as a whole.

Pursuant to the equity transfer agreements both dated 27 October 2023 entered into between (i) Mr. Zeng and Insoftb China; and (ii) Yan Danbin (顏丹彬), an Independent Third Party, and Insoftb China; each of Mr. Zeng and Yan Danbin (顏丹彬) agreed to transfer 51% and 49% equity interests in Jinjiang Libaida to Insoftb China for a consideration of approximately RMB0.55 million and RMB0.53 million, respectively. Such consideration was based on the valuation of 100% equity interest of Jinjiang Libaida of approximately RMB1.08 million as at 21 October 2023 prepared by an independent valuer with reference to the net asset value of Jinjiang Libaida as at the same date. Upon completion of such equity transfer on 27 October 2023, Jinjiang Libaida became a wholly owned subsidiary of Insoftb China and an indirect wholly owned subsidiary of our Company.

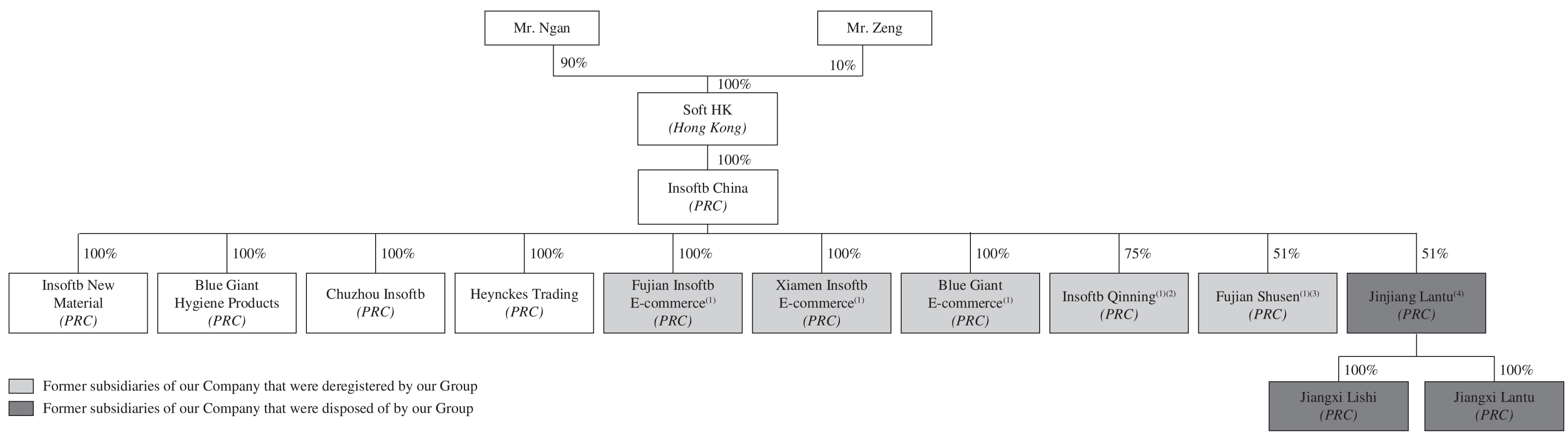
Based on the unaudited management accounts of Jinjiang Libaida, it recorded revenue of approximately RMB1.9 million, RMB1.1 million, and RMB44.5 million, respectively, for FY2021, FY2022 and FY2023 (immediately prior to the acquisition). We incurred gross loss of approximately RMB0.4 million, gross profit of approximately RMB0.5 million and gross profit of approximately RMB16.1 million from our sales to Jinjiang Libaida for the same period, respectively. The increases in revenue and gross profit of Jinjiang Libaida in FY2023 were mainly due to increased D2C sale of our sanitary pants on the "Misecr" e-stores operated by Jinjiang Libaida. To the best knowledge, information and belief of our Directors after having made reasonable due diligence inquiries, according to the unaudited management accounts of Jinjiang Libaida, it recorded a significant loss of approximately RMB16.5 million in FY2023 (immediately prior to the acquisition) mainly due to online sales and promotion expenses incurred for that period which was generally in line with the opening and operating of "Misecr" flagship e-stores on several third-party pureplay digital platforms. Please refer to the section headed "Financial Information — Feminine care products" and note 30 to the Accountants' Report in this prospectus for more details.

During the Track Record Period and up to the Latest Practicable Date, save as disclosed above and in the paragraph headed "— Reorganisation" below and conducted as part of the Reorganisation, we did not conduct any major acquisitions, disposals or mergers.

REORGANISATION

Group Structure Immediately Prior to the Reorganisation

The corporate chart below illustrates the shareholding structure of our Group immediately prior to the Reorganisation:



Notes:

(1) Deregistered by our Group in the second half of 2023 after considering the potential impact in development plan in the Internet content provider industry resulting from the changing environment in the industry.

(2) The remaining 25% interest in Insoftb Qinning was owned by Zhang Yu (張雨) who is an Independent Third Party.

(3) The remaining 49% interest in Fujian Shusen was owned as to 40% by Jinjiang Xiwu Trading Co., Ltd.* (晉江市熹舞商貿有限公司) and 9% by Cai Yuanyang (蔡遠陽). Each of Jinjiang Xiwu Trading Co., Ltd.*, its beneficial owners and Cai Yuanyang are Independent Third Parties.

(4) The remaining 49% interest in Jinjiang Lantu was owned by Nanchang Niu Le Ge Niu Enterprise Management Consultancy Centre (Limited Partnership)* (南昌牛了個牛企業管理諮詢中心(有限合夥)) immediately prior to the Reorganisation. In September 2023, Insoftb China transferred its 51% equity interest in Jinjiang Lantu to Zhang Anli (張安莉). See paragraph headed "Disposal of Jinjiang Lantu" below for further details of such disposal. Each of Zhang Anli, Nanchang Niu Le Ge Niu Enterprise Management Consultancy Centre (Limited Partnership)* and its beneficial owners are Independent Third Parties. Each of Jiangxi Lishi and Jiangxi Lantu was wholly owned by Jinjiang Lantu immediately prior to the Reorganisation.

In preparation for the Global Offering, we underwent the following Reorganisation:

1. Incorporation of the Offshore Group Companies

(i) Incorporation of Our Company

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on 22 November 2023. At the time of incorporation, the initial authorised share capital of our Company was HK$380,000 divided into 38,000,000 Shares having a par value of HK$0.01 each. On 22 November 2023, one subscriber Share of our Company was issued to Ogier Global Subscriber (Cayman) Limited, the subscriber, credited as fully-paid, which was subsequently transferred to Softo BVI on 15 December 2023.

On 23 April 2024, our Company allotted and issued 499,499 Shares, 160,000 Shares, 150,500 Shares, 50,500 Shares and 39,500 Shares to Softo BVI, Wish BVI, Galaxey BVI, Aspiring BVI and Ambition BVI, respectively, for consideration at par credited as fully-paid.

On 26 April 2024, our Company allotted and issued 90,000 Shares and 10,000 Shares at par credited as fully-paid to Softo BVI and Aspiring BVI as consideration of our Group's acquisition of the entire issued share capital of Soft HK from Mr. Ngan and Mr. Zeng, respectively. On 6 May 2024, each Share with a par value of HK$0.01 each was subdivided into 100 Shares with a par value of HK$0.0001 each, and the authorised share capital of the Company become HK$380,000 divided into 3,800,000,000 Shares with a par value of HK$0.0001 each. All the subdivided Shares rank *pari passu* in all respects with each other. Upon completion of the said share issuances on 26 April 2024 and subdivision on 6 May 2024, our Company was owned by Softo BVI as to 58.95%, Wish BVI as to 16.00%, Galaxey BVI as to 15.05%, Aspiring BVI as to 6.05% and Ambition BVI as to 3.95%.

(ii) Incorporation of Soft BVI

Soft BVI was incorporated under the laws of the BVI with limited liability on 27 December 2023. Soft BVI is authorised to issue a maximum of 50,000 shares without par value each of a single class. On the same day, one share of Soft BVI was allotted and issued to our Company and credited as fully-paid.

2. Deregistration of PRC subsidiaries

Fujian Insoftb E-commerce, Blue Giant E-commerce, Xiamen Insoftb E-commerce, Fujian Shusen, Insoftb Qinning (the "**Deregistered Subsidiaries**") were established with our initial plan to develop our own e-commerce platforms exclusively for the D2C sales of our products. Considering the potential impact in development plan in the internet content provider industry resulting from the changing environment in the industry, we decided to rely on third-party pureplay e-commerce platforms instead of establishing our own e-commerce platforms. Accordingly, the Deregistered Subsidiaries gradually ceased operation and were deregistered in the second half of 2023 (the "**Deregistrations**"). Based on the unaudited management accounts of the Deregistered Subsidiaries, the revenue of the Deregistered Subsidiaries, before their respective deregistrations was, in aggregate, approximately RMB4.9 million, RMB1.4 million and RMB0.3 million during FY2021, FY2022 and FY2023 (immediately prior to the Deregistrations), respectively. The net loss of Deregistered Subsidiaries, before their respective Deregistrations was, in aggregate, approximately RMB2.8 million, RMB2.2 million and RMB1.1 million during FY2021, FY2022 and FY2023 (immediately prior to the Deregistrations), 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.

Set out below are the details of the Deregistered Subsidiaries:-

No.	Entity	Principal business activities immediately prior to the deregistration	% of shareholding owned by our Group immediately prior to the deregistration	Registered capital/ Share capital immediately prior to the deregistration	Date of establishment and commencement of business	Date of deregistration
1.	Fujian Shusen	Providing network technology services and wholesale and retail of cosmetics, among others	51%(1)	RMB10 million	3 February 2021	16 August 2023
2.	Xiamen Insoftb E-commerce	Online sales (other than sales of regulated goods) of maternity and baby products	100%	RMB5 million	14 August 2020	22 September 2023
3.	Fujian Insoftb E-commerce	Online sales (other than sales of regulated goods) of personal hygiene products, among others	100%	RMB5.28 million	17 June 2014	28 September 2023
4.	Blue Giant E-commerce	Provision of online technology services and online sales (other than sales of regulated goods)	100%	RMB10 million	26 October 2015	8 October 2023
5.	Insoftb Qinning	Sales of personal hygiene products, among others	75%(2)	RMB10 million	9 January 2020	24 October 2023

Notes:

(1) The remaining 49% interest in Fujian Shusen was owned as to 40% by Jinjiang Xiwu Trading Co., Ltd.* (晉江市熹舞商貿有限公司) and 9% by Cai Yuanyang (蔡遠陽). Each of Jinjiang Xiwu Trading Co., Ltd.* and its beneficial owners and Cai Yuanyang are Independent Third Parties.

(2) The remaining 25% interest in Insoftb Qinning was owned by Zhang Yu (張雨) who is an Independent Third Party.

3. Disposal of Jinjiang Lantu

Jinjiang Lantu (together with its subsidiaries, namely Jiangxi Lishi and Jiangxi Lantu, collectively "**Lantu Group**") was established in the PRC on 30 November 2022 and was owned by Insoft China and Nanchang Niu Le Ge Niu Enterprise Management Consultancy Centre (Limited Partnership)* (南昌牛了個牛企業管理諮詢中心(有限合夥)) ("**Niu Le Ge Niu**"), an Independent Third Party holding equity interests of approximately 51% and 49%, respectively. The initial plan for establishing Lantu Group was to set up its own e-commerce platform exclusively for sales of feminine care products under new brands "Lishi" (麗氏) and "Duowei" (朵唯). Considering the potential impact in the development plan in the internet content provider industry resulting from the changing environment in the industry, and in order to focus on development of our core feminine care brand "Misecr" (五月私語) which has a longer operating history than "Lishi" (麗氏) and "Duowei" (朵唯), Insoftb China entered into an equity transfer agreement on 27 September 2023 with Zhang Anli (張安莉), pursuant to which Insoftb China transferred its 51% equity interest in Jinjiang Lantu comprising its investments in its subsidiaries and the "Lishi" and "Duowei" brands for a consideration of approximately RMB1.79 million which was determined after an arm length's negotiation based on the valuation of 100% equity interest of Jinjiang Lantu of approximately RMB3.49 million as at 31 July 2023 prepared by an independent valuer with reference to the net assets of Jinjiang Lantu. Lantu Group primarily engaged in sales of "Lishi" sanitary pants purchased from our Group for onward sales to end consumers through its e-stores since its establishment in November 2022 and immediately prior to the disposal.

Upon completion of such equity transfer on 28 September 2023, Jinjiang Lantu was owned as to 51% by Zhang Anli and 49% by Nanchang Niu Le Ge Niu Enterprise Management Consultancy Centre (Limited Partnership)* (南昌牛了個牛企業管理諮詢中心(有限合夥)). Each of Zhang Anli, Niu Le Ge Niu Enterprise Management Consultancy Centre (Limited Partnership)* and its beneficial owner, Wei Qiang (魏強) and Zheng Jianchun (鄭建春), are Independent Third Parties. Since then, Lantu Group ceased to be a member of our Group and "Lishi" and "Duowei" was no longer our product brand.

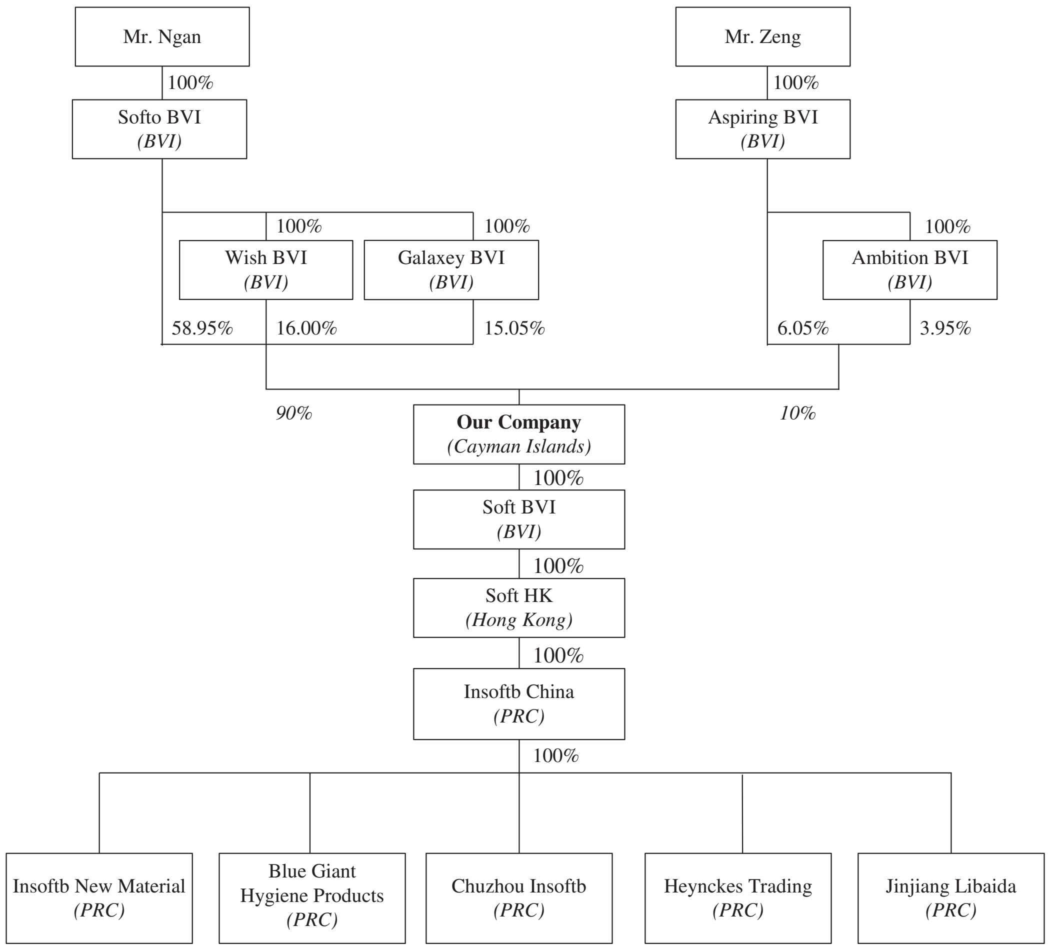
As advised by our PRC Legal Advisers, (i) the disposal of Jinjiang Lantu was lawful, valid and in compliance with the relevant PRC legal requirements; (ii) Jinjiang Lantu had not been involved in any material claim, complaint, investigation or litigation immediately prior to the disposal; and (iii) there was not any material non-compliance, administrative fine or penalty against Jinjiang Lantu since its establishment in November 2022 and up to the disposal in September 2023.

4. Acquisition of Soft HK

On 26 April 2024, our Company, Soft BVI, Mr. Ngan and Mr. Zeng entered into a share transfer agreement pursuant to which the Company agreed to acquire 90% and 10% issued shares of Soft HK from Mr. Ngan and Mr. Zeng in consideration of issuance of 90,000 Shares and 10,000 Shares with their par value of HK$0.01 each to Softo BVI and Aspiring BVI, respectively. Immediately after completion of such share transfer on 26 April 2024, Soft HK became an indirect wholly owned subsidiary of our Company.

Group Structure after completion of the Reorganisation

The corporate chart below illustrates the shareholding structure of our Group after completion of the Reorganisation and prior to the Capitalisation Issue and the Global Offering:

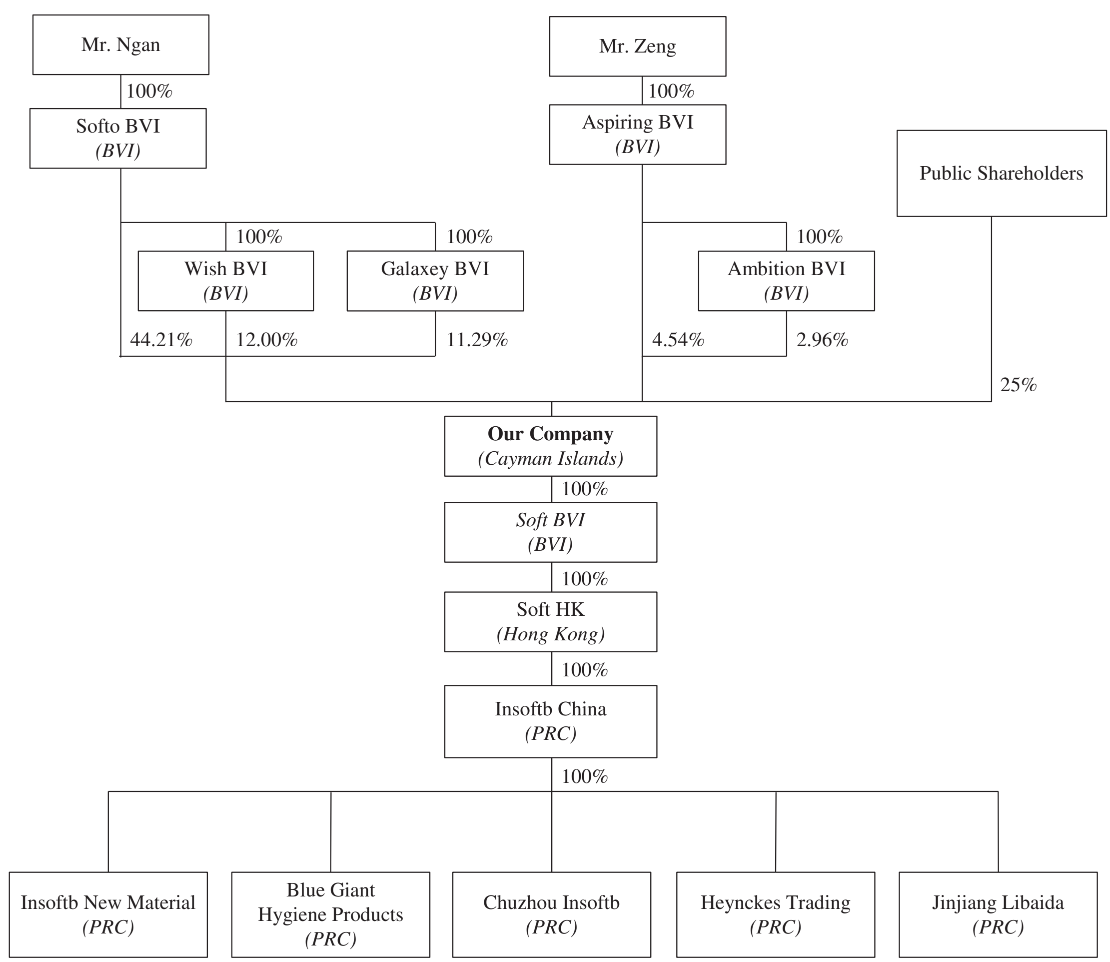


Capitalisation Issue and Global Offering

Conditional on the share premium account of our Company being credited as a result of the Global Offering, HK$65,000 will be capitalised and applied in paying up in full at par a total of 650,000,000 Shares for allotment and issue to Shareholders registered in the register of members of our Company on 10 March 2025 and such Shares to be allotted and issued shall rank *pari passu* in all respects with the then existing issued Shares of our Company.

Group Structure Immediately Upon Completion of the Capitalisation Issue and the Global Offering

The corporate chart below illustrates the shareholding structure of our Group immediately after the Reorganisation, the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised):



PUBLIC FLOAT

The Shares held by Mr. Ngan, our Controlling Shareholders and executive Director, and Mr. Zeng, our executive Director, representing approximately 75% of our total issued Shares upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised), will not be counted towards public float.

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 Global Offering) will count towards the public float for the purposes of Rule 8.08 of the Listing Rules.

PRC REGULATORY REQUIREMENTS

Our PRC Legal Advisers confirmed that the establishment of each of our subsidiaries in China and their subsequent shareholding changes have complied with the relevant laws and regulations in all material respects.

Our PRC Legal Advisers have confirmed that all material regulatory approvals in relation to the equity transfers in respect of the PRC companies in our Group as described above have been obtained, the equity transfers have been legally completed in accordance with the relevant equity transfer agreements, and the procedures involved have been carried out in accordance with applicable PRC laws and regulations.

The Rules on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors in the PRC ("M&A Rules")

According to the Provisions on the Merger and Acquisition of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) ("**Circular 10**") jointly issued by MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the State Administration of Taxation, the CSRC, the State Administration of Industry and Commerce and the SAFE on 8 August 2006 and effective as at 8 September 2006 and amended on 22 June 2009, where a domestic company, enterprise or natural person intends to acquire its or his/her related domestic company in the name of an offshore company which it or he/she lawfully established or controls, the acquisition shall be subject to the examination and approval of the MOFCOM, and where a domestic company or natural person holds an equity interests in a domestic company through an offshore special purpose company, any overseas listing of that special purpose company shall be subject to approval by the CSRC.

According to the Circular 10, the parties involved in a merger and acquisition shall use the value of the equity proposed to be transferred or the valuation outcomes of the assets proposed to be sold as evaluated by an assets valuation organization as the basis for determination of the transaction price. In July 2021 and April 2021, Insoftb China acquired 100% of the equity held by the former shareholders of Heynckes Trading and Blue Giant Hygiene Products (the "**Acquisitions**"), respectively, failing to use the equity appraisal value as the basis for determining the transaction price in accordance with the Circular 10.

Based on the following confirmations from the Jinjiang Municipal Bureau of Commerce: (i) Insoftb China has completed the necessary registration and filing procedures for the Acquisitions. The consideration for the equity acquisition of Hynckes Trading and Blue Giant Hygiene Products is nil; (ii) the Acquisitions are considered an investment behavior within the territory of China by foreign-invested enterprises as stipulated in the "Interim Provisions on Domestic Investment by Foreign-Invested Enterprises (2015 Revision) 《關於外商投資企業境內投資的暫定規定(2015修正)》". In accordance with the "Regulations on the Registration of Companies 《公司登記管理條例》", an application for change of registration was made to the original approving authority. The Acquisitions do not fall under the circumstances requiring approval by the commerce department, as stipulated in Circular 10; and (iii) from the establishment of Insoftb China to the date of issuance of this confirmation, there has been no administrative penalty imposed by the Bureau for violations of laws and regulations related to foreign investment, as advised by our PRC Legal Advisers, Insoftb China failed to determine the transaction price based on the appraisal value of such equity in its acquisition of Heynckes Trading and Blue Giant Hygiene Products in China did not constitute a material legal defect.

As advised by our PRC Legal Advisers, since Insoftb China was wholly owned by Soft HK which is controlled by Mr. Ngan (a resident of the Macau Special Administrative Region), the Reorganisation did not involve a merger and acquisition of equity interest as mentioned in Article 11 of Circular 10, and hence, the Article 11 of Circular 10 do not apply to the Reorganisation. Given the economic development, the change in the market environment and optimization of regulatory system, the Article 11 of Circular 10 may be adjusted and improved, resulting in the change in the interpretation by regulatory authorities. Insoftb China will actively maintain communication with regulatory authorities to ensure that its operations will comply with regulatory requirements.

As advised by our PRC Legal Advisers, except for the legal defect that Insoftb China failed to use the appraisal value of such equity interests as the basis for determining the transfer price of the acquisition of equity interests in Heynckes Trading and Blue Giant Hygiene Products, the Reorganisation has complied with all applicable PRC laws and regulations.

SAFE Registration in the PRC

The Circular of the SAFE on Issues concerning Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via 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) ("**Circular 37**") was promulgated by SAFE on 4 July 2014 and took effect on the same day. According to Circular 37, a domestic resident shall, before contributing lawful domestic and overseas assets or interests to a special purpose vehicle, register with the SAFE or its local branch to effect foreign exchange registration.

Pursuant to the Notice on Further Simplifying and Improving the Foreign Exchange Management Policies for 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) ("**Circular 13**"), which was promulgated by SAFE and became effective on 1 June 2015, SAFE cancelled the requirement for foreign exchange registration approval for overseas direct investment. The banks would directly review and carry out foreign exchange registration, and SAFE and its branches shall, through the banks, supervise the foreign exchange registration of overseas direct investments.

As advised by our PRC Legal Advisers, (i) Mr. Zeng has completed the registration pursuant to the foregoing circulars in relation to its offshore investment as PRC resident, on 29 February 2024; and (ii) Mr. Ngan is not required to complete the registration pursuant to the aforementioned circulars, as he is also a permanent resident of Macau.

OVERVIEW

We are principally engaged in the development, manufacture and sale of personal hygienic disposables (such as babycare, feminine care and adult incontinence products) based in China, specialising in babycare category for emerging markets in Eurasia. We were ranked as the second largest exporter of babycare disposable hygienic products to Russia from China in terms of export value in 2023, with a market share of approximately 3.7% of the export value of babycare hygienic disposables in 2023 according to the Frost & Sullivan Report.

Revenue Generation and Business Segments

During the Track Record Period, we generated revenue primarily through two main business segments: Contract Manufacturing, which contributed the majority of our revenue; and Branded Product Business, which contributed to a lesser extent. These segments are distinguished by their sales modes, customer types, and commercial relationships.

- **Contract Manufacturing:** under this segment, we primarily manufacture and sell babycare products as an Original Design Manufacturer (ODM) to business customers, including independent retailers and babycare brand owners. Our Contract Manufacturing products carry their brands for export from China into countries in Eurasia. We serve major business customers including top-tier Russian children's goods retailers and international brands, customising products to their specifications. This segment focuses mainly on export markets and predominantly produces babycare products.

- **Branded Product Business:** we manufacture, market, and sell products under our own brands in China under this segment, which we operate primarily through a Direct-to-Consumer (D2C) sales model utilising self-operated e-stores and third-party operated e-stores on major digital platforms in China. These platforms include traditional e-commerce channels such as Pinduoduo, Tmall, and JD.com, as well as social media and short video platforms like Douyin and Kuaishou. As at 30 September 2024, we operated more than approximately 30 e-stores for our D2C sales, all self-operated following the Reorganisation. This segment offers a broader range of our branded products including babycare products under "Insoftb", feminine care products under "Misecr", and adult incontinence products under "Cosoftb".

Our flagship babycare brand "Insoftb" (嬰舒寶) was recognised by the Government of Fujian Province as a "2016 Fujian Famous Brand Products" (2016年度福建名牌產品). We were also recognised as a "2018 China Diaper Industry Top 10 Enterprise" (2018年度中國嬰兒紙尿褲行業十強企業) by the Household Paper Professional Committee of the China Paper Association (中國造紙協會生活用紙專業委員會). In addition, we were shortlisted as one of the major drafters of the formulation of the currently applicable national standard for baby disposable diapers revised in 2021.

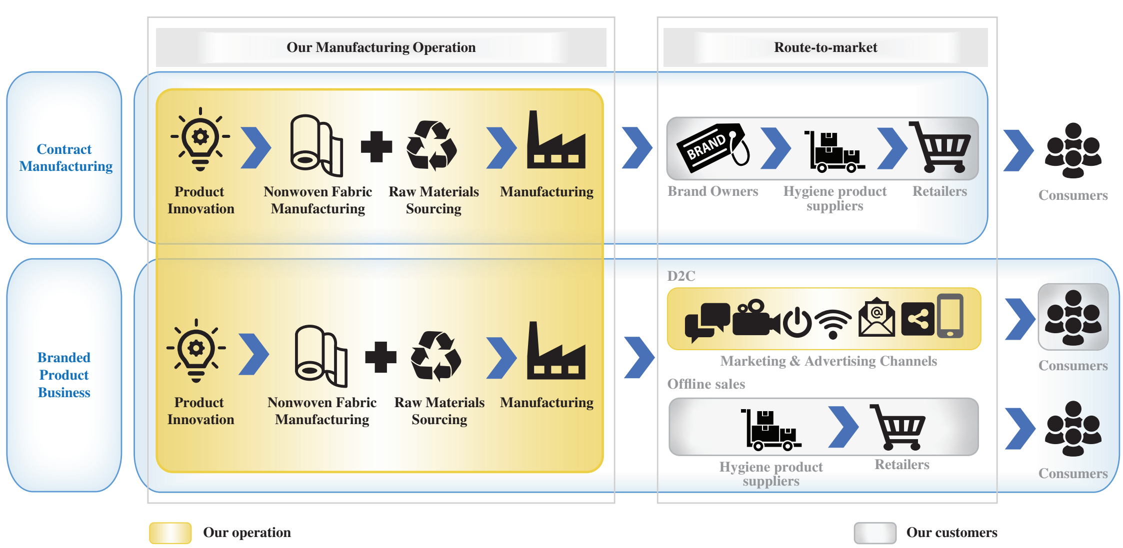
Alongside the rising consumer awareness about hygiene and eco-sustainability worldwide, we manufacture nonwoven fabrics, a raw material critical to the manufacture of most hygienic disposables, at our own Nonwoven Fabric Facilities for our own use, and to a lesser extent, to independent raw material suppliers and manufacturers of hygiene and personal care products in China. Our Directors believe that manufacturing our own nonwoven fabrics allows us to ensure stable supply as well as giving us greater control and thus assurance over the quality of this key raw material.

OUR BUSINESS MODEL

Throughout over 14 years of operation, we have established a vertically integrated manufacturing operation from product development, nonwoven fabric manufacturing, raw material sourcing, manufacturing, quality control, warehousing to logistics management across all our core product categories. With one-stop supply chain management solution and supported by our fully automated production and warehousing facilities, we can respond faster to customers' needs, providing higher output and uniform quality and continuously optimising operational efficiency.

The rapid development of e-commerce all over the world in recent years has assisted us to not only overcome our lack of physical establishments, but also build our presence through multiple digital online and social media platforms. To cope with this trend, we strive to develop "Direct-to-Consumer" (D2C) model where we directly market and sell our branded products to end consumers through third-party pureplay digital platforms. We build direct connections with consumers and can interact with them along the entire consumer journey from customer acquisition to delivery to service.

The diagram below illustrates our business model as at the Latest Practicable Date:



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:

Focus on attractive product categories with favourable market dynamics

We are focused on offering quality baby and personal hygienic disposables which are critical to the hygienic and personal care of consumers from infancy to old age. Our core babycare product category is the largest segment of the hygienic disposable industry in China export and domestic markets, where it accounted for over approximately 58.8% and 38.5% of the aggregate export value and retail sales value respectively in 2023 according to the Frost & Sullivan Report. Baby diapers are non-discretionary consumer staples that benefit from a relative inelasticity of demand, which contributes to stable growth regardless of general economic trends. We have experienced a growth in sales of our babycare products from approximately RMB228.5 million in FY2021 to RMB468.0 million in FY2023, representing a CAGR of approximately 43.3% during the period from 2021 to 2023. Due to their non-discretionary nature, demand for our babycare products is generally not subject to seasonality.

We hold a strong presence in several key emerging markets in Eurasia, benefiting from favourable demographic trends. Europe and Asia accounted for approximately 24.4% and 36.8%, respectively, of the global hygienic disposable industry in 2023 with a CAGR of approximately 2.3% and 4.1%, respectively, from 2023 to 2028, according to the Frost & Sullivan Report. Whilst the population is expected to be relatively stable in these countries, rising living standards and hygiene consciousness will result in consumers increasingly purchasing affordable premium brands or private labels for babycare hygienic disposables instead of historical leading brands. The increasing number of working women and ageing population across many emerging markets are also major growth factors propelling the overall personal hygienic disposable industry. The growth potential for baby and feminine care sectors is also substantial in Southeast Asia where market penetration is significantly lower than in mature markets and where urbanisation, infrastructure, retail trade and standards of living have been improving, with more people prioritising hygiene and health. Our Directors believe that our product portfolio across attractive categories allows us to dynamically capitalise on and respond to current trends impacting our categories and geographic markets.

As advised by our International Sanctions Legal Advisers, as at the Latest Practicable Date, our sales to the Relevant Regions did not violate any applicable International Sanctions. We have seized growth opportunities from the surging demand for private labels in Russia by expanding our contract manufacturing solutions to leading Russian nationwide retailers. This has provided resilience across economic cycles, as exemplified during the COVID-19 pandemic, where increased demand for our private label products from Russian retailers balanced the reduced demand from lost usage occasions due to various factors affecting the sale of our branded products in China. Our sales attributable to our Contract Manufacturing business largely for our private label products grew from approximately RMB170.4 million in FY2021 to RMB448.4 million in FY2023, representing a CAGR of approximately 62.2% during the period from 2021 to 2023. Our Directors believe that we have the potential to grow at a rate faster than that of the overall baby and personal hygienic disposable industry by growing the share of private label brands.

Strong relationships with large retailers and renowned brands

We are an established Chinese manufacturer for export sale of babycare hygienic disposables. We were ranked as the second largest Chinese supplier of babycare hygienic disposables to Russia in terms of export value in 2023 according to Frost & Sullivan Report. Having long years of international trade and track record of serving renowned baby diaper brands in Eurasia, we are among the early movers in offering private label products and solutions to leading retailers in Russia and across Eurasia and have established relationships with them for over eight years. We have become a significant Chinese source provider of hygienic disposable products to our Russian retailer customers. Our Directors believe that our babycare products are of strategic importance to our retailer customers in Russia, as they are key drivers of traffic in their stores and attract key demographics, including households with children, and therefore are drivers of revenue and profit. This has been demonstrated by incremental increases in order volume placed by Russian Top-tier Retailer to us for five consecutive times since the framework supply agreement first entered into in 2020 with several supplemental framework supply agreements until December 2023. We have also successfully extended the terms of our framework supply agreement for a term up to 31 December 2030. Our Directors believe that the exit of historical international brands in Russia has further heightened the strategic importance of our babycare products to retailers due to their need for credible alternatives and partners that can develop their private label brands with them. Our Directors believe that we leverage these relationships to enable us to grow with our business customers as they expand their businesses.

Other than Russian Top-tier Retailer, one of the largest children's goods retailers in Russia, we also provided private label products to a leading Japanese children's goods chain listed on the Tokyo Stock Exchange with over approximately 1,000 stores across Japan in 2023 and revenue of over approximately JPY170 billion for the year ended 29 February 2024. Our Directors believe that our early mover advantage and track record of offering private label products and solutions enables us to reinforce our position and continuously capture the fast growth of private label sector in the industry. In addition to private labels by leading retailers, we also served a number of major international brand owners during the Track Record Period, including but not limited to a Fortune 500-listed American multinational personal care product manufacturer listed on the New York Stock Exchange with sales in more than approximately 175 countries and revenue of over approximately US$20 billion in 2023 for its Indonesia market and a babycare brand marketed as Australian certified, cruelty-free and eco-friendly in, among other regions, its Malaysia market. Since 2023, we also commenced producing products for a major Chinese manufacturer of household paper and personal care hygiene products listed on the Main Board of the Stock Exchange with revenue of over approximately HK$19 billion in 2023 for its Malaysia and Singapore markets.

Expanding D2C presence to drive accessibility

Our portfolio of brands was built allowing us to deliver essential hygiene solutions to consumers across multiple categories, that helps create bonds with our consumers. Our flagship babycare brands "Insoftb" (嬰舒寶) was recognised by Government of Fujian Province as a "2016 Fujian Famous Brand Products" (2016年度福建名牌產品). We were also recognised as a "2018 China Diaper Industry Top 10 Enterprise" (2018年度中國嬰兒紙尿褲行業十強企業) by the Household Paper Professional Committee of the China Paper Association (中國造紙協會生活用紙專業委員會). We strive to meet evolving consumer values, including growing interests in sustainability, which further deepens consumers' trust in and loyalty to our brands. We recognise that developing and maintaining the reputation of our brands is a critical component of our relationship with consumers, customers and other third-party partners.

We have deepened our consumer relationships based on our D2C strategy primarily in China during the Track Record Period. We produce highly relevant content and engage with consumers through multiple touchpoints, including our social media presence where we reached more than approximately three million followers across our social media accounts, and other digital mediums as at 30 September 2024. Our Directors believe that our ability to own and nurture our consumer relationships represents a meaningful competitive advantage over traditional industry players, who largely rely on retailers and traditional mediums to sell their products. These relationships with our consumers inform our product innovation and allow us to move faster to bring new and improved products to the market. We activate it via our social media and digital marketing capabilities, to differentiate our brand and build direct consumer relationships.

Our multi-channel D2C presence across our complementary digital and retail channels allows us to meet our consumers however they want to shop, mirroring their shopping behaviour and providing availability and accessibility. Our approach has driven brand building and organic lead generation, while maximising consumer connection, experience and accessibility to encourage long-term consumer relationships. Our digital channels are comprised of third-party pureplay digital platforms, as well as social media, live streaming and short video channels, which enable us to maintain direct relationships with our consumers, influence brand experience and better understand consumer preferences and behaviour. Our retail channels mainly include retailers and traditional mediums that increase accessibility of our products to more consumers. Our strategy has allowed us to efficiently scale our Branded Business while making us agnostic to the channel where consumers purchase our branded products.

Operational efficiency driven by strong manufacturing capabilities

Through our continuous investment in our production facilities and our knowledge regarding raw materials and production technologies, which we have accumulated over a long period of time, we have mastered these technologies and are able to manage a high level of complexity, which is demonstrated by the wide range of SKUs that we produce, which involve different sizes, concepts and absorption levels while maintaining high quality standards. This enables us to meet our customers' demands for new and differentiated products and to provide them with high quality products that are competitive with those offered by our competitors. Our ability to supply high quality products is of paramount importance in terms of retaining and winning business from our business customers as well as driving consumer satisfaction of our branded products.

We have established a significant scale of manufacturing capacity consisting a total of 17 fully automated production lines for all our major product categories as at 30 September 2024. Our overall scale has also allowed us to develop strong manufacturing capabilities, which have enabled us to continuously optimise our cost base, while the breadth of our production lines allows us to respond quickly and effectively to changes in customers' requirements. We believe our scale also supports our product innovation and allows us to maintain a R&D and quality control team of more than approximately 30 personnels as at 30 September 2024. This in turn permits us to conduct continuous research development in order to consistently offer products of comparable quality and product features to those of our competitors and to continue to deliver innovations and cost saving opportunities. Our research and development capability is reflected from, among other things, the 47 registered patents in the PRC that we have obtained as at the Latest Practicable Date. In addition, we were shortlisted as one of the major drafters of the formulation of the currently applicable national standard for baby disposable diapers revised in 2021.

Our Directors believe that the quality of nonwoven fabrics used in our hygienic disposable products is critical to their quality, which will further differentiate us from our competitors and foster a barrier to entry. Leveraging our insights into fabrics and materials accumulated in the hygienic disposable production process, we have been able to apply our know-how and offer recommendations on nonwoven fabrics to be applied in our production process and to suit our customers' needs. Besides, our inhouse Nonwoven Fabric Facilities enable us to save procurement costs of nonwoven fabrics to protect ourselves against volatility in commodity prices, ensure stable supply as well as giving us greater control and thus assurance over the quality of this key raw material.

Our fully automated warehousing facilities are the backbone of our D2C e-commerce operations, acting as hubs for storing and managing inventory. Our warehousing facilities make use of automation technologies in existence for order fulfilment, with rapid processing and dispatch, leading to shorter delivery times and increased consumer satisfaction. The real-time tracking of inventory in our warehousing facilities helps businesses maintain optimal stock levels. This, in turn, reduces costs associated with overstocking or understocking. By reducing the need for human labour and minimising errors, our warehousing facilities can significantly reduce operational costs. The speed and accuracy of our warehousing facilities translate to improved customer experiences, which is crucial for retaining and attracting customers and consumers.

Experienced management team

We have an experienced management team led by our founder, Chair, and Controlling Shareholder, Mr. Ngan Pui Kuan (顏培坤), and our executive Director, Mr. Zeng Guodong (曾國棟), both of whom have over 20 years of experience in the baby and personal hygienic disposables industry in China. In particular, Mr. Ngan and our Company were shortlisted as one of the major drafters of the currently applicable national standard for baby disposable diapers revised in 2021. They are responsible for the overall business strategy, development, planning, operational and sales management of our Group. Over the years, they have executed sound business strategies to guide our expansion and the establishment and maintenance of our long-term and stable relationships with international and domestic customers and suppliers.

Both Mr. Ngan and Mr. Zeng are supported by other members of our senior management team, who bring considerable experience in their respective areas and in-depth understanding of the baby and personal hygienic disposables industry in China. We believe that the knowledge and experience of our Chairman, executive Directors and other senior management team members have been important in our success and the development, execution, and optimisation of our business model, and we are well-positioned to achieve further growth and to take advantage of various market opportunities in the future.

OUR BUSINESS STRATEGIES

Market dynamics and potential

Hygienic disposables are non-discretionary consumer staples that benefit from a relative inelasticity of demand, which contributes to stable demand regardless of general economic trends. According to the Frost & Sullivan Report, the hygienic disposable industry keeps growing in Eurasia, but it has undergone a remarkable transformation in recent years, mainly driven by a combination of digitalisation and evolving consumer preferences of the younger generation. Traditionally, consumers were known for their preference for established international brands. However, the younger generation of consumers, in particular Millennials and Gen Z consumers, desire affordable premium brands, giving rise to the fast growth of D2C brands and private labels across many emerging markets in Eurasia.

As many consumers search for more affordable options, private labels readily seized this opportunity, rapidly capturing market share of various emerging markets in Eurasia, especially in Russia. The most popular baby diaper brands among Russians are private labels of local retailers. Many Russian retailers have seen a rapid increase in demand for private-label babycare products, because of the sanctions imposed against Russia since spring 2022. In 2023, most of the private label baby diapers that were supplied to Russian retailers were made in China and Turkey. According to the Frost & Sullivan Report, the export value of babycare hygienic disposables to Russia from China were approximately RMB1,346.1 million in 2023 and is forecasted to continue to increase to approximately RMB2,364.0 million in 2028, representing a CAGR of approximately 14.4% from 2023 to 2028.

In China, Chinese consumers now have higher disposable incomes, leading to an increased focus on quality and brand experience rather than just price. Also thanks to the rise of Guochao, meaning "national wave", homegrown Chinese D2C brands of affordable babycare hygienic disposables have gained immense popularity among consumers. Feminine care and adult incontinence sectors are also on the rise in China mainly due to rising living standards, improved consumer awareness in addition to the continually ageing population. According to the Frost & Sullivan Report, the babycare hygienic disposables, feminine care hygienic disposables and adult incontinence disposables markets in China were approximately RMB50.4 billion, RMB66.3 billion and RMB14.2 billion in 2023, respectively, and are forecasted to grow to approximately RMB58.0 billion, RMB71.6 billion and RMB18.4 billion in 2028, respectively, representing a CAGR of approximately 2.8%, 1.5% and 5.3%, respectively, from 2023 to 2028.

As competition is heating up in China, Chinese hygienic disposable manufacturers are looking abroad to vie for customers in Southeast Asia such as Vietnam, Indonesia and Thailand. These countries register an increasing population well above the global average, representing the third largest global market for babycare hygienic disposables. According to the Frost & Sullivan Report, the hygienic disposables market in Southeast Asia was approximately RMB8.4 billion in 2023 and is projected to grow to approximately RMB11.7 billion by 2028 at a CAGR of approximately 6.9% from 2023 to 2028.

Our business strategies

Our business mission is to provide essential and holistic hygiene solutions for consumer needs in various occasions of all life stages. We aim to achieve this by pursuing the following strategies:

Reinforce the strength and scale of our babycare category and expand our feminine care category

We intend to leverage our decades of experience in baby hygienic disposable industry to further enhance penetration of our babycare products in Eurasia, one of the world's largest addressable markets for baby and personal care products. We also seek to capture further market opportunities in the growing Eurasian feminine care hygienic disposables market. Our planned initiatives include the following:

- *Solidify our relationships with existing retailer customers:* We strive to increase our share of sales and earnings in emerging markets. We plan to capitalise on the growth of private labels in Russia suppliers and attain growth from our existing customer base. We will continue to meet or exceed our customers' requirements for quality and reliability of service and further enhance our ability to deliver diverse value-added services spanning from innovative product development, strong manufacturing capabilities and efficient supply chain. Our Directors believe these initiatives will enable us to maintain customer loyalty, achieve incremental sales and facilitate the launch of new product offerings. This has been exemplified by the renewal of the framework supply agreement in December 2023 with Russian Top-tier Retailer for a term up to 31 December 2030. We will continue to build relationships with leading retailers and aim to act as a main source provider for them across all categories and the various geographies in which they operate, so that we can grow with these customers as they expand their business into other categories or geographies.

- *Selectively enlarge customer base:* We believe that our rapid growth and success is partly attributable to our ability to identify and work with the right customers. We intend to enlarge and diversify our customer base on a strategic basis. When selecting our customers, we consider and evaluate a number of factors, including their brand position, growth potential and innovation requirements. We intend to strategically focus on leading regional retailers and unique lifestyle diaper brands to allow us to efficiently expand our market coverage and reach.

- *Drive our D2C e-commerce sales:* We will continue to increase our D2C e-commerce sales by solidifying our relationships with consumers in China through innovation, increased premiumization, leading brands and increased presence. Please refer to "— Grow brand awareness and accelerate D2C presence" below for further details.

- *Extend our geographic footprint:* In addition to prioritising expansion in our existing markets where we have identified the most attractive opportunities, we also intend to invest in other sizable, growing and underpenetrated geographic markets. We intend to extend our geographical footprint in Southeast Asia, such as Vietnam, Indonesia and Thailand. According to the Frost & Sullivan Report, the size of the hygienic disposables market in Southeast Asia was approximately RMB8.4 billion in 2023, and is forecasted to grow to approximately RMB11.7 billion in 2028, representing a CAGR of approximately 6.9% from 2023 to 2028.

To keep up with the market trend and demand, our production facilities is one of the crucial factors in determining our manufacturing capabilities. Our Directors believe that expanding production capacity and upgrading manufacturing facilities will, inter alia, help to attract and successfully undertake purchase orders of larger size or multiple purchase orders at the same time from existing and/or new customers. Our existing babycare production facilities were increasingly utilised throughout the Track Record Period and reached approximately 84.1% for FY2023, while our existing feminine care production facilities already had a utilisation rate of over approximately 138.3% for FY2023 due to increased demand for our feminine care products during the year. In view of the positive market outlook of baby hygienic disposable markets in Russia and China as well as indicative orders solicited from existing and potential customers in FY2024, we plan to acquire machineries to establish three new babycare product full servo production lines with a total designed annual production capacity of not less than approximately 320 million pieces, as well as one new feminine care product full servo production line with a total designed annual production capacity of not less than approximately 80 million pieces.

Based on the best estimation of our Directors in light of the current market conditions, the estimated initial costs for setting up additional new babycare and feminine care product production lines would be approximately HK$28.0 million mainly for acquiring machines and equipment, primarily including the full servo production line (comprising the main machine and glue applicator) as well as ancillary equipment such as stain camera system and air compressor, based on quotations obtained by our Group and the historical costs for purchasing such items.

We expect to apply approximately HK$28.0 million (equivalent to approximately RMB25.5 million), representing approximately 29.2% of the net proceeds from the Global Offering, for reinforcing the strength and scale of our babycare category and expanding our feminine care category, among which (i) approximately HK$6.5 million is expected to be used for purchasing one full servo baby diaper production line; (ii) approximately HK$14.0 million is expected to be used for purchasing two full servo baby pant production lines; and (iii) approximately HK$7.5 million is expected to be used for purchasing one full servo feminine care product production line. We expect to apply approximately HK$13.5 million in FY2025 and approximately HK$14.5 million in FY2026 and/or thereafter.

It is estimated that, based on our Directors' knowledge and experience, the payback period will be not more than approximately four years. Furthermore, we will closely monitor our cash flow position to ensure that we have sufficient working capital available to meet the establishment of our new babycare production line and feminine care product production line.

Grow brand awareness and accelerate D2C presence

We are continuously investing in D2C e-commerce that propelled our branded product sales, which represented approximately 21.7% of our total sales in 2023 and grew at a CAGR of approximately 54.8% from 2021 to 2023. According to the Frost & Sullivan Report, the online baby and feminine hygiene disposables market size in China has reached approximately RMB54.8 billion in 2023 at a CAGR of approximately 8.4% from 2019 to 2023 and is expected to grow to approximately RMB75.7 billion in 2028 representing a CAGR of approximately 6.7% during the period from 2023 to 2028. As such, we plan to continue to invest in promotion and marketing in order to accelerate our D2C strategy by building brand awareness and promoting our new products primarily in China through the following key elements:

- *Deepen consumer relationships*: We plan to deepen our existing consumer relationships to improve our revenue retention and increase our wallet share. We intend to further promote our strong brand equity, develop a more holistic offering for all life stages through strategic product innovation and enhance our consumer experience and product accessibility through coordinated D2C efforts with the goal of increasing purchase frequency and overall customer spend. We also intend to draw new consumers through increased brand awareness and investing in performance marketing. To this end, we aim to promote strong brand equity and develop a more holistic offering, and we plan to launch targeted marketing campaigns that resonate with parents and caregivers. We will leverage both digital and traditional media channels to increase brand awareness and loyalty in domestic and overseas markets. By continuously innovating and improving our baby diaper designs, we aim to meet and exceed parents' expectations, providing high-quality, comfortable, and reliable products for infants and toddlers. We will actively seek and integrate feedback from parents and caregivers into our product development process, ensuring consumer needs and preferences are prioritised. We will formulate a holistic brand development strategy, emphasising sustainable and ethical practices in our production to appeal to environmentally conscious parents. We plan to develop a comprehensive range of babycare products that cater to various needs, offering a one-stop solution for parents seeking high-quality personal hygienic disposables for their children. By effectively communicating our brand's story and values, we aim to build a strong emotional connection with parents and caregivers, fostering long-term loyalty and brand advocacy. Through these initiatives, we are committed to building strong brand equity and delivering a holistic offering that enhances consumer experiences and ensures product accessibility in the babycare category for emerging markets in Eurasia.

- *Grow brand awareness*: Our Directors believe there are significant opportunities to further increase our category and brand penetration by continuing to deepen our brand relevance and salience across our portfolio. We will focus on increasing brand awareness and consumer touchpoints by leveraging our differentiated content, engaged community and D2C strategy with continued investment in innovative brand and performance marketing. We plan to participate in both domestic and international exhibitions, workshops, trade shows and live shows of not less than approximately 10 events in major markets of Eurasia and new markets such as South America. In terms of workshops, we plan to arrange for our staff to join training workshops to facilitate our familiarity with the requirements for obtaining CE, FDA, FSC, ISO 13485, BRC, GMP, and Sedex certifications. We also intend to place targeted advertisements or sponsor TV programmes, etc.

- *Continued execution of D2C strategy*: Additionally, we intend to leverage our successful relationships with our third-party e-commerce partners to capture the growing portion of baby and personal hygienic disposable sales transacted online in China. To grow brand awareness and accelerate our Direct-to-Consumer (D2C) presence, we will implement a comprehensive set of marketing campaigns. We will utilise digital marketing and social media platforms like Facebook, Instagram, TikTok, and WeChat to run targeted ad campaigns, collaborate with parenting influencers, and create engaging content. Our strategy includes optimising our website for search engine optimisation (SEO), investing in search engine marketing (SEM), and implementing email marketing campaigns with personalised recommendations.

  To drive immediate purchases, we will offer promotions, discounts, and bundle offers. We will also introduce customer loyalty and referral programs to build long-term customer relationships. Interactive experiences like live streaming sessions and virtual product demos will showcase the benefits of our products. We plan to expand our reach through partnerships with major e-commerce platforms and offline retailers, creating a multi-channel shopping experience.

  Through these initiatives, we aim to engage directly with consumers, drive sales, and foster long-term loyalty in the babycare category across emerging markets in Eurasia.

Based on the best estimate of our Directors in light of the current market conditions, the estimated branding, marketing and promotion costs would amount to approximately HK$16.4 million based on quotations obtained by our Group.

We expect to apply approximately HK$16.4 million (equivalent to approximately RMB14.9 million), representing approximately 17.1% of the net proceeds from the Global Offering, for growing brand awareness and accelerate D2C presence and expanding in attractive categories by enhancing branding, marketing and promotion activities, including but not limited to marketing campaigns through social media, live streaming and short video channels, advertisements and festive sale campaigns on traditional e-commerce platforms and IP cross-over collaborations, among which approximately HK$10.0 million is expected to be used in FY2025, and approximately HK$6.4 million is expected to be used in FY2026 and/or thereafter.

Expand in attractive categories

Our Directors believe it is vital for us to stay with the market trend and broaden our product offerings to constantly satisfy the increased sophistications of our consumers' needs. We will plan to increase accessibility and penetration of our products by expanding in attractive categories.

- *Rolling out new products under feminine care category:* According to the Frost & Sullivan Report, the feminine care hygienic disposables market size by revenue in China has reached approximately RMB66.3 billion in 2023, at a CAGR of approximately 3.8% from 2019 to 2023 and is expected to grow to approximately RMB71.6 billion in 2028 representing a CAGR of approximately 1.5% during the period from 2023 to 2028. We plan to roll out more feminine care products by leveraging our connection with existing consumers and drawing new consumers through increased brand awareness and investing in performance marketing.

- *Satisfy the increased sophistications of our consumers' needs:* According to the Frost & Sullivan Report, the adult incontinence hygienic disposables market size by revenue in China has reached approximately RMB14.2 billion in 2023, at a CAGR of approximately 10.9% from 2019 to 2023 and is expected to grow to approximately RMB18.4 billion in 2028 representing a CAGR of approximately 5.3% during the period from 2023 to 2028. As light incontinence products are increasingly becoming staples that consumers are purchasing through retail distribution channels, we will seek to launch and promote new branded adult incontinence products direct to consumers to fulfil the increasing needs in adult incontinence products in China. In addition, drawing upon our expertise in product development and manufacturing, we aim to seek cooperation with third-party business owners to supply our products to institutional consumers abroad. Such cooperation would create a mutually beneficial scenario, allowing our Company to secure a consistent demand, expanding our market coverage and penetration, while delivering high-quality products to our business clients. As at the Latest Practicable Date, we were still in progress of identifying the prospective business partners on the cooperation for the supply of our adult incontinence hygienic disposable products.

Our plans for expanding in attractive categories are closely related to and generally form part of our plan for enhancing our branding, marketing and promotion activities. See "— Grow brand awareness and accelerate D2C presence" above for details.

Drive accretive product innovation

We aim to establish our market position by continuously investing in product innovation and production technologies and we have identified nonwoven fabric production and innovation as highly complementary to our existing business portfolio and also to capitalise on the growth of the market. We expect that it will enable us to drive product premiumization and enhance accessibility to all consumers.

- *Improve existing products:* We strive for continuous improvement in our existing products' safety, comfort, sustainability, efficacy and packaging, as exemplified by the introduction of the wide range of SKUs that we produce, which involve different specifications, sizes, concepts and absorption levels. Our Directors believe continuous innovation is important to accelerating our growth, deepening consumer connections and improving the profitability of our product offering.

- *Introduce innovative products in existing categories:* We plan to leverage our direct interactions with our consumers based on D2C presence, product development and product on-demand capabilities to drive innovation in our existing categories and gain market share. We are currently reviewing our hygiene disposable offerings and ingredients in eco-friendly formulations and sustainable packaging.

We intend to closely monitor the technological trends of nonwoven fabric manufacturing and develop innovative nonwoven fabrics, including the development of synthetic materials with functional characteristics. We also intend to supply our nonwoven fabrics to the market to fulfil the demand of this crucial raw material for hygienic disposables. According to the Frost & Sullivan Report, the nonwoven fabric market size by revenue in China has recorded a CAGR of approximately 6.6% from 2019 to 2023 mainly due to a substantial demand for the manufacture of facial masks and medical supplies during the COVID-19 pandemic from 2020 to 2022. Despite the slight decline in the growth rate of nonwoven fabric following the COVID-19 pandemic, the market size is expected to grow to approximately RMB200.0 billion in 2028 representing a CAGR of approximately 4.6% during the period from 2023 to 2028. With our aim to secure a constant and stable supply of quality nonwoven fabrics to fulfill instant orders for our D2C sales from consumers and to avoid any unforeseen disruption in our business operation in future, in particular for the recurrence of COVID-19 pandemic, in addition to the high utilisation of our existing Nonwoven Fabric Facilities, we plan to expand our Nonwoven Fabric Facilities by acquiring machineries to establish two new production lines with a total designed annual production capacity of not less than approximately 7,000 tonnes.

Based on the best estimation of our Directors in light of the current market conditions, the estimated initial costs for establishing additional full-servo nonwoven fabric production lines would be approximately HK$25.0 million mainly for acquiring our full servo nonwoven fabric machines, comprising machines and equipment such as suction machine, extruder, drafting machine and web formation machine, based on quotations obtained by our Group and the historical costs for purchasing such items.

We expect to apply approximately HK$25.0 million (equivalent to approximately RMB22.8 million), representing approximately 26.0% of the net proceeds from the Global Offering, for driving accretive product innovation, all of which is expected to be used for purchasing two full servo advance nonwoven fabric production lines. We expect to apply approximately HK$13.5 million in FY2025 and approximately HK$11.5 million in FY2026 and/or thereafter.

It is estimated that, based on our Directors' knowledge and experience, the payback period will be not more than approximately six years. Furthermore, we will closely monitor our cash flow position to ensure that we have sufficient working capital available to meet the establishment of our new nonwoven fabric production lines.

Continuous improvements in operational efficiencies

We work with continuous improvements through its constant focus on efficiency and quality. We strive to improve productivity through greater efficiency in our production facilities, material rationalisations and digitalisation of processes. We intend to continue to accelerate digitalisation in warehousing and inventory management. The deployment of 5G infrastructure would enable us to enhance warehouse efficiency and optimise its overall functions. The high-speed, low-latency, and reliable connectivity offered by 5G technology enable various advancements that can revolutionise warehouse operations.

- *Real-time Inventory Management:* With 5G connectivity, warehouse management systems can provide real-time updates on inventory levels, allowing for precise monitoring and control. This ensures accurate stock tracking, minimising errors, and enabling timely replenishment, improving overall inventory management efficiency.

- *Connectivity and Sensor Integration:* 5G infrastructure supports the massive connectivity required for handheld devices and sensors. By collecting and analysing data from these devices, warehouse managers can make data-driven decisions to optimise operations, reduce downtime, and improve overall efficiency.

- *Supply chain and warehousing*: We intend to enhance our existing warehousing facilities that will enable us to work with digital analysis and planning of demand, deliveries, stocks and transportation by deploying 5G connection. We will then achieve much more efficient management of our logistics and distribution, resulting in cost savings and better service levels than our competitors.

We also plan to improve our IT infrastructure to increase our operational efficiency, streamline processes, enhance productivity, and achieve higher levels of accuracy:

- *Production operation management*: We plan to upgrade our existing operational management system at our headquarters to centralise the operation of Jinjiang Production Facilities and Nonwoven Fabric Facilities and our sale office in Xiamen. This will allow us to optimise the operational structure and achieve higher service levels through data analysis for more effective control of operational flows, production planning, and better decision data.

- *Raw material procurement*: We plan to implement a centralised information system in the area of raw material procurement that allows us to achieve cost savings through negotiating and pricing our raw material purchases. We are also exploring e-sourcing opportunities for raw materials, which have the potential to reduce our costs.

- *Logistics management*: We use a range of transport companies to transport our products. We plan to collaborate with logistics companies and leverage our data analytics capabilities to design more efficient transportation routes, maximise our supply chain flexibility and lower logistics costs.

The estimated costs for upgrading our warehouse with 5G connection and infrastructure together with the necessary IT infrastructure would be approximately HK$17.0 million based on quotations obtained by our Group and the historical costs for purchasing such items.

We expect to apply approximately HK$17.0 million (equivalent to approximately RMB15.5 million), representing approximately 17.7% of the net proceeds from the Global Offering, for continuous improvements in operational efficiencies, among which (i) approximately HK$10.0 million will be used for upgrading our warehouse with 5G connection and infrastructure; and (ii) approximately HK$7.0 million will be used for upgrading and developing our IT software and purchasing new IT hardware and equipment. We expect to apply approximately HK$6.5 million in FY2025, and approximately HK$10.5 million in FY2026 and/or thereafter.

OUR BUSINESS

Our business activities can be broadly categorised into the following segments by sales modes, the type of our customers and the nature of our commercial relationships:

(i) ***Contract Manufacturing,*** which primarily manufacture and sell our babycare products as an ODM to business customers, primarily to independent retailers and babycare brand owners, carrying on their brands or private labels exported from China into countries in Eurasia. We have dedicated ourselves to manufacturing quality products on our business customers' behalf that compete with comparable products, customising products to their specifications and incorporating the latest product features and innovations; and

(ii) ***Branded Product Business,*** which primarily manufacture, market and sell products for all categories under our own brands direct to end consumers primarily based on a D2C sales model through our self-operated e-stores or third-party operated e-stores on multiple third-party pureplay digital platforms in China such as (i) traditional e-commerce platforms such as Pinduoduo, Tmall and JD.com; and (ii) social media, live streaming and short video channels such as Douyin and Kuaishou. Based on direct interaction with consumers, we obtain data, gain insights into user needs, drive product innovation and discover upcoming product categories, and continue to strengthen consumer engagement.

Other than D2C sales through our self-operated e-stores, we also engaged e-stores operated by third parties, namely Jinjing Libaida and Lantu Group, exclusively for D2C sales of our feminine products. Jinjiang Libaida and Lantu Group were purely e-store operators in charge of running e-stores and focusing on marketing and promotion, and thus relies on us for order fulfillment as well as logistics and distribution. In general, upon receipt of orders from end consumers at third-party operated e-stores on a digital platform, the digital platform will directly transmit order details to our ERP system. We will review the orders and arrange the same for shipment, and place delivery order with the logistic service provider for delivery to end consumers. Then, the logistics service provider will transmit order delivery details to our ERP system, through which we notify the digital platform on the product dispatch. Upon completion of the product delivery, the logistics service provider will notify our ERP system as well as the digital platform, and the digital platform will confirm the completion of orders. We will then reconcile the sales amount, and the number of products sold through the third-party operated e-store with the third-party customer by sending a reconciliation statement to the third-party customer monthly, and bill and issue invoices to the third-party customer accordingly.

As at 30 September 2024, there were a total of more than approximately 30 e-stores for our D2C sales, all of which were self-operated by us following completion of the acquisition of Jinjing Libaida in October 2023 and the disposal of Lantu Group in September 2023 pursuant to the Reorganisation.

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

	FY2021		**FY2022**		**FY2023**		**9M2023**		**9M2024**	
	(RMB'000) (approx.)	*%*	*(RMB'000) (approx.)*	*%*	*(RMB'000) (approx.)*	*%*	*(RMB'000) (approx.) (unaudited)*	*%*	*(RMB'000) (approx.)*	*%*
Contract Manufacturing[(1)]	170,434	64.8	267,878	65.6	448,383	68.5	373,395	75.8	296,483	57.0
Branded Product Business										
D2C Sales[(2)]	77,294	29.3	53,328	13.1	142,336	21.7	74,364	15.1	140,723	27.0
Offline Sales[(3)]	13,336	5.1	20,004	4.9	11,673	1.8	9,425	1.9	25,186	4.9
Subtotal	90,630	34.4	73,332	18.0	154,009	23.5	83,789	17.0	165,909	31.9
Nonwoven fabric and others	2,162	0.8	66,856	16.4	52,168	8.0	35,620	7.2	57,905	11.1
Total	263,226	100.0	408,066	100.0	654,560	100.0	492,804	100.0	520,297	100.0

Notes:

(1) Among our revenue from Contract Manufacturing which was primarily generated in Eurasia, approximately 94.5%, 98.8%, 98.3%, and 87.8% were attributable to the sale of our babycare products, approximately 0.2%, 0.3%, 0.1%, and 7.5% were attributable to the sale of our feminine care products and approximately 5.3%, 0.9%, 1.6% and 4.7% were attributable to others during the Track Record Period.

(2) Among our revenue from D2C Sales which was primarily generated in China, approximately 75.2%, 74.8%, 14.2%, and 9.0% were attributable to the sale of our babycare products, approximately 0.5%, 1.9%, 78.8%, and 88.8% were attributable to the sale of our feminine care products and approximately 24.3%, 23.3%, 7.0% and 2.2% were attributable to others during the Track Record Period.

(3) Customers who purchased our branded products through offline sales during the Track Record Period primarily comprised hygiene product suppliers which were mainly based in China.

OUR PRODUCTS AND BRANDS

We offer a multi-category assortment of nonwoven hygienic disposables that is intentionally designed to serve consumers every day, at every age and through every life stage from infancy to old age.

Our core product categories broadly include babycare, feminine care and adult incontinence products:

Babycare products

Our babycare product category consists of three product lines: baby diapers, baby pants and baby wipes. Baby diapers and baby pants are the principal products within our babycare category. We produce and supply a wide spectrum of affordable to luxury premium quality baby diapers and baby pants for use by premature babies to toddlers (typically up to 3 years old). The definition of a diaper or a pant from affordable to luxury premium is based on the parameters of absorption, leakage avoidance, rewet capacity, softness and fit. Our affordable premium diaper meets the basic absorption and fit requirements and has no extra features, whereas our luxury premium diaper offers better stretch, softness and absorption.

Baby diapers: Baby diapers are disposable garments made of a waterproof layer, an absorbent core (fluff pulp and super-absorbent powder) and mainly made of nonwoven and elasticized materials. Our baby diapers targeted premature babies to older infants aged typically up to 3 years old.

Baby pants: Baby pants have the absorption and features of a taped diaper, but the stretching sides allow the child to independently pull the diaper up and down. Baby pants are made of a cloth-like waterproof outer layer, an absorbent core and elasticised and nonwoven materials. When babies reach toddler age, they move from using baby diapers to baby pants, which are absorbent garments resembling underwear used for toilet, swimming and other training purposes toddlers. The target age for baby pants is 1-3 years of age.

Baby wipes: Baby wipes are synthetic cloths used for cleaning or drying and are designed specifically for use on babies.

During the Track Record Period, we sold our babycare products under third-party brands or private labels to other emerging markets in Eurasia abroad whilst we focused on selling our babycare products under our own brands in China.

Set forth below is a breakdown of our revenue by our product category for the periods indicated:

	FY2021		FY2022		FY2023		9M2023		9M2024	
	RMB'000 (approx.)	*%*	*RMB'000 (approx.)*	*%*	*RMB'000 (approx.)*	*%*	*RMB'000 (approx.)*	*%*	*RMB'000 (approx.)*	*%*
							(unaudited)			
Babycare[(i)]	228,498	86.8	322,077	78.9	467,960	71.5	388,852	78.9	286,151	55.0
Feminine care[(ii)]	1,057	0.4	1,994	0.5	113,744	17.4	51,726	10.5	157,997	30.4
Adult incontinence[(iii)]	12,313	4.7	6,714	1.6	13,419	2.1	10,041	2.1	14,305	2.7
Others[(iv)]	19,196	7.3	10,425	2.6	7,269	1.0	6,565	1.3	3,939	0.8
Subtotal	261,064	99.2	341,210	83.6	602,392	92.0	457,184	92.8	462,392	88.9
Nonwoven fabric and others[(v)]	2,162	0.8	66,856	16.4	52,168	8.0	35,620	7.2	57,905	11.1
Total	263,226	100.0	408,066	100.0	654,560	100.0	492,804	100.0	520,297	100.0

Notes:

(i) Among our sales of babycare products, approximately 45.9%, 63.8%, 80.1% and 71.4% were sold to Russia; approximately 29.5%, 17.8%, 5.8% and 9.0% were sold in China; and the remaining approximately 24.6%, 18.4%, 14.1% and 19.6% were sold to others & Eurasian jurisdictions, respectively, during the Track Record Period.

(ii) Among our sales of feminine care products, approximately 66.1%, 62.1%, 99.4% and 98.5% were sold in China; approximately 27.2%, 28.9%, 0.6% and 1.5% were sold to Southeast Asia; and the remaining approximately 6.7%, 9.0%, nil, nil were sold to others & Eurasian jurisdictions, respectively during the Track Record Period.

(iii) Among our sales of adult incontinence products, approximately 54.0%, 71.0%, 48.0% and 14.4% were sold in China; approximately 3.5%, 0.2%, 13.4% and 69.7% were sold to Southeast Asia; and the remaining approximately 42.5%, 28.8%, 38.6% and 15.9% were sold to Russia and others & Eurasian jurisdictions, respectively, during the Track Record Period.

(iv) Included the sale of masks, toilet paper, tissue, pet care products and cleaning wipes, substantially all of which were sold in China.

(v) All nonwoven fabric and others were sold in China.

Examples of our key babycare products:

S-shape diaper

T-shape pant

Q-shape pant

Our major own brand and examples of key branded product series:

Major brand | **Sample products**

Baby diapers

Baby pants

Baby pants

Baby pants

Wipes

Wipes

Innovations in the babycare category in recent years has concentrated on skin comfort, leak protection and innovative core designs, the push for environmentally friendly and more sustainable ingredients as well as an evolution towards thinner products with equal or better performance. We have consistently developed and introduced highly successful new products. For example, our babycare product, namely "Silky Milk Custard" (絲滑雙皮奶) pant diapers, which our Directors considered to feature an exceptionally smooth texture, has become one of our most popular offerings, achieving impressive sales during livestreaming sessions. To satisfy the needs of different consumer demographics, we plan to develop and launch more differentiated products and features. As at 30 September 2024, we had approximately six assortments, consisting of over approximately 140 SKUs incorporating over various vibrant character designs available in seven key sizes from newborn to XXXL. As at 31 December 2024, the suggested retail price of our baby diapers and baby pants ranged from approximately RMB0.5 to RMB2.4 per piece depending on product and packaging size.

Feminine care products

Our feminine care product category consists of sanitary pants and wipes, which are used outside the body. During the Track Record Period, we sold our feminine care products primarily under our own brand "Misecr" (五月私語) in China. In late 2022, we and an Independent Third Party jointly established two other feminine care brands "Lishi" (麗氏) and "Duowei" (朵唯)*(Note)* which were subsequently disposed to another Independent Third Party in September 2023. See "History, Reorganisation and Corporate Structure — Disposal of Jinjiang Lantu" for details of the disposal. We had over approximately 20 SKUs of our branded feminine care products as at 30 September 2024. As at 31 December 2024, the suggested retail price of our sanitary pants, ranged from approximately RMB0.6 to RMB2.0 per piece depending on product and packaging size. Our feminine care products are targeted at female consumers on menstrual cycle.

Sanitary pants: Sanitary pants are disposable absorbent pants made of absorbent materials based on fluff or airlaid and superabsorbent powder and nonwoven fabrics, which are used by women to absorb menstrual flow. We produce a range of sanitary pants in different formats and shapes. Some sanitary pants are comparable to baby pants in terms of product characteristics. Our sanitary pants are shaped for women and may be produced with or without super-absorbent powder.

Our own brand and examples of key branded product series:

Brand	Sample products	
Misecr® 五月私语		
	Sanitary pants	Wet toilet paper

Adult incontinence products

Our adult incontinence products are specifically designed for the elderly to manage light, moderate and heavy incontinence, such as diapers, pull-ups, wipes and underpads. During the Track Record Period, we focused on selling our adult incontinence products primarily under our own brand "Cosoftb" (康舒寶) in China with over approximately 15 SKUs as at 30 September 2024. As at 31 December 2024, the suggested retail price of our adult incontinence products ranged from approximately RMB0.9 to RMB4.2 per piece depending on product and packaging size. The target audience for our adult incontinence products include but is not limited to individuals who are bedridden for a prolonged period, post-operative patients, individuals with reduced mobility, postpartum women as well as those in special occupations or circumstances who have limited access to toilets for an extended time, such as workers in high-altitude operations and long-haul drivers.

Note: Before September 2023, the "Lishi" and "Duowei" brands were operated under our Branded Product Business segment. However, after we disposed of Jinjiang Lantu in September 2023, these brands were transferred to our Contract Manufacturing segment, where we now manufacture these products as a contractor rather than owning the brands directly.

Diapers: Belt diapers are disposable diapers for adults featuring a specific closure system with an absorbent core and nonwoven materials. The belt product offers an alternative to all-in-one tape systems and the two-piece shaped pad system. The use of a belt with resealable hook and loop fasteners removes the need for separate fixation pants, making the pad easier to fit and more comfortable. The product also features anti-leak cuffs to minimise leakage.

Pull-ups: Pull-ups are disposable adult garments resembling underwear with an absorbent core (fluff and super absorbent powder), a plastic layer, elastics and soft nonwoven fabrics. Pull-ups are designed for users with an active lifestyle and can prolong independence. The pants are typically fully elasticised to ensure a close fit.

Our major own brands and examples of key branded product series:

Major brand	Sample products		
Cosoftb 康舒宝	 Adult pants	 Adult diapers	 Nursing pads

Pet care, household and other products

We also sell household care disposables such as kitchen, shoe and other wipes under our "Growth Champion" (成長冠軍) brand; and supply pet care products under our "Heynckes" (亨克斯) brand. Some of these products are purchased from Independent Third Parties.

OUR SALES AND CUSTOMERS

Our customers vary by our business activities and geographies which can be broadly categorised into two main types: (i) business customers including several top-tier children's goods retailers and established babycare brand owners and their dealers primarily in Russia, China and Southeast Asia, e-store operators which focus on running e-stores and marketing and promotion, such as Jinjiang Libaida and Lantu Group, and hygiene product suppliers which focus on downstream sales and supply of hygiene products primarily in China, as well as fabric related customers comprising personal hygiene raw materials suppliers and product manufacturers in China; and (ii) end consumers of our branded products primarily in China.

Set forth below is a breakdown of our revenue by types of our customers for the periods indicated:

	FY2021		FY2022		FY2023		9M2023		9M2024	
	RMB'000 (approx.)	*%*	*RMB'000 (approx.)*	*%*	*RMB'000 (approx.)*	*%*	*RMB'000 (approx.) (unaudited)*	*%*	*RMB'000 (approx.)*	*%*
Business customers										
– Retailers	39,439	15.0	130,564	32.0	319,980	48.9	277,463	56.3	191,989	36.9
– Brand owners and their dealers	121,099	46.1	131,573	32.3	122,241	18.7	92,384	18.8	84,269	16.2
– E-store operators	18,017	6.8	1,014	0.2	47,237	7.2	26,603	5.4	19,819	3.8
– Hygiene product suppliers	23,232	8.8	25,745	6.3	17,836	2.7	12,986	2.6	25,891	5.0
– Fabric related customers*(Note)*	2,162	0.8	66,856	16.4	52,168	8.0	35,620	7.2	57,905	11.1
Subtotal	203,949	77.5	355,752	87.2	559,462	85.5	445,056	90.3	379,873	73.0
End consumers	59,277	22.5	52,314	12.8	95,098	14.5	47,748	9.7	140,424	27.0
Total	263,226	100.0	408,066	100.0	654,560	100.0	492,804	100.0	520,297	100.0

Note: Comprised personal hygiene raw materials suppliers and hygiene product manufacturers purchasing nonwoven fabrics from us.

As at 30 September 2024, we maintained a large base of over approximately 100 business customers, among which included (a) more than approximately 20 retailers, brand owners and their dealers primarily in Russia and Southeast Asia, including Russian Top-tier Retailer; (b) more than approximately 40 hygiene product suppliers and e-store operators primarily in China, including Lantu Group; and (c) more than approximately 40 fabric related customers primarily in China.

Our hygiene product suppliers, who are our business customers, are not intermediaries in capacity of agents involved in making contracts between us and their end customers as, among other factors, these customers have control of the pricing and the ensuing profit when reselling products purchased from us. The title of our products pass fully from us to these customers upon delivery to them in accordance with the sales contract we enter into with them. We also exercise no control over the business activities of such hygiene product suppliers and do not assume any liability for their resale activities save for product quality issues. As such, our Directors consider there is no channel stuffing risk when we deal with such customers.

For the one-year period immediately preceding the Latest Practicable Date, approximately 11.0 million end consumers had transacted with our self-operated e-stores on third-party digital platform. Set forth below is the key operating data of our self-operated and third-party owned e-stores for the periods indicated: –

	FY2021	FY2022	FY2023	9M2024
Number of e-stores[1]	34	28	37	34
– self-operated e-stores	*30*	*25*	*37*	*34*
– third-party operated e-stores	*4*	*3*	–	–
Number of digital platforms deployed by us	9	11	13	9
Total annual transactions *(in thousand)*	1,700	1,580	8,480	8,250
Average annual transactions per e-store[2] *(in thousand)*	50	56	229	243
Average annual D2C sales per e-store[3] *(RMB'000)*	2,270	1,900	3,800	4,100
– babycare products	*2,900*	*2,650*	*960*	*650*
– feminine care products	*30*	*80*	*5,090*	*5,950*

Notes:

(1) Representing number of active e-stores at the end of each year/period.

(2) Based on the total annual transactions for each of the year/period divided by the number of e-stores.

(3) Based on the sales from D2C sales for each of the year/period divided by the number of e-stores.

Our major customers

The table below sets out information of our five largest customers, all being business customers, for each of the respective periods indicated:

FY2021

Rank	Customer	Background	Major products sold	Year of commencement of business relationship	Credit period/ payment terms	Payment method	Revenue	% of our total revenue
							(RMB'000) approximately	*approximately*
1 . .	Customer A	See Note 1.	Babycare products under its own Japanese-inspired diaper brand	2015	30% advance payment; 70% before delivery date	Telegraphic transfer	31,555	12.0
2 . .	Russian Top-tier Retailer		Babycare products under its Japanese-inspired private label	2020	90 days	Letter of credit (90-day maturity)	31,053	11.8
3 . .	Customer B	See Note 2.	Babycare products under its own Japanese-inspired diaper brand	2019	30% advance payment; 70% within 45 days after shipment date, subject to a US$0.2 million credit limit; remaining balance payable before shipment	Telegraphic transfer	25,371	9.6
4 . .	Customer C	See Note 3.	Our branded babycare products	2020	Prepayment	Bank transfer	16,140	6.1
5 . .	Customer D	See Note 4.	Babycare products under its own brand	2016	30% advance payment; the remaining 70% payable after shipment within seven days	Telegraphic transfer	16,095	6.1
							120,214	45.6

FY2022

Rank	Customer	Background	Major products sold	Year of commencement of business relationship	Credit period/ payment terms	Payment method	Revenue	% of our total revenue
							(RMB'000) approximately	*approximately*
1 . .	Russian Top-tier Retailer		Babycare products under its Japanese-inspired private label	2020	90 days	Letter of credit (90-day maturity)	128,429	31.5
2 . .	Customer B	See Note 2.	Babycare products under its own Japanese-inspired diaper brand	2019	30% deposit; the remaining 70% within one bank day upon shipment arrival	Telegraphic transfer	33,257	8.1
3 . .	Customer A	See Note 1.	Babycare products under its own Japanese-inspired diaper brand	2015	20% advance payment; the remaining 80% payable within 60 working days upon shipment arrival	Telegraphic transfer	25,350	6.2
4 . .	Customer E	See Note 5.	Nonwoven fabrics and fluff pulp	2022	Prepayment	Bank transfer	18,514	4.5
5 . .	Customer D	See Note 4.	Babycare products under its own brand	2016	30% advance payment; the remaining 70% payable after shipment within seven days	Bank transfer	15,561	3.8
							221,111	54.1

FY2023

Rank	Customer	Background	Major products sold	Year of commencement of business relationship	Credit period/ payment terms	Payment method	Revenue	% of our total revenue
							(RMB'000) approximately	*approximately*
1 . .	Russian Top-tier Retailer		Babycare products under its Japanese-inspired private label	2020	90 days	Letter of credit (90-day maturity up to October 2023; 120-day maturity since October 2023)	318,983	48.7
2 . .	Jinjiang Libaida	See Note 6.	Our branded babycare and feminine care products	2015	30 days	Bank transfer	41,263	6.3
3 . .	Customer B	See Note 2.	Babycare products under its own Japanese-inspired brand	2019	30% deposit; the remaining 70% within one bank day upon shipment arrival	Telegraphic transfer	30,061	4.6
4 . .	Customer D	See Note 4.	Babycare products under its own diaper brand marketed as Australian certified, cruelty-free and eco-friendly	2016	30% upon issuance of purchase order; the remaining 70% payable before shipment	Bank transfer	18,339	2.8
5 . .	Customer F	See Note 7.	Babycare products	2020	30% advance payment; balance of 70% payable after shipment within seven days	Telegraphic transfer	11,440	1.7
							420,086	64.1

9M2024

Rank	Customer	Background	Major products sold	Year of commencement of business relationship	Credit period/ payment terms	Payment method	Revenue	% of our total revenue
							(RMB'000) approximately	*approximately*
1 . .	Russian Top-tier Retailer		Babycare products under its Japanese-inspired private label	2020	90 days	Letter of credit (120-day maturity) or telegraphic transfer based on mutual agreement	191,434	36.8
2 . .	Lantu Group	See Note 8.	Feminine care products under its own brands	2023	90 days	Bank transfer	19,819	3.8
3 . .	Customer H	See Note 10.	Babycare products under its own and/or commissioned brands, and nonwoven fabrics	2022	Full payment before shipment	Telegraphic transfer	14,152	2.7
4 . .	Customer D	See Note 4.	Babycare products under its own diaper brand marketed as Australian certified, cruelty-free and eco-friendly	2016	30% advance payment; USD300,000 payable within 45 days from shipment date; remainder payable before shipment arrival	Bank transfer	13,056	2.5
5 . .	Customer G	See Note 9.	Nonwoven fabrics	2023	Prepayment	Bank transfer	11,466	2.2
							249,927	48.0

Notes:

1. Customer A is a privately-owned brand owner, manufacturer and wholesaler of baby hygienic products in Russia which offers Japanese-inspired products across Russia and a number of Eurasian countries. Based on public information, Customer A recorded revenue of over US$50 million in 2022 and net assets of over US$14 million as at 31 December 2022, and has over 40 employees in 2022.

2. Customer B is a subsidiary of a privately-owned Russian group, principally engaged in sales of imported products including Japanese-inspired baby diapers and feminine hygiene products and household chemicals in Russia, Belarus and Kazakhstan. Subsequent to the Track Record Period, in November 2024, we entered into a sales contract and began to transact directly with the parent company of Customer B.

3. Customer C is an e-store on Taobao principally engaged in reselling babycare products and personal hygienic disposables.

4. Customer D is a subsidiary of a Bursa Malaysia-listed group, principally engaged in sales and marketing of an Australian certified, eco-friendly marketed baby diapers, wet wipes, skincare essentials, as well as homecare products across US, Europe, Southeast Asia and Africa. Such listed group recorded a revenue of over US$10 million for the year ended 31 December 2023, net assets of over US$12 million as at 31 December 2023 and a market capitalisation of over US$15 million as at 31 May 2024.

5. Customer E is a privately-owned wholesaler in the PRC principally engaged in the wholesale of various products including footwear materials, chemical products, clothing, textiles, daily necessities etc., with an operation history of approximately 10 years and a registered share capital of RMB10 million.

6. Jinjiang Libaida was our customer prior to our acquisition in October 2023. See "History, Reorganisation and Corporate Structure — Major Acquisitions and Disposals — Acquisition of Jinjiang Libaida" and note 30 to the Accountants' Report for details.

7. Customer F is a privately-owned wholesaler of babycare hygienic disposables in Russia and other countries in the Eurasian Economic Union with more than 5 years of operation and more than approximately 15 employees.

8. Lantu Group was formerly a group of our subsidiaries prior to the Reorganisation, and became our customer upon disposal in September 2023. See "History, Reorganisation and Corporate Structure — Reorganisation — 3. Disposal of Jinjiang Lantu" for details.

9. Customer G is a privately-owned wholesaler in the PRC principally engaged in the wholesale of hygiene products and wet wipes with an operating history of approximately four years and a registered share capital of RMB10 million.

10. Customer H is a privately-owned wholesaler group comprising two companies incorporated in Xiamen and Hong Kong, respectively, principally engaged in the export trading of hygienic disposables with an operating history of approximately six years.

To the best knowledge and belief of our Directors, save for (i) Jinjiang Libaida which was owned as to 51% by Mr. Zeng Guodong, our executive Director, prior to our acquisition in October 2023; and (ii) Lantu Group which was our former group of subsidiaries prior to our disposal in September 2023, none of our Directors or Shareholders who own more than 5% of the issued share capital of our Company immediately following completion of the Capitalisation Issue and the Global Offering, nor any of their respective associates, had any interest in any of the five largest customers of our Group for each year or period during the Track Record Period. See "History, Reorganisation and Corporate Structure — Reorganisation" for further details.

Our mutually beneficial relationship with Russian Top-tier Retailer

To the best knowledge and information of our Directors and based on its confirmation, Russian Top-tier Retailer, our second largest customer in FY2021 and our largest customer in FY2022 and FY2023 in terms of revenue, is the largest children's goods retailer in Russia operating over approximately 1,250 stores in Russia, Kazakhstan and Belarus as at December 2024. It has been operating for more than approximately 75 years with its annual revenue of approximately US$2.4 billion in 2024, and a market capitalisation of over approximately US$350 million as at 30 April 2024. The predecessor company of Russian Top-tier Retailer (established as a public joint stock company) (the "**Predecessor Company**") has been listed on the Moscow Stock Exchange since early 2017 but announced its privatisation in 2023, upon which it underwent a corporate reorganisation and commenced to transact with us under the name of a limited liability company established in Russia. On 2 May 2023, Russian Top-tier Retailer issued a formal notification to us that the Predecessor Company's reorganisation was completed through a spin-off process where Russian Top-tier Retailer (now a limited liability company) assumed all rights and obligations of the Predecessor Company through universal legal succession pursuant to the Russian Civil Code. On the same date, a supplemental agreement was executed to update all previous agreements, replacing references to the Predecessor Company with Russian Top-tier Retailer to ensure continuation of all contractual relationships, including outstanding payment obligations to the Group. To the best of our Directors' knowledge, information and belief, Russian Top-tier Retailer had a diverse shareholder base including a number of international institutional investors prior to its privatisation and delisting from the Moscow Stock Exchange, and had since been ultimately owned by an individual third party independent of our Company, our subsidiaries, their shareholders, directors, senior management, employees or any of their respective associates. Our Directors confirmed that all outstanding receivables from the Predecessor Company have been subsequently settled and no instances of default or late payment were recorded either before or after the succession. In light of the foregoing, we consider the privatisation of the Predecessor Company have not had any material adverse impact on the Group's business and financial conditions.

We have built a long-term stable relationship with Russian Top-tier Retailer, supplying our products to them since October 2020. Our Group acquainted with Russian Top-tier Retailer at the baby product exhibitions held in Moscow in September 2019 and both parties have eventually entered into the framework supply agreement after arm's length negotiation first in October 2020. Meanwhile, as consumers search for more affordable options and relevant demand increases, Russian Top-tier Retailer as a leading Russian retailer seized this opportunity and launched its Japanese-inspired baby hygienic disposable private label marketed as offering premium quality at a medium price in 2020. Leveraging our expertise in the baby hygienic disposable industry, we had been engaged by Russian Top-tier Retailer as the only contract manufacturer to manufacture and supply baby disposable diapers and baby wipes under such private label during the Track Record Period and up to the Latest Practicable Date. We believe the development of private label is one of the important business focus of Russian Top-tier Retailer in the foreseeable future.

During the Track Record Period, we entered into five consecutive supplemental framework supply agreements with Russian Top-tier Retailer. In December 2023, we extended the terms of our framework supply agreement with Russian Top-tier Retailer with a term up to 31 December 2030. Save for the extension of the term of the framework supply agreement up to 31 December 2030, there were no material changes of the terms upon renewal. For further details of the key salient terms of the framework supply agreement with Russian Top-tier Retailer, see "— Our sales and customers — Contracting, pricing and settlement — Key salient terms of framework agreements with our major business customers".

Despite our reliance on Russian Top-tier Retailer, as we have developed a mutually beneficial and complementary relationship with them, our Directors are of the view that the likelihood of relationship termination or material adverse changes is low because: (i) we have been the single source supplier of babycare products for one of its major babycare private labels for over three years and established a stable business relationship with Russian Top-tier Retailer; (ii) we were successfully awarded five supplemental framework supply agreements as a stable source of supply for babycare products; (iii) during the Track Record Period and up to the Latest Practicable Date, we had no material product return, disruption in delivery of our products or complaint as to product quality or late delivery from Russian Top-tier Retailer; (iv) our ability to meet Russian Top-tier Retailer's demands for private label babycare products facilitates the development of its private label over time. Based on the press release published by Russian Top-tier Retailer dated 23 June 2022 publicly available to us, Russian Top-tier Retailer recorded growth in the sales of private labels across several categories, among which the share of private labels in diapers category more than doubled year-on-year and reached approximately 33.2% for the three months ended 31 May 2022 compared to approximately 19.4% for the corresponding months ended 31 May 2021; and (v) Russian Top-tier Retailer is subject to risks and costs for switching to other contract manufacturers in China.

Other than Russian Top-tier Retailer, we also maintained a large number of customer base of over approximately 100 business customers as at 30 September 2024, among which included more than approximately 20 babycare brand owners primarily in Russia, China and Southeast Asia for our Contract Manufacturing business. On the other hand, we have strived to expand Branded Product Business and expanded reach to end consumers primarily in China. During the Track Record Period, we have been one of the primary suppliers in supplying babycare products for one of the best-selling Russian baby diaper brands owner in terms of import volume with annual revenue of over approximately US$50 million in 2022, and one of the primary suppliers for a baby diaper brand marketed as Australian certified, cruelty-free and eco-friendly and distributed in, among other regions, Malaysia. We also supply babycare products to various brand owners in Thailand, Indonesia, Japan and other countries.

Having leveraged on our products on-demand capability and our experience accumulated from serving other established Russian and overseas babycare brand owners, together with one-stop supply chain management solution and supported by our fully automated production and warehousing facilities, our Directors consider that we are able to compete with other industry participants in China and will continue to supply products to Russian Top-tier Retailer.

In light of our mutually beneficial relationship with Russian Top-tier Retailer mentioned above, given the long-term contract with Russian Top-tier Retailer renewed in December 2023 for a term up to 31 December 2030, our Directors consider the risk of material adverse change or termination in our relationship with Russian Top-tier Retailer to be low. For risks relating to our business dealings with Russian Top-tier Retailer, see "Risk Factors — Risks Related to Our Industry and Business — We generated a significant portion of our revenue during the Track Record Period from Russian Top-tier Retailer" for details.

Business activities in countries subject to International Sanctions

After the military conflict between Russia and Ukraine in February 2022, the U.S., the EU and many other countries introduced several rounds of economic sanctions and trade restrictions targeting certain industries or sectors within Russia. As part of the International Sanctions, a number of import and export restrictions were imposed on Russia under which certain products are not allowed to be sold to Russia. However, there are certain exceptions to the export and import restrictions in relation to products related to health, pharmaceuticals, food and agriculture due to humanitarian concerns. Based on the information publicly available to our Directors and to their best belief and knowledge having reasonable due diligence, it is noted that certain of the world's largest diaper companies, namely Kimberly-Clark, Procter & Gamble, Ontex, and Unicharm, have still been continuing to produce, supply and sell diapers, feminine care and other essentials in Russia needed for basic health, hygiene or personal care whilst halting capital spending and advertising following the International Sanctions imposed against Russia since February 2022 and up to the Latest Practicable Date.

Set forth below is a breakdown of our revenue by geographical locations for the periods indicated.

	FY2021		**FY2022**		**FY2023**		**9M2023**		**9M2024**	
	RMB'000 (approx.)	*%*	*RMB'000 (approx.)*	*%*	*RMB'000 (approx.)*	*%*	*RMB'000 (approx.) (unaudited)*	*%*	*RMB'000 (approx.)*	*%*
Russia	105,371	40.0	205,506	50.4	377,452	57.7	325,741	66.1	206,214	39.6
The PRC	92,683	35.2	140,188	34.4	205,759	31.4	118,990	24.1	242,531	46.6
Southeast Asia	31,771	12.1	27,940	6.8	34,423	5.3	19,508	4.0	36,713	7.1
Kazakhstan	5,237	2.0	12,232	3.0	6,890	1.0	6,502	1.3	222	0.0
Others*(Note)*	28,164	10.7	22,200	5.4	30,036	4.6	22,063	4.5	34,617	6.7
Total	263,226	100.0	408,066	100.0	654,560	100.0	492,804	100.0	520,297	100.0

Note: Others mainly included Taiwan, India, Sri Lanka and South Korea.

Revenue from Russia declined 36.7% to RMB206.2 million from RMB325.7 million in 9M2023, primarily due to a 22.9% decrease in Contract Manufacturing babycare products sales volume and an 8.9% decrease in average selling price as a result of the continuous depreciation of the Ruble against RMB since early 2024. This currency weakness has reduced Russian importers' purchasing power for Chinese goods.

During the same period, revenue from the PRC market demonstrated remarkable growth, increasing by 103.8% from RMB119.0 million in 9M2023 to RMB242.5 million in 9M2024. This growth was mainly driven by higher sales volume of branded feminine care products, particularly sanitary pants under our own brand "Misecr" (五月私語) launched in late FY2022.

We sold our babycare products, feminine care products and adult incontinence products to customers located in the Relevant Regions for the Track Record Period and up to the Latest Practicable Date. Revenue generated from such transactions with customers based in the Relevant Regions amounted to approximately RMB105.9 million, RMB209.6 million, RMB384.9 million, and RMB221.5 million, representing approximately 40.2%, 51.4%, 58.8%, and 42.6% of our total revenue during the Track Record Period, respectively.

Legal advice given by our International Sanctions Legal Advisers

Our International Sanctions Legal Advisers have performed the following procedures which it considers necessary to evaluate our International Sanctions risk exposure:

(a) reviewing transaction documents provided by us for our sales to customers in the Relevant Regions during the Track Record Period and up to the Latest Practicable Date;

(b) reviewing the list of customers in the Relevant Regions to whom sales have been made during the Track Record Period and up to the Latest Practicable Date against the lists of Sanctioned Persons; and

(c) receiving written confirmation from us that except as otherwise disclosed in this prospectus, neither our Group nor any of our affiliates (including any representative office, branch, subsidiary or other entity which forms part of our Group) has conducted during the Track Record Period and up to the Latest Practicable Date any business dealings in or with any other regions or persons that are subject to International Sanctions.

After performing the procedures above, our International Sanctions Legal Advisers are of the view that our sales in the Relevant Regions during the Track Record Period and up to the Latest Practicable Date did not represent a violation of the relevant International Sanctions for the following factors:

(1) our activities with customers in the Relevant Regions did not represent a violation of the International Sanctions laws, did not represent Primary Sanctionable Activity and/or Secondary Sanctionable Activity, are unlikely to result in any material sanctions risk on the Relevant Persons because:

(a) in terms of sectoral-based sanctions, business activities undertaken by our Group in the Relevant Regions during the Track Record Period and up to the Latest Practicable Date were limited to sales of babycare, feminine care and adult incontinence products, and our Group's products are not subject to export controls in accordance with applicable International Sanctions, in particular our Chinese-origin babycare, feminine care and adult incontinence products are not incorporated with a jurisdiction-subject level of U.S., EU, UK or Australian content that would subject the such products to the export controls of these jurisdictions, and such products are also not identified in the Common High Priority List maintained by the BIS, the list of Russia Critical Items Determination maintained by the OFAC, and the lists of industrial goods or luxury goods set out in annexes 4 and 5 of §746.8 the EAR, respectively;

(b) in terms of territorial-based sanctions, none of the Relevant Regions is a country or territory subject to a general and comprehensive export, import, financial or investment embargo during the Track Record Period and up to the Latest Practicable Date, and thus not a Comprehensively Sanctioned Country;

(c) in terms of entity-based sanctions, our direct transactions with Sanctioned Targets were limited to sales of our babycare products to one sanctioned customer in Russia (excluding Crimea, LPR, DPR, Kherson and Zaporizhzhia regions) ("**Sanctioned Russian Customer**"), and our indirect transactions with respect to receiving RMB payments through five sanctioned clearing banks ("**Sanctioned Russian Clearing Banks**") engaged by our non-sanctioned customers in Russia (excluding Crimea, LPR, DPR, Kherson and Zaporizhzhia regions), and delivery of our babycare products to non-sanctioned customers in Russia (excluding Crimea, LPR, DPR, Kherson and Zaporizhzhia regions) through a sanctioned shipping company engaged by them ("**Sanctioned Russian Shipping Company**"), these sanctioned counterparties are collectively referred as "**Sanctioned Russian Counterparties**":

(i) The Sanctioned Russian Customer and the Sanctioned Russian Shipping Company are subject to sanctions because they are both owned as to 50% or more indirectly by an entity identified on the Specially Designated Nationals and Blocked Persons List maintained by OFAC in July 2023, this entity was also sanctioned by the UK in August 2023. Consequently, the Sanctioned Russian Customer and the Sanctioned Russian Shipping Company were subject to the same sanctions applicable to their shareholder because of ownership. During the Track Record Period, our sales attributable to the Sanctioned Russian Customer were nil, approximately RMB1.9 million, RMB1.8 million and nil representing nil, approximately 0.5%, 0.3% and nil of our total revenue, respectively. Due to the inadvertent oversight to International Sanctions on the Sanctioned Russian Customer, and pursuant to framework supply contract entered with it prior to the sanction designation, we sold two batches of babycare products to the Sanctioned Russian Customer in October 2023, intending to complete existing contractual obligations under the framework supply contract. Our Directors confirmed that our Group had ceased business dealings with this Sanctioned Russian Customer subsequent to the sanction designation, and we have no outstanding commitments with regard to the two batches of babycare products sold to the Sanctioned Russian Customer in October 2023. Due to the nature of the products involved in these sales (i.e. sales of babycare products), that these sales were denominated in RMB with no involvement of US or UK persons, or any US or UK nexus otherwise, and for indirect activities with the Sanctioned Russian Shipping Company, the shipping company was engaged by our customers out of our control under the FOB shipping term, our International Sanctions Legal Advisers are of the view that such transactions to Sanctioned Russian Customer did not represent a violation of the applicable sanctions to Sanctioned Russian Customer and Sanctioned Russian Shipping Company, and are unlikely to result in the imposition of sanctions on the Relevant Persons;

(ii) five Sanctioned Russian Clearing Banks engaged by some of our Russian customers were designated as Specially Designated Nationals by OFAC, and were sanctioned by the UK and Australia during the period from February 2022 to July 2023. Due to the nature of the products involved in these sales (i.e. sales of babycare products), that these sales were denominated in RMB with no involvement of US or UK persons, or any US or UK nexus otherwise, and the Sanctioned Russian Clearing Banks were engaged by our customers out of our control, our International Sanctions Legal Advisers are of the view that such transactions to Sanctioned Russian Customer did not represent a violation of the applicable sanctions to Sanctioned Russian Customer and Sanctioned Russian Shipping Company, and are unlikely to result in the imposition of sanctions on the Relevant Persons;

In view of the above, our International Sanctions Legal Advisers are of the view that our transactions in the Relevant Regions did not represent a violation of the sanction measures applicable to each Sanctioned Russian Counterparties due to the lack of jurisdictions, namely, no nexus to the US nor UK. As part of our internal control as to sanctions risks, we have communicated with our customers in Russia, no sanctioned counterparties, including the Sanctioned Russian Clearing Banks and the Sanctioned Russian Shipping Company, is allowed to be involved in our transactions with our customers in Russia. We will take action that we deem appropriate for us to confirm compliance with applicable International Sanctions, including but not limited to confirming the identity of the clearing bank and shipping company to be involved in any transaction to customers in Russia prior to approving new businesses with our customers in Russia, and we will reject business that involves Sanctioned Persons.

Based on the foregoing and to ensure ongoing compliance with International Sanctions, we undertake that there will be no future transactions conducted with any Sanctioned Persons, Sanctioned Russian Clearing Banks or the Sanctioned Russian Shipping Company. Our Directors are of the view that there are viable alternative clearing banks and shipping companies available in the market that can provide equivalent services to facilitate our transactions with customers in Russia.

Our Directors further advised that sales proceeds of our products to customers in Russia during the Track Record Period and up to the Latest Practicable Date were received directly through our bank accounts in China. During the Track Record Period and up to the Latest Practicable Date, we had not notified the relevant banks through which we received payments for our sales of products to Russia of the fact that the payments were made from Russia because to the best belief, knowledge and information of our Directors having made reasonable due diligence inquiries, the relevant banks should have had access to the information of the originating countries of remittance when processing the payments. The relevant banks could have declined to process the payments if they were to identify sanctions risk in accordance with their internal procedures. To the best knowledge, information and belief of our Directors having made reasonable due diligence, we were not aware of any instance where the relevant banks declined to process any payments to us from Russia during the Track Record Period. We are not subject to loan covenants under existing loan agreements that require us to report payments received being related to sales to Russia or prohibit us from making sales to Russia. As we have not been notified that any International Sanctions will be imposed on us for our sales and/or deliveries to Russia during the Track Record Period and up to the Latest Practicable Date, our Directors are of the view that it is highly unlikely that we will be subject to suspension or termination of loans or banking facilities currently available to us.

(2) it is unlikely that our activities (including the business dealings with customers in Russia) would result in the imposition of sanctions on the Relevant Persons (including designation as a Sanctioned Target or the imposition of penalties), given that:

(i) our Group had no activity targeted by extra-territorial provisions of International Sanctions laws;

(ii) our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had not been designated as a Sanctioned Target nor is it located, incorporated, organised or resident in Russia;

(iii) our Directors also confirm that as at the Latest Practicable Date, our Group is not subject to penalties due to any violation of International Sanctions;

(iv) in view of the scope of the Global Offering and the expected use of proceeds as set out in this prospectus, the involvement by parties in the Global Offering will not implicate any applicable International Sanctions on the Relevant Persons and accordingly, the sanctions risk exposure to our Company, potential investors and Shareholders, and persons who might, directly or indirectly, be involved in permitting the listing, trading and clearing of our Shares is very low;

(3) based on the analysis set out in paragraph (1) and (2) above, we are not subject to material contingent liabilities in relation to the Primary Sanctioned Activity or Secondary Sanctionable Activity during the Track Record Period and up to the Latest Practicable Date; and

(4) we are not a Sanctioned Trader (i.e. a person or entity that does a material portion (10% or more) of its business with Sanctioned Targets and Comprehensively Sanctioned Country entities or persons) because we did not derive a material portion of our revenue (10% or more) during the Track Record Period and up to the Latest Practicable Date from business activities with Comprehensively Sanctioned Countries, or with Sanctioned Targets.

Our International Sanctions Legal Advisers have not identified any apparent violations of the International Sanctions by our Group after evaluating the sanctions risks of our historical business activities relating to Relevant Regions during the Track Record Period and up to the Latest Practicable Date. Therefore, our International Sanctions Legal Advisers have not recommended reporting of our historical business activities relating to Russia during the Track Record Period and up to the Latest Practicable Date, including voluntary self-disclosure to OFAC, and such reporting is not necessary as at the date of this prospectus.

Our undertakings to the Stock Exchange

We have undertaken to the Stock Exchange that:

- we will not use the net proceeds from the Global Offering, as well as any other funds raised through the Stock Exchange, whether directly or indirectly, to finance or facilitate any activities or businesses with, or for the benefit of, any Comprehensively Sanctioned Countries or any other government, individual or entity sanctioned by the U.S., the EU, the UN, the UK and Australia, including but not limited to, any government, individual or entity that is the subject to any OFAC-administered sanctions or that would be in breach of sanctions imposed by the U.S., the EU, the UN, the UK and Australia;

- we will not undertake any future business that would cause us, the Stock Exchange, HKSCC, HKSCC Nominees, our Shareholders or potential investors to violate or become a target of International Sanctions laws;

- we will make timely disclosure on the website of the Stock Exchange and our website if we believe that any of our business activities would put our Group or our Shareholders and investors at risks of being in breach of the International Sanctions laws; and

- we will also include such disclosures in our annual reports and the discussion of our efforts on monitoring our business exposure to sanctions risk, the status of our future business (if any) in any country subject to International Sanctions and our business intention relating to customers from any such country.

Our internal control measures to minimise sanctions risk

We have fully ceased our transactions with the Sanctioned Russian Counterparties since September 2024, and we will not deal with any Sanctioned Persons in the future. As we intend to continue our business in compliance with applicable International Sanctions, in order to identify and monitor our exposure to risks associated with sanctions laws relating to these sales, we will implement the following measures before the Listing, including:

- our Board has established a sanctions oversight committee to manage our exposures to sanctions risks and oversee the implementation of internal control policies. The sanctions oversight committee will comprise two executive Directors and one non-executive Director, namely Mr. Zeng Guodong, Mr. Zhou Jiahao and Mr. Cai Hao. Their responsibilities include, among others, monitoring our exposure to sanctions risks and our implementation of the related internal control procedures. Our sanctions oversight committee will hold at least two meetings each year to monitor our exposure to sanctions risks by reviewing our business operations involving the Relevant Regions, and will convene meetings as and when necessary if any new or substantial sanctions risk is likely to arise, such as to review and approve contracts to be entered into with new customers from countries subject to International Sanctions. In addition, our finance manager will be specifically responsible for matters relating to International Sanctions (the "**Finance Manager**");

- the Finance Manager will open and maintain separate bank account(s) which is/are designated for proceeds from the Global Offering, as well as any other funds raised through the Stock Exchange. Our sanctions oversight committee will monitor and regulate the use of the net proceeds from the Global Offering to ensure that we will not breach our undertaking to the Stock Exchange;

- the Finance Manager will maintain a control list of countries/regions subject to International Sanctions and persons and entities designated pursuant to the International Sanctions through a real-time data feed provided by external data providers. The Finance Manager will ensure continuous monitoring of sanction-related developments through automated alerts from the external data providers, supplemented by updates from our external legal advisers on a yearly basis. The sanctions oversight committee will review existing and potential customers' information against the list to identify the sanctions risk;

- for new customers from countries subject to International Sanctions, the sanctions oversight committee must review and approve these potential customers before we enter into any agreement or embark on any business opportunities with these potential customers;

- including a compliance clause in contracts with our customers or request a separate certification from the customers, requesting them to undertake (i) to comply with all the International Sanctions applicable to them and us; (ii) not to take any action, including the sale, distribution or delivery of our products which could cause them or us to violate any applicable International Sanctions; and/or (iii) not to take any action, including the sale, distribution or delivery of any products to our Group which could cause them or us to violate any applicable International Sanctions;

- including a condition in our contracts and/or purchase orders with our customers to the effect that our Group may take any action that we deem appropriate for us to confirm compliance with applicable International Sanctions in order to provide additional contractual deterrence to our customers;

- established internal control policies regarding sales to resellers to minimise our sanctions exposure. More specifically, we undergo customer assessment procedures to understand the background of our customers (including resellers) and prepare written records for review by the head of our sales department, whose approval is required before we can commence business relationship with our customers. If, upon our initial assessment, any customer is located in regions subject to International Sanctions, or its business potentially involves sanctions risks, our sanctions oversight committee will assess the relevant risks, and any business relationship with such customer shall be conducted strictly in accordance with the aforementioned internal control measures. Our sales staff will also maintain regular contact with resellers to remind them to review their customer base; if we are aware of any sales by our resellers to sanctioned persons, we will terminate our business relationship with such resellers immediately;

- the sanctions oversight committee may engage external legal advisers with relevant expertise and experience in sanctions matters to evaluate the sanctions risk as and when necessary and will formulate risk management measures taking into account the advice and recommendations provided by such external legal advisers. If, upon its assessment in the course of its oversight of our business, the sanctions oversight committee have concerns regarding our exposure to risks relating to International Sanctions laws, it will actively seek the external legal adviser's advice and consider all possible actions, including possible self-reporting by way of voluntary self-disclosure to the relevant authorities (such as the UN, the EU and OFAC) with the assistance of such external legal advisers; and

- if necessary, we will arrange external international legal counsel to provide compliance and training programs for International Sanctions issues to our Directors, senior management members and other relevant personnel to ensure that they keep abreast of the material developments in the International Sanctions related issues.

Our Directors have reviewed and evaluated these internal control measures and are of the view that these measures are adequate and effective for our Company to comply with applicable International Sanction laws and our undertakings to the Stock Exchange.

Having taken into account the above measures, our Directors are of the view that our measures provide a reasonably adequate and effective internal control framework to assist us in identifying and monitoring any material risk relating to International Sanctions laws so as to protect the interests of our Shareholders and us.

Contracting, pricing and settlement

Business customers

We typically enter into framework agreements with our major business customers, generally for a term from one to three years. These agreements are generally on a non-exclusive basis and contain no minimum purchase obligations. We typically receive purchase orders from our business customers that set out the specific terms for each order on a regular basis according to the terms of the framework agreements including pricing terms, product specifications, quantity and date of delivery.

We generally set prices of our products on a cost-plus basis after taking into account a combination of factors, among other things, production factors such as cost of raw materials and other manufacturing costs, expected profit margins, type of product sold, product features, quality and production techniques involved, extent of customisation (if any), and research and development efforts involved; as well as market factors such as market trends and demand, target markets and customers and their purchasing power, business relationship with our business customers (such as duration of business relationship and historical sales volume to such customers), and comparable product prices set by our competitors. See "— Key salient terms of framework agreements with our major business customers" in this section for details of the material terms of framework agreements we generally enter into with our major customers.

With respect to the sales of nonwoven fabrics and other raw materials, we generally do not enter into long term or fixed-term contracts with our customers for sales of nonwoven fabrics. We provide quotations to these customers on a case-by-case basis based on our negotiations with them. We price our nonwoven fabrics generally on a cost-plus basis, taking into account various production factors and our relationship with them plus an expected margin. We generally require full payment of the purchase price before delivery. Our nonwoven fabric customers mainly settled our payments by way of bank transfer in RMB.

Our general credit policy and practice for business customers is to require payment of deposit equivalent to a certain percentage of the total purchase price, generally 20% to 30%, upon issuance of our invoice or confirmation of the purchase order, while the balance of 70% to 80% is generally payable before shipment; we may also grant a credit period for part or all of the purchase price for up to 90 days. Our customers generally pay us by way of bank or telegraphic transfer in RMB or USD.

Alongside with our credit policy, we also adopt a series of credit control measures which include credit check such as obtaining credit reports from third party agents. The results of these assessments are then reviewed by our sales and marketing department and our finance department on a periodic basis. Our finance department is responsible for payment collection, invoice issuance and the management of receivables. During the Track Record Period, we had not experienced any major defaults in payments or bad debts from our customers which may materially affect our financial condition and operating results.

During the Track Record Period and as at the Latest Practicable Date, we did not have material disputes with our business customers.

Key salient terms of framework agreements with our major business customers

Set out below are the material terms of the framework agreements we generally enter into with our major business customers:

Service scope . . .	:	We are responsible for the supply of products according to the product requirement set by our business customers.
Payment terms and method . . .	:	We generally require our business customers to make advance payment of 20% to 30% of the total amount for each purchase order upon issuance of our invoice or confirmation of the purchase order, with the balance of 70% to 80% to be paid in full before shipment. We may also grant a credit period for part or all of the purchase price for up to 90 days. Our business customers generally pay us by way of bank or telegraphic transfer in RMB or USD, or letter of credit with a maturity of 90 to 120 days.

Delivery	:	We deliver our products generally on FOB terms, under which we arrange delivery of our products to the designated port in the PRC for shipment. We are generally responsible for arranging customs clearance in China and bear freight, insurance, customs and other associated costs. We are generally required to deliver our products within 30 to 45 days upon receiving the prepayment. Late delivery is subject to a daily fine based on the purchase amount.
Exclusivity	:	Generally on a non-exclusive basis for both parties.
Indicative sales quantity	:	We may agree with our business customers on a non-binding annual sales target or expected purchase volume; our business customers do not commit to any minimum purchase amount, and actual orders shall be based on the purchase orders placed with us. We do not require our customers to purchase any fixed or minimum amount per order.
Quality control and product return	:	Our business customers generally have the right to inspect our factories and our products. We generally do not accept any product return upon our customers' inspection and acceptance save for quality issues. Our business customers are responsible for handling local customs clearance and import procedures, as well as conducting quality check upon arrival of shipment.
Term	:	Generally for one to three years from the date of signing.
Termination	:	We and our business customers are both entitled to terminate the agreement with 30 days' prior notice.

End consumers

We do not sign any contract with end consumers directly with respect to our D2C e-commerce of our branded products. In addition to the aforementioned factors (where applicable), we may also take into account other considerations such as brand and product positioning of each product, and our marketing strategy for each third-party pureplay digital platform on which we offer our branded products. We seek to price our branded products appropriately to attract and retain consumer customers on the one hand and to protect our profit margin on the other hand. We set suggested retail prices, which we update from time to time based on market conditions, for each series of our branded products to be sold to end consumers. We believe we are able to focus on competing on quality, and not solely on price, to meet the needs of our stable and loyal consumer base.

Under our D2C sales model, we directly sell our products to our individual customers only through online sales channels in China, primarily third-party pureplay digital platforms. As such, we do not offer any credit period for our individual customers, and they are required to pay the purchase price in full through the relevant online sales channel before our products are delivered to them. In general, upon the individual customer confirming the receipt of our products, the third-party pureplay digital platform will settle transfer to us such payment with the relevant service fees deducted at the same time.

Product return policy

For our business customers, we generally do not accept any product return upon their inspection and acceptance save for quality issues. For our D2C sales to individual customers, subject to the rules of certain third party pureplay digital platforms, we provide a seven-day return policy for our online customers. We have a toll-free customer service hotline to answer customers' questions or troubleshoot problems on issues such as product quality, order status inquiry and product return. Our customer service centre compiles reports on return/exchange data and customer complaints regarding quality issues and regularly passes them to our quality management team.

During the Track Record Period, 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.

Marketing

We established sales teams to serve our business customers and formulate our marketing initiatives and overall sales strategy. Our sales staff is generally responsible for the daily communication with our customers, provision of assistance in purchase order confirmation and follow-up, after-sales customer services, execution and monitoring of our promotional events and policies, collecting feedback from our customers in order to improve our product quality, and conducting market research to better understand the industry trends and customer needs.

Third-party pureplay digital platforms

With the younger generation of Chinese consumers embracing affordable premium brands, we have adopted the D2C model to market and sell our branded products direct to end consumers largely through self-operated or third-party operated e-stores on more than 10 Independent Third Party pureplay digital platforms in China as at 30 September 2024, including Douyin, Kuaishou, Pinduoduo, Tmall and JD.com.

During FY2021 and FY2022, a majority of our sales were made through traditional e-commerce platforms such as Tmall. In FY2023, as we focused on social media, live streaming, and short video channels such as Douyin to promote our feminine care products, the portion of sales through those social media platforms have increased significantly. During the

Track Record Period, our sales on the five largest third-party pureplay digital platforms on which we offered our products amounted to approximately RMB62.6 million, RMB58.1 million, RMB94.1 million, and RMB139.6 million, respectively, representing approximately 99.1%, 98.4%, 98.1%, and 99.3% of our total revenue from D2C sales during the respective periods, while our sales on the largest third-party pureplay digital platform on which we offered our products amounted to approximately RMB29.3 million, RMB20.2 million, RMB50.4 million, and RMB79.8 million, respectively, representing approximately 46.4%, 34.2%, 52.5%, and 56.8% of our total revenue from D2C sales for the same periods. For risks regarding the concentration of sales through third-party pureplay digital platforms, see "Risk Factors — Risks Related to Our Industry and Business — A significant portion of our D2C sales during the Track Record Period was conducted on various third-party pureplay digital platforms". To manage such risks, we have established a dedicated digital channel risk management team led by our Director, Mr. Zhou Jiahao and comprising key personnel from sales, marketing, and operations departments. This team conducts monthly meetings to review and assess our digital platform performance metrics. The team conducts monthly performance reviews of each major third-party pureplay digital platform and analysing key metrics including sales volume and revenue trends, return rates and customer feedback scores. Moreover, our monitoring system ensures monthly sales data is tracked against our KPI targets, with monthly performance reports generated and reviewed by the team. Regular strategic planning sessions are held with platform representatives, complemented by business reviews to evaluate platform partnerships and overall channel strategy effectiveness.

Our Director, Mr. Zhou Jiahao actively seeks to identify emerging new digital platforms through market intelligence, competitor channel analysis, regular engagement with industry participants, and attendance at e-commerce trade shows and conferences. This approach ensures we remain at the forefront of digital retail developments and can quickly identify potential new sales channels.

The digital channel risk management team reports directly to the Board on a half-year basis, providing assessments of channel performance and recommendations for strategic adjustments. We consider this approach ensures we maintain effective control over our digital channel risks while identifying and capitalizing on new growth opportunities. Furthermore, the team maintains ongoing relationships with platform representatives to stay informed of new features and opportunities that could benefit our business growth, ensuring we can quickly adapt our strategies to changing market conditions and platform developments.

As at 31 December 2021, 2022 and 2023 and 30 September 2024, our trade receivable (net off loss allowance) from these five largest third-party pureplay digital platforms amounted to approximately RMB4.8 million, RMB2.3 million, RMB5.9 million and RMB6.5 million, representing approximately 12.1%, 3.4%, 16.9% and 8.4% of our total trade receivable (net off loss allowance) as at the same dates.

Set out below are the key salient terms of the agreements we generally enter into with major third-party pureplay digital platforms:

Service scope . . . :	The third-party pureplay digital platform shall allow us to establish online stores on its platform and provide us with ancillary services, such as displaying our store and product information on its platform, use of credit system maintained by the platform, etc.
Service and platform fees . . :	We shall pay the third-party pureplay digital platform (i) a fixed annual or monthly platform fee; (ii) a service fee based on a percentage of our total transaction amount through the platform; and (iii) promotion fees and other fees depending on the services and support provided by the platform, such as credit system software service fees. We are required to pay such amounts of fees by such method 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 of and compliance with the agreement.
Settlement . . . . . :	In general, upon the individual customer confirming the receipt of our products, the third-party pureplay digital platform will settle with us the gross merchandise value with the relevant service fees and promotion fees deducted at the same time. The net balance will then be remitted to us in 15 to 30 days in RMB by bank transfer. Some third-party pureplay digital platforms may also conduct settlement with us at fixed intervals (generally once to twice per month).
Term and termination. . . . :	In general, our agreements with third-party pureplay digital platforms have no fixed term. Either party may 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 third-party pureplay digital platform is also entitled to terminate the agreement if, among other things, we fail to observe the platform rules as published by the platform from time to time.

During the Track Record Period, our online sales and promotion expenses related to digital platform amounted to approximately RMB20.1 million, RMB22.5 million, RMB53.3 million, and RMB47.4 million, respectively. See "Financial Information — Selling and distribution expenses" for details.

We have been making efforts to build our brand image to attain greater market share by increasing advertising activities featuring our brands on the Internet, particularly through livestream marketing on major livestreaming platforms such as Douyin and Kuaishou. In addition to livestreaming sessions hosted by our employees, we may also cooperate with social media influencers to promote and sell our products.

To capture the market potentials and better serve our potential and existing customers, since 2015, we have established a team to operate our D2C e-commerce business. This team is responsible for the management and marketing of our products specifically for online sales and provide high quality customer services for online customers.

Celebrities, KOLs and ambassadors

We believe endorsement of our products by public figures can assist in promoting interest of the general public and expanding our brand awareness. Since our establishment, we have engaged a number of celebrities, and ambassadors to conduct our branding campaigns. For example, we engaged celebrities in Hong Kong as spokesperson for our "Insoftb" and "Cosoftb" brands.

During the Track Record Period, we engaged an artiste in Hong Kong as brand ambassador for our "Cosoftb" brand, under which we may use such artiste's image on advertisements for adult incontinence products of our "Cosoftb" brand. While we intend to engage KOLs as part of our online marketing efforts in the future, during the Track Record Period, we did not engage any third party KOLs, and only engaged our sales staff as livestreaming hosts to promote and sell our branded products through third-party pureplay digital platforms.

Traditional media and advertisements

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 and television media, to Internet, promotional events, domestic and international trade exhibitions and fairs.

Exhibitions and trade shows

We actively participate in trade shows, exhibitions and large-scale events at national and international levels to market our production capabilities and new products, in particular among our potential Business Customers such as overseas wholesalers and trading companies. In addition, we attend various overseas and domestic trade shows, such as PLMA's 2023 Private Label Show, China-ASEAN (Thailand) Commodity Fair and INDEX 2023, to establish our presence in the industry, reach more potential customers and promote our brands and products both in the PRC and internationally. Such trade fairs represent an important avenue through which we expand our customer base. We believe that these fairs have assisted us to promote our products and enhance our corporate image and will facilitate us to generate orders for our products from our customers.

IP cross-over collaboration

As part of our efforts to expand our brand awareness and enhance our corporate image, we have undertaken several branding initiatives, including, without limitation, our use of animated cartoon characters that are appealing to children and mothers alike on our babycare products. For instance, in 2020, we acquired a licence to use the image of a popular Chinese cartoon character on our babycare products in the PRC. We were also licenced to sell products bearing the image of a popular Japanese manga and anime character on our babycare products in the PRC from May 2019 to April 2021.

Seasonality

Given the nature of our products, being non-discretionary consumer staples with relatively inelastic demand, we are generally not subject to any material seasonality factors. During the Track Record Period, we did not observe material fluctuations in our revenue and sales volume throughout each financial year.

OUR PRODUCTION FACILITIES

We have highly automated production facilities. We currently have two production facilities in Quanzhou, Fujian Province, for our production and warehousing. Substantially all production and warehousing of our finished products are conducted at our Jinjiang Production Facilities, while we manufacture and store nonwoven fabrics at our Nonwoven Fabric Facilities.

Our production facilities are situated in Jinjiang, Fujian Province with a total designed capacity of over approximately 1,000 million pieces per annum as at 30 September 2024. Our Jinjiang Production Facilities had a total of 17 production lines producing our core products, each primarily comprising a full-servo machine as at 30 September 2024. We have been awarded with a number of certifications, including but not limited to Categories I and II medical device production licences. Due to the mechanical design of our production machines, the usage of our production lines are not interchangeable, and they can only be used to produce specific types of hygienic disposables. Our production lines are generally fully automated in all material aspects.

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 facilities for the periods indicated.

	FY2021			FY2022			FY2023			9M2024		
Product category	Number of production lines	Designed capacity(1)	Utilisation rate(2)	Number of production lines	Designed capacity(1)	Utilisation rate(2)	Number of production lines	Designed capacity(1)	Utilisation rate(2)	Number of production lines	Designed capacity(1)	Utilisation rate(2)
		approximately '000 pieces/year	*approximately*		*approximately '000 pieces/year*	*approximately*		*approximately '000 pieces/year*	*approximately*		*approximately '000 pieces/year*	*approximately*
(i) Existing production facilities												
Babycare												
– Baby diapers	4	262,080	41.0%	4	262,080	50.5%	4	262,080	85.3%	4	262,080	63.6%
– Baby pants	5	345,072	58.7%	6	421,512	82.8%	8	587,496	83.4%	8	587,496	58.4%
Feminine care(3)	1	61,152	1.5%	1	61,152	34.9%	2	144,144	138.3%	3	248,976	100.7%
Adult incontinence	2	54,600	13.7%	2	54,600	7.4%	2	54,600	14.7%	2	54,600	27.2%
Total	**12**	**722,904**		**13**	**799,344**		**16**	**1,048,320**		**17**	**1,153,152**	
(ii) New production line pursuant to ongoing capital expenditure for the last quarter of FY2024(4)												
Feminine care										3	382,200	
Total										**20**	**1,535,352**	
(iii) New production line pursuant to planned capital expenditure in FY2025 and onward												
Babycare										3	323,232	
Feminine care										1	82,992	
Total										**24**	**1,941,576**	

Notes:

(1) The designed capacity is the maximum number of products which can be produced at our facilities based on 260 effective production days per year and 14 hours per day assuming full year operation.

(2) The utilisation rate is calculated by dividing the actual number of products produced during the relevant period by the production capacity, based on the operation days for the same period.

(3) Our total designed capacity for our feminine care production lines as at 30 September 2024 has been netted off with the oldest feminine care production line with a designed capacity of approximately 61,152,000 pieces per year that was retired in early 2024.

(4) The consideration for ongoing capital expenditure for the last quarter of FY2024 was funded by our internal resources.

As stated above, the basis for calculating the utilisation rate of our feminine care products lines is based on the usual two shifts in total of 14 hours which is constantly applied to the calculation of the utilisation rates of other production lines. The utilisation rate of our feminine care product production lines increased from approximately 1.5% for FY2021 and 34.9% for FY2022 to approximately 138.3% for FY2023 and 100.7% for 9M2024, respectively, mainly due to an explosive growth of our D2C feminine care product sales since FY2023. In order to cope with such growth, we have arranged workers in three shifts instead of the usual two shifts totalling approximately 21 hours. Based on this, the utilisation rates of our feminine care production lines would be approximately 92.2% for FY2023. In this regard, we entered into a contract to acquire full-servo machine for setting up three additional feminine care production lines at a consideration of approximately RMB12.0 million, of which approximately RMB3.6 million as capital commitment has been committed. See "Financial Information — Capital Expenditures and Commitments" for details.

We own all of our production machinery and equipment. The estimated average useful life of our production machines and equipment is approximately 10 years under normal usage and fair wear and tear and their average remaining useful lives ranged from approximately zero to eight years as at 30 September 2024. As at the same date, the total carrying amount of machines and facilities for Jinjiang Production Facilities were approximately RMB41.8 million, including:

(i) approximately RMB24.3 million for babycare production lines, which included (a) four existing baby diaper production lines and three baby pant production lines deployed before the beginning of the Track Record Period that have been fully depreciated; (b) two baby pant production lines deployed before the beginning of the Track Record Period with average accounting remaining useful lives ranging from approximately two years; and (c) three newly set-up production lines during the Track Record Period, with average accounting remaining useful lives ranging from approximately eight to nine years;

(ii) approximately RMB16.0 million for feminine care production lines, including two newly setup production lines during the Track Record Period, with average accounting remaining useful lives ranging from approximately nine to ten years; and

(iii) approximately RMB1.5 million for adult incontinence production lines, one of which was fully depreciated while the other had an accounting remaining useful life of approximately four years.

We have implemented a comprehensive maintenance system for our facilities and equipment, including scheduled downtimes for maintenance and repairs and regular inspections of facilities and equipment. We carry out cleaning and maintenance of our production machinery and equipment on a monthly basis to prolong their useful life. 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 also possess our own nonwoven fabric production facilities strategically located in Shishi, Fujian Province in close proximity to our production facilities, enabling us to continuously optimise our production costs and uniform product quality. Our Nonwoven Fabric Facilities offers a wide range of hygiene nonwoven fabric manufacturing technologies, such as web forming and finishing including air-through, spunlace and bicomponent.

Below is a summary of the annual production capacity in terms of the amount of nonwoven fabrics manufactured and utilisation rates for our nonwoven fabrics in our production facilities for the periods indicated.

	FY2021			FY2022			FY2023			9M2024		
Nonwoven fabric category	Number of production lines	Designed capacity(1)	Utilisation rate(2)	Number of production lines	Designed capacity(1)	Utilisation rate(2)	Number of production lines	Designed capacity(1)	Utilisation rate(2)	Number of production lines	Designed capacity(1)	Utilisation rate(2)
		approximately tonnes/year	*approximately*		*approximately tonnes/year*	*approximately*		*approximately tonnes/year*	*approximately*		*approximately tonnes/year*	*approximately*
(i) Existing production facilities												
Spunlace . .	2	6,916	31.2%	2	6,916	54.4%	2	6,916	94.5%	2	6,916	110.5%
Air-through .	1	4,004	96.5%	2	6,552	90.8%	2	6,552	98.9%	2	6,552	112.5%
Bicomponent	–	–	–	–	–	–	1	1,310	86.2%	1	1,310	113.1%
Total	**3**	**10,920**		**4**	**13,468**		**5**	**14,778**		**5**	**14,778**	
(ii) New production line pursuant to on-going capital expenditure for the last quarter of FY2024(3)										1	3,120	
Total . . .										**6**	**17,898**	
(iii) New production line pursuant to planned capital expenditure in FY2025 and onwards										2	7,352	
Total . . .										**8**	**25,250**	

Notes:

(1) The designed capacity is the maximum number of products which can be produced at our facilities based on 260 effective production days per year and 14 hours per day assuming full year operation.

(2) The utilisation rate is calculated by dividing the actual number of products produced during the relevant period by the production capacity, based on the operation days for the same period.

(3) The consideration for ongoing capital expenditure for the last quarter of FY2024 was funded by our internal resources.

During the Track Record Period, the utilisation rate of our production lines fluctuated mainly due to changes in demand for different types of our products. Moreover, we conduct periodic repair and maintenance on our production lines to ensure production quality and efficiency, which idle time may also result in a decrease in the overall utilisation rate of our production lines. Adjustments or improvements to production lines from time to time and trial productions of new products may also result in a lower utilisation rate during the relevant periods.

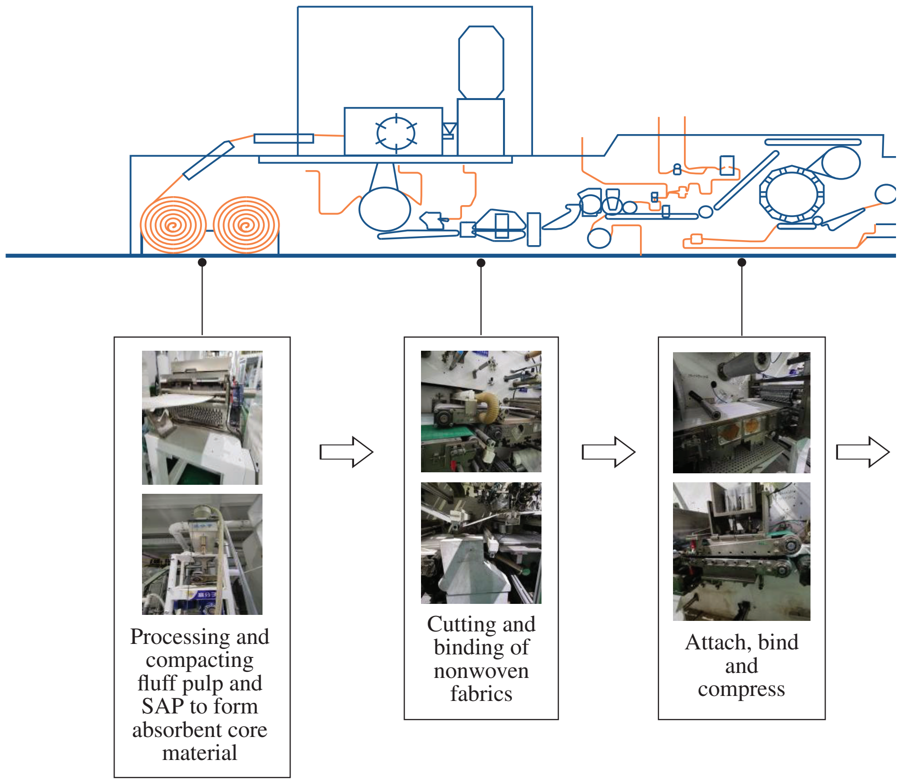
To cope with the everchanging customers' and consumers' demand, we will continue to make investment in babycare, feminine care and nonwoven fabrics facilities. See "— Our Business Strategies" for more details.

Our production process

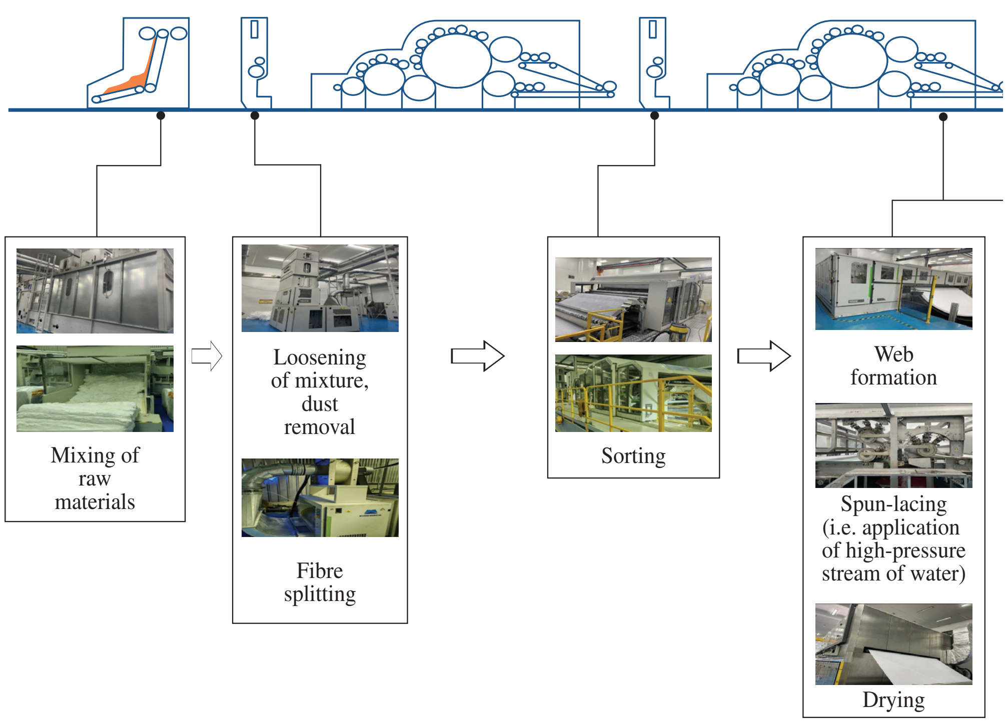
The typical production process of our end products generally involves the following steps: (i) fluff pulp is crushed and added with SAP to form core absorbent material; (ii) the core absorbent material is wrapped with paper to form a cotton core; (iii) nonwoven fabrics are cut to the appropriate size and assembled with other components, such as breathable film, elastic bands and waist patches (where applicable) to form the front and back layers of the product; (iv) the different layers are combined, cut and folded into the desired shape to form the end product; and (v) the end product is packaged into individual packaging by an automatic packaging machine, and are ready for shipment or storage in our warehouse subject to inspection, counting and final packing.

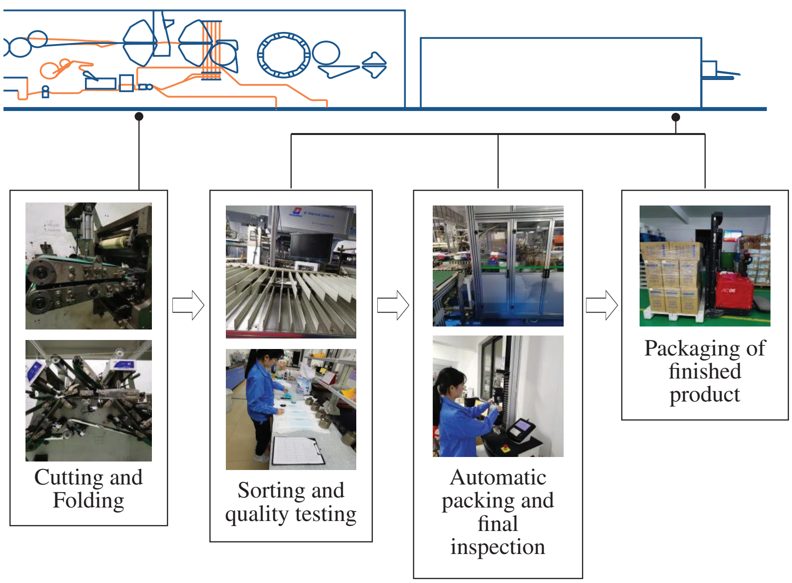
The following flow charts illustrate the general manufacturing process of diapers, pants, wipes and our nonwoven fabrics:

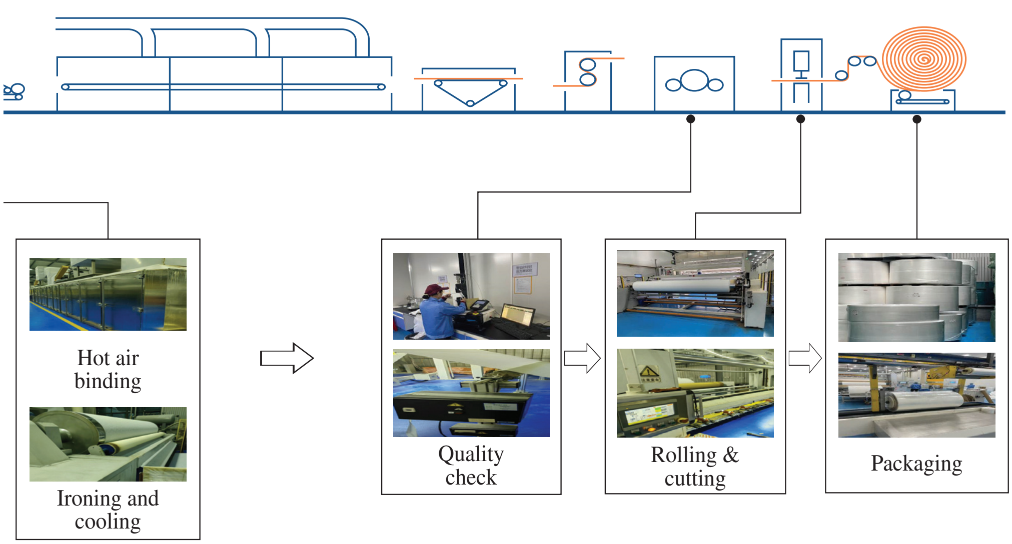
Diapers, pants and wipes



Nonwoven fabrics




Cutting and Folding
Sorting and quality testing
Automatic packing and final inspection
Packaging of finished product


Hot air binding
Ironing and cooling
Quality check
Rolling & cutting
Packaging

It typically takes no more than two days to complete the entire manufacturing process of all of our major products. In general, it also takes no more than two days to complete the entire manufacturing process of our nonwoven fabrics. During the Track Record Period, the lead time between orders from our customers and delivery of our end products and nonwoven fabrics was generally not more than approximately 45 and approximately 15 calendar days, respectively, depending on the availability and production complexity of the relevant product and taking into account the time required for shipment to our overseas customers.

OUR SUPPLIERS AND RAW MATERIALS

We maintained a diverse base of approximately 35 raw material suppliers as at 30 September 2024 to supply us with the principal raw materials we use, including fluff pulp, superabsorbent polymer, various kinds of chemicals such as polypropylene and high-density polyethylene, as well as packing materials. While sourcing the majority of our materials from domestic suppliers, we also purchased one of our principal raw materials, fluff pulp from overseas suppliers' subsidiaries or agents in mainland China and Hong Kong as at 30 September 2024. During the Track Record Period, the fluff pulp we purchased mainly originated from the U.S. and China. As advised by our PRC Legal Advisers, China currently did not impose any import ban against U.S. origin fluff pulp. All our purchases of raw materials were denominated in RMB or USD during the Track Record Period.

We only procure raw materials from companies that have satisfied our supplier evaluation. Our procurement department evaluates various aspects of a supplier, including but not limited to its overall business operations, product quality, track record, financial health, and their ability to meet our quality standard and requirements. In addition, we follow all applicable laws and regulations in our procurement, and seek to only procure raw materials from legal and non-controversial sources of known origin. To reduce the risk of price fluctuation, and as one of our internal control measures to ensure a stable supply of raw materials that satisfy our quality requirements, we have approximately three alternative suppliers within the PRC for each type of our key raw materials. As confirmed by our Directors, we did not encounter any material raw material shortages or delays during the Track Record Period and up to the Latest Practicable Date.

Some suppliers require payment in full before they supply their goods to us, while others typically provide us with a credit term of up to 60 days for our material purchases. We have not experienced any shortage of raw materials, quality issues with our raw materials or legality and non-compliance issues associated with our procurement during the Track Record Period that materially affected our operations.

We generally do not enter into any long-term purchase agreement with our suppliers. Our purchases are made on a purchase order basis. Due to the frequent price fluctuations of certain key raw materials, the purchase price for each batch of procurement is determined by both parties by referring to indicative prevailing market prices as mutually agreed. 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 are generally borne by our suppliers. We may return defective products and seek replacements. We typically settle our trade payables in RMB by bank transfers.

We obtain fee quotes from multiple suppliers before each purchase to control our procurement costs and to manage fluctuations in raw material costs. In addition, based on our cost-plus pricing approach, we seek to pass on the increase in procurement costs to our customers. However, in order to maintain business relationships with our customers and level of market demand for our products, we may not be able to increase our product prices to cover the increase in raw material costs. See "Financial Information — Significant Factors Affecting Our Results of Operations and Financial Condition — Availability and costs of our critical raw materials" for a sensitivity analysis of our raw material costs and "Risk Factors — Risks Related to Our Industry and Business — Our business and financial performance could be materially affected by fluctuations in the price of raw materials" for details of the associated risks.

Our major suppliers

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

FY2021

Rank	Supplier	Background and business nature	Principal items supplied	Year of commencement of business relationship	Credit and payment terms	Payment method	Transaction amount	% of our purchase cost
							(RMB'000) approximately	*approximately*
1 . . .	Supplier A	See Note 1.	Fluff pulp	2018	Payment in full before shipment	Letter of credit	41,997	21.2
2 . . .	Supplier B	See Note 2.	Nonwoven fabrics	2020	30 days	Bank transfer	20,026	10.1
3 . . .	Supplier C	See Note 3.	Superabsorbent polymers	2021	30 days	Bank acceptance notes	10,642	5.4
4 . . .	Supplier D	See Note 4.	Adhesives for hygienic disposables	2013	30 days	Bank acceptance notes	9,469	4.8
5 . . .	Supplier E	See Note 5.	Polypropylene	2021	Prepayment	Bank transfer	7,141	3.6
							89,275	45.1

FY2022

Rank	Supplier	Background and business nature	Principal items supplied	Year of commencement of business relationship	Credit and payment terms	Payment method	Transaction amount	% of our purchase cost
							(RMB'000) approximately	*approximately*
1 . . .	Supplier A	See Note 1.	Fluff pulp	2018	Payment in full before shipment	Letter of credit	54,296	18.7
2 . . .	Supplier C	See Note 3.	Superabsorbent polymers	2021	30 days	Bank acceptance notes	21,991	7.6
3 . . .	Sumitomo Seika (China) Co., Ltd.* 住友精化(中國)投資有限公司 ("**Sumitomo China**")	See Note 6.	Superabsorbent polymers	2022	Prepayment	Bank transfer	20,345	7.0
4 . . .	Supplier F	See Note 7.	Synthetic fibre for manufacturing of nonwoven fabrics	2022	Prepayment	Bank transfer	18,369	6.3
5 . . .	Supplier D	See Note 4.	Adhesives for hygienic disposables	2013	30 days	Bank acceptance notes	13,928	4.8
							128,929	44.4

FY2023

Rank	Supplier	Background and business nature	Principal items supplied	Year of commencement of business relationship	Credit and payment terms	Payment method	Transaction amount	% of our purchase cost
							(RMB'000) approximately	*approximately*
1 . . .	Sumitomo China	See Note 6.	Superabsorbent polymers	2022	Prepayment	Bank transfer	44,032	13.4
2 . . .	Supplier F	See Note 7.	Synthetic fibre for manufacturing of nonwoven fabrics	2022	30 days	Bank transfer	29,746	9.0
3 . . .	Supplier G	See Note 8.	Superabsorbent polymers	2021	60 days up to a credit limit of RMB2 million; payment in full if exceeding such limit	Bank transfer	27,113	8.2
4 . . .	Supplier A	See Note 1.	Fluff pulp	2018	Payment in full before shipment	Letter of credit	22,756	6.9
5 . . .	Supplier D	See Note 4.	Adhesives for hygienic disposables	2013	30 days	Bank acceptance notes	17,258	5.2
							140,905	42.7

9M2024

Rank	Supplier	Background and business nature	Principal items supplied	Year of commencement of business relationship	Credit and payment terms	Payment method	Transaction amount	% of our purchase cost
							(RMB'000) approximately	*approximately*
1 . . .	Sumitomo China	See Note 6.	Superabsorbent polymers	2022	Prepayment	Bank transfer	26,040	8.8
2 . . .	Supplier A	See Note 1.	Fluff pulp	2018	Payment in full before shipment	Letter of credit	25,436	8.6
3 . . .	Supplier F	See Note 7.	Synthetic fibre for manufacturing of nonwoven fabrics	2022	30 days	Bank transfer/Bank acceptance notes	17,220	5.8
4 . . .	Supplier I	See Note 10.	Polypropylene	2024	Prepayment	Bank transfer	16,661	5.6
5 . . .	Supplier H	See Note 9.	Synthetic fibre for manufacturing of nonwoven fabrics	2021	Prepayment	Bank transfer	16,462	5.6
							101,819	34.4

Notes:

1. Supplier A comprises (i) a U.S. company established in 2006 principally engaged in manufacturing and sales of fluff pulp and paper products ("**Supplier A1**"); and (ii) its Hong Kong exclusive agent after its business transition since November 2022. Based on public information, Supplier A1 is a leading pulp and paper company, formerly listed on the New York Stock Exchange until November 2021 upon completion of its merger with its current parent company, a privately owned pulp and paper manufacturer headquartered in Canada. Immediately prior to its privatisation, Supplier A1 had a market capitalisation of over approximately US$2.7 billion.

2. Supplier B is a privately-owned PRC company principally engaged in manufacturing and sales of nonwoven fabrics with a registered share capital of RMB8 million. Based on public information, it has over approximately 100 employees.

3. Supplier C is a PRC wholly owned subsidiary of a leading Chinese chemicals manufacturer listed on the Shanghai Stock Exchange and included in the SSE 50 Index which recorded revenue and net profit of over approximately RMB175 billion and over approximately RMB16 billion for FY2023, respectively, net assets of over approximately RMB88 billion as at 31 December 2023 and a market capitalisation of over approximately RMB279 billion as at 30 April 2024.

4. Supplier D is a PRC company listed on the Shenzhen Stock Exchange principally engaged in the manufacturing and sales of hot-melt adhesives for hygienic disposables, which recorded revenue and net profit of over approximately RMB1.6 billion and over approximately RMB100 million for FY2023, respectively, net assets of over approximately RMB1.5 billion as at 31 December 2023 and a market capitalisation of over approximately RMB2.5 billion as at 30 April 2024.

5. Supplier E is a privately-owned PRC company principally engaged in wholesale of plastics and chemical products with a registered share capital of RMB10 million. Based on public information, it has over approximately 15 employees.

6. Sumitomo China is a PRC wholly owned subsidiary of Sumitomo Seika Chemicals Company, Ltd., a leading Japanese chemical products manufacturer listed on the Tokyo Stock Exchange (stock code: 4008) which recorded revenue and net profit of over approximately US$1 billion and over approximately US$60 million for the year ended 31 March 2023, respectively, net assets of over approximately US$600 million as at 31 March 2023 and a market capitalisation of over approximately US$400 million as at 30 April 2024.

7. Supplier F is a PRC subsidiary of a leading Chinese developer and manufacturer of polyester filament yarns listed on the Main Board of the Stock Exchange which recorded revenue and net profit of over approximately RMB17 billion and over approximately RMB350 million for FY2023, respectively, had net assets of over approximately RMB10 billion as at 31 December 2023 and a market capitalisation of over approximately RMB8 billion as at 30 April 2024.

8. Supplier G is a privately-owned PRC company principally engaged in manufacturing and sales of superabsorbent polymers and other chemical products with a registered share capital of RMB220 million. Based on public information, it has over approximately 800 employees.

9. Supplier H is a privately-owned PRC company principally engaged in manufacturing and sales of synthetic fibres with a registered share capital of RMB580 million. Based on public information, it has approximately 2,000 employees.

10. Supplier I is a wholly owned PRC subsidiary of a Chinese state-owned multinational conglomerate primarily engaged in the production and trading of chemicals, fertilizer and other agricultural inputs. Its parent company was founded in 1950 with an operating history of over 75 years and currently holds a controlling stake in a number of listed companies with over 50,000 staff around the world.

To the best knowledge and belief of our Directors, none of our Directors or Shareholders who own more than 5% of the issued share capital of our Company immediately following completion of the Capitalisation Issue and the Global Offering, nor any of their respective associates, had any interest in any of the five largest suppliers of our Group for each year or period during the Track Record Period.

Salient terms of typical purchase transactions with our major suppliers

We generally procure raw materials on a purchase order basis. Set out below are the salient terms of our purchase orders which we generally issue to our suppliers:

Product description and order details.	:	Specifications of the product to be ordered including type, product code (if any), purchase volume and unit price.
Credit terms	:	Our suppliers generally require us to pay the purchase price in full in advance or grant us a credit period of not more than 60 days.
Payment method	:	Generally by bank transfer or bank acceptance notes with maturities of less than six months in RMB.
Logistics arrangement . . .	:	Delivery date, method and destination, generally on FOB terms for delivery by overseas suppliers. Our suppliers generally bear the freight, insurance and other associated costs.
Quality and acceptance . .	:	We are entitled to inspect the products before acceptance, and to reject any products that do not meet our quality requirements or otherwise not conforming to our specifications in the purchase order.
Termination	:	Not specified in the purchase order.

In addition, to help us maintain our long-term relationship with our major suppliers, we have entered into annual supply framework agreements with a few of our major suppliers which set out our key cooperation terms, including but not limited to term, scope of products to be provided, logistic arrangements, credit terms, payment method and termination. Particulars of each order, including type, quantity, price and date of delivery, are to be specified in each purchase order we make. These framework agreements do not impose any minimum or fixed purchase requirement on us.

PRODUCT DEVELOPMENT

We place great emphasis on research and development. Our research and development activities mainly focus on developing new products as well as improving our existing products and production processes. As at 30 September 2024, we had five ongoing or planned research and development projects regarding manufacturing techniques of diapers at various stages of development. We believe that our effort and capabilities in research and development give us a competitive edge to set us apart from our competitors in the baby and personal hygienic disposables market, as reflected by our certification as a National High and New Technology Enterprise (國家高新技術企業) with the latest approval obtained in December 2023 and effective up to December 2026.

During the Track Record Period, our research and development costs were approximately RMB9.8 million, RMB12.9 million, RMB20.6 million, and RMB14.9 million, respectively, accounting for approximately 3.7%, 3.2%, 3.2%, and 2.9%, respectively, of our revenue during the same periods. We plan to continue to invest in product design, research and development and focus on innovations in order to remain competitive.

Our in-house research and development efforts

We have focused on product design and development which enables us to timely refine existing products and develop new products to cater to changing demands of our customers and maintain our competitiveness. As at 30 September 2024, we had an in-house research and development team of over 20 personnel with an average experience of more than eight years in the baby and personal hygienic disposables industry.

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 business customers also provide us with direct customer feedback to assist in our product development efforts. As such, we are able to enhance our research and development capabilities and stay abreast of the latest developments in the industry which enables us to respond swiftly to market changes.

Our research and development process is typically as follows:

Market research and analysis ⇨ Project proposal ⇨ Initial feasibility study ⇨ Trial production and data collection ⇨ Final feasibility assessment ⇨ Pilot production and customer trial ⇨ Improvement of product designs and production process ⇨ Commercial production and launch

Our research and development effort also extends to the manufacturing of our nonwoven fabrics. We strive to improve the design and workmanship of our nonwoven fabrics in tandem with the development and optimisation of our finished products, as well as to better serve our potential nonwoven fabric customers. As at 30 September 2024, our nonwoven fabrics offering primarily included (i) air-through nonwoven fabrics (熱風無紡布), where fabrics are formed by applying hot air on webs of fibre to cause bonding and are commonly used for back sheet of diapers and sanitary pads; (ii) spunlace nonwoven fabrics (水刺無紡布), where fabrics are formed by applying a high-pressure stream of water on fibres to cause entangling, and generally performs better than other types of nonwoven fabrics in absorbency, flexibility and breathability, and are commonly used in wipes, home furnishing products and filtering products; and (iii) bicomponent nonwoven fabrics (雙組份無紡布), where fabrics are formed by spinning, stretching and spreading synthetic fibres and are commonly used in the production of sanitary products. Our Directors believe that we are one of the few domestic D2C brands that manufacture our own nonwoven fabrics.

INVENTORY MANAGEMENT, WAREHOUSING AND LOGISTICS

Inventory management

Our inventory primarily consists of finished products and raw materials including packaging materials. We have implemented an effective inventory control system that requires close coordination among our various departments, including our sales, marketing, raw material procurement, production, quality control and storage departments to ensure that raw materials procurement meets production requirements, and production and storage meets sales projections and actual demand. The shelf life of our finished products are generally three years.

We produce an annual master budgeting plan based on our production plan, sales forecast and existing inventory level, which is subject to adjustment from time to time according to the actual purchase orders we receive. We believe that we effectively manage our inventory at a reasonable level by considering historical sales and conducting regular assessments. This approach minimizes storage space and carrying costs, enhances working capital efficiency, and reduces the risk of product ageing during storage. We consider these factors are crucial for maintaining our stringent quality control policy.

In order to maintain accurate inventory records, we conduct full stocktake at least once every year and assess the effectiveness of our historical inventory levels on a regular basis.

Warehousing facilities

To support our sales across different business segments and demands from different customers, including our D2C e-commerce sales which require fast and accurate fulfilment of small-item, high-variability orders, we had built fully automated warehouse strategically located next to our production facilities for seven storeys with a total GFA of approximately 8,800 sq.m. and total storage capacity of over approximately 50 million pieces. It is equipped with fully automated material handling equipment, warehouse execution systems, and automatic inventory and shipment identification that allows autonomous and intelligent action that can pick, move, and pack packages, while conveying packages to loading docks and trucks. The highly-automated sorting technology is capable of sorting over approximately 900,000 pieces per hour. It requires minimal human workers to monitor the automation systems only.

Our automated storage and retrieval system in our Jinjiang Production Facilities facilitates efficient storage and retrieval, monitoring and record-keeping of finished products, stored immediately after production. This vertical integration from supply chain management to distribution allows greater cost control and efficiency. We believe this seamless sourcing-to-manufacturing-to-inventory connection enabled by automation is key to maintaining attractive margins as production scales. Furthermore, our modern warehouses enhance inventory tracking and forecasting accuracy, which proves particularly beneficial for rapidly growing online sales. Real-time inventory visibility allows close coordination of sales and production planning to avoid shortages or excess. Our integrated facilities establish a robust supply chain, improving inventory turnover while ensuring timely order fulfilment and capacity to meet demand fluctuations. During the Track Record Period, the average utilisation rate of our automated warehouse in our Jinjiang Production Facilities was approximately 92.9%, 95.8%, 97.6% and 98.1%, respectively.

Logistics

We engage logistics service providers for products delivery, comprising over approximately 20 services providers as at 30 September 2024. We typically enter into annual transportation agreements. We select logistics services providers on the basis of their track record, distribution network coverage and scale of operation. All logistic service providers were Independent Third Parties save for Jinjiang Zhihua Logistics Co., Ltd.* (晉江市志華物流有限公司) ("**Zhihua Logistics**"), a company wholly owned by Mr. Gao Yue, our executive Director. See "Continuing Connected Transactions — Summary of Continuing Connected Transaction — Service Agreement" for details.

With respect to Branded Product Business, we engage logistics service providers to deliver our products by road from our production facilities directly to customers and consumers across China. We generally dispatch the relevant products within 24 hours after a purchase order is made through one of our online sales channels and, in general, we choose which logistics service provider to arrange delivery and bear the corresponding logistics costs. The third-party pureplay digital platforms we conduct our sales on do not offer any specific logistics or transportation service provider.

For our overseas customers, we deliver our products in accordance with our contract with them on FOB terms, under which the risks of loss or damage of goods transported are passed to our customers when the products are on board of the vessel. We normally arrange delivery of our products to the port in China for shipment designated by our overseas customers through logistics service providers we engage on substantially the same terms as those for delivery to our customers within China.

We are also responsible for handling export clearance and domestic transportation and bear the associated costs, while our overseas customers will generally be responsible for the international shipment cost and import duties of the importing countries. Our staff may handle the relevant procedures, while we may also engage third party agents to handle such procedures on our behalf. Among such third party agents is Jinjiang Foreign Trade, a company which was owned as to 30% by Mr. Ngan, our founder, Chairman, and Controlling Shareholder prior to his disposal of such interests in April 2024. See "Relationship with Our Controlling Shareholders — Our Controlling Shareholders" for details.

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, with a view to ensuring the highest quality standards. In order to monitor the production quality and ensure that our products meet all our internal benchmarks and requirements, we have implemented various quality-control checks into our production process.

Our Jinjiang Production Facility is ISO 9001 (Quality Management System) and ISO 14001 (Environmental Management System) certified. Our manufacturing standards are based on relevant national standards and industry standards, including any standards as may be specified in our contracts with our customers, and are updated according to any changes of such national and industry standards. During the Track Record Period and up to the Latest Practicable Date, we had not received any material complaint on quality standards or product return due to quality issues. To uphold our stringent quality standards, we maintain a Cleanroom in our Jinjiang Production Facilities in compliance with national standards onsite to facilitate our research and product development activities.

Quality control team

We have established a quality management team and devote significant resources to quality management of our products. As at 30 September 2024, we had over 10 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. It also collects and analyses feedback on complaints from our customers in order to improve the quality of our products.

Quality control process

We only purchase raw materials from suppliers who have passed our quality and reliability assessment and have been admitted to our list of qualified vendors. Our quality management team inspects incoming raw materials upon delivery, and we return materials that fail to pass inspection and seek replacement at no additional cost. We assess our suppliers regularly and those who fail our evaluation are removed from our qualified vendor list. None of our suppliers who had business relationship with us failed the evaluation during the Track Record Period.

We implement rigorous quality control throughout the entire production process. We conduct quality checks at critical control points to ensure proper operations and detect any contamination or impurities that could impact our product quality. We also conduct comprehensive production process inspections throughout the entire production process to ensure that all of our production equipment and machinery satisfy national hygiene and safety standards. After the production process has finished, we also ensure that the packaging in strict accordance with national standard requirements. Our production personnel are required to go through dust elimination process periodically when they are on duty.

COMPETITION

The markets in which we operate are highly competitive and rapidly evolving, with many new brands and product offerings emerging in the marketplace. According to the Frost & Sullivan report, the baby and personal hygienic disposable market in China has polarised into luxury premium segment dominated by international and established brands on one hand; and on the other hand affordable premium segment with around 500 players in 2023. Certain of our competitors are multinational corporations that may have greater financial, marketing, research and development or other resources than we do, as well as greater market share within certain of our categories or geographic markets. We also face significant competition from smaller players, especially, emerging D2C brands which have benefited from the substantial growth in e-commerce and focus on D2C or other non-traditional, digital business models. In addition, competition is likely to intensify in the overseas markets as we may be required to compete with other contract manufacturers in the areas of product innovation, manufacturing capabilities and operational efficiency. Our Directors consider that our products on-demand capability with track record can differentiate ourselves and tap into growth opportunities in the industry.

EMPLOYEES

As at 30 September 2024, we had 281 full-time employees in the PRC. A breakdown of our employees by function as at 30 September 2024 is set forth below:

	Number of Employees
	As at 30 September 2024
Senior management	5
Production and procurement	105
Sales and marketing	97
R&D and quality control	35
Finance	16
Administration and human resources	12
Warehousing and logistics	11
Total	281

Our total number of employees decreased from approximately 467 as at 31 December 2023 to approximately 281 as at 30 September 2024 by approximately 186 headcounts primarily due to:

(i) labour savings in our production and quality control departments by more than approximately 150 employees primarily arising from (a) the full scale operation of newly acquired automated babycare production and packaging lines with higher operational efficiency during 9M2024; (b) the replacement of the oldest feminine care production line by a new automated feminine care production line in early FY2024; and (c) the scale down of business operation for masks, our non-core product category for 9M2024; and

(ii) the decrease of more than approximately 20 headcount in our sales and marketing department primarily because (a) we put more reliance on online sales and promotion provided by third party e-commerce platforms for our D2C Sales rather than engaging our own direct sales forces; and (b) the consolidation of our sales team following the disposal of Lantu Group in late FY2023.

It is our business strategy to continuously improve our operational efficiency. We strive to improve productivity through streamlining our production and business operation. Please refer to "Business Strategies" in this section for more details. In this regard, our Directors are of the view that our plan for streamlining production lines and sales and marketing team would not have any material adverse impact on our business and financial conditions.

Recruitment

We do not use any employment agent. We currently recruit our employees primarily through on-campus recruiting programmes and posting advertisements on recruitment websites. We enter into individual employment contracts with our employees to cover matters such as wages, employee benefits, safety and sanitary conditions in the workplace, confidentiality obligations for commercial secrets, and grounds for termination. Our employment contracts with our senior management and core research and development personnel also impose confidentiality obligations on them.

Our Group is committed to offering competitive remuneration packages to all employees. We believe that good and reasonable remuneration packages will have a positive impact on the motivation and initiative of our employees, motivating them to explore their own potentials and make continuous self-improvement.

Our Group attaches great importance to human rights and strictly complies with relevant labour laws and regulations. We are committed to not employing any child labour in any form, and will not engage in any forced labour. When we hire new employees, our human resources department will review the identity documents of the candidates to ensure that the candidates are of working age with an aim to prevent the occurrence of child labour and forced labour. As at the Latest Practicable Date, our Group did not encounter any material labour disputes.

Remuneration and benefits

As required under the applicable PRC laws and regulations, we are obliged to provide our employees with social welfare schemes covering pension insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance, housing provident funds and housing benefits. The total amount of social insurances premiums we paid for employee benefit plans during the Track Record Period was approximately RMB0.5 million, RMB0.7 million, RMB0.7 million, and RMB2.5 million, respectively. We have established a labour union and our employees may join the labour union voluntarily. We have 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.

When recruiting new employees, our Group will make reference to the past performance of the candidates and observe a candidate's suitability for the position or job in terms of their knowledge, morality, ability, experience and physical fitness. Our Group will not discriminate or unfairly treat candidates because of their gender, sexual orientation, age, national or ethnic origin, family status or other personal characteristics in the process of candidates assessment.

Training

We believe our success depends heavily upon our employees' provision of consistent, quality and reliable services. In order to attract, retain and develop the knowledge, skill level and quality of our employees, we place a strong emphasis on training our employees. We provide training periodically and across operational functions, including introductory training for new employees, technical training, professional and management training, team-building and communications training.

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 general product liability insurance. We also purchased motor vehicle insurances and participate in government sponsored social security programs including pension, unemployment insurance, childbirth insurance, work-related injury insurance, medical insurance and housing insurance. As is typical in the PRC, however, we do not maintain business interruption insurance, including insurance for natural disasters or general third-party liability insurance, or key-man life insurance. Our Directors believe that our Group's insurance policies are adequate and consistent with the common industry practice in the PRC.

OCCUPATIONAL HEALTH AND SAFETY

We have established work safety policies and procedures to ensure that our operations are in compliance with applicable work safety laws and regulations. As confirmed by our PRC Legal Advisers, we are currently in compliance with all applicable work safety laws and regulations. Our operations are subject to regulation and periodic monitoring by local work safety authorities. If we fail to comply with present or future laws and regulations, we would be subject to fines, suspension of business or cessation of operations.

During the Track Record Period, we did not experience any material accidents during our manufacturing process.

PROPERTIES

Owned properties

As at the Latest Practicable Date, we owned two properties for all our production facilities and warehouse used in our production process, which are located in Jinjiang City (the "**Jinjiang Property**") and Shishi City (the "**Shishi Property**"), Quanzhou, Fujian Province for non-property activities as defined under Rule 5.01(2) of the Listing Rules. As at 30 September 2024, each of our property interests for non-property activities (as defined under Rule 5.01(2) of the Listing Rules) had a carrying amount of less than 15% of our total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of

Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L of the Laws of Hong Kong), this prospectus 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 interests in land or buildings.

In addition, we owned an industrial real estate development in Chuzhou, Anhui Province ("**Chuzhou Property**") which is currently leased out to independent third parties. Pursuant to Rules 5.01A and 5.01B of the Listing Rules, if the carrying amount (as defined in Rule 5.01(1) of the Listing Rules) of a property interest (as defined in Rule 5.01(3) of the Listing Rules) is 1% or more of its total assets (as defined in Rule 5.01(4) of the Listing Rules), the prospectus must include the full text of a valuation report for such property interest. As the carrying amount of our Chuzhou Property exceeded 1% of our total assets as at 30 September 2024, being the date of the most recent audited combined statements of the financial position of our Group, in order to comply with Rule 5.01B(1)(a) of the Listing Rules, a property valuation report by BonVision International Appraisals Limited, an independent property valuer, in respect of our Chuzhou Property is included in Appendix IV to this prospectus.

The following table sets out a summary of our owned properties as at the Latest Practicable Date:

Address	Registered owner	Site area	Number of buildings	Main Usage	Gross floor area
		(sq.m.) *(approx.)*			*(sq.m.)* *(approx.)*
1. Jinjiang Property					
No. 2 Yihe Road, Jinjiang Economic Development Zone (Food Park) Jinjiang City, Quanzhou, Fujian Province, China (福建省泉州市晉江市晉江經濟開發區(食品園)宜和路2號)	Insoftb	23,185	5	Factories, primarily for use in our Jinjiang Production Facilities, as well as office, warehouse and auxiliary facilities (including canteen, refuse compartment and guard post, etc.)	44,390*(Note 1)* in respect of the Relevant Buildings, and 9,614.02 in respect of the Defected Buildings

Address	Registered owner	Site area	Number of buildings	Main Usage	Gross floor area
		(sq.m.) *(approx.)*			*(sq.m.)* *(approx.)*
2. Shishi Property(Note 2)					
No. 28 Caobing North District, Hongshan Road, Hongshan County, Shishi City, Quanzhou, Fujian Province (福建省泉州市石獅市鴻山鎮鴻山路草柄北區28號) . . .	Insoftb New Material	41,970	7	Factory and warehouse primarily for use in our Nonwoven Fabric Facilities	17,645
3. Chuzhou Property					
488 Suzhou North Road, Langya District, Chuzhou City, Anhui Province, the PRC (安徽省滁州市琅琊區蘇州北路488號)	Chuzhou Insoftb	66,502	7	Factory and office	18,183

Notes:

(1) Jinjiang Property comprises one parcel of land with the original planned site area of approximately 36,609 sq.m. together with five buildings and various structures completed in 2017. During the Track Record Period, we had not completed the obtaining of the land use certificate (土地使用權證書) and the building ownership certificate (房屋所有權證書) and had not completed the inspections of fire safety and acceptance (消防驗收), acceptance of safety facilities (安全設施驗收) and construction acceptance (建設工程竣工驗收) of the Jinjiang Property. As advised by our PRC Legal Advisors, the construction acceptance of the Jinjiang Property cannot be reissued due to historical issues related to real estate registration. In July 2024, we have successfully obtained the land use right certificate of the Jinjiang Property, pursuant to which a site area of approximately 23,185 sq.m. has been granted to Insoftb for a term expiring on 12 July 2074 for industrial uses. To the best knowledge, information and belief of our Directors after having made reasonable due diligence inquiries with the Administrative Committee of Fujian Jinjiang Economic Development Zone (福建晉江經濟開發區管理委員會) (i.e. the competent PRC governmental authority), the actual site area of the Jinjiang Property finally granted was lower than the original planned one because the local PRC authorities have rezoned the public area surrounding the Jinjiang Property to demarcate more spaces for flood prevention and public road construction.

We have obtained the building ownership certificate in July 2024, whereby the building ownership rights of two four – storey industrial buildings, primarily used for our Jinjiang Production Facilities and the 1st to 13th floors of a 15 – storey office building (collectively, the "**Relevant Buildings**"), with a total gross floor area of approximately 44,390.14 sq.m., were granted to Insoftb.

We have conducted an interview with and obtained confirmations from the competent PRC authorities, namely the Jinjiang City Natural Resources Bureau (晉江市自然資源局), Jinjiang City Housing and Urban-rural Construction Bureau (晉江市住房和城鄉建設局), and Administrative Committee of Fujian Jinjiang Economic Development Zone (福建晉江經濟開發區管理委員會) in respect of the above title defects of the Jinjiang Property together with the Relevant Buildings that (i) there had been no administrative penalty imposed on us for our use of the Jinjiang Property and Relevant Buildings during the Track Record Period and up to the Latest Practicable Date; and (ii) we would not be subject to any administrative penalties for our use of the Jinjiang Property and the Relevant Buildings.

Other than the Relevant Buildings, we have not yet obtained the building ownership rights of the remaining buildings and structures in respect of the Jinjiang Property, namely the 14th – 15th and other portions of the office building, warehouse and auxiliary facilities such as canteen, refuse compartment and guard post (collectively, the "**Defected Buildings**") with a total gross floor area of approximately 9,614.02 sq.m. Please refer to the paragraph headed "— Legal Proceedings and Non-compliance" below for further details.

(2) During the Track Record Period, we had not completed the obtaining of the building ownership certificate (房屋所有權證書) and the inspections of fire safety and acceptance (消防驗收), acceptance of safety facilities (安全設施驗收) and construction acceptance (建設工程竣工驗收) in respect of the Shishi Property primarily used for our Nonwoven Fabric Facilities. As of August 2024, we have completed the construction acceptance and obtained the building ownership certificate and fire safety acceptance of the Shishi Property.

As advised by our PRC legal advisors, the acceptance of safety facilities cannot be reissued due to historical issues related to real estate registration, and the construction acceptance represent the final acceptance procedures. We have conducted an interview with and obtained confirmations from the competent PRC authorities, namely Shishi City Natural Resources Bureau (石獅市自然資源局) and Shishi City Housing and Urban-rural Construction Bureau (石獅市住房和城鄉建設局) in respect of the above title defects of the Shishi Property that (i) there had been no administrative penalty that was imposed on us for our use of the buildings of the Shishi Property during the Track Record Period and up to the Latest Practicable Date; and (ii) we would not be subject to any administrative penalties for our use of the Shishi Property.

As advised by our PRC Legal Advisers, save as disclosed above and in "— Legal Proceedings and Non-compliance" and "Risk Factors", our ownership of the land use rights in our owned properties and the lease of our Chuzhou Property to independent third parties were in compliance with the applicable PRC laws and regulations in all material respects as at the Latest Practicable Date.

Leased properties

The following table sets out a summary of our leased properties from Independent Third Parties as at the Latest Practicable Date:

Address	Gross floor area	Usage	Term	Rent
	(sq.m.) (approx.)			*(RMB) (approx.)*
1. Room 501, No. 95 Anling 2nd Road, Huli District, Xiamen, Fujian (福建省廈門市湖里區安嶺二路95號501室)	636.2	Sale office	15 August 2023 to 14 August 2026	74,435 every three months
2. Floor 2-3, Public Housing Building No. 3, Yuanxing Industrial Park, Shishi, Fujian (福建省石獅市元興工業園公租房3號樓2-3層) . . .	2,194.76	Dormitory	5 December 2023 to 4 December 2026	6,584 per month

Non-registration of lease agreements

As at the Latest Practicable Date, certain lease agreements entered into between Insoftb China and our other PRC subsidiaries and the lease agreement for our office premises in Xiamen have not 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, either as landlord or as tenant, 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. As at the Latest Practicable Date, we had not received any such request. Further, some of our leases may be deemed invalid due to the absence of valid title or proper authorisation, and we may be subject to the risk of cessation of use. In the case of us having to cease our operations, our Directors do not anticipate any material difficulty in identifying comparable alternative premises for our operations.

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 during the Track Record Period and 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 licenses, 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:

Particulars of non-compliance incidents	Reasons for the non-compliance	Legal consequences and potential impact on our Group	Rectification actions and other measures
1. Property interests related			
(a) Certain buildings of Jinjiang Property with title defects			
We have obtained the building ownership certificate of the Jinjiang Property in July 2024 with the exception of certain buildings and structures which mainly include (i) the 14th to 15th and other portions of a 15-storey office building; (ii) warehouse; (iii) auxiliary facilities such as canteen, refuse compartment and guard post (collectively, the "**Defected Buildings**") with a total gross floor area of approximately 9,614.02 sq.m.. In addition, we have not yet completed the inspections of fire safety and acceptance (消防驗收), the acceptance of safety facilities (安全設施驗收) and construction acceptance (建設工程竣工驗收) of the Defected Buildings.	To the best knowledge, information and belief of our Directors after having made reasonable due diligence inquiries with the competent PRC authorities, namely Jinjiang City Natural Resources Bureau (晉江市自然資源局), (Jinjiang City Housing and Urban-rural Construction Bureau (晉江市住房和城鄉建設局), and Administrative Committee of Fujian Jinjiang Economic Development Zone (福建晉江經濟開發區管理委員會), the actual site area of the Jinjiang Property finally granted was lower than the original planned one because the local PRC authorities have rezoned the public area surrounding the Jinjiang Property to demarcate more spaces for flood prevention and public road construction. This resulted in the Defected Buildings either fell outside the final granted site area of the Jinjiang Property or exceeded the building construction density based on the final granted site area. In the view of the above, we were unable to obtain the building ownership certificates and the relevant building permits and also to complete the fire safety inspection of the Defective Buildings as of the Latest Practicable Date. To the best knowledge, information and belief of our Directors after having made reasonable due diligence inquiries, time will be required for application of the building ownership certificates and completion of fire safety inspection of the Defected Buildings which is beyond our reasonable control. Notwithstanding this, we will continue to communicate with relevant government authorities, such as Jinjiang City Natural Resources, regarding issues related to improving planning indicators and other matters.	(i) As advised by our PRC Legal Advisers, we may face the risks of: (a) not being able to dispose, transfer, lease or mortgage of the Defected Buildings in accordance with PRC laws and regulations; (b) being requested to rectify such incidents, demolish of the Defected Buildings; (c) paying a fine for any parts of the buildings located beyond the final granted site area at an amount not less than RMB100 but not more than RMB1,000 per sq.m.. On this basis, our Directors estimated that the penalty would range from approximately RMB1.3 million to RMB13.4 million based on the difference between the final granted site area and the planned site area of the Jinjiang Property; and (d) being imposed a fine for not obtaining planning certificates with an amount of not less than 5% but not more than 10% the construction costs. We may be fined not less than 1% but not more than 2% of the project contract price for construction without obtaining the construction permit. And we may also be fined more than RMB5,000 and less than RMB 30,000 without completion and acceptance of safety facilities. The maximum exposure for not completing the fire safety inspection procedures is a fine of RMB30,000 or more and RMB300,000 or less, for each construction project and if the Defected Buildings fail to complete or pass the fire safety inspection, we may be ordered to suspend the operations of the Defected Buildings. In addition, if the Defected Buildings has been delivered for use prior to completion of inspection acceptance, the competent authority may order rectification and impose a fine of 2% or more and 4% or less of the construction costs. Based on the above, the total amount of potential aggregate maximum penalties for failure to obtain the relevant planning certificates is approximately RMB6.8 million. (ii) As a form requirement to complete the application for the construction acceptance filing, we engaged a qualified third party appraiser to conduct independent inspection on such Defected Buildings. As confirmed by this third party appraiser, majority portion of the Defected Buildings have met the applicable criteria and standards in all material aspects, including fire safety standards. Our Directors confirmed that there were no significant fire hazards in the Jinjiang Property, including the Defected Buildings during the Track Record Period. In view of the foregoings, our Directors believe that our internal fire safety measures of the Defected Buildings implemented are effective and adequate and have complied with the applicable fire safety criteria and standards as stipulated under the PRC laws and regulations in all material aspects.	(i) The aggregate gross area of the Defected Buildings was approximately 9,614.02 sq.m., which included portion of office buildings, warehouse, auxiliary facilities, representing approximately 2.0%, 5.6% and 2.4%, respectively, of the total gross floor area of the properties we owned as at 30 September 2024. Our Directors consider the Defected Buildings are not related to our core production operation and facilities. Our Directors also believe that we are able to relocate in a timely manner at an estimated relocation costs (including capital expenditures, logistic and other refurbishment expenses, etc) of approximately RMB3.0 million, and thus, this would not materially affect our business or financial position. (ii) We have conducted an interview with and obtained confirmations from the competent PRC authorities, namely Jinjiang City Natural Resources Bureau (晉江市自然資源局), (Jinjiang City Housing and Urban-rural Construction Bureau (晉江市住房和城鄉建設局), and Administrative Committee of Fujian Jinjiang Economic Development Zone (福建晉江經濟開發區管理委員會) that (a) there had been no administrative penalty imposed on us for our use of the Defected Buildings during the Track Record Period and up to the Latest Practicable Date; and (b) we will not be subject to any administrative penalties for our use of Defected Buildings. (iii) Mr. Ngan, our Controlling Shareholder, has given an undertaking to provide indemnities in respect of, any fines, penalties, damages, losses, fees and costs for demolition, relocation and others, and liabilities which might be payable by our Group in relation to our occupation of Defected Buildings before obtaining the building ownership certificates and the relevant permits as well as completing fire safety inspections. See "Statutory And General Information – F. Other Information – 1. Deed Of Indemnity" set out in Appendix VI to this prospectus. (iv) Based on the confirmations from the PRC authorities and indemnities given by our Controlling Shareholder as stated above, our PRC Legal Advisers are of the view that the risk that the relevant governmental authorities will impose a material administrative penalty on us, including suspending the operation of the Defected Buildings, demolishing the Defected Buildings within a prescribed period and confiscating the Defected Buildings, due to our use of the Defected Buildings before completing the related procedures for obtaining the legal and beneficial titles, construction and other permits, is remote.

Particulars of non-compliance incidents	Reasons for the non-compliance	Legal consequences and potential impact on our Group	Rectification actions and other measures
(b) Leased Properties without Lease Registration and Filing			
As at the Latest Practicable Date, three leases between Insoftb China and our other PRC subsidiaries, and one lease for our office premises in Xiamen, with a total GFA of 786.2 sq.m. did not conduct the lease registration and filing (租賃登記備案) in China.	These non-compliance incidents were primarily attributed to (i) three lease agreement's are related to building of our Jinjiang Site which could not be registered due to the absence of building ownership certificate during the Track Record Period; and (ii) one leased property is currently temporarily unregistered, as the property owner is an Independent Third Party who has not undergone the registration process.	As advised by our PRC Legal Advisers, 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. Failure to do so within the time limit may subject us to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease. In the event we fail to register the four lease agreements according to the requirements of the relevant PRC government authorities, we may be subject to a fine with the maximum amount of RMB40,000 as at the Latest Practicable Date. As advised by our PRC Legal Advisers, this non-compliance incident is not expected to have any materially adverse impact on our Group's business operations and financial conditions.	As at the Latest Practicable Date, no administrative action, fine or penalty had been imposed by the relevant PRC government authorities with respect to this non-compliance incident, nor has any order been received by our Company to settle the outstanding registration and filling. As at the Latest Practicable Date, we are in the process of applying to the relevant government authorities for the outstanding registration and filing for the three properties leased by us. We were closely monitoring the status of our applications. 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.

Particulars of immaterial non-compliance incidents	Reasons for the non-compliance	Legal consequences and potential impact on our Group	Rectification actions and enhanced internal control measures
2. Underpayment of social insurance and housing provident fund			
Since the inception of our Group and up to the Track Record Period, we did not make full contributions to the social insurance and housing provident funds for certain employees in accordance with the applicable PRC laws and regulations. We estimate that the shortfall in the aggregate amount of contributions made by our Group to the employees' social insurance payments and housing provident fund contributions was approximately RMB4.9 million, RMB7.4 million, RMB9.3 million and RMB2.0 million, respectively during the Track Record Period.	These non-compliance incidents were mainly due to insufficient understanding and incorrect interpretation by our junior human resource personnel who lacked understanding of the rules in relation to the applicable PRC laws and regulations relating to social insurance and housing provident fund contribution.	As advised by our PRC Legal Advisers, our failure to timely pay the full amount of social insurance contributions for our employees may subject us to being required to pay or make up the corresponding amount within a period of time, and a late payment fee at a daily rate of 0.05% will be calculated from the date of non-payment. Our failure to pay after being required to make such payment may subject us to the fine of not less than one and not more than three times 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. In addition to the aforementioned, 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; (iii) the Company confirms that the relevant competent government authorities have not initiated any proceedings requesting us to make up for the shortfall amount or imposed any penalty on us; (iv) the indemnities provided by the Controlling Shareholder; and (v) as at the Latest Practicable Date, we made social insurance and housing provident fund contributions for all the payable employees, as advised by our PRC Legal Advisers, 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.	(i) The Group have made full provision in respect of the shortfall of social insurance and housing provident funds of amounting to approximately RMB4.9 million, RMB7.4 million, RMB9.3 million and RMB2.0 million for the Track Record Period and approximately RMB5.9 million prior to the Track Record Period. As at the Latest Practicable Date, we have paid social insurance and housing provident fund fees for all the payable employees. (ii) As at the Latest Practicable Date, we had obtained verbal confirmations from the competent government authorities as well as the online public search conducted by our PRC Legal Advisers that (i) no fines, recoveries, or any other administrative penalties, enforcement measures or investigations had been or would be imposed by the relevant PRC government authorities as the contribution base and contribution ratio in respect of social welfare and housing provident funds currently adopted by the Group is acceptable; (ii) no disputes or litigations regarding social insurance and housing provident funds between the competent authorities and the Group; (iii) the competent authorities had not received any employee complaints or arbitration cases indicating our violation of labour and social insurance laws, rules, and regulation; and (iv) the Group had not been subject to any administrative penalties relating to social insurance and housing provident funds. As advised by our PRC Legal Advisers, such confirmations were made by the competent authorities. (iii) Our PRC Legal Advisers are of the view that under the current policies and regulations and the implementation of local government and without employees' complaints, the risk of any action to be taken by relevant government authorities demanding the Group to make up for our historical arrears of social insurance and housing provident fund is remote. In addition, according to the undertaking letter issued by Mr. Ngan, our Controlling Shareholder, he has given an undertaking to provide indemnities in respect of compensation responsibility for any penalties, fines, claims, loss and other liabilities caused to our Group due to these non-compliance incidents. (iv) We have adopted certain measures to strengthen our internal control in this regard, including (i) the human resources department will regularly check the latest regulations and policies issued by the relevant government authorities each year; (ii) trainings will be regularly conducted by the PRC Legal Advisers in respect of compliance with social welfare and housing provident fund contributions; (iii) Mr. Zeng Guodong, one of our executive Directors, is designated to review the calculation of the social insurance and housing provident fund contributions on a monthly basis to ensure that the calculation and payment methods are in compliance with the relevant laws and regulation; and (iv) consulting our Legal Advisers on the relevant laws and regulations on social insurance and housing provident fund contributions from time to time. (v) Our internal control consultant has reviewed the corresponding enhanced internal control policies which our Group has adopted. Based on the above, our Directors are of the view that the enhanced internal control measures adopted by our Group are adequate, effective and sufficient in preventing recurrence of similar future non-compliance.

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 326 registered trademarks in the PRC, and one registered trademark in Hong Kong. We also had 11 pending trademark applications in the PRC. In addition, as at the Latest Practicable Date, we had obtained a total of 47 patents in the PRC, including two invention patents, one design patent and 44 utility model patents, and had pending applications for another five invention patents. We also obtained eight copyrights in connection with the design of our products, and six domain names in the PRC as at the same date.

In addition, we engage third party professional solution providers to assist us in monitoring infringing products relating to our "Insoftb" branded products offered on various traditional e-commerce platforms. Once the solution providers identify potential infringements of our "Insoftb" trademark on the e-commerce platform, they will assist us in filing complaints to the relevant e-commerce platform. Our Directors believe this practice leads to a better marketing environment for our D2C online sales.

As at the Latest Practicable Date, we had not been sued for material 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. On the other hand, 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 — If our research and development efforts, trademarks, trade names, copyrights, patents and other intellectual property rights do not adequately protect our product design or trade secrets, we may lose market share to our competitors and be unable to operate our business profitably".

IMPACT OF THE COVID-19 PANDEMIC

Since December 2019, the COVID-19 outbreak has had a significant impact on the global economy. As such, there was an increase in the sales volume of our personal hygienic disposables from FY2021, driven by increased demand from major customers due to higher sales of hygiene products during the COVID-19 pandemic. In FY2022, our other revenue under revenue by product category decreased by approximately RMB8.8 million, or approximately 42.1%, from RMB19.2 million in FY2021 to RMB10.4 million in FY2022. This decrease was mainly due to reduced sales of masks.

Since the initial outbreak, there have also been reoccurrences of COVID-19 cases in several cities in China, in response to which the government had taken further containment measures, and our own business operations, as well as the operations of our business partners, were affected. 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 impacted by the containment measures that have been 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. 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. Our Directors take the view that the COVID-19 outbreak is not expected to cause any material adverse impact on our operations and performance in the long run.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Overview

We are committed to fostering sustainable practices, promoting social responsibility, and maintaining strong governance standards, reflecting our dedication to Environmental, Social, and Governance ("**ESG**") principles. We will establish a set of ESG policies ("**ESG Policy**") in accordance with the standards of Appendix C2 to the Listing Rules, which outlined, among others, (i) the appropriate risk governance on ESG matters, including climate-related risks and opportunities, (ii) ESG strategy formation procedures, (iii) ESG risk management and monitoring, (iv) the identification of key performance indicator ("**KPI**") and (v) the relevant measurements and mitigating measures.

Governance

Our ESG Policy will set out different parties' respective responsibilities and authority in managing ESG matters. Our Board has overall responsibility for ensuring the effective implementation of the ESG policies and measures in its operations, including: (i) appointing our Group's key person responsible for ESG related matters; (ii) overseeing and determining our environmental, social, and climate-related risks and opportunities impacting us; (iii) establishing and adopting the ESG Policy, action plans and our targets, ensuring that ESG considerations are integrated into our overall business strategy and objective; (iv) approving the implementation of ESG related measures and monitor the measures required; (v) reviewing our performance annually against the ESG targets and revising the ESG strategies as appropriate if significant variance from the target is identified; (vi) continuously monitoring relevant ESG risk and reviewing relevant ESG policy regularly to ensure their effective execution; (vii) ensuring and establishing appropriate and effective ESG risk management and internal control system; and (viii) ensuring the Board has the necessary expertise, diversity and experience to effectively oversee our ESG-related matters, considering ESG-related skills and experience when selecting and evaluating board members.

Our Board will establish an ESG working group to support our Board in implementing the agreed ESG Policy, targets and strategies; conducting materiality assessments of ESG related risks; collecting ESG data from different parties while preparing for the ESG report; and continuous monitoring of the implementation of measures to address our ESG-related risks. The ESG working group has to report to our Board on an annual basis on our ESG performance and the effectiveness of the ESG systems.

The actual and potential impact of ESG-related risks on us

Given the nature of our business, we do not produce any material generation of emissions and wastes and no heavy pollutions. Nonetheless, we monitor environmental and climate-related risks that may impact on our business, strategy and financial performance as our key agenda. Supervised by our Board, we actively identify and monitor the ESG-related risks and opportunities, and we seek to incorporate such climate-related issues into our businesses, strategy and financial planning.

We regularly check and analyse the carbon emissions caused by our own business operations, and continuously explore solutions to reduce carbon emissions. Based on the tracking and review of emission indicators, we actively explored actions to reduce carbon emissions and disposal. Non-hazardous waste is handled by the property in compliance.

Our operation shall comply with certain environmental requirements under Chinese law, including requirements related to air, water and solid waste pollution and regulation related to work and occupational safety and protection. We have identified the relevant risks in respect of environment and society facing our Group. Material risks and mitigation response are as follows:

Environmental & social risks	Possible impacts and consequences on our Group	Mitigation response
(i) Policy risk	According to the "dual carbon" goals, the Chinese government strictly controls energy consumption of enterprises in manufacturing industry. If we fail to identify environment-related policies and laws and regulations effectively, as well as to manage its own energy consumption effectively, we will face risks including penalties imposed by regulatory agency as well as power outages and production halts. These will have an impact on the continuing operation of our Group.	We will pay close attention to the updates and changes of relevant policies, and make corresponding measures according to the "dual carbon" strategy of China and energy consumption control regulation under local government. We will implement necessary energy management to improve energy efficiency of production units.
(ii) Pollution risks	The industrial waste produced in manufacturing processes of our Group includes hazardous waste and non-hazardous waste. If we fail to dispose relevant industrial waste properly, it will pollute the environment.	We recycled and separately stored the industrial waste produced in manufacturing processes. Our manager of production department will also inspect manufacturing processes regularly, in order to prevent wanton discharge of production waste.
(iii) Production and occupational safety risk . .	Any non-compliance with the Law on Production Safety of the PRC (中華人民共和國安全生產法) or other relevant laws and regulations in respect of production and occupational safety may lead to our Group being ordered to take rectifying measures, fined, suspended business for rectification and business closure by relevant government authorities.	The Board will be responsible for reviewing revision of relevant laws and regulations in respect of production and occupational safety, ensuring that our Group complies with relevant laws and regulations in respect of production and occupational safety.

Environmental & social risks	Possible impacts and consequences on our Group	Mitigation response
(iv) Product safety and quality risks	If the products of our Group were involved in issues such as safety hazards, quality and exaggerated publicity, it may affect the health and trust of consumers and the public, and may also lead to product recall, legal proceedings and brand damage.	We have developed a system for the management of quality, including formulation and execution of product quality standards and quality control requirements during manufacturing processes, and have obtained quality management system certificate (質量管理體系認證證書). Our Group will recall all defective and unqualified products to prevent customers from using defective products.
(v) Climate-related risk . . .	Extreme weather such as typhoon, rainstorms, chilliness and the intense heat of summer may to some extent have an impact on the stability of production, threaten the safety of employees and disrupt our continuing operation. Our Group's major production facilities are located in Jinjiang City and Shishi City in Fujian Province. The southeast coastal areas where Fujian Province is located is a common landfall spot for typhoons. The geographic conditions give rise to frequent typhoons that do harm to the warehouses, factories and other buildings and the operation stability, or likely will result in operation interruptions. Besides, our Group will suffer from economic losses if the logistics and transportation of products are blocked due to unexpected weather events.	In order to mitigate the impact of climate-related risk, we have formulated measures for ensuring production safety and stability during extreme weather, and constantly updated these measures to maintain continuing operation.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material claim or penalty or accident in relation to health, work safety, social and environmental protection. As advised by our PRC Legal Advisers, we had been in compliance with the relevant PRC laws and regulations in all material aspects.

Metrics and Targets

We set targets for each material KPI at the beginning of each financial year in accordance with the disclosure requirements of Appendix C2 to the Listing Rules and other relevant rules and regulations upon listing. The relevant targets on material KPIs will be reviewed by the board on an annual basis to ensure that they remain appropriate to the needs of our Group. In setting targets for the KPIs, we have taken into account their respective historical levels and have considered our future business expansion thoroughly and prudently with a view of balancing business growth and environmental protection to achieve sustainable development.

As our major production facilities in Jinjiang City and Shishi City in Fujian Province account for the major emissions, therefore, we monitor the environmental KPIs from these two major production facilities to assess and manage our environmental and climate-related risks arising from our business operations.

Due to the lack of statutory objectives in the industry where we operate, and the difference in calculation method for the intensity data compared with the industry peer companies, the intensity data is not available for comparison against the statutory targets and the industry peer companies. Additionally, due to the absence of specific industry standards for emissions data, our emissions data is not available for comparison against industry standards.

Greenhouse Gas ("GHG") emissions

The GHG emissions in daily operations of our Group are mainly from (1) direct GHG emissions (from production activities and the use of vehicle); (2) purchased electricity consumption in our Group's operations; and (3) indirect GHG emissions caused by other business activities, such as disposal of paper waste at landfill, electricity used for fresh water and sewage processing, and employees' travelling on business trips. The amount of greenhouse gas we emitted during the Track Record Period is calculated in terms of tonnes of carbon dioxide equivalent ("**tCO2e**") as follows:

Indicator	**FY2021**	**FY2022**	**FY2023**	**9M2024**
	(tCO2e) (approximately)			
Scope 1 – Direct GHG emission				
– production activities	670	1,520	2,438	1,770
– use of vehicle	26	14	64	74
Scope 2 – Energy indirect GHG emission				
– purchased electricity	7,505	10,039	16,210	14,754
Scope 3 – Other indirect GHG emission				
– disposal of paper waste at landfill	–	1	0.3	6
– electricity consumption for water and sewage processing	33	37	62	51
– business travel by plane	0.1	2	37	54
Total GHG emission	8,234	11,613	18,811	16,709
GHG emissions intensity (tCO2e/million in revenue)	31	28	29	32

We purchased a "Dryer Waste Heat Recovery System" and put it into operation in June 2024 to achieve thermal energy recycling. We have relied on natural gas as fuel to generate steam for our production processes. By implementing this new system, we aim to reduce natural gas consumption by capturing and reusing excess heat generated during the combustion of natural gas, ultimately achieving the goal of reducing greenhouse gas emissions. This initiative reflects our commitment to environmental responsibility and supports global efforts to promote sustainable manufacturing practices, benefiting both our business and the environment. Since the "Dryer Waste Heat Recovery System" was newly installed in 2024, we are still in the process of fine-tuning it to optimise its performance. We have not yet compiled data on the energy savings or greenhouse gas emission reductions achieved through this system. However, we anticipate that it will reduce our daily natural gas usage by approximately 15%. We expect to complete the necessary adjustments and begin collecting relevant energy-saving data in 2025.

Looking forward, we are committed to reducing GHG emissions to minimize its effects on the environment. In order to reduce the direct emissions caused by the vehicles use, our Group encourages employees to commute and go out to work by public transport instead of using their own or company's cars. We have reminded our employees to turn off unused electronic equipment, such as air conditioning and lighting systems, before leaving the office. We also require the administration department to give priority to energy-saving equipment when purchasing public electronic products, so as to reduce electricity consumption in all aspects. We will continue to implement the above measures so as to maintain the intensity of GHG emissions at a similar level to that in 2022 by 2026, taking 2022 as the baseline.

Energy consumption

Our direct energy consumption mainly includes gasoline and diesel used by automobiles and natural gas used in production activities, while indirect energy consumption mainly includes the consumption in the form of purchased electricity. Details of our Group's energy consumption during the Track Record Period are as follows:

Indicator	**FY2021**	**FY2022**	**FY2023**	**9M2024**
	(MWh) (approximately)			
Direct energy				
– Diesel	–	33	256	186
– Gasoline	96	23	6	105
– Natural gas	1,614	3,660	5,869	4,261
Indirect energy				
– Purchased electricity	12,917	17,604	28,424	25,871
Total energy consumption	14,627	21,320	34,555	30,423
Intensity of energy consumption (MWh/million in revenue)	56	52	53	58

Please refer to the paragraph above for our policy to reduce energy consumption. We will continue to promote energy saving information among all employees and post slogans in the office to remind employees to save electricity. In future operations, we will also continue to monitor the electricity consumption of our offices and try to maintain energy consumption intensity at a similar level by 2026 to that in 2022.

Water consumption

Our Group's water resource is mainly used for the production bases, offices and dormitories located in Jinjiang City and Shishi City in Fujian Province. Details of our Group's water consumption during the Track Record Period are as follows:

Indicator	**FY2021**	**FY2022**	**FY2023**	**9M2024**
	(m^3) (approximately)			
Total water consumption	52,113	57,622	95,853	76,716
Intensity of water consumption (m^3/revenue in million)	198	141	146	147

Regarding to the measures for reducing water consumption, our Group encourages its employees to reduce production and domestic water usage, which can reduce water consumption as well as the electricity consumed by water supply. Our Group's administrators and logisticians will make regular inspection on swivels to ensure no more waste of fresh water. During the Track Record Period, we had no difficulty in getting water. Looking forward, we will continue to encourage our employees to save water to avoid wastage and maintain water consumption intensity at a similar level by 2026 as compared to that in 2022 by continuing to implement the above measures.

Hazardous Waste Management

Our production activities primarily utilize nonwoven fabrics, fluff pulp, superabsorbent polymers, polypropylene, high-density polyethylene, and various packaging materials, including plastic film, cardboard, tape, cartons, and packaging bags. We source these materials from our suppliers that are not toxic or harmful to the environment. While these materials do not generate significant hazardous waste, our production processes do produce organic exhaust gas and smoke.

To mitigate the environmental impact of these emissions, we have installed filters containing activated carbon filtration layers in our production facilities. These filters effectively adsorb the organic exhaust gases and smoke released during production. Additionally, lubricant and oily waste are generated during the routine maintenance of our machinery. To address this, we collect these substances in designated oil drums and store them separately. Our Group is committed to environmentally responsible practices and will engage qualified third-party recyclers to manage this hazardous waste appropriately.

The filters we have installed are effective in adsorbing organic exhaust gases and smoke released during production. Therefore, before the activated carbon filters reach saturation, organic exhaust gases and production smoke are effectively adsorbed and not directly released into the air. Our engineering staff is responsible for daily checks on the saturation levels of the activated carbon filters and replacing them as needed. Since we had not historically tracked data on organic exhaust gases and production of smoke, we are unable to disclose relevant emissions data for these hazardous gases during the Track Record Period. Nevertheless, we will begin collecting data for these harmful gases starting in 2025 and disclose such information accordingly.

For lubricants and oily waste generated during routine machine maintenance, we understand that directly discarding these materials can cause severe environmental damage. We only stored these substances in dedicated oil drums and have not engaged with any third-party professional disposal agencies to handle these lubricants and oily waste during the Track Record Period. Nevertheless, we will engage qualified third-party professional disposal agencies to recycle these lubricants and oily waste before December 2025, ensuring that these hazardous materials are recovered, treated, or disposed of in compliance with the applicable regulations to prevent environmental pollution. Going forward, we will annually engage with the relevant qualified third-party agencies to handle the lubricants and oily waste, and we will disclose the recycling data for these materials based on the records provided by the professional disposal agencies. Additionally, we will conduct regular employee training to enhance awareness of waste classification and management, ensuring compliance with environmental regulations and fulfilling our corporate social responsibilities.

We have not yet collected relevant emissions data for hazardous gases, lubricants, and oily waste during the Track Record Period, nevertheless, we will begin collecting the emission data for hazardous gases in June 2025 and recycle the lubricants and oily waste before December 2025. We anticipated that our emission intensity of hazardous waste will be less than 0.05 kg per ten thousand revenue.

Non-hazardous Waste Management

Since the disposable hygiene products that we manufactured are intended for end-consumer use, we expect that all our disposable hygiene products will eventually be used and disposed of in landfills. During the Track Record Period, our total sales volume was more than approximately 370 million pieces, 420 million pieces, 760 million pieces and 630 million pieces, respectively.

Non-hazardous waste generated in the daily operation of our Group mainly comes from printing paper used in daily business and waste generated from production activities and sales activities (including scraps of nonwoven fabrics, fluff pulp, superabsorbent polymers, polypropylene, high density polyethylene, and packaging materials, such as plastic film, cardboard, tape, cartons, packaging bags, and packaging wrap). However, data on waste generated from production and sales activities is not available, as no relevant information was collected during the Track Record Period. Details of non-hazardous waste are as follows:

Indicator	FY2021	FY2022	FY2023	9M2024
		(tonnes)		
Daily use of paper in the office	N/A[(1)]	0.3	0.1	1.2
Total non-hazardous waste disposal	N/A[(1)]	0.3	0.1	1.2
Intensity of non-hazardous waste generation (tonnes/revenue in million)	N/A[(1)]	0.0007	0.0002	0.002

Note:

1 The data of paper waste is not available because no relevant information has been gathered in FY2021.

Instead of sending the non-hazardous waste to the landfill, those waste generated from the production activities and waste paper generated from our daily business were gathered and sold to third-party recyclers.

In order to save paper consumption, our Group encourages employees to reduce the use of paper, including using double-sided printing to handle daily documents. Meanwhile, we also encourage our staff to collect re-useable waste paper for recycling purposes. Our Group will also monitor and review the daily business processes within our Group, so as to replace unnecessary paper documents with electronic documents and reduce paper consumption. Going forward, our Group will continue to implement the above measures so as to maintain the intensity of non-hazardous waste generation at a similar level to that in 2022 by 2026.

Employment

We employed a total of 281 employees as at 30 September 2024, all of whom are based in Mainland China. We have approximate ratio of 1:1 male to female employees across all age groups. As at 30 September 2024, 194 employees are aged 35 or below; 77 employees are aged 36 to 55; and 10 employees are aged 56 or above. During 9M2024, our monthly average employee turnover rate was approximately 9.8%. With respect to our employment policy, labour standards, employment opportunities, see "— Employees — Recruitment" and "— Employee — Remuneration and benefits" for further details.

Supply Chain Management

For our procurement policy, see "— Our suppliers and raw materials" for further details. We only procure raw materials from companies that have satisfied our stringent supplier evaluation process. Our procurement policy involves conducting comprehensive assessments of potential suppliers, evaluating their overall business operations, product quality, track record, financial health, and ability to meet our quality standards and requirements. Environmental sustainability is a key priority in our supplier selection criteria. We have implemented specific policies to minimize ecological impact, including giving preference to suppliers who offer non-toxic, environmentally harmless, and easily degradable or recyclable materials. We actively seek partnerships with suppliers committed to sustainable practices, particularly those working towards "zero carbon" initiatives and following established environmental guidelines.

To strengthen our monitoring of environmental and social responsibilities within the supply chain, we carefully assess suppliers' production processes, focusing on their use of environmentally friendly materials and methods. Our evaluation extends to reviewing suppliers' employment criteria and labour practices, ensuring responsible business practices throughout our supply chain. During the Track Record Period, we were not requested by our customers to cooperate in implementing their compliance programs or conducting on-site audits.

Our procurement department evaluates suppliers based on various aspects, including but not limited to their overall business operations, product quality, track record, financial status, and ability to meet our quality standards and requirements. Additionally, we consider whether the materials provided by suppliers are non-toxic and environmentally friendly. To ensure this, we have established a new supplier evaluation mechanism and a regular supplier assessment process. The new supplier evaluation mechanism aims to comprehensively assess new suppliers to confirm their compliance with our requirements, while the regular supplier assessment mechanism ensures that existing suppliers continue to meet our standards annually. When selecting suppliers, the procurement team evaluates factors such as product quality, service, qualifications, cost-effectiveness, and whether the materials provided are eco-friendly and sustainable and we will not engage with any supplier whose materials are toxic or harmful to the environment. Our procurement manager reviews and scores the suppliers, categorising them into three grades: A, B, and C. Suppliers rated as Grade C are considered unqualified, and if they fail to improve in a subsequent evaluation, their qualification to supply will be revoked and we will cease engaging with the relevant supplier.

LICENCES, PERMITS AND APPROVALS

Our PRC Legal Advisers confirm that during the Track Record Period and up to the Latest Practicable Date, save for the non-compliance issues as disclosed in "— Legal Proceedings and Non-compliance", 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, all of which are held by Insoftb China:

Licence/permit/approval	Issuing Authority	Publication Date/Duration
Medical-grade product certification certificate (醫護級產品認證證書)	China Health & Safety (Beijing) Certification Centre (中衛安(北京)認證中心)	24 November 2023 to 23 November 2026
Pollutant discharge permit (排污許可證)	Quanzhou Bureau of Ecology and Environment (泉州市生態環境局)	30 July 2023 to 29 July 2028
Disinfection product manufacturing enterprise hygiene permit (消毒產品生產企業衛生許可證)	Fujian Health and Family Planning Commission (福建省衛生和計劃生育委員會) and Quanzhou Health Commission (泉州市衛生健康委員會)	9 September 2022 to 8 September 2026
Medical device manufacturing permit (Category II – protective equipment for medical staff) (醫療器械生產許可證(二類 – 醫護人員防護用品))*(Note)*	Fujian Drug Administration (福建省藥品監督管理局)	1 June 2020 to 31 May 2025

Note: This permit is only required for the manufacture and sales of masks, a product line launched specifically for public and personal health control measures during the COVID-19 pandemic. Following the end of the COVID-19 pandemic, we put strategic focus on our core product categories and thus have no intention to renew such permit upon its expiry in May 2025.

CERTIFICATES, AWARDS AND RECOGNITIONS

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

Certificate/Award/Recognition	Awarding/Publishing Body	Grant/Publication Date/Duration
Technology Small Giant Enterprise of Fujian Province (福建省科技小巨人企業) . . .	Fujian Provincial Department of Science and Technology (福建省科學技術廳), Fujian Provincial Development and Reform Commission (福建省發展和改革委員會), Fujian Provincial Department of Industry and Information Technology (福建省工業和信息化廳) and Fujian Provincial Department of Finance (福建省財政廳)	1 September 2021
Major drafting unit of the national standard for baby disposable diapers (GB/T24001.1-2021)	State Administration for Market Regulation (SAMR) (國家市場監督管理總局) and Standardisation Administration of China (中國國家標準化管理委員會)	13 April 2021
National High and New Technology Enterprise (國家高新技術企業)	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)	1 December 2020 to 30 November 2023; 28 December 2023 to 27 December 2026
Top 10 Enterprises in the PRC's Baby Diaper Industry in 2018 (2018年度中國嬰兒紙尿褲行業十強企業)	Household Paper Professional Committee of the PRC Paper Association (中國造紙協會生活用紙專業委員會)	16 April 2019
Fujian Famous Brands in 2016 (2016年度福建名牌產品) . . .	Fujian Provincial People's Government (福建省人民政府)	June 2017

INTERNAL CONTROL AND RISK MANAGEMENT

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. We have engaged an internal control consultant in September 2023 to conduct a review of our internal control system and to assist us in reviewing our internal control system. We enhanced the internal control system by taking into account the internal control review result by the internal control consultant. As our business continues to expand, we will continue to refine and enhance our internal control system to respond to the evolving requirements of our business operations. We will continue to review our internal control system to ensure due compliance with the applicable laws and regulations.

We have decided to adopt the following measures to ensure on-going compliance with the applicable laws and regulations and to strengthen our internal control upon Listing:

1. Our Board includes three independent non-executive Directors to ensure transparency in management and fairness in business decisions and operations. Our independent non-executive Directors contribute to the enhancement of corporate value by providing advice and insights based on their years of administrative experience and specialised knowledge;

2. establishing internal control policies and procedures on corporate governance, finance and auditing setting out the internal approval and review procedures pursuant to which our employees at different departments shall comply with, and the policies and procedures shall be reviewed periodically and approved by the Board;

3. supervision and guidance by our Audit Committee comprising our independent non-executive Directors which is empowered to provide an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group, overseeing the audit process etc; and

4. engage external professional advisers (including Compliance Adviser with effect from Listing, as well as legal advisers as to Hong Kong laws, and tax advisers) to provide professional advice and guidance to our Group to ensure compliance with the applicable laws and regulations. We also expect our external professional advisers will provide internal training to our employees from time to time to ensure our employees are kept up-to-date to any legal and regulatory developments.

Based on the above, our Directors are of the view that our Group has taken reasonable steps to establish an internal control system and procedures to enhance the control environment at both the working and management levels, and that the internal control measures are adequate and effective for our business operations.

OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, Mr. Ngan beneficially owns approximately 90% of our Shares through companies 100% directly or indirectly owned by him, namely, Softo BVI, Wish BVI, and Galaxey BVI. These companies are Mr. Ngan's investment holding entities with no operation other than holding our Shares. Softo BVI, Wish BVI, and Galaxey BVI are respectively holding approximately 58.95%, 16.00% and 15.05% of our Shares as at the Latest Practicable Date. As such, for the purpose of the Listing and under the Listing Rules, Softo BVI, Wish BVI and Galaxey BVI, as well as Mr. Ngan, are considered as a group of Controlling Shareholders.

Immediately after completion of the Global Offering, the Controlling Shareholders, namely, Mr. Ngan, Softo BVI, Wish BVI and Galaxey BVI will control, in aggregate, the exercise of voting rights of approximately 67.50% of the Shares eligible to vote in the general meeting of our Company (assuming that the Over-allotment Option is not exercised). None of our Controlling Shareholders or their respectively 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.

DISCLOSURE UNDER RULE 8.10 OF THE LISTING RULES

Save and except for the interest in our Group, Mr. Ngan, our Controlling Shareholder, individually owned 30% equity interest in Jinjiang Foreign Trade and also was the legal representative and a director since 2004 and up to the disposal of his entire equity interest therein on 24 April 2024. For the same period, the remaining equity interest in Jinjiang Foreign Trade was held by three individual Mainland Chinese and Jinjiang State-owned Assets Management Co., Limited (晉江市國有資產投資經營有限責任公司) (formerly held by Jinjiang Finance Bureau (晉江市財政局)), a PRC stated-owned enterprise, as to 60% and 10%, respectively, all of which are Independent Third Parties. Jinjiang Foreign Trade was initially established as a Chinese stated-owned entity and converted into a joint-stock company principally engaged in wholesaling, import and export trading and processing of children shoes and goods and other consumer goods in China. Having recognised its core strengths and network, Jinjiang Foreign Trade mainly provided custom declaration and clearing services for export trade to our Group since our inception in 2010. The agency fees paid by our Group to Jinjiang Foreign Trade were approximately RMB0.8 million, RMB0.8 million, RMB0.8 million and RMB0.1 million during the Track Record Period, respectively. See the section headed "Business — Inventory Management, Warehousing and Logistics — Logistics" for details.

Based on the audited accounts prepared by local auditors, Jinjiang Foreign Trade has recorded revenue of approximately RMB357.1 million, RMB737.1 million, RMB541.2 million and RMB188.5 million, respectively, for the Track Record Period whereas it recorded net profit of approximately RMB0.1 million, RMB0.3 million, RMB0.3 million and RMB0.1 million, respectively, for the same period. Other than our Group, Jinjiang Foreign Trade has served approximately more than 20 customers which has contributed to approximately 65%, 85%, 85% and 95% of its total revenue, respectively, for the Track Record Period. To focus on the development and growth of our Group, Mr. Ngan disposed of his entire equity interest in Jinjiang Foreign Trade to an Independent Third Party for a consideration of approximately RMB9.3 million pursuant to an equity transfer agreement dated 31 March 2024. Such consideration was determined based on an independent valuation of 100% equity interest of Jinjiang Foreign Trade as at 18 January 2024 prepared by an independent valuer. The disposal was completed and fully settled on 30 April 2024. Mr. Ngan also resigned as the legal representative and a director of Jinjiang Foreign Trade on 24 April 2024.

Our Directors confirm that to their best knowledge, belief and information, having made reasonable due diligence inquiries, as advised by our PRC Legal Advisers, there was not any material non-compliance with the applicable laws and regulations on the PRC on the part of each of Jinjiang Foreign Trade during the Track Record Period and immediately prior to the disposal.

Save for Mr. Ngan being a common director of both our Group and Jinjiang Foreign Trade, the business and operation of our Group and that of Jinjiang Foreign Trade are independent of and separate from each other. As such, our Directors do not expect there will be any overlap nor competition between the business of our Group and Jinjiang Foreign Trade.

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 Listing:

Management Independence

Our business is managed and conducted by our Board and senior management. Upon the Listing, our Board will consist of four executive Directors, one non-executive Director and three independent non-executive Directors. Please refer to the section headed "Directors and Senior Management" in this prospectus for details. Mr. Ngan, one of our Controlling Shareholders, is our executive Director.

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 us and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum;

(iii) our daily management and operations are carried out by our executive Directors and our senior management team. Other than Mr. Ngan, who is one of our Controlling Shareholders, the other executive Directors and senior management are independent from our Controlling Shareholders and 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 years of experience in different professions. They have been appointed 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. See "— 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 is able to perform their roles independently from our Controlling Shareholders and close associates after the Listing.

Operational Independence

We operate independently from our Controlling Shareholders and their respective close associates, including:

(i) we have established its own organizational structure, which comprises individual departments and each department has its own administrative and corporate governance infrastructure;

(ii) we hold all of the relevant licenses and intellectual property rights material to our business operation and has 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 for each year or period during the Track Record Period. We do not rely on our Controlling Shareholders or their 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.

Despite that we continued to engage Jinjiang Foreign Trade, a company previously owned as to 30% by Mr. Ngan, details of which is set out in "— Disclosure under Rule 8.10 of the Listing Rules" in this section, to transact with certain existing customers, Mr. Ngan no longer had any interests nor held any position in Jinjiang Foreign Trade upon completion of disposal of his interests in April 2024 and Jinjiang Foreign Trade has since then been an Independent Third Party.

Having considered the above factors, our Directors are of the view that we are capable of carrying on our business independently from our Controlling Shareholders and their respective close associates.

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 of the Board (the "**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 has adequate internal resources and a strong credit profile to support our daily operations. During the Track Record Period, our Group obtained certain banking facilities where Mr. Ngan, one of our Controlling Shareholders, and his associates provided personal guarantees which are expected to be released and replaced by a corporate guarantee to be given by us before the Listing. Our Group also had certain amounts due to Mr. Ngan or his associate which have been fully settled and waived as at the Latest Practicable Date. See note 22 to the Accountants' Report in Appendix I to this prospectus for more information.

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. 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.

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 chair, chief executive officer, board composition, the appointment, re-election and removal of directors, their responsibilities and communications with shareholders, details of which are set out in "Directors and Senior Management" in this prospectus.

Our Directors recognise the importance of good corporate governance in protecting our Shareholders' interests. 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 Listing, 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) the Articles of Association provided that a Director shall absent himself/herself from participating in Board meetings (nor shall he/she be counted in the quorum) and voting on any resolution of the Board approving any contract or arrangement or other proposal in which he/she or any of his/her close associates is materially interested unless a majority of the independent non-executive Directors expressly requested him/her to attend;

(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 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 Sunny Fortune 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 chair, 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 Listing.

Our Group has entered into a number of agreements with our connected persons (as defined under Chapter 14A of the Listing Rules) in our ordinary and usual course of business, and the transactions disclosed in this section will constitute continuing connected transactions of our Company under the Listing Rules upon the Listing.

CONNECTED PERSONS

The table below sets forth the connected person of our Company which conducts or will continue to conduct connected transactions with our Group after the Listing and its relationship with our Company:

Name	Connected relationship
Jinjiang Zhihua Logistics Co., Ltd.* (晉江市志華物流有限公司) ("**Zhihua Logistics**")	As at the Latest Practicable Date, Mr. Gao, being an executive Director, directly held 100% equity interest in Zhihua Logistics. Accordingly, Zhihua Logistics is an associate of Mr. Gao pursuant to Rule 14A.12(1)(c) of the Listing Rules and hence a connected person of our Company pursuant to Rule 14A.07(4) of the Listing Rules. Mr. Gao is the nephew of Mr. Ngan, our Controlling Shareholder and executive Director, and cousin of Mr. Zhou, our executive Director.

SUMMARY OF CONTINUING CONNECTED TRANSACTIONS

The following table sets forth a summary of our continuing connected transactions:

Partially exempt Continuing Connected Transactions

Historical transaction amounts	FY2021	FY2022	FY2023	FY2024
	RMB	*RMB*	*RMB*	*RMB*
	(audited)	*(audited)*	*(audited)*	*(unaudited)*
	(approx.)	*(approx.)*	*(approx.)*	*(approx.)*
Logistics and transportation services	4.7 million	5.0 million	15.7 million	16.2 million

	For the year ending 31 December		
Proposed annual caps	2025	2026	2027
	RMB	*RMB*	*RMB*
	(approx.)	*(approx.)*	*(approx.)*
Logistics and transportation services .	22.0 million	24.0 million	26.5 million

Service Agreement

Background and Principal Terms

During the Track Record Period, Zhihua Logistics provided logistics and transportation service (the "**Logistics Services**") to Insoftb China. With a view to regulating the provision of the Logistics Services provided by Zhihua Logistics in compliance with the Listing Rules, on 14 March 2025, Insoftb China entered into the logistics and transportation service agreement (the "**Service Agreement**") with Zhihua Logistics, pursuant to the Service Agreement, Zhihua Logistics agreed to provide the Logistics Services to Insoftb China. The Service Agreement is for a term of three years with effect from 1 January 2025 to 31 December 2027.

Our Directors (including Mr. Zeng, who is our executive Director, our non-executive Director and our independent non-executive Directors but excluding Mr. Ngan, Mr. Zhou and Mr. Gao) are of the view that the transactions contemplated under the Service Agreement are on normal commercial terms or terms more favourable to our Group.

Reasons for the Transaction

Zhihua Logistics has been providing Logistics Services to our Group prior to the Track Record Period. The entering into of the Service Agreement shall establish long-term, stable and satisfactory logistics service support to our Group and is also expected to help improve the efficiency of our supply chain management of our Branded Product Business, in particular, D2C sales.

Pricing

The pricing policy for the service fees paid to Zhihua Logistics by our Group shall be the same as our Group's pricing policy for the service fees paid to Independent Third Parties logistics service provider. The service fees for the provision of Logistics Services shall be determined on arm's length basis with reference to the fee scale issued by Zhihua Logistics, which takes into account a number of factors and details of the Logistic Services, including the number and type of vehicles used, distance involved, the geographic area covered and other specific delivery requirements. The fee scale issued by Zhihua Logistics is applicable to all of its customers who they provide similar Logistics Services.

Historical Amount and Proposed Annual Caps

The service fees charged by Zhihua Logistics to Insoftb China for FY2021, FY2022, FY2023 and FY2024 amounted to approximately RMB4.7 million, RMB5.0 million, RMB15.7 million and RMB16.2 million, respectively, accounting for approximately 92.7%, 64.7%, 66.7% and 79.1% of our total distribution costs, for the same periods. Zhihua Logistics primarily provide Logistic Services for our Branded Product Business, and with respect to our Branded Product Business, we engaged five other logistics service providers to deliver our products, and the fee standards charged by these five logistics service providers are comparable to those of Zhihua Logistics. Please refer to the section headed "Business — Inventory Management, Warehousing and Logistics — Logistics" in this prospectus for more details. The logistics service fees increased substantially compared to FY2021 and FY2022 primarily due to a significant growth in our D2C sales of our branded products from approximately RMB53.3 million in FY2022 to approximately RMB142.3 million in FY2023.

The annual cap for the Service Agreement for each of the years ending 31 December 2025, 2026 and 2027 is expected to be approximately RMB22.0 million, RMB24.0 million and RMB26.5 million, respectively.

The Basis of the Annual Caps

The annual caps for FY2025, FY2026 and FY2027 are estimated primarily based on (i) the estimated growth of our demand for the Logistics Services by making reference to the historical transaction amounts, (ii) estimated growth of our demand for Logistic Services with reference to the historical sales growth rate, (iii) general market price of the Logistics Services, and (iv) general inflationary pressures in the PRC.

Listing Rules Implications

Zhihua Logistics is owned as to 100% by Mr. Gao, an executive Director of our Company. Mr. Gao is the nephew of Mr. Ngan, our Controlling Shareholder and executive Director, and cousin of Mr. Zhou, our executive Director. Therefore, Zhihua Logistics is an associate of Mr. Gao and a connected person of our Company.

As each of the applicable percentage ratios (other than the profit ratio) in respect of the annual caps under the Service Agreement is expected to be more than 0.1% but less than 5% and thus the transactions contemplated under the Service Agreement constitute continuing connected transactions of our Company which will be subject to the annual review, reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirement pursuant to Rule 14A.76(2)(a) of the Listing Rules.

Application for Waiver

In respect of these continuing connected transactions contemplated under the Service Agreement, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted, waivers exempting us from strict compliance with the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules provided that the aggregate amounts of the continuing connected transactions contemplated under the Service Agreement for each financial year shall not exceed the relevant amounts set out in the respective annual caps (as stated above).

Our Company will comply with the applicable requirements under the Listing Rules if any of the proposed caps set out above are exceeded, or when there is a material change in the terms of these transactions. Apart from the announcement and independent shareholders' approval requirements for which waiver have been sought, our Group will comply with the relevant requirements under Chapter 14A of the Listing Rules.

If any terms of the transactions contemplated under the abovementioned agreements are altered or if our Company enters into any new agreements with any connected persons in the future, we will fully comply with the relevant requirements under Chapter 14A of the Listing Rules unless we apply for and obtain a separate waiver from the Stock Exchange.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as at the Latest Practicable Date on this non-exempt continuing connected transaction, our Company will take immediate steps to ensure the compliance with such new requirements within a reasonable time. Such transactions will continue to be subject to the annual reporting requirement under the Listing Rules.

Views of our Directors

Our Directors (including our independent non-executive Directors) are of the view that the continuing connected transactions contemplated under the Service Agreement as described above have been and will continue to be carried out: (i) in the ordinary and usual course of our business; (ii) on normal commercial terms that are no less favourable to our Group or better than the terms offered by Independent Third Parties; and (iii) the terms are fair and reasonable and in the interests of our Company and our Shareholders as a whole. In addition, the annual caps for the non-exempt continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

View of the Sole Sponsor

The Sole Sponsor is of the view that the Service Agreement was entered into in the ordinary and usual course of business of our Group and on normal commercial terms that are no less favourable to our Group than the terms offered by Independent Third Parties and that the terms of the Service Agreement and the annual caps set out above are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

Internal Control Measures

In order to ensure that the terms under the continuing connected transactions described above Requirements” in this section and continuing connected transactions contemplated thereunder are fair and reasonable, and the connected transactions are carried out under normal commercial terms, we have adopted the following internal control procedures:

- we have adopted and implemented a management system on connected transactions. Under such system, the Audit Committee is responsible for conducting reviews on compliance with relevant laws, regulations, our Company’s policies and the Listing Rules in respect of the connected transactions. In addition, the Audit Committee, the Board and various other internal departments of our Company (including but not limited to the finance department) are jointly responsible for evaluating the terms under the framework agreements for connected transactions, in particular, with respect to the fairness of the pricing policies and annual caps under each agreement;

- the Audit Committee, the Board and various other internal departments of our Company also regularly monitor the fulfilment status and the transaction updates under the framework agreements. In addition, the management of our Company also regularly reviews the pricing policies of the continuing connected transactions;

- our independent non-executive Directors and auditors will conduct annual reviews of the continuing connected transactions and provide annual confirmations to ensure that, pursuant to Rules 14A.55 and 14A.56 of the Listing Rules, the transactions are conducted in accordance with the terms of the agreements, on normal commercial terms and in accordance with the relevant pricing policies;

- our finance department will maintain and update the list of connected persons of our Group. Such list will be circulated to members and relevant departments of our Group on a quarterly basis; and

- when considering service fees for the services to be provided by our Group to the above connected persons, our Group will constantly research prevailing market conditions and practices and make reference to the pricing and terms between our Group and Independent Third Parties for similar transactions, to ensure that the pricing and terms offered to the above connected persons from mutual commercial negotiations are fair, reasonable and are no less favourable than those to be offered to Independent Third Parties.

BOARD OF DIRECTORS

Our Board consists of four executive Directors, one non-executive Director and three independent non-executive Directors. The functions and duties of our Board include, but not limited to, convening the general meetings, reporting on the performance of our Board's work at the general meetings, implementing the resolutions passed at the general meetings, determining business and investment plans, formulating our annual financial budget and final accounts, formulating our proposals for increase or reduction of our capital as well as exercising other powers, functions and duties as conformed in accordance with the Articles of Association.

The following table sets forth the information regarding our Directors and senior management:

Name	Age	Position	Roles and responsibilities	Date of joining our Group	Date of appointment as Director/ senior management	Relationship with other Directors and senior management
Directors						
Mr. Ngan Pui Kuan (颜培坤)	61	Chair of our Board and executive Director	Our overall management and strategic development	1 November 2010	4 December 2023	Father of Ms. Ngan, one of our senior management team members, father-in-law of Mr. Zhou, one of our executive Directors, and uncle of Mr. Gao, one of our executive Directors
Mr. Zeng Guodong (曾國棟)	49	Chief executive officer and executive Director	Administration and human resources	1 October 2010	8 May 2024	None
Mr. Zhou Jiahao (周家豪)	34	Director of production department and executive Director	Overseeing of our D2C Branded Product Business	1 March 2015	8 May 2024	Son-in-law of Mr. Ngan, Chair of our Board and one of our executive Directors, brother-in-law of Ms. Ngan, one of our senior management team members, and cousin of Mr. Gao, one of our executive Directors
Mr. Gao Yue (高躍)	35	Assistant to the Chair of our Board and director of the purchasing department and executive Director	Overseeing of our procurement operation	1 October 2011	8 May 2024	Nephew of Mr. Ngan, Chair of our Board and one of our executive Directors, cousin of Mr. Zhou, one of our executive Directors and Ms. Ngan, one of our senior management team members

Name	Age	Position	Roles and responsibilities	Date of joining our Group	Date of appointment as Director/ senior management	Relationship with other Directors and senior management
Mr. Cai Hao (蔡昊)	30	Non-executive Director	Providing advice on our business strategy	1 May 2024	8 May 2024	None
Ms. Leong Kai Weng Subrina (梁佳穎)	38	Independent non-executive Director	Providing independent advice on the business strategies, operations and management of our Board	10 March 2025	10 March 2025	None
Mr. Wong Tai Wai David (黃大維)	66	Independent non-executive Director	Providing independent advice on the business strategies, operations and management of our Board	10 March 2025	10 March 2025	None
Mr. Ng Brian Hong Jing (吳康政)	40	Independent non-executive Director	Providing independent advice on the business strategies, operations and management of our Board	10 March 2025	10 March 2025	None
Senior management						
Ms. Ngan Ka Wai (顏嘉瑋)	26	Vice president of our Group	Responsible for export trade and assisting the chair, Mr. Ngan, in our overall management	1 March 2021	1 July 2023	Daughter of Mr. Ngan, Chair and one of our executive Directors, sister-in-law of Mr. Zhou, one of our executive directors, and cousin of Mr. Gao, one of our executive directors
Mr. Jiang Shukun (江樹坤)	45	Manager of research and development department	Responsible for daily management of quality control of our products	1 November 2010	1 November 2010	None
Mr. Zhan Guoqiang (詹國強)	36	Manager of warehousing and logistics department	Responsible for daily management of warehousing and logistics department	1 March 2011	1 March 2011	None
Mr. Yan Liangyou (顏良友)	34	Financial controller of financial department	Responsible for daily management of financial department	1 May 2015	1 January 2017	None

DIRECTORS

Executive Directors

Mr. NGAN PUI KUAN (顏培坤), aged 61, is the founder of our Group. He is the chairman of our Board, our executive Director, and our Controlling Shareholder. He was appointed as a director on 4 December 2023 and designated as an executive Director and the chair of our Board on 8 May 2024. He currently holds directorship in Insoftb China, Insoftb New Material, Chuzhou Insoftb, and Jinjiang Libaida, the subsidiaries of our Company. Mr. Ngan is in charge of overall management and strategic development of our Group. Mr. Ngan is also father of Ms. Ngan, one of our senior management members, father-in-law of Mr. Zhou, one of our executive Directors and uncle of Mr. Gao, one of our executive Directors.

Mr. Ngan has over 29 years of experience in the manufacturing and trading industries. Prior to founding our Group in November 2010, Mr. Ngan served as executive director and manager at Jinjiang Foreign Trade which was primarily engaged in import and export trading of children's products from September 2002 to April 2024.

Mr. Ngan graduated from Fujian Jinjiang Yangzheng Middle School (福建省晉江市養正中學), the PRC in July 1981, and he was appointed as an executive supervisor of the school board of Yangzheng High School in March 2024. Mr. Ngan was appointed as a member of the Quanzhou City High-level Talents Level 3* (泉州市高層次人才第3層次) in August 2021. He was awarded the title of "The 17th Outstanding Entrepreneur in Fujian Province" (第十七屆福建省優秀企業家) by Fujian Federation of Enterprises and Entrepreneurs (福建省企業及企業家聯合會) in March 2018.

Mr. Ngan was previously a director and/or supervisor of the following PRC companies at the time of their respective dissolution:

Name of company	Nature of business	Date of dissolution	Status	Reasons of dissolution
Jinjiang Jinshan Needle Textile Co., Ltd.* (晉江金山針紡有限公司)	Production of various chemical fibre plush and knitted products	7 March 2007	Revocation	Cessation of business
Liangshan Maofeng Clothing Co., Ltd.* (梁山茂豐服裝有限公司)	Manufacture and sale of all kinds of fashion underwear	8 January 2002	Revocation	Cessation of business

Mr. Ngan confirmed that (i) to the best of his knowledge, information and belief after making reasonable enquiries, each of the above companies was solvent immediately prior to its dissolution; (ii) there is no wrongful act on her part leading to the dissolutions of each of the above companies; (iii) he is not aware of any actual or potential claim that has been or will be made against his as a result of the dissolutions of each of the above companies; and (iv) no misconduct or misfeasance had been involved on her part in the dissolution of each of the above companies.

Mr. ZENG GUODONG (曾國棟), aged 49, was appointed as an executive Director on 8 May 2024. He currently holds directorship in Insoftb China, a subsidiary of our Company. Mr. Zeng is responsible for overall administration and human resources of our Group.

Mr. Zeng has over 27 years of experience in sales and management. Prior to joining our Group in October 2010, Mr. Zeng worked for Beijing Xinruique Trading Centre* (北京鑫瑞鵲商貿中心), which was primarily engaged in sales of household goods, needlework and textiles, as a business manager from August 1996 to September 1998. He joined Shanghai Ruique Investment Co., Ltd.* (上海瑞鵲投資有限公司), which was primarily engaged in enterprise investment management and business information consulting in Shanghai as the deputy general manager from October 1998 to July 2000. Mr. Zeng served as a general manager in the Beijing Xinshunlong Technology Co., Ltd.* (北京鑫順隆科技有限公司) from August 2000 to November 2011.

Mr. Zeng graduated in foreign trade English from Beijing-U.S.A. College of English (北京美國英語語言學院) in Beijing, PRC in July 1996.

Mr. Zeng was previously a director and/or supervisor of the following PRC companies at the time of their respective dissolution:

Name of company	Nature of business	Date of dissolution	Status	Reasons of dissolution
Fujian Jinjiang Dongshi Fudong Rock Products Factory* 福建省晉江東石福東岩石製品廠	Processing of stone slabs	13 July 2015	Deregistration	Cessation of business
Chenghua District Zeng Guodong Trade Department* 成華區曾國棟商貿部	Sale of cosmetics and closing	11 June 2018	Deregistration	Never commenced business operation
Shenzhen Yaoxinsheng E-Commerce Co., Ltd.* (深圳市耀信盛電子商務有限公司)	Sale of electronic products and daily necessities	26 October 2023	Deregistration	Cessation of business
Beijing Yuzhongqing Outdoor Products Co., Ltd.* (北京雨中晴户外用品有限公司)	Sale of umbrellas	14 January 2024	Deregistration	Cessation of business
Shanghai Zengjia Trading Co., Ltd.* 上海曾嘉貿易有限公司	Sale of daily necessities	23 January 2024	Deregistration	Never commenced business operation

Mr. Zeng confirmed that (i) to the best of his knowledge, information and belief after making reasonable enquiries, each of the above companies was solvent immediately prior to its dissolution; (ii) there is no wrongful act on her part leading to the dissolutions of each of the above companies; (iii) he is not aware of any actual or potential claim that has been or will be made against his as a result of the dissolutions of each of the above companies; and (iv) no misconduct or misfeasance had been involved on her part in the dissolution of each of the above companies.

Mr. ZHOU JIAHAO (周家豪), aged 34, was appointed as our executive Director on 8 May 2024. He is in responsible overseeing of our D2C Branded Product Business. Mr. Zhou is also son-in-law of Mr. Ngan, chair of our Board and one of our executive Directors, brother-in-law of Ms. Ngan, one of our senior management members and cousin of Mr. Gao, one of our executive Directors.

Mr. Zhou has over 10 years of experience in the manufacture and sale of disposable sanitary products. In March 2015, he joined Insoftb China as a sales manager. From March 2017, he was promoted to director of the marketing department. He has been acting as the director of the production department since December 2022.

Mr. Zhou obtained a bachelor's degree in business administration in business economics with specialisation in service economics from University of Macau (澳門大學) in Macau in July 2014.

Mr. GAO YUE (高躍), aged 35, was appointed as our executive Director on 8 May 2024. He currently holds directorship in Blue Giant Hygiene Products, and Heynckes Trading, the subsidiaries of our Company. Mr. Gao is responsible for overseeing our production and procurement. Mr. Gao is also nephew of Mr. Ngan, chair of our Board and one of our executive Directors, cousin of Mr. Zhou, one of our executive Directors, and Ms. Ngan, one of our senior management members.

Mr. Gao has over 13 years of experience in production and procurement field. In October 2011, he joined Insoftb China as a procurement officer. From October 2012, he was promoted to procurement manager. He has held the position of assistant to the chair, Mr. Ngan since November 2020.

Mr. Gao graduated in accounting from Fujian Agricultural Vocational and Technical College* (福建農業職業技術學院) in the Fujian Province, PRC in July 2012.

Mr. Gao was previously a supervisor of the following PRC companies at the time of their respective dissolution:

Name of company	Nature of business	Date of dissolution	Status	Reasons of dissolution
Fujian Yiqi Technology Co., Ltd.* 福建奕奇科技有限公司	Research and development of technologies for the production of sanitary products	27 October 2020	Deregistration	Cessation of business
Shenzhen Yaoxinsheng E-Commerce Co., Ltd.* (深圳市耀信盛電子商務有限公司).	Sale of electronic products and daily necessities	26 October 2023	Deregistration	Cessation of business

Mr. Gao confirmed that (i) to the best of his knowledge, information and belief after making reasonable enquiries, each of the above companies was solvent immediately prior to its dissolution; (ii) there is no wrongful act on her part leading to the dissolutions of each of the above companies; (iii) he is not aware of any actual or potential claim that has been or will be made against his as a result of the dissolutions of each of the above companies; and (iv) no misconduct or misfeasance had been involved on her part in the dissolution of each of the above companies.

Non-executive Director

Mr. CAI HAO (蔡昊), aged 30, was appointed as our non-executive Director on 8 May 2024. Mr. Cai has around three years of experience in the finance industry and is responsible for providing advice on our business strategy.

Mr. Cai served as a research assistant in the Sinolink Securities Co., Ltd. (國金證券股份有限公司), which was engaged in securities business, from July 2021 to November 2023. Since December 2023, Mr. Cai started to work as an executive vice president of the investment department in Fujian Panpan Food Co., Ltd.* (福建盼盼食品集團有限公司), which was principally engaged in deep processing of agricultural products.

Mr. Cai obtained a bachelor's degree in business administration from Kansas State University in the U.S. in December 2017. In December 2019, he obtained a master's degree in financial risk management from University of Connecticut in the U.S..

Independent Non-executive Directors

Ms. LEONG KAI WENG SUBRINA (梁佳穎), aged 38, was appointed as our independent non-executive Director on 10 March 2025. Ms. Leong has over 11 years of experience in the fields of financial reporting, corporate finance, company secretarial and auditing. She is responsible for providing independent advice on the business strategies, operations and management of our Board.

Ms. Leong served as a senior associate in assurance department in Pricewaterhousecoopers, a firm providing multinational professional services, from October 2009 to October 2013. From October 2013 to May 2016, she was a finance manager attached to Ares Asia Limited, a company listed on the Stock Exchange (stock code: 0645). Ms. Leong served as a financial consultant in China International Development Corporation Limited, a company listed on the Stock Exchange (stock code: 0264), from May 2016 to November 2020. From May 2016 to June 2020, she worked as the financial controller in China Apex Group Limited, a company listed on the Stock Exchange (stock code: 2011). From July 2020 to December 2021, Ms. Leong was attached to Hon & Co Group, a corporate finance firm, as the financial controller. From September 2021 to 6 December 2023, she has served as the company secretary of Target Insurance Holdings Limited, a company previously listed on the Stock Exchange (stock code: 6161). She was the chief financial officer and company secretary of Kelfred Holdings Limited, a company listed on the Stock Exchange (stock code: 1134) from September 2021 to December 2024. Ms. Leong provides her services to International Genius Company, a company listed on the Stock Exchange (stock code: 0033) ("International Genius") since October 2021, and Sincere Watch (Hong Kong) Limited, a company listed on the Stock Exchange (stock code: 0444) ("Sincere Watch") since January 2024, through a secretarial company which executed contracts with International Genius and Sincere Watch, respectively.

Ms. Leong obtained her bachelor's degree in business administration in professional accountancy from The Chinese University of Hong Kong in December 2009 and a master's degree in corporate governance from The Hong Kong Polytechnic University in September 2017. Ms. Leong was admitted as a member of Hong Kong Institute of Certified Public Accountants in January 2013 and an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in December 2017, respectively.

Mr. NG BRIAN HONG JING (吳康政), aged 40, was appointed as our independent non-executive Director on 10 March 2025. Mr. Ng has over 9 years of legal experience in the legal industry and is responsible for providing independent advice on the business strategies, operations and management of our Board.

Mr. Ng was previously an associate in several PRC law firms from January 2014 to July 2018. Subsequently from July 2018 to November 2019, he worked as an associate in Locke Lord LLP. From November 2019 to March 2023, Mr. Ng was attached to Holman Fenwick Willan and his last position was as a senior associate. As a solicitor, Mr. Ng has mainly employed in the field of corporate finance, including IPOs and secondary offerings, as well as mergers and acquisitions.

Mr. Ng obtained a bachelor's degree in double major in history and political science from University of Toronto in Canada in June 2006. In June 2009, he completed the juris doctor degree from City University of Hong Kong. Mr. Ng qualified as a solicitor in Hong Kong in February 2013, and a New York State attorney in June 2014.

Mr. WONG TAI WAI DAVID (黃大維), aged 66, was appointed as our independent non-executive Director on 10 March 2025. Mr. Wong has over 20 years of experience in IT management and practice development and is responsible for providing independent advice on the business strategies, operations and management of our Board.

Mr. Wong previously served as a practice director at Timeless Software Limited, a company listed on GEM of the Stock Exchange (stock code: 8028), a company primarily engaged in the provision of software development cycle consultation. He has been serving as the chief operating officer of Four Directions Limited, a company specialising in digital marketing and communication solution, mobile and web based IT product and platform development since September 2018.

Mr. Wong obtained diploma in Business Data Processing from St. Clair College, Canada in August 1985.

Save as disclosed in "Substantial Shareholders" and "Statutory and General Information — E. Disclosure of Interests" in Appendix VI to this prospectus, none of our Directors has any interest in the Shares within the meaning of Part XV of the SFO or is a director or an employee of a company which has an interest or short position in the Shares and underlying Shares of our Company. Each of our Directors has confirmed that none of them is engaged in, or interested in, any business (other than our Group) which, directly or indirectly, competes or may compete with our business.

Save as disclosed above, to the best of the knowledge, information and belief of our Directors after having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as at the Latest Practicable Date.

SENIOR MANAGEMENT

Please refer to the section headed "Executive Directors" above for biographical details of Mr. Ngan, Mr. Zeng, Mr. Zhou, and Mr. Gao.

Ms. NGAN KA WAI (顏嘉瑋), aged 26, is our vice president. Ms. Ngan joined our Group in March 2021. She is responsible for foreign trade and assisting the chair, Mr. Ngan, in the organisation and management of our Group. Ms. Ngan is also daughter of Mr. Ngan, sister-in-law of Mr. Zhou, one of our executive Directors and cousin of Mr. Gao, one of our executive Directors.

Ms. Ngan has over four years of experience in the manufacture and sale of hygienic disposable products. Prior to serving as the vice president of our Group in July 2023, she served as associate director of e-commerce department in Insoftb China from March 2021 to September 2022. From September 2022 to July 2023, Ms. Ngan was assistant to the chair, Mr. Ngan in Insoftb China.

Ms. Ngan obtained a bachelor's degree in business administration in global business management in University of Macau (澳門大學) in the Macau in June 2019. In January 2021, she obtained a master's degree in management (international business) from University of Durham in Durham, England.

Mr. JIANG SHUKUN (江樹坤**)**, aged 45, is the manager of our research and development department and is responsible for daily management of quality control of our products.

Mr. Jiang has more than 14 years experiences in hygienic disposables industry. He joined our Group in November 2010 and has been acting as the manager of our research and development since then.

Mr. Jiang studied mechatronic engineering at South China University Of Technology (華南理工大學) in Guangdong Province, PRC from September 1999 to July 2003.

Mr. ZHAN GUOQIANG (詹國強), aged 36, is the manager of our warehousing and logistics department and is responsible for daily management of our warehousing and logistics department.

Mr. Zhan has more than 14 years experiences in hygienic disposables industry. He joined our Group in March 2011 and has been acting as the manager of our warehousing and logistics department since then.

Mr. Zhan studied mechatronics at Longyan Senior Technical School (龍岩市高級技工學校) in Fujian Province, PRC from September 2004 to July 2008.

Mr. Yan Liangyou (顏良友), aged 34, is the financial controller of our financial department and is responsible for daily management of our financial department.

Mr. Yan has more than 13 years experiences in the financial field. He joined our Group in May 2015. Prior to joining our Group, Mr. Yan accumulated more than four years of work experience in Fujian Hengan Group Co., Ltd (福建恒安集團有限公司), including experience as an assistant accountant (助理會計). From May 2015 to January 2017, he was the financial supervisor (財務主管) of Insoftb China, and since January 2017, he has been the financial controller (財務總監) at Insoftb China.

He graduated from Northeast Financial University (東北財經大學) in Liaoning Province, PRC in January 2012 with an associate degree in accountancy obtained through online courses.

JOINT COMPANY SECRETARIES

Ms. NGAN KA WAI (顏嘉瑋), aged 26, was appointed as the one of the joint company secretaries of our Company on 8 May 2024. Ms. Ngan is the vice president of our Group and is responsible for foreign trade and assisting the chair, She has over four years of experience in the manufacture and sale of hygienic disposable products. Ms. Ngan obtained a bachelor's degree in business administration in global business management in University of Macau (澳門大學) in the Macau in June 2019. In January 2021, she obtained a master's degree in management (international business) from University of Durham in Durham, England.

Mr. YEUNG KWONG WAI (楊光偉), aged 51, was appointed as the one of the joint company secretaries of our Company on 8 May 2024. Mr. Yeung is a director of corporate services of Ascent Corporate Services Limited and is responsible for assisting listed companies in professional corporate secretarial work. He has over 25 years of auditing, accounting, financial management and corporate governance experience. In addition to his role as a joint company secretary, Mr. Yeung is to also supervise the financial reporting function by reviewing the financial reports of the Company. Mr. Yeung graduated from Concordia University, Montreal, Canada in October 1997 with a bachelor of commerce. He is a Certified Public Accountant (Practising) of HKICPA and a member of the American Institute of Certified Public Accountants. He is also a CFA charterholder.

BOARD COMMITTEES

Audit Committee

The audit committee of the Board (the "**Audit Committee**") was established by our Board pursuant to a resolution of our Board on 10 March 2025 with written terms of reference in compliance with the Corporate Governance Code. The primary duties of the Audit Committee are to make recommendations to our Board on the appointment and dismissal of the external auditor, monitor and review the financial statements and information and oversee the financial reporting system, risk management and internal control systems of our Company. The members of the Audit Committee are Ms. Leong Kai Weng Subrina (梁佳穎), Mr. Ng Brian Hong Jing (吳康政), and Mr. Wong Tai Wai David (黃大維), all of whom are independent non-executive Directors. Ms. Leong Kai Weng Subrina (梁佳穎) is the chair of the Audit Committee.

Remuneration Committee

The remuneration committee of the Board (the "**Remuneration Committee**") was established by our Board pursuant to a resolution of our Board on 10 March 2025 with written terms of reference in compliance with the Corporate Governance Code. The primary duties of the Remuneration Committee are to make recommendation to our Board on the overall remuneration policy and structure for all Directors and senior management of our Group, review remuneration and ensure that none of our Directors determine their own remuneration. The members of the Remuneration Committee are Mr. Wong Tai Wai David (黃大維), Mr. Ng Brian Hong Jing (吳康政), and Mr. Ngan. Mr. Wong Tai Wai David (黃大維) is the chair of the Remuneration Committee.

Nomination Committee

The nomination committee of the Board (the "**Nomination Committee**") was established by our Board pursuant to a resolution of the Board on 10 March 2025 with written terms of reference in compliance with the Corporate Governance Code. The primary duties of the Nomination Committee are to review the structure, size, composition and diversity of our Board at least annually and make recommendation to our Board regarding candidates to fill vacancies on our Board and/or in senior management. The members of the Nomination Committee are Mr. Ng Brian Hong Jing (吳康政), Mr. Wong Tai Wai David (黃大維), and Mr. Gao. Mr. Ng Brian Hong Jing (吳康政) is the chair of the Nomination Committee.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as at the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in May 2024 and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she 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/her independence at the time of his/her appointments.

REMUNERATION OF THE DIRECTORS AND SENIOR MANAGEMENT

Our Directors and senior management receive compensation in the form of directors' fees, salaries, discretionary bonus, allowances, benefits in kind and contributions to defined contribution plans.

The aggregate remuneration paid to our Directors during the Track Record Period were approximately RMB0.51 million, RMB0.67 million, RMB0.77 million and RMB0.60 million, respectively.

The aggregate remuneration paid to the five highest paid individuals of our Group, excluding our Directors, during the Track Record Period were approximately RMB0.72 million, RMB0.76 million, RMB0.86 million and RMB0.64 million, respectively.

No remuneration was paid by our Group to our Directors or the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office during the Track Record Period.

Under the arrangement currently in force, the aggregate amount of remuneration payable to our Directors for the year ended 31 December 2024 is estimated to be approximately RMB0.8 million (excluding any discretionary bonus).

COMPLIANCE ADVISER

Our Company has appointed Sunny Fortune Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. The compliance adviser will advise us in the following circumstance:

(i) the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

(iii) where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information of this prospectus; and

(iv) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of our Shares.

The term of this appointment will commence on the Listing Date and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules on the distribution of our annual report in respect of the financial results of the first full financial year commencing after the Listing Date.

CORPORATE GOVERNANCE CODE

Board Diversity

We have adopted a board diversity policy which sets out the approach to achieve and maintain an appropriate balance of skills, experience and diversity perspectives of our Board that are relevant to our business growth. Pursuant to our board diversity policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board.

Our Board comprises eight members, including four executive Directors, one non-executive Director and three independent non-executive Directors. Our Directors have a balanced mix of age, gender, knowledge and experiences, including business and corporate management, strategic development, investment, auditing and legal experiences. Our Board members also obtained degrees and/or diplomas in various majors including language, business economic, accounting, finance, corporate governance, history and political science and law. Furthermore, the ages of our Directors range from 30 years old to 66 years old. We have also taken, and will continue to take steps to promote gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels. While we recognised that gender diversity at the Board level and we do not have a single gender board, one of our independent non-executive Directors is female. After the Listing, we will strive to keep gender balance of the Board through measures implemented by our Nomination Committee in accordance with our board diversity policy. In particular, we will keep identifying and selecting female individuals with a diverse range of skills, experience and knowledge in different fields who are suitably qualified to become our Board members and maintain at least one female Director and at least 10% female representations in our Board. To develop a pipeline of potential female successors to the Board, our Company will (i) ensure that there is gender diversity when recruiting staff at mid to senior levels; and (ii) engage more resources in training female staff with the aim of promoting them to be members of our senior management or the Board.

We are also committed to adopting similar approach to promote diversity at the senior management level to enhance the effectiveness of our corporate governance.

Our Nomination Committee is responsible for ensuring the diversity of our Board. After the Listing, our Nomination Committee will review the board diversity policy (including gender balance) from time to time to ensure its continued effectiveness and we will disclose the implementation of the board diversity policy in our corporate governance report on an annual basis. We will continue to appoint Directors to the Board based on recommendations from our Nomination Committee, who will consider the Directors' merits with reference to our board diversity policy as a whole.

So far as our Directors are aware, as at the Latest Practicable Date and immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option), 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:

		As at the Latest Practicable Date		Immediately after the Capitalisation Issue and the Global Offering[1]	
Name	**Capacity/Nature of interest**	**Number of Shares**	**Approximate percentage of shareholding in our Company**	**Number of Shares**	**Approximate percentage of shareholding in our Company**
Mr. Ngan[2]	Interest in controlled corporations	90,000,000	90.00%	675,000,000	67.50%
Softo BVI[3]	Beneficial owner and interest in controlled corporations	90,000,000	90.00%	675,000,000	67.50%
Wish BVI	Beneficial owner	16,000,000	16.00%	120,000,000	12.00%
Galaxey BVI	Beneficial owner	15,050,000	15.05%	112,875,000	11.29%
Mr. Zeng[4]	Interest in controlled corporations	10,000,000	10.00%	75,000,000	7.50%
Aspiring BVI[5]	Beneficial owner and and interest in a controlled corporation	10,000,000	10.00%	75,000,000	7.50%

Notes:

(1) Assuming the Over-allotment Option is not exercised.

(2) Mr. Ngan is the sole shareholder of Softo BVI, Wish BVI and Galaxey BVI and he is therefore deemed to be interested in the Shares held by these entities upon the Listing.

(3) Softo BVI is the sole shareholder of Wish BVI and Galaxy BVI and it is therefore deemed to be interested in the Shares held by these entities upon the Listing.

(4) Mr. Zeng is the sole shareholder of Aspiring BVI and Ambition BVI and he is therefore deemed to be interested in the Shares held by these entities upon the Listing.

(5) Aspiring BVI is the sole shareholder of Ambition BVI and it is therefore deemed to be interested in the Shares held by the entity upon the Listing.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the Capitalisation Issue and the Global Offering, 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.

SHARE CAPITAL

The authorised and issued share capital of our Company is as follows:

Authorised Share Capital

As at the date of this prospectus:

	(HK$)
3,800,000,000 Shares of par value of HK$0.0001 each	380,000

Issued Share Capital

Assuming the Over-allotment Option is not exercised at all, the issued share capital of our Company immediately following the completion of the Capitalisation Issue and the Global Offering will be as follows:

			Approximate percentage of issued share capital
		HK$	*%*
100,000,000	Shares in issue at the date of this prospectus	10,000	10.00
650,000,000	Shares to be issued under the Capitalisation Issue[(1)]	65,000	65.00
250,000,000	Shares to be issued pursuant to the Global Offering[(1)]	25,000	25.00
1,000,000,000	**Shares in total**	**100,000**	**100.00**

Note:

(1) The Shares referred to in the above table will be fully paid or credited as fully paid when issued.

Assuming the Over-allotment Option is exercised in full, the issued share capital of our Company immediately following the completion of the Capitalisation Issue and the Global Offering will be as follows:

			Approximate percentage of issued share capital
		HK$	*%*
100,000,000	Shares in issue at the date of this prospectus	10,000	9.64
650,000,000	Shares to be issued under the Capitalisation Issue[(1)]	65,000	62.65
250,000,000	Shares to be issued pursuant to the Global Offering[(1)]	25,000	24.10
37,500,000	Shares to be issued upon exercise of the Over-allotment Option in full[(2)]	3,750	3.61
1,037,500,000	**Shares in total**	**103,750**	**100.00**

Notes:

(1) The Shares referred to in the above table will be fully paid or credited as fully paid when issued.

(2) Assuming a total of 37,500,000 Shares will be issued upon exercise of the Over-allotment Option in full.

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 prospectus.

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 Global Offering 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 immediately following the completion of the Capitalisation Issue and the Global Offering (excluding any Shares which may be allotted and issued upon the exercise of the Over-Allotment Option); and

(b) the number of Shares repurchased by our Company (if any) under the general mandate to repurchase Shares as referred to below.

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 of this general mandate, please refer to the paragraph headed "Appendix VI — Statutory and General Information — A. Further Information about our Company — (d) Resolutions of our Shareholders passed on 10 March 2025" in this prospectus.

CIRCUMSTANCES UNDER WHICH A MEETING OF THE COMPANY IS REQUIRED

The circumstances under which a meeting is required are provided in the Articles of Association, a summary of which is set out in "Appendix V — Summary of The Constitution of Our Company and Cayman Companies Act" to this prospectus.

You should read the following discussion and analysis along with our audited combined financial statements, including the notes thereto, as at and for the three fiscal years ended 31 December 2023 and the nine months ended 30 September 2024 included in the Accountants' Report set out in Appendix I to this prospectus. 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 the one month ended 31 January 2025 (which are not included in this prospectus) or from other records.

The following discussion and analysis and other parts of this prospectus 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 prospectus.

For the purpose of this section, unless the context otherwise requires, references to FY2021, FY2022, or FY2023 refer to our financial year ended 31 December of such year, and references to 9M2023 or 9M2024 refer to the nine months ended 30 September of such period. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are primarily engaged in the development, manufacture, and sale of personal hygienic disposables based in China, specializing in the babycare category for emerging markets in Eurasia. Since our inception in 2010, we have predominantly marketed and sold our branded babycare products within China. Our flagship babycare brand "Insoftb" (嬰舒寶) was recognised by the Government of Fujian Province as a "2016 Fujian Famous Brand Products" (2016年度福建名牌產品). We were also recognised as a "2018 China Diaper Industry Top 10 Enterprise" (2018年度中國嬰兒紙尿褲行業十強企業) by the Household Paper Professional Committee of the China Paper Association (中國造紙協會生活用紙專業委員會). Over the past several years, as the younger generation of Chinese consumers has increasingly embraced digital platforms and shifted towards affordable premium brands, we have transitioned from traditional offline distribution channels to a "Direct-to-Consumer" (D2C) sales model. This approach allows us to market and sell our branded products directly to end consumers through multiple third-party pureplay digital platforms in China. Additionally, we have expanded our branded product range to include our current core product categories: babycare, feminine care, and adult incontinence.

We expanded our Contract Manufacturing business abroad and exported our core babycare products to emerging markets in Eurasia, including Russia, Malaysia, Thailand, Taiwan, and Kazakhstan, during the Track Record Period. We were ranked as the second-largest exporter of babycare disposable hygienic products to Russia from China in terms of export value in 2023, according to the Frost & Sullivan Report. Benefiting from the growth of e-commerce and private label in Russia following the COVID-19 pandemic, we expanded into manufacturing and supplying our babycare products and solutions primarily to several top-tier Russian retailers. This helped them establish or enhance their private-label brands in the region.

Alongside the rising global consumer awareness about hygiene and eco-sustainability, we manufacture nonwoven fabrics, the principal raw material used in hygienic disposables, at our own Nonwoven Fabric Facilities. Not only do we manufacture nonwoven fabrics for our own use, but we also sell them to other hygiene and personal care product manufacturers in China. Our Directors believe that we are among the few domestic D2C brands that manufacture our own nonwoven fabrics, which enhances our overall competitiveness and reputation in the industry.

During the Track Record Period, our Group recorded revenue of approximately RMB263.2 million, RMB408.1 million, RMB654.6 million, RMB492.8 million and RMB520.3 million, respectively. Our net profit were approximately RMB10.0 million, RMB41.9 million, RMB57.7 million, RMB53.7 million and RMB40.5 million, respectively, for the same periods.

BASIS OF PRESENTATION

Our company was incorporated in the Cayman Islands as an Exempted Company with limited liability on 22 November 2023. Following the completion of the corporate reorganisation on 26 April 2024, 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 Shareholder, Mr. Ngan 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 Shareholder. 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 prospectus 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, except for the acquisition of Jinjiang Libaida and disposal/deregistration of certain subsidiaries as detailed in notes 30 and 29 to the Accountants' Report in Appendix I, respectively. The net assets of the combining companies have been combined using the existing book values from the perspective of the Controlling Shareholder.

Our Combined Statements of Financial Position as at 31 December 2021, 2022, and 2023 and 30 September 2024 presented in the Accountants' Report in Appendix I to this prospectus 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.

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 prospectus.

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 prospectus 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 results depend on factors such as sales mix, including the proportion of Branded Product Business and Contract Manufacturing, and the economic and political conditions of foreign regions where our customers are located. The balance between our Branded Product Business and Contract Manufacturing affects our overall profit margin. During the Track Record Period, our Contract Manufacturing business grew and became a driving force of our performance. Majority of our business customers attributable to our Contract Manufacturing business are based in foreign countries, and changes in these regions' economic conditions can significantly influence market demand for our products, impacting our financial performance and operational results.

Ongoing geopolitical conflicts worldwide have adversely affected our operations, and future impacts are difficult to predict due to the uncertainty surrounding these conflicts' evolution, duration, and resolution. In affected regions, our customers may face challenges in maintaining operations due to sanctions, monetary controls, restrictions on access to financial institutions, and supply and transportation issues. These conflicts also impact our customers' ability to maintain operations, which could affect our operations or sales. If the situations escalate, there could be additional negative consequences for our net sales, earnings, and cash flows, such as economic recessions or inflationary pressures.

Economic shifts may arise from changes in regulations or policies beyond our control. We expect ongoing urbanisation and increasing disposable income in developing areas to create opportunities for our products. However, natural disasters, restrictive sanctions, financial regulations, or policies could temporarily disrupt our Contract Manufacturing customers' procurement or logistics activities or limit their ability to place orders or settle payments.

Beside the condition of oversea region, our sales mix also depends on consumption patterns for our babycare and feminine care products in the PRC, largely driven by the growth of the e-commerce industry, including third-party pureplay digital platforms. The e-commerce industry in the PRC has seen widespread consumer adoption, particularly in categories such as personal hygienic disposables, beauty, fashion, and general consumer goods.

D2C e-commerce sales have experienced rapid growth compared to traditional offline channels, where online retail sales in the PRC surged from approximately RMB10.6 trillion in 2019 to approximately RMB15.4 trillion in 2023, with a CAGR of approximately 9.8%, according to the Frost & Sullivan Report. In 2023, our Company observed strong growth in the feminine care product line, reflecting increasing consumer demand and our effective strategies to tap into the e-commerce market. According to the Frost & Sullivan Report, online retail sales in the PRC are projected to increase to approximately RMB23.0 trillion by 2028, with a CAGR of approximately 8.4% from 2023 to 2028.

Third-party pureplay digital platforms offer a streamlined shopping experience, enabling customers to browse and purchase products tailored to their needs. Social media, live streaming and short video channels have enhanced customer engagement, contributing to superior customer service and satisfaction. These platforms facilitate in-app shopping experiences, reduce friction, and provide social proof. During the Track Record Period, these digital channels have been crucial to our Group's revenue streams and financial growth, especially in our growing feminine care segment.

Consumer preferences in the PRC have evolved from traditional retail to digital platforms that are now leaning towards interactive and real-time shopping experiences. If there is a shift in popularity among third-party pureplay digital platforms and we fail to adapt to market trends and consumer preferences, our product demand could decrease, negatively affecting our business, financial condition, results of operations, and future prospects.

Product mix and the demand for personal hygienic disposables

Our revenue and operating results are substantially influenced by consumer demand for our personal hygienic disposable products, which fall into three main categories: babycare products, feminine care products, and adult incontinence products. Babycare products, including baby diapers, baby pants, and, to a lesser extent, baby wipes, are particularly significant, accounting for approximately 86.8%, 78.9%, 71.5%, 78.9% and 55.0% of our revenue during the Track Record Period. For FY2023 and 9M2024, we recorded increasing sales volume and orders for our feminine products, as we began focusing on feminine care products in FY2023. In particular, during FY2023, we strategically redirected our focus towards the feminine care sector, recognizing the growing demand and market potential in China. This shift led to a substantial increase in sales volume for our sanitary pants, a new product line launched in the last quarter of FY2022 under our own brand, "Misecr" (五月私語).

Several factors impact the demand for our products, including consumer preferences, perceptions of product safety and quality, awareness of health issues, hygiene habits, purchasing power, government policies, economic conditions, urbanization, per capita disposable income, and living standards. Many of these factors are beyond our control. The consumer demand in each region we supply affects our sales. As we sell products that are essential to the daily lives of consumers, even during extreme scenarios, such as the COVID-19 pandemic, it did not have a materially negative impact on our consolidated net sales, net earnings, and cash flows. Nevertheless, such uncontrollable impacts may result in economic recessions or a slowdown of economic growth in certain countries or regions, leading to volatility in consumer access to our products, reduced demand for personal hygienic disposables, and potential negative impacts on net sales, net earnings, and cash flows.

Local birth rates in the PRC, Russia, and South East Asia significantly influence the demand for our babycare products. While Russia's birth rate remains stable, South East Asia is experiencing a rising birth rate, contributing to increased demand in the region. In China, the recent relaxation of the "one-child" policy, allowing parents to have a second child, is expected to expand our potential customer base and boost long-term product demand. Additionally, evolving family structures and growing health consciousness in China are providing further growth opportunities as families increasingly opt for high-quality baby products. The acceleration of urbanization is also spurring demand for feminine care products in lower-tier cities and rural areas as urban lifestyles become more prevalent. The ageing population in China is another demographic trend contributing to market growth, particularly for our adult incontinence products. These demographic shifts not only affect the overall demand for our products but also influence our product mix. As birth rates change and the population ages, any shift in the relative demand for our babycare, feminine care, and adult incontinence products will require us to adjust our product mix accordingly.

During the Track Record Period, profitability varies among the three main product categories particularly, babycare and adult incontinence products generally offered lower gross profit margins compared to feminine care products. The product mix significantly affects overall profitability. Therefore, changes in product mix have historically impacted, and are expected to continue influencing, revenue and gross profit margin.

Based on our best estimates, for illustrative purpose only, the table below shows the sensitivity of our profit before tax during the Track Record Period regarding the hypothetical fluctuations of certain possible changes in the ASP of our babycare products and feminine care products during the same year, assuming all other variables remain constant. The table below sets forth the illustrative sensitivity on the profit before tax of our Group resulting respectively from hypothetical fluctuations in ASP of our babycare products and feminine care products for the periods indicated.

Hypothetical fluctuations

	Impact on profit before tax for			
	FY2021	**FY2022**	**FY2023**	**9M2024**
	RMB'000 (approx.)	*RMB'000 (approx.)*	*RMB'000 (approx.)*	*RMB'000 (approx.)*
ASP of babycare products				
-/+ 5%	11,425	16,104	23,398	14,308
-/+ 10%	22,850	32,208	46,796	28,616
-/+ 15%	34,275	48,312	70,194	42,924
ASP of feminine care products				
-/+ 5%	53	100	5,687	7,900
-/+ 10%	106	200	11,374	15,800
-/+ 15%	159	300	17,061	23,700

Availability and costs of our critical raw materials

During the Track Record Period, we expanded its production of raw materials to stabilise the supply and lower costs, ultimately improving the gross profit margin of its products. We purchase various raw materials for our production, including nonwoven fabrics, fluff pulp, SAP, various kinds of chemicals such as polypropylene and high-density polyethylene (HDPE), as well as packaging materials, each a critical component in manufacturing our products. Direct materials costs represent the largest portion of our cost of sales, accounting for approximately 86.4%, 88.1%, 89.2%, 88.1% and 89.4% during the Track Record Period, respectively. Consequently, raw material costs significantly affect our operating results.

For FY2022, FY2023 and 9M2024, the average purchase cost per tonne of nonwoven fabrics decreased by approximately 6.1%, 9.2% and 12.5%, respectively.[Note] Meanwhile, the average purchase cost per tonne of fluff pulp fluctuated by approximately, 40.4%, 26.7% and 1.8% for the same periods.[Note] These decreases in raw material prices can be attributed, in part, to our strategic decision to expand its production capabilities for key raw materials. This move not only helped stabilise the supply chain but also led to cost savings, which positively impacted the gross profit margin of our products. However, any changes in raw material prices from current levels could still positively or negatively impact our gross profit margin.

Note: Percentage changes shown reflect year-over-year or period-over-period comparisons: FY2022 vs FY2021, FY2023 vs FY2022, and 9M2024 vs 9M2023.

The table below presents a sensitivity analysis illustrating the impact of changes in the costs of two key raw materials, nonwoven fabrics and fluff pulp 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			
	FY2021	**FY2022**	**FY2023**	**9M2024**
	RMB'000 *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)*
Nonwoven fabrics costs				
-/+ 5%	4,236	4,585	8,051	7,589
-/+ 10%	8,472	9,170	16,103	15,177
-/+ 15%	12,708	13,755	24,155	22,765
Fluff pulp cost				
-/+ 5%	1,259	2,667	3,854	2,315
-/+ 10%	2,518	5,334	7,708	4,630
-/+ 15%	3,777	8,001	11,562	6,945

In addition, the availability of key raw materials significantly impacts our business, financial condition, and operational results. We source our raw materials from independent third-party suppliers, some of which operate overseas. Consequently, we experience longer inventory turnover times for materials purchased from abroad. To maintain strong relationships with our key suppliers, some of whom are dominant players in the market, we typically place orders on a regular basis, regardless of periodic fluctuations in our operations. Our procurement process involves annual supply agreements with our suppliers, with purchases made on a purchase order basis. Each purchase order details the product type and specifications, unit price, quantity, and delivery terms. During the Track Record Period, we did not experience any material shortages in our raw material supply, thanks in part to our strategic decision to expand our production capabilities for key raw materials.

Our production capacity and operating efficiency

Our production capacity and operating efficiency are crucial to the growth of our revenue, market share, and diversifying our product mix. As at 30 September 2024, our Jinjiang Production Facilities had a total of 17 production lines for our major products whereas our Nonwoven Fabric Facilities had five nonwoven fabric production lines. During the Track Record Period, our average utilisation rate for our babycare product production lines were approximately 51.0%, 68.8%, 84.1%, and 60.0%, respectively; our average utilisation rate for our feminine care production lines were approximately 1.5%, 34.9%, 138.2%, and 100.7%, and our average utilisation rate for our adult incontinence production lines were approximately 13.7%, 7.4%, 14.7%, and 27.2%, respectively, for the same periods. Moreover, our Nonwoven Fabric Facilities had an average utilisation rate of approximately 51.3%, 71.1%, 96.3%, and 111.6% during the Track Record Period, respectively.

To support growth, we aim to expand our production capacity by acquiring more lines and machinery. With this expansion, we expect to meet rising product demand and increase sales volume.

Our financial performance also hinges on our 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 control facilitates optimal inventory management, flexible production, and enhanced operating efficiency. For more details about our production capacity, see "Business — Our Production Facilities". Moving forward, we plan to further improve our production efficiency to lower production costs.

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. The material accounting policies are set out in note 3 to the Accountants' Report in Appendix I to this prospectus. The material accounting policies are summarised as follows:

Revenue recognition

Revenue is recognised when (or as) our 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.

Our 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 our Group's performance as our Group performs;

(b) our 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) our Group's performance does not create an asset with an alternative use to our Group and our Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, our 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, our 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 generated from manufacturing and sales of goods is 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.

For further details regarding our accounting policy relating to revenue recognition, please refer to "Revenue recognition" in note 3 to the Accountant's Report in Appendix I to this prospectus.

Research and development costs

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 our 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 our Group.

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.

For further details regarding our accounting policy relating to inventories, please refer to "Inventories" in note 3 to the Accountants' Report in Appendix I to this prospectus.

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

These investments include financial assets that are not measured at amortised cost or financial assets measured at fair value through other comprehensive income, including financial assets held for trading, financial assets designated upon initial recognition as at FVPL, financial assets resulting from a contingent consideration arrangement in a business combination to which IFRS 3 applies and financial assets that are otherwise required to be measured at FVPL. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which does not include any dividend or interest earned on the financial assets. We had financial assets at FVPL of approximately RMB1.3 million which represented commodity futures contracts on raw material as at 31 December 2024. Please refer to "Discussion of selected items in consolidated statement of financial position — Financial assets at FVPL" in Appendix III to this Prospectus for details.

Impairment of financial assets

Our Group recognises loss allowances for expected credit losses ("**ECL**") on financial assets that are measured at amortised cost. At each reporting date, our 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, our Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, our 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, our 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. Our Group recognises a loss allowance based on lifetime ECL at each reporting date based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors, the economic environment and the domicile of the debtors' countries.

Leases

Our 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.

Exchange differences in other comprehensive income/loss ("OCI")

For the purpose of combination/consolidation, the results and financial position of foreign operations as defined in IAS 21 are translated at respective applicable exchange rates into the presentation currency of our Company and such cumulative exchange differences will be reclassified from equity to profit or loss (except to the extent it is attributable to non-controlling interests) upon disposal of a foreign operation (recycling OCI). According to IAS 21, a foreign operation is an entity that is a subsidiary, associate, joint arrangement or branch of the reporting entity, the activities of which are based or conducted in a country or currency other than those of the reporting entity. Since our Company itself is not a foreign operation according to IAS 21, the exchange difference resulted from translation of our Company's financial statements into our presentation currency will not be reclassified to profit or loss (non-recycling OCI).

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of our accounting policies, which are described in note 3 to the Accountants' Report in Appendix I to this prospectus, estimates and assumptions concerning the future and judgements are made by the management of our Group in the preparation of our historical financial information. They affect the application of our 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.

Useful Lives of Intangible Assets, Property, Plant, and Equipment, and Right-of-Use Assets

Our management determines the estimated useful lives of our intangible assets, property, plant, and equipment, and right-of-use assets based on the historical experience of the actual useful lives of assets of a similar nature and function. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

Impairment of Non-Financial Assets

Our management determines whether our Group's intangible assets, property, plant, and equipment, and right-of-use assets are impaired when an indication of impairment exists. This requires estimating the recoverable amount of these assets, which is equal to the higher of their fair value less costs of disposal and their value in use. Estimating the value in use requires management to make an estimate of the expected future cash flows from these assets and to choose a suitable discount rate to calculate the present value of those cash flows. Any impairment is charged to profit or loss.

Allowance for Inventories

Our management reviews the inventory ageing analysis periodically and, where applicable, makes allowances for inventories that are identified as obsolete, slow-moving, or no longer recoverable or suitable for use in production. Our 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

Our management estimates the loss allowance for trade and other receivables using various inputs and assumptions including the risk of default and expected loss rate. This estimation involves a high degree of uncertainty and is based on our Group's historical information, existing market conditions, and forward-looking estimates at the end of each reporting period. Differences from the original estimates impact the carrying amount of trade and other receivables.

Income Taxes

Significant estimates are required in determining the provision for income taxes and deferred taxation. There are transactions and calculations where the ultimate tax determination is uncertain, and the final tax outcome of these matters may differ from the amounts initially recorded. Such differences will affect the income tax and deferred tax provisions 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 utilized. 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 differ from the original estimates, a material adjustment to the recognition of deferred tax assets may arise, which would be recognised in profit or loss in the period in which such estimate is changed.

Fair Value of Investment Properties

Investment properties are revalued at the end of each reporting period based on the appraised market value provided by an independent professional valuer. Such valuations are based on certain assumptions, which are subject to uncertainty and might materially differ from actual results. In making these estimations, our Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

The most significant input for our Group's estimation of the fair value is the market price for similar properties, adjusted for age, location, condition, size, and other relevant factors.

Please refer to note 3 to the Accountants' Report in Appendix I to this prospectus for further details.

SUMMARY OF RESULTS OF OPERATIONS

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

	FY2021	FY2022	FY2023	9M2023	9M2024
	RMB'000 (approx.)	*RMB'000 (approx.)*	*RMB'000 (approx.)*	*RMB'000 (approx.) (unaudited)*	*RMB'000 (approx.)*
Revenue	263,226	408,066	654,560	492,804	520,297
Cost of sales	(206,492)	(296,840)	(457,293)	(349,862)	(358,233)
Gross profit	56,734	111,226	197,267	142,942	162,064
Other income	3,227	3,732	1,734	1,174	3,846
Selling and distribution expenses	(32,250)	(40,669)	(91,136)	(54,904)	(73,081)
Administrative and other operating expenses	(14,887)	(24,114)	(39,635)	(29,227)	(29,064)
(Provision for) Reversal of loss allowance on trade receivables, net	(123)	470	728	(307)	(1,620)
Changes in fair value of investment properties	27	807	1,917	1,261	39
Gain on disposal/deregistration of subsidiaries, net	–	–	2,494	2,494	–
Finance costs	(261)	(548)	(776)	(549)	(501)
Listing expenses	–	–	(5,981)	(1,156)	(10,698)
Profit before tax	12,467	50,904	66,612	61,728	50,985
Income tax expenses	(2,465)	(9,045)	(8,923)	(8,056)	(10,523)
Profit for the year/period	10,002	41,859	57,689	53,672	40,462
Other comprehensive income (loss):					
Item that will not be reclassified to profit or loss					
Exchange difference on translation of the Company's financial statement to presentation currency	–	–	–	–	7
Item that may be reclassified subsequently to profit or loss					
Exchange difference on combination	219	(1,068)	(440)	(716)	(415)
Total other comprehensive income (loss) for the year/period	219	(1,068)	(440)	(716)	(408)
Total comprehensive income for the year/period	10,221	40,791	57,249	52,956	40,054

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 periods indicated:

	FY2021		FY2022		FY2023		9M2023		9M2024	
	(RMB'000) (approx.)	*%*	*(RMB'000) (approx.)*	*%*	*(RMB'000) (approx.)*	*%*	*(RMB'000) (approx.) (unaudited)*	*%*	*(RMB'000) (approx.)*	*%*
Contract Manufacturing(1)	170,434	64.8	267,878	65.6	448,383	68.5	373,395	75.8	296,483	57.0
Branded Product Business										
D2C Sales(2)	77,294	29.3	53,328	13.1	142,336	21.7	74,364	15.1	140,723	27.0
Offline Sales(3)	13,336	5.1	20,004	4.9	11,673	1.8	9,425	1.9	25,186	4.9
Subtotal	90,630	34.4	73,332	18.0	154,009	23.5	83,789	17.0	165,909	31.9
Nonwoven fabric and others	2,162	0.8	66,856	16.4	52,168	8.0	35,620	7.2	57,905	11.1
Total	263,226	100.0	408,066	100.0	654,560	100.0	492,804	100.0	520,297	100.0

Notes:

(1) Among our revenue from Contract Manufacturing which was primarily generated in Eurasia, approximately 94.5%, 98.8%, 98.3%, and 87.8% were attributable to the sale of our babycare products, approximately 0.2%, 0.3%, 0.1%, and 7.5% were attributable to the sale of our feminine care products and approximately 5.3%, 0.9%, 1.6% and 4.7% were attributable to others during the Track Record Period.

(2) Among our revenue from D2C Sales which was primarily generated in China, approximately 75.2%, 74.8%, 14.2%, and 9.0% were attributable to the sale of our babycare products, approximately 0.5%, 1.9%, 78.8%, and 88.8% were attributable to the sale of our feminine care products and approximately 24.3%, 23.3%, 7.0% and 2.2% were attributable to others during the Track Record Period.

(3) Customers who purchased our branded products through offline sales during the Track Record Period primarily comprised hygiene product suppliers which were mainly based in China.

Contract Manufacturing

Our revenue increased by approximately RMB97.5 million or approximately 57.2% from approximately RMB170.4 million for FY2021 to RMB267.9 million for FY2022. Such increase was mainly as a result of the increase in sales volume of approximately 41.7% which was mainly attributable to the increase in sales orders of babycare products from Russian Top-tier Retailer and Customer B.

Our revenue increased by approximately RMB180.5 million or approximately 67.4% from approximately RMB267.9 million for FY2022 to RMB448.4 million for FY2023. Such increase was mainly as a result of the continuous increase in sales volume of approximately 72.0% which was mainly attributable to the continuous increase in sales volume of babycare products from Russian Top-tier Retailer.

Our revenue decreased by approximately RMB76.9 million or approximately 20.6% from approximately RMB373.4 million for 9M2023 to RMB296.5 million for 9M2024. This decrease was mainly due to (i) the decrease in revenue primarily attributable to the sales of babycare products to Russia of approximately RMB119.3 million, mainly as a result of (a) the decrease in both the sales volume of approximately 22.9% primarily as a result of the continuous depreciation of Ruble against RMB since early 2024; and (b) the decrease in the ASP of approximately 8.9% in 9M2024, which was offset by the increase in revenue attributable to the sales of feminine care products of approximately RMB25.3 million, mainly resulting from sales to Lantu Group recognised as revenue under Contract Manufacturing following the disposal in September 2023.

Branded Product Business

Our revenue decreased by approximately RMB17.3 million or approximately 19.1% from approximately RMB90.6 million for FY2021 to RMB73.3 million for FY2022. Such decrease was mainly due to the decrease in sales volume of approximately 35.8% which was mainly attributable to the discontinued sales of our babycare products to Customer C in FY2022 as Customer C have ceased to operate its e-store on Taobao. Thereafter, as our babycare production lines, particularly those for baby pants, have almost been fully utilised to fulfill the sales orders from our Contract Manufacturing business, our D2C sales of babycare products decreased accordingly.

Our revenue increased by approximately RMB80.7 million or approximately 110.1% from approximately RMB73.3 million for FY2022 to RMB154.0 million for FY2023. Such increase was mainly due to the increase in sales volume of branded products of approximately 101.2% which was primarily due to the increase in sales of sanitary pants, our new feminine care product category since its launch in late FY2022. See the reasons for such growth in the paragraph headed "Feminine care products" below.

Our revenue increased by approximately RMB82.1 million or approximately 98.0% from approximately RMB83.8 million for 9M2023 to RMB165.9 million for 9M2024. This increase was mainly as a result of our continuous increase in the sales volume of our sanitary pants mentioned above.

Nonwoven fabric and others

Our revenue increased by approximately RMB64.7 million or approximately 2,940.9% from approximately RMB2.2 million for FY2021 to RMB66.9 million for FY2022. Such increase was mainly the result of the combined effects of (i) the increase in sales volume of our nonwoven fabric products of approximately 2,265.0% as we completed the trial operation phase for our new Nonwoven Fabric Facilities in late 2021 and commenced full-scale operations in 2022; and (ii) the sale of fluff pulp during FY2022 for approximately RMB19.6 million.

Our revenue decreased by approximately RMB14.7 million or approximately 22.0% from approximately RMB66.9 million for FY2022 to RMB52.2 million for FY2023. Such decrease was mainly due to the fact that we did not have any sales of fluff pulp during FY2023.

Our revenue increased by approximately RMB22.3 million or approximately 62.6% from approximately RMB35.6 million for 9M2023 to RMB57.9 million for 9M2024. This increase was mainly a result of higher sales in nonwoven fabrics, as we expanded the capacity of our Nonwoven Fabric Facilities by acquiring a new bicomponent nonwoven fabric production line in September 2023.

(b) Revenue by product category

The following table sets out a breakdown of revenue of our Group by product category for the periods indicated.

	FY2021				**FY2022**				**FY2023**				**9M2023**				**9M2024**			
	Revenue RMB'000 (approx.)	*%*	*Sales volume (more than approx. '000 pieces/kg)*	*ASP RMB/ piece/kg (approx.)*	*Revenue RMB'000 (approx.)*	*%*	*Sales volume (more than approx. '000 pieces/kg)*	*ASP RMB/ piece/kg (approx.)*	*Revenue RMB'000 (approx.)*	*%*	*Sales volume (more than approx. '000 pieces/kg)*	*ASP RMB/ piece/kg (approx.)*	*Revenue RMB'000 (approx.)*	*%*	*Sales volume (more than approx. '000 pieces/kg)*	*ASP RMB/ piece/kg (approx.)*	*Revenue RMB'000 (approx.)*	*%*	*Sales volume (more than approx. '000 pieces/kg)*	*ASP RMB/ piece/kg (approx.)*
														(unaudited)						
Babycare	228,498	86.8	317,100	0.7	322,077	78.9	414,000	0.8	467,960	71.5	622,700	0.8	388,852	78.9	512,100	0.8	286,151	55.0	411,800	0.7
Feminine care	1,057	0.4	900	1.2	1,994	0.5	1,700	1.2	113,744	17.4	122,200	0.9	51,726	10.5	49,600	1.0	157,997	30.4	214,900	0.7
Adult incontinence	12,313	4.7	8,500	1.4	6,714	1.6	4,200	1.6	13,419	2.1	8,400	1.6	10,041	2.1	6,100	1.6	14,305	2.7	11,200	1.3
Others*(Note)*	19,196	7.3	46,300	0.4	10,425	2.6	8,100	1.3	7,269	1.0	7,100	1.0	6,565	1.3	6,100	1.1	3,939	0.8	2,000	2.0
Subtotal	261,064	99.2			341,210	83.6			602,392	92.0			457,184	92.8			462,392	88.9		
Nonwoven fabric and others	2,162	0.8	170	12.6	66,856	16.4	6,300	10.6	52,168	8.0	4,700	11.1	35,620	7.2	3,300	10.8	57,905	11.1	5,300	10.9
Total	263,226	100.0			408,066	100.0			654,560	100.0			492,804	100.0			520,297	100.0		

Notes:

(i) Among our sales of babycare products, approximately 45.9%, 63.8%, 80.1% and 71.4% were sold to Russia; approximately 29.5%, 17.8%, 5.8% and 9.0% were sold in China; and the remaining approximately 24.6%, 18.4%, 14.1% and 19.6% were sold to others & Eurasian jurisdictions, respectively, during the Track Record Period.

(ii) Among our sales of feminine care products, approximately 66.1%, 62.1%, 99.4% and 98.5% were sold in China; approximately 27.2%, 28.9%, 0.6% and 1.5% were sold to Southeast Asia; and the remaining approximately 6.7%, 9.0%, nil, nil were sold to others & Eurasian jurisdictions, respectively during the Track Record Period.

(iii) Among our sales of adult incontinence products, approximately 54.0%, 71.0%, 48.0% and 14.4% were sold in China; approximately 3.5%, 0.2%, 13.4% and 69.7% were sold to Southeast Asia; and the remaining approximately 42.5%, 28.8%, 38.6% and 15.9% were sold to Russia and others & Eurasian jurisdictions, respectively, during the Track Record Period.

(iv) Included the sale of masks, toilet paper, tissue, pet care products and cleaning wipes, substantially all of which were sold in China.

(v) All nonwoven fabric and others were sold in China.

Babycare products

Our revenue increased by approximately RMB93.6 million or approximately 41.0% from approximately RMB228.5 million for FY2021 to RMB322.1 million for FY2022. Such increase was mainly as a result of the increase in sales volume of babycare products by approximately 30.6%; particularly the increase in sales orders of babycare products under Contract Manufacturing from Russian Top-tier Retailer and Customer B.

Our revenue increased by approximately RMB145.9 million or approximately 45.3% from approximately RMB322.1 million for FY2022 to RMB468.0 million for FY2023. Such increase was mainly as a result of the continuous increase in sales volume of babycare products by approximately 50.4%; particularly the continuous increase in sales orders of babycare products from Russian Top-tier Retailer.

Our revenue decreased by approximately RMB102.7 million or approximately 26.4% from approximately RMB388.9 million for 9M2023 to RMB286.2 million for 9M2024 mainly as a result of the decreased sale of babycare products to Russia for the period for the reasons set forth in the paragraph headed "Revenue by our business segments — Contract Manufacturing" above in this section.

Our babycare products as a whole had a stable ASP of approximately RMB0.7 to RMB0.8 per piece throughout the Track Record Period.

Feminine care products

Our revenue increased by approximately RMB0.9 million or approximately 88.6% from approximately RMB1.1 million for FY2021 to RMB2.0 million for FY2022. Such increase was mainly due to the increase in sales volume and order of our feminine products by approximately 89.7%.

Our revenue increased by approximately RMB111.7 million or approximately 5,585.0% from approximately RMB2.0 million for FY2022 to RMB113.7 million for FY2023. Such increase was mainly due to the increase in sales volume and order of our feminine products by approximately 70.6 times. The relatively higher revenue growth can be attributed to the base effect, as our revenue scale in FY2022 was relatively small because we only began focusing on feminine care products in FY2023. Moreover, during FY2023, we strategically redirected our focus towards the feminine care sector, recognizing the growing demand and market potential in China. This shift led to a substantial increase in sales volume for our sanitary pants, a new product line launched in the last quarter of FY2022 under our own brand, "Misecr" (五月私語). To support this growth, we engaged Jinjiang Libaida to set up five "Misecr" flagship e-stores on popular D2C channels such as Douyin, Kuaishou, and Pinduoduo. Additionally, we established seven self-operated or third-party operated e-stores on various third-party digital platforms, with Douyin accounting for about 75.8% of our feminine care product sales in FY2023.

Our revenue increased by approximately RMB106.3 million or approximately 205.6% from approximately RMB51.7 million for 9M2023 to RMB158.0 million for 9M2024. Such increase was mainly as a result of the increased sales under our own brand, "Misecr".

The ASP of our feminine care products fluctuated from approximately RMB1.2 per piece in FY2021 to approximately RMB0.9 per piece in FY2023, primarily attributable to changes in our product mix following the introduction of our new sanitary pants in late FY2022 that were sold at a lower ASP relative to that of other feminine care products; a further drop to approximately RMB0.7 per piece in 9M2024 was because we have become a contract manufacturer to supply sanitary pants for the "Lishi" and "Duowei" brands after the disposal of Jinjiang Lantu in September 2023 which were offered at a lower price.

Adult incontinence products

Our revenue decreased by approximately RMB5.6 million or approximately 45.5% from approximately RMB12.3 million for FY2021 to RMB6.7 million for FY2022. Such decrease was mainly due to the decrease in sales volume by approximately 50.3% partially offset by the increase in ASP by approximately 9.7%.

Our revenue increased by approximately RMB6.7 million or 100.0% from approximately RMB6.7 million for FY2022 to RMB13.4 million for FY2023. Such increase was mainly due to the increase in sales volume of adult wet wipes by approximately 330.8%.

Our revenue increased by approximately RMB4.3 million or approximately 43.0% from approximately RMB10.0 million for 9M2023 to RMB14.3 million for 9M2024. This increase was mainly due to additional sales volume under Contract Manufacturing for our adult incontinence products from one of our customers in Thailand.

The ASP of our adult incontinence products as a whole maintained stable between approximately RMB1.3 and RMB1.6 per piece throughout the Track Record Period.

Others

Our revenue decreased by approximately RMB8.8 million or approximately 45.8% from approximately RMB19.2 million for FY2021 to RMB10.4 million for FY2022. Such decrease was mainly due to the reduced sales of low-priced masks which was offset by the sales of high-priced pet care products. Consequently, the ASP of other products increased from approximately RMB0.4 per piece in FY2021 to approximately RMB1.3 per piece in FY2022.

Our revenue decreased by approximately RMB3.1 million or approximately 29.8% from approximately RMB10.4 million for FY2022 to RMB7.3 million for FY2023. Such decrease was mainly due to the decreased sales volume of pet care products. The ASP of other products were relatively stable ranging from approximately RMB1.0 to RMB1.3 per piece during the period from FY2022 to FY2023.

Our revenue decreased by approximately RMB2.7 million or approximately 40.9% from approximately RMB6.6 million for 9M2023 to RMB3.9 million for 9M2024. Such decrease was mainly due to the decreased sales volume of our mask and pet care products which was offset by increased proportion of higher-priced wet wipes in our sales mix of our product category. Consequently, the ASP of other products increased to approximately RMB2.0 per piece for 9M2024.

Nonwoven fabrics and others

For discussions on fluctuation in our revenue from nonwoven fabric and others, please refer to the fluctuation discussion in "(a) Revenue by our business segments" above. The ASP of our nonwoven fabric and others decreased from approximately RMB12.6 per kg for FY2021 to approximately RMB10.6 per kg in FY2022 primarily due to the increased overall market supply following the uplift of COVID-19 travel restrictions in FY2022. The ASP subsequently remained stable at approximately RMB11.1 and RMB10.9 per kg in FY2023 and 9M2024, respectively.

Costs of sales

Our costs of sales comprised direct materials costs, productions costs and direct labour costs. The table below sets forth a breakdown of our costs of sales for the periods indicated.

	FY2021		FY2022		FY2023		9M2023		9M2024	
	RMB'000 (approx.)	*%*	*RMB'000 (approx.)*	*%*	*RMB'000 (approx.)*	*%*	*RMB'000 (approx.)*	*%*	*RMB'000 (approx.)*	*%*
							(unaudited)			
Direct materials costs	178,389	86.4	261,549	88.1	407,952	89.2	308,194	88.1	320,332	89.4
Manufacturing overhead	17,944	8.7	22,811	7.7	33,565	7.3	24,801	7.1	31,524	8.8
Direct labour costs	10,159	4.9	12,480	4.2	15,776	3.5	16,867	4.8	6,377	1.8
Total	206,492	100.0	296,840	100.0	457,293	100.0	349,862	100.0	358,233	100.0

Direct materials costs

Our direct materials costs mainly include nonwoven fabrics, fluff pulp, SAP, absorbent paper, and various kinds of chemicals. For FY2022, our direct material costs increased by approximately RMB83.1 million or approximately 46.6% from approximately RMB178.4 million for FY2021 to RMB261.5 million. For FY2023, our direct material costs increased by approximately RMB146.5 million or approximately 56.0% from approximately RMB261.5 million for FY2022 to RMB408.0 million. For 9M2024, our direct material costs increased by approximately RMB12.1 million or approximately 3.9% from approximately RMB308.2 million for 9M2023 to RMB320.3 million for 9M2024. These increases were generally in line with the increase in our overall sales volume.

Manufacturing overhead

For FY2022, our manufacturing overhead increased by approximately RMB4.9 million or approximately 27.4% from approximately RMB17.9 million for FY2021 to RMB22.8 million. For FY2023, our manufacturing overhead increased by approximately RMB10.8 million or approximately 47.4% to RMB33.6 million. For 9M2024, our manufacturing overhead increased by approximately RMB6.7 million or approximately 27.0% from approximately RMB24.8 million for 9M2023 to RMB31.5 million for 9M2024. These increases were generally in line with the additions of our machineries and equipment during the Track Record Period.

Direct labour costs

Our direct labour costs, which include the wages, salaries, and retirement benefit scheme contributions for employees under costs of sales, increased by approximately RMB2.3 million or approximately 22.5% from approximately RMB10.2 million for FY2021 to RMB12.5 million for FY2022 mainly due to the increase in headcount and salary. For FY2023, our direct labour costs increased by approximately RMB3.3 million or approximately 26.4% to RMB15.8 million.

For 9M2024, our direct labour costs decreased by approximately RMB10.5 million or approximately 62.1% from RMB16.9 million for 9M2023 to RMB6.4 million for 9M2024. This decrease in costs was primarily due to labour saving in production and procurement staff by approximately 143 for 9M2024 primarily as a result of our efforts in streamlining our production lines. For more details, see "Business — Employees".

Gross profit and gross profit margin

The table below sets forth the gross profit and gross profit margin by sales channel for the years/periods indicated.

	FY2021		FY2022		FY2023		9M2023		9M2024	
	Gross profit (RMB'000) (approx.)	*Gross profit margin (%)*	*Gross profit (RMB'000) (approx.)*	*Gross profit margin (%)*	*Gross profit (RMB'000) (approx.)*	*Gross profit margin (%)*	*Gross profit (RMB'000) (approx.)*	*Gross profit margin (%)*	*Gross profit (RMB'000) (approx.)*	*Gross profit margin (%)*
							(unaudited)			
Contract Manufacturing	34,278	20.1	83,273	31.1	132,711	29.6	108,644	29.1	85,761	28.9
Branded Product Business	22,384	24.7	24,329	33.2	62,544	40.6	33,174	39.6	73,905	44.6
Nonwoven fabric and others	72	3.3	3,624	5.4	2,012	3.9	1,124	3.2	2,398	4.1
Total	56,734		111,226		197,267		142,942		162,064	

Contract Manufacturing

For FY2022, our gross profit margin generated from Contract Manufacturing increased from approximately 20.1% to 31.1%, an increase of 11.0%. This improvement was primarily due to (i) the higher ASP of our babycare products to Russian Top-tier Retailer under Contract Manufacturing during 2022, and (ii) the lower unit costs of our babycare products achieved by utilising our in-house nonwoven fabrics and benefiting from economies of scale, which led to a decrease in average unit costs.

For FY2023, our gross profit margin generated from our Contract Manufacturing decreased from approximately 31.1% to 29.6% which was due to a decrease in ASP.

Our gross profit margin generated from our Contract Manufacturing decreased slightly from approximately 29.1% in 9M2023 to 28.9% in 9M2024 which was mainly due to (i) a decrease in the ASP of babycare products; and (ii) the sales of feminine care products to Lantu Group on a contract manufacturing basis since late September 2023 that commanded a lower profit margin.

Branded Product Business

For FY2022, our gross profit margin generated from our Branded Product Business increased from approximately 24.7% to 33.2%, an increase of approximately 8.5%. This was primarily due to our raising ASP of our D2C sales of branded babycare products.

For FY2023, our gross profit margin generated from our Branded Product Business increased from approximately 33.2% to 40.6%, an increase of approximately 7.4%. This was primarily due to our raising sales volume of our D2C sales of our branded sanitary pants with a higher margin.

For 9M2023 and 9M2024, our gross profit margin generated from our Branded Product Business increased from approximately 39.6% to 44.6%. This was primarily due to our increased sales volume of our higher margin feminine care product.

Nonwoven fabric and others

For FY2022, the gross profit margin generated from our nonwoven fabric manufacturing increased from approximately 3.3% in FY2021 to 5.4%, an increase of approximately 2.1%. This was primarily due to our sale of fluff pulp with a higher margin.

For FY2023, the gross profit margin generated from our nonwoven fabric manufacturing decreased slightly to approximately 3.9%, as we only sold nonwoven fabrics during FY2023.

For 9M2023 and 9M2024, our gross profit margin generated from our nonwoven fabric manufacturing maintained stable between approximately 3.2% to 4.1%.

The table below sets forth the gross profit and gross profit margin by product category for the years/periods indicated.

	FY2021		FY2022		FY2023		9M2023		9M2024	
	Gross profit (RMB'000) (approx.)	*Gross profit margin (%)*	*Gross profit (RMB'000) (approx.)*	*Gross profit margin (%)*	*Gross profit (RMB'000) (approx.)*	*Gross profit margin (%)*	*Gross profit (RMB'000) (approx.)*	*Gross profit margin (%)*	*Gross profit (RMB'000) (approx.)*	*Gross profit margin (%)*
							(unaudited)			
Babycare	47,409	20.7	99,895	31.0	138,264	29.5	112,880	29.0	83,607	29.2
Feminine care	472	44.6	880	44.1	50,905	44.8	23,963	46.3	71,003	45.0
Adult incontinence	3,244	26.3	1,959	29.2	4,276	31.9	3,312	33.0	3,881	27.1
Others	5,537	28.8	4,868	46.7	1,810	24.9	1,663	25.3	1,176	29.9
Subtotal	56,662		107,602		195,255		141,818		159,667	
Nonwoven fabric and others	72	3.3	3,624	5.4	2,012	3.9	1,124	3.1	2,397	4.1
Total	56,734		111,226		197,267		142,942		162,064	

Babycare products

Our gross profit margin from our babycare products increased from approximately 20.7% in FY2021 to approximately 31.0% in FY2022, an increase of approximately 10.3%, primarily due to our raising ASP of our babycare products.

Our gross profit margin from our babycare products decreased slightly to approximately 29.5% in FY2023 because we provided discount in response to a large volume purchase by our Russian customers resulting in a lower gross profit margin.

Our gross profit margin from our babycare products increased from approximately 29.0% in 9M2023 to 29.2% in 9M2024, primarily due to a higher portion of our sales from baby pants in 9M2024, which recorded a higher gross profit margin.

Feminine care products

Our gross profit margin of our feminine care products remained stable and were approximately 44.6%, 44.1% and 44.8%, during FY2021 to FY2023.

Our gross profit margin from our feminine care products decreased from approximately 46.3% in 9M2023 to 45.0% in 9M2024 primarily because the sales of our feminine products to Lantu Group on a contract manufacturing basis since September 2023 that commanded a lower profit margin.

Adult incontinence products

For FY2022, the gross profit margin from our adult incontinence products increased from approximately 26.3% in FY2021 to approximately 29.2%, an increase of approximately 2.9%. This was primarily due to our decreased sale volume of adult diaper, which recorded a lower gross profit margin.

For FY2023, the gross profit margin generated from our adult incontinence products increased from approximately 29.2% in FY2022 to approximately 31.9%, mainly attributable to increased sale volume of wet wipes, which recorded a higher gross profit margin.

Our gross profit margin generated from our adult incontinence products decreased from approximately 33.0% in 9M2023 to approximately 27.1% in 9M2024, mainly attributable to increased sales under Contract Manufacturing, which recorded a lower gross profit margin.

Others

For FY2022, the gross profit margin from our other products increased from approximately 28.8% in FY2021 to 46.7%, an increase of 17.9%. The significant increase was primarily due to increased sales of pet care products which recorded a higher gross profit margin.

For FY2023, the gross profit margin from our other products decreased to approximately 24.9% from approximately 46.7% for FY2022. As we have put a strategic focus on our core babycare and feminine care product categories, this resulted in the overall decline in sales of pet care products.

Our gross profit margin from our other products increased from approximately 25.3% in 9M2023 to approximately 29.9% in 9M2024 which was mainly due to the higher sales volume of wet wipes, a higher gross profit margin product.

Nonwoven fabric and others

Please refer to the discussion above.

Other income

Our other income remained stable which were approximately RMB3.2 million in FY2021 and RMB3.7 million in FY2022. Our other income decreased from approximately RMB3.7 million in FY2022 to RMB1.7 million in FY2023. This decline was primarily due to our significant sales of scrap materials in FY2022, which did not occur in FY2023. As a result, our other income for FY2023 decreased to RMB1.7 million.

Our other income increased from approximately RMB1.2 million in 9M2023 to RMB3.8 million in 9M2024. This increase was primarily due to the sales of scrap materials during 9M2024.

Selling and distribution expenses

The table below sets forth a breakdown of our selling and distribution expenses for the years/periods indicated:

	FY2021	**FY2022**	**FY2023**	**9M2023**	**9M2024**
	RMB'000 *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)* *(unaudited)*	*RMB'000* *(approx.)*
Online sales and promotion expenses	20,130	22,460	53,325	31,774	47,440
Distribution expenses	5,067	7,723	23,492	13,967	17,244
Staff cost	3,160	6,079	7,186	5,449	3,756
Agency fee and declaration expenses	1,792	2,584	5,260	2,823	2,539
Amortisation and depreciation	1,223	966	271	189	383
Others	878	857	1,602	702	1,719
Total	32,250	40,669	91,136	54,904	73,081

Our online sales and promotion expenses were largely attributable to our Branded Product Business, in particular our D2C sales, which accounted for approximately 22.2%, 30.6%, 34.6%, 37.9% and 28.6% of our revenue from the Branded Product Business, respectively, for the Track Record Period. Our online sales and promotion expenses during the Track Record Period comprised (i) platform service and marketing fees paid to the purely third-party pureplay digital e-commerce platforms where our D2C sales were conducted; and (ii) other advertising and promotion expenses primarily for trade shows and exhibitions. During the Track Record Period, the platform service and marketing fees can be further categorised into (a) platform service fees charged at a certain percentage of gross merchandise value transacted varying from different digital platforms primarily based on types of product and transaction volumes; and (b) marketing service fees primarily comprised of a flat fee charged for social media platform advertisements, particularly pop-up advertisements in short-form video content and reels. Other advertising and promotion expenses for the Track Record Period were principally charged on an actual cost incurred basis.

Our online sales and promotion expenses remained stable between FY2021 and FY2022, at approximately RMB20.1 million and RMB22.5 million, respectively. Subsequently, our online sales and promotion expenses increased to approximately RMB53.3 million in FY2023, representing an increase of approximately 136.9% or approximately RMB30.8 million. This significant rise was mainly attributable to (i) an increase in online sales expenses, which generally aligns with the growth in our Branded Product Business by approximately 110.1% from approximately RMB73.3 million in FY2022 to RMB154.0 million in FY2023, which was primarily directed towards our sanitary pant products to expand usage scenarios and the female user base; and (ii) a nationwide billboard and outdoor advertising campaign with expenses of approximately RMB15.0 million in FY2023.

Our online sales and promotion expenses increased from approximately RMB31.8 million for 9M2023 to RMB47.4 million for 9M2024. This increase was generally in line with the growth of our D2C sales. Excluding a nationwide billboard and outdoor advertising campaign expenses of approximately RMB11.3 million which was offline in nature, our online sales and promotion expenses increased from approximately RMB20.5 million for 9M2023 to RMB47.4 million, and as a percentage of revenue from Branded Product Business increased from 24.5% for 9M2023 to 28.6% for 9M2024, which is in line with the Group's increasing online marketing efforts for the growth of its D2C business.

Our distribution costs accounted for approximately 1.9%, 1.9%, 3.6% and 3.3%, respectively, of our total revenue, respectively, for the Track Record Period. Our distribution expenses increased by approximately 51.0% from approximately RMB5.1 million in FY2021 to RMB7.7 million in FY2022, which was generally in line with our total revenue growth of 55.0% for the same period. In FY2023, our distribution costs further grew by approximately 205.2% to RMB23.5 million, mainly due to (i) the growth of our D2C e-commerce sales by 166.9%; and (ii) the growth of our export sales of approximately 67.5%. Our distribution costs increased from approximately RMB14.0 million in 9M2023 to RMB17.2 million in 9M2024, mainly due to the higher sales of our D2C e-commerce sales.

Our staff costs primarily consist of wages, salaries, and contributions to the retirement benefit scheme for the sales and distribution department. Our staff cost increased by approximately RMB2.9 million or approximately 90.6% from RMB3.2 million for FY2021 to RMB6.1 million for and further increased by approximately RMB1.1 million or approximately 18.0% to RMB7.2 million. Our staff costs decreased from approximately RMB5.4 million in 9M2023 to RMB3.8 million in 9M2024, mainly due to the drop in headcount as a result of streamlined manpower and decreased salary. For more details, see "Business — Employees".

Administrative and other operating expenses

The table below sets forth a breakdown of our administrative and other operating expenses for the years/periods indicated.

	FY2021	FY2022	FY2023	9M2023	9M2024
	RMB'000 *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)* *(unaudited)*	*RMB'000* *(approx.)*
Research and development expenses	9,812	12,895	20,638	13,779	14,899
Depreciation	1,954	2,011	2,036	1,503	1,618
Staff cost	1,626	4,114	5,186	3,853	3,286
Exchange loss, net	–	1,720	34	–	207
Office expenses	641	788	2,577	1,437	3,471
Donation	–	–	4,310	4,310	–
Others	854	2,586	4,854	4,345	5,583
	14,887	24,114	39,635	29,227	29,064

Our research and development expenses increased by approximately RMB3.1 million or approximately 31.6%, from approximately RMB9.8 million in FY2021 to RMB12.9 million in FY2022. The increases were mainly due to an increase in our research and development projects.

Our research and development expenses increased by approximately RMB7.7 million or approximately 59.7%, from approximately RMB12.9 million in FY2022 to RMB20.6 million in FY2023. This increase was mainly due to the continued increase in our research and development projects.

Our research and development expenses increased by approximately RMB1.1 million or approximately 8.0% from approximately RMB13.8 million for 9M2023 to RMB14.9 million for 9M2024. This increase was mainly due to increase in research and development activities.

Our staff costs primarily consist of wages, salaries, and contributions to the retirement benefit scheme for the administrative department. Our staff costs rose from approximately RMB1.6 million in FY2021 to RMB4.1 million in FY2022, and further increased to RMB5.2 million in FY2023. This increase was mainly attributable to the growth in the number of administrative staff headcount and salary increment.

Our staff cost maintained stable between approximately RMB3.3 million to RMB3.9 million for 9M2023 and 9M2024.

Listing expenses

Listing expenses comprise professional and other expenses in relation to our Listing. Our Listing expenses amounted to nil, nil, approximately RMB6.0 million and RMB10.7 million for the Track Record Period.

Finance costs

Our finance costs mainly represented the interest on lease liabilities and interest-bearing borrowings. Our finance costs slightly increased from approximately RMB0.3 million in FY2021 to RMB0.5 million in FY2022 and further increased to RMB0.8 million in FY2023, which was generally in line with the level of our bank borrowing. Our finance costs was approximately RMB0.50 million in 9M2024, which was slightly lower than approximately RMB0.55 million in 9M2023, which was mainly due to the lower interest rate in 9M2024.

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 Insoftb China which was recognised as High and New Technology Enterprise ("**HNTE**") and is entitled to a preferential tax rate of 15% since December 2020. 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 Insoftb China was obtained in December 2023 and will be expired in December 2026. Insoftb China 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 RMB2.5 million, RMB9.0 million, RMB8.9 million, RMB8.1 million and RMB10.5 million, with the effective tax rate of approximately 19.8%, 17.8%, 13.4%, and 20.6% for the Track Record Period, respectively. The increase in effective tax rate for 9M2024 was mainly due to (i) non tax deductible listing expenses of approximately RMB10.7 million incurred for 9M2024; and (ii) the increase in taxable profits from subsidiaries with a tax rate of 25%.

Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, our Group had fulfiled all of our income tax obligations and had no unresolved income tax issues or disputes with the relevant tax authorities.

Profit for the year/period attributable to the owners of the Company

As a result of the foregoing, our profit for the year/period attributable to the owners of the Company amounted to approximately RMB10.0 million, RMB41.9 million, RMB58.9 million, RMB54.9 million and RMB40.5 million for the Track Record Period, respectively which is generally in line with our gross profit growth. Our net profit margin amounted to approximately 3.8%, 10.3%, 9.0%, 10.9% and 7.8% for 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 2021, 2022 and 2023 and 30 September 2024, we had cash and bank balances of approximately RMB20.6 million, RMB6.5 million, RMB63.0 million and RMB22.9 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 proceeds from the Global Offering to finance our liquidity requirements. See "Future Plans and Use of Proceeds" 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.

The table below sets forth the condensed summary of the combined statements of cash flows for the years/periods indicated:

	FY2021	**FY2022**	**FY2023**	**9M2023**	**9M2024**
	RMB'000 (approx.)	*RMB'000 (approx.)*	*RMB'000 (approx.)*	*RMB'000 (approx.) (unaudited)*	*RMB'000 (approx.)*
Operating cash flows before movement in working capital	22,562	62,665	79,500	70,532	66,728
Changes in working capital	10,160	(56,085)	81,663	(14,571)	(27,361)
Income tax paid	(2,078)	(1,537)	(5,199)	(4,050)	(13,151)
Net cash from operating activities	30,644	5,043	155,964	51,911	26,216
Net cash used in investing activities	(62,445)	(24,965)	(31,393)	(26,502)	(21,971)
Net cash from (used in) financing activities	13,598	5,806	(68,035)	(28,294)	(44,196)
Net (decrease) increase in cash and cash equivalents	(18,203)	(14,116)	56,536	(2,885)	(39,951)
Cash and cash equivalents at the beginning of the year/period	38,783	20,580	6,464	6,464	63,000
Effect of exchange difference	–	–	–	–	(182)
Cash and cash equivalents at the end of the year/period	20,580	6,464	63,000	3,579	22,867

Net cash from operating activities

Our net cash from operating activities for FY2021 was approximately RMB30.6 million, primarily comprising cash generated from operations of approximately RMB32.7 million and income tax paid of approximately RMB2.1 million. Our cash generated from operations reflected profit before tax for the year of approximately RMB12.5 million, as adjusted by depreciation of property, plant and equipment and right-of-use assets of approximately RMB8.9 million. Our change in working capital contributed to a cash inflow of approximately RMB10.2 million, which was primarily due to the increase in trade and other payables of approximately RMB35.1 million as there was an increase in purchase of products before year end; and partially offset by increase in inventories of approximately RMB20.2 million due to the increase in the stockpile of raw materials during the year.

Our net cash from operating activities for FY2022 was approximately RMB5.0 million, primarily comprising cash generated from operations of approximately RMB6.6 million and income tax paid of approximately RMB1.5 million. Our cash generated from operations reflected profit before tax for the year of approximately RMB50.9 million, as adjusted for the following major items: (i) depreciation of property, plant and equipment and right-of-use assets of approximately RMB12.2 million in aggregate; and (ii) amortisation of intangible assets of approximately RMB1.0 million. Our change in working capital contributed to a cash outflow of approximately RMB56.1 million, which was primarily due to (i) increase in trade and other receivables of approximately RMB37.0 million; and (ii) increase in inventories of approximately RMB34.0 million; and partially offset by the increase in trade and other payables of approximately RMB15.0 million primarily due to increase in purchase during FY2022.

Our net cash from operating activities for FY2023 was approximately RMB156.0 million, primarily comprising cash generated from operations of approximately RMB161.2 million and income tax paid of approximately RMB5.2 million. Our cash generated from operations reflected profit before tax for the year of approximately RMB66.6 million, as adjusted for the following major items: (i) depreciation of property, plant and equipment and right-of-use assets of approximately RMB17.1 million in aggregate; and (ii) gain on disposal/deregistration of subsidiaries of approximately RMB2.5 million. Our change in working capital contributed to a cash inflow of approximately RMB81.7 million, which was primarily due to the decrease in inventories of approximately RMB80.2 million during FY2023.

Our net cash from operating activities for 9M2023 was approximately RMB51.9 million, primarily comprising cash generated from operations of approximately RMB56.0 million and income tax paid of approximately RMB4.1 million. Our cash generated from operations reflected profit before tax for the period of approximately RMB61.7 million, as adjusted for the following major items: (i) depreciation of property, plant and equipment and right-of-use assets of approximately RMB11.7 million in aggregate; and (ii) change in fair value of investment properties of approximately RMB1.3 million. Our change in working capital contributed to a cash outflow of approximately RMB14.6 million, which was primarily due to increase in trade and other receivables of approximately RMB135.7 million, which was partially offset by the decrease in trade and other payables of approximately RMB82.9 million during 9M2023.

Our net cash from operating activities for 9M2024 was approximately RMB26.2 million, primarily comprising cash generated from operations of approximately RMB39.4 million and income tax paid of approximately RMB13.2 million. Our cash generated from operations reflected profit before tax for the period of approximately RMB51.0 million, as adjusted for the following major items: (i) depreciation of property, plant and equipment and right-of-use assets of approximately RMB13.7 million in aggregate; and (ii) provision for loss allowance of trade receivables of approximately RMB1.6 million. Our change in working capital contributed to a cash outflow of approximately RMB27.4 million, which was primarily due to increase in trade and other receivables of approximately RMB67.5 million during 9M2024, which was partially offset by the decrease in inventories of approximately RMB26.8 million.

Net cash used in investing activities

Our net cash used in investing activities for FY2021 was approximately RMB62.4 million, primarily representing the purchase of right-of-use assets and property, plant and equipment of approximately RMB51.4 million in aggregate and placement of pledged bank deposits of approximately RMB11.4 million. The amount of approximately RMB51.4 million is composed of (i) approximately RMB33.4 million payment for the purchase of property, plant, and equipment, and (ii) approximately RMB18.0 million cash outflow for the payment made for our land use rights under the leasehold land of our Nonwoven Fabric Facilities.

Our net cash used in investing activities for FY2022 was approximately RMB25.0 million, primarily representing the purchase of property, plant and equipment of approximately RMB18.8 million and placement of pledged bank deposits of approximately RMB6.8 million.

Our net cash used in investing activities for FY2023 was approximately RMB31.4 million, primarily representing the purchase of intangible assets and property, plant and equipment of approximately RMB40.2 million in aggregate which was partially set off by the withdrawal of pledged bank deposits of approximately RMB4.9 million.

Our net cash used in investing activities for 9M2023 was approximately RMB26.5 million, primarily representing the purchase of property, plant and equipment of approximately RMB30.0 million which was partially offset by the release of pledge bank deposits of approximately RMB2.3 million.

Our net cash used investing activities for 9M2024 was approximately RMB22.0 million, primarily representing the purchase of property, plant and equipment of approximately RMB19.6 million in aggregate and the placement of pledged bank deposits of approximately RMB3.3 million.

Net cash from/(used in) financing activities

Our net cash from financing activities for FY2021 was approximately RMB13.6 million, primarily representing inception of interest-bearing borrowings of approximately RMB10.0 million and advance from the Controlling Shareholder of approximately RMB3.9 million.

Our net cash from financing activities for FY2022 was approximately RMB5.8 million, primarily representing inception of interest-bearing borrowings of approximately RMB26.8 million, and partially offset by (i) repayment of interest-bearing borrowings of approximately RMB18.8 million and (ii) repayment to the Controlling Shareholder of approximately RMB1.6 million respectively.

Our net cash used in financing activities for FY2023 was approximately RMB68.0 million, primarily representing repayment to the Controlling Shareholder of approximately RMB62.6 million and repayment of interest-bearing borrowings of approximately RMB18.0 million which is partially offset by inception of interest-bearing borrowings of approximately RMB13.0 million.

Our net cash used in financing activities for 9M2023 was approximately RMB28.3 million, primarily representing repayment to the Controlling Shareholder of approximately RMB27.2 million and repayment of interest-bearing borrowings of approximately RMB11.0 million which is partially offset by inception of interest-bearing borrowings of approximately RMB10.0 million.

Our net cash used in financing activities for 9M2024 was approximately RMB44.2 million, primarily representing repayment to the Controlling Shareholder of approximately RMB48.7 million and repayment of interest-bearing borrowings of approximately RMB17.8 million which is partially offset by inception of interest-bearing borrowings of approximately RMB23.0 million.

NET CURRENT ASSETS

	As at 31 December			As at 30 September	As at 31 January
	2021	**2022**	**2023**	**2024**	**2025**
	RMB'000 *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)* *(unaudited)*
Current assets					
Inventories	119,941	153,981	73,808	46,967	27,338
Trade and other receivables	62,354	100,364	94,713	160,564	174,742
Financial assets at FVPL	–	–	–	–	4,371
Pledged bank deposits	14,113	20,934	15,995	19,313	38,981
Cash and cash equivalents	20,580	6,464	63,000	22,867	62,867
	216,988	281,743	247,516	249,711	308,299

	As at 31 December			As at 30 September	As at 31 January
	2021	2022	2023	2024	2025
	RMB'000 *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)* *(unaudited)*
Current liabilities					
Trade and other payables. . .	106,701	123,263	125,666	139,088	183,922
Interest-bearing borrowings .	10,000	18,000	13,000	18,200	63,000
Lease liabilities	63	59	268	313	317
Amount due to the Controlling Shareholder . .	137,615	136,212	71,576	23,123	4,400
Income tax payables	1,449	8,137	10,594	7,607	2,166
	255,828	285,671	221,104	188,331	253,805
Net current (liabilities)/assets	(38,840)	(3,928)	26,412	61,380	54,494

Our net current liabilities decreased from approximately RMB38.8 million as at 31 December 2021 to RMB3.9 million as at 31 December 2022, representing an amount of approximately RMB34.9 million. Such decrease was primarily attributable to the combined effect of (i) our inventories increase of approximately RMB34.0 million; and (ii) our trade and other receivables increase of approximately RMB38.0 million; which was partially offset by (i) the increase of trade and other payables of approximately RMB16.6 million and (ii) the decrease of cash and bank balances of approximately RMB14.1 million.

Our net current liabilities position changed from approximately RMB3.9 million as at 31 December 2022 to net current assets position of approximately RMB26.4 million as at 31 December 2023, representing an increase of approximately RMB30.3 million, which was mainly attributable to the combined effects of (i) our cash and bank balances increase of approximately RMB56.5 million; and (ii) our amount due to the Controlling Shareholder under current liabilities decrease of approximately RMB64.6 million; which was partially offset by; (iii) our inventories decrease of approximately RMB80.2 million.

Our net current assets increased from approximately RMB26.4 million as at 31 December 2023 to approximately RMB61.4 million as at 30 September 2024, representing an increase of approximately RMB35.0 million. This increase was primarily attributable to the combined effect of (i) an increase in trade and other receivables of approximately RMB65.9 million; (ii) a decrease in the amount due to the Controlling Shareholder under current liabilities of approximately RMB48.5 million, partially offset by (iii) a decrease in cash and bank balances of approximately RMB40.1 million; (iv) a decrease in inventories of approximately RMB26.8 million; and (v) an increase in trade and other payables of approximately RMB13.4 million.

Our net current assets decreased from approximately RMB61.4 million as at 30 September 2024 to approximately RMB54.5 million as at 31 January 2025, representing a decrease of approximately RMB6.9 million. This decrease was primarily attributable to the combined effect of (i) an increase in interest-bearing borrowings of approximately RMB44.8 million; (ii) an increase in trade and other payables of approximately RMB44.8 million; (iii) a decrease in inventory of approximately RMB19.6 million, which was partially offset by (iv) a decrease in the amount due to the Controlling Shareholder of approximately RMB18.7 million; (v) an increase in trade and other receivables of approximately RMB14.2 million; (vi) an increase in pledged bank deposits of approximately RMB19.7 million; (vii) an increase in cash and cash equivalents of approximately RMB40.0 million; and (viii) an increase in financial assets at FVPL of approximately RMB4.4 million. For further details, please refer to "Discussion of selected items in consolidated statement of financial position — Financial assets at FVPL" in Appendix III to this prospectus.

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			**As at 30 September**
	2021	**2022**	**2023**	**2024**
	RMB'000 *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)*
Raw materials	76,393	101,285	28,306	15,974
Finished goods	43,548	52,696	45,502	30,993
Total	119,941	153,981	73,808	46,967

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 2021, 2022 and 2023 and 30 September 2024, 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			As at 30 September
	2021	**2022**	**2023**	**2024**
	RMB'000 *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)*
Less than 1 year	109,398	143,889	72,915	46,840
Between 1 and 2 years	10,543	10,092	893	127
Total	119,941	153,981	73,808	46,967

The table below sets forth the turnover days of our inventories during the Track Record Period.

	FY2021	**FY2022**	**FY2023**	**9M2024**
Inventory turnover days	194	168	91	46

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 194 days, 168 days, 91 days and 46 days during the Track Record Period, respectively. The decrease in our inventory turnover days from FY2022 to FY2023 is because we accumulated a higher level of raw materials during FY2021 and FY2022 due to the various policy measures related to COVID-19 pandemic implemented by governments worldwide, which were fully utilised in FY2023. Following the lifting of travel restrictions by various governments in mid-2023, we maintained an inventory level as at 31 December 2023 that was lower than those recorded as at 31 December 2021 and 2022. As we kept a lower level of raw material and finished goods around the end of September 2024, our inventory turnover days further decreased to 46 days.

As at the Latest Practicable Date, approximately RMB44.7 million or 95.1% of our inventories as at 30 September 2024 had been sold or utilised.

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			As at 30 September
	2021	**2022**	**2023**	**2024**
	RMB'000 *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)*
Trade receivables, net of loss allowances	36,876	68,004	34,889	77,613
Bills receivables	–	–	25,425	20,462
Other receivables	25,478	32,360	34,399	62,489
Total	62,354	100,364	94,713	160,564

Our Group generally grants credit terms of up to 90 days from the date of issuance of invoices for our customers.

The table below sets forth an ageing analysis of our trade receivables, net of loss allowances, based on invoice date as at the dates indicated.

	As at 31 December			As at 30 September
	2021	**2022**	**2023**	**2024**
	RMB'000 *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)*
Within 30 days	11,435	25,133	23,185	39,376
31 to 60 days	6,854	30,557	3,962	31,081
61 to 90 days	9,202	9,180	6,852	2,090
91 to 180 days	1,452	208	519	4,882
181 to 365 days	1,162	1,881	25	184
Over 1 year	6,771	1,045	346	–
Total	36,876	68,004	34,889	77,613

Our trade receivables, net of loss allowances, increased from approximately RMB36.9 million as at 31 December 2021 to approximately RMB68.0 million as at 31 December 2022, then decreased to approximately RMB34.9 million as at 31 December 2023.

The increase in our trade receivables between 31 December 2021 and 31 December 2022 is largely in line with the increase in our revenue.

During FY2023, Russian Top-tier Retailer included bills receivable as another method to settle payments in our transactions, such that our trade receivables, net of loss allowances, decreased to approximately RMB34.9 million as at 31 December 2023. As at 30 September 2024, our trade receivables, net of loss allowances, increased from approximately RMB34.9 million as at 31 December 2023 to approximately RMB77.6 million as at 30 September 2024. This closing balance is mainly composed of the outstanding receivables from Russian Top-tier Retailer which was substantially subsequently settled as at the Latest Practicable Date.

As at 31 December 2021, 2022, 2023 and 30 September 2024, our trade receivables, net of loss allowances, of approximately RMB19.8 million, RMB15.6 million, RMB13.1 million and RMB8.8 million, respectively, were past due. 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 FY2021, a provision of loss allowance in trade receivables of approximately RMB0.1 million has made. During FY2022 and FY2023, we recorded a reversal of loss allowance on trade receivables, net of approximately RMB0.5 million and RMB0.7 million, respectively. In 9M2024, we recorded a provision for loss allowance on trade receivables, net of approximately RMB1.6 million. 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 and bill receivables during the Track Record Period.

	FY2021	**FY2022**	**FY2023**	**9M2024**
Trade and bill receivables turnover days	37	47	36	42

Note: The number of trade receivables turnover days is calculated using the average balance of trade receivables and bill receivables divided by total revenue for the relevant year and multiplied by 365 days in the relevant year. Average balance of trade receivables and bill receivables is calculated as the sum of the beginning and the ending balance for the relevant year, divided by two.

Our trade and bill receivables turnover days were approximately 37 days, 47 days, 36 days, and 42 days during the Track Record Period, respectively. The trade and bill receivables turnover days of our Group is within the range of the credit period granted to our customers. The decrease in trade and bill receivables turnover days between FY2022 to FY2023 is mainly attributable to the increase in sales percentage to Russian Top-tier Retailer which payment term is letter of credit.

For 9M2024, the increase in trade and bill receivables turnover days is mainly due to the high closing balance of trade and bill receivables, mainly arising from D2C sales of our feminine care products in China and export sales of babycare products to Russian Top-tier Retailer around the end of 9M2024.

We recorded a significant decrease in the expected credit loss (ECL) rate for PRC customers under risk category 2 from 16.6% to 4.99% from FY2021 to FY2022. As at 31 December 2021, the gross carrying amount of trade receivables of approximately RMB8.1 million under Risk Category 2 for PRC customers mainly comprised of approximately RMB7.9 million (before impairment) due from debtors overdue more than two years (the "**Overdue Balances**"). During FY2022, the Overdue Balances were fully settled. As at 31 December 2022, the gross carrying amount of trade receivables of approximately RMB2.7 million under Risk Category 2 for PRC customers were mainly overdue more than one year but less than two years. In view of the above, we had applied a higher expected loss rate for the Risk Category 2 for PRC customers as at 31 December 2021 as compared with that as at 31 December 2022 by considering various factors (including ageing of the debtor) under ECL model.

As at the Latest Practicable Date, approximately 91.3% of our trade receivables as at 30 September 2024 have been subsequently settled.

Other receivables

Our other receivables increased from approximately RMB25.5 million as at 31 December 2021 to approximately RMB32.4 million as at 31 December 2022, mainly due to the value-added tax and other tax recoverables, which increased from approximately RMB3.9 million at the end of 2021 to approximately RMB12.5 million by the end of 2022, due to pending payments from the local tax authority that were subsequently received.

Our other receivables remained stable with approximately RMB32.4 million as at 31 December 2022 and approximately RMB34.4 million as at 31 December 2023.

Our other receivables increased from approximately RMB34.4 million as at 31 December 2023 to approximately RMB62.5 million as at 30 September 2024. This increase was mainly due to (i) promotion expenses of approximately RMB14.6 million prepaid to certain marketing agents for the promotion on digital platforms in 9M2024, which was expected to be recognised in profit or loss within one year; and (ii) increase in value-added tax and other tax recoverables of approximately RMB10.1 million.

As at 30 September 2024, our other receivables amounted to approximately RMB62.5 million of which RMB18.9 million (ie. 30.2%) have been subsequently utilised, settled or expensed in profit or loss up to the Latest Practicable Date. These primarily consist of (i) prepayment to suppliers and other prepayment, deposits and receivables with an aggregated amount of approximately RMB21.4 million of which 72.6% have been subsequently either utilised or repaid as at 31 January 2025; (ii) prepaid promotion expenses of RMB14.6 million of which 20.4% have been subsequently recognised in profit and loss as at 31 January 2025 and the remaining are expected to be recognised in profit and loss within the next 12 months, (iii) prepaid listing expenses of approximately RMB1.8 million of which 100.0% have been subsequently expensed in profit or loss, (iv) receivables and deposits from digital platforms with an aggregated amount of approximately RMB12.0 million are repayable on demand upon request from the Group and deposited in high creditworthy financial institutions in the PRC which are of high credit rating; and (v) value-added tax and other tax receivable of approximately RMB12.7 million which are expected to be offsetted against any future value-added tax.

As such, our Directors confirm that there are no recoverability issues in respect of our other receivables given the nature and reasons as stated above.

Trade and bill payables

The following table sets forth a breakdown of our trade and other payables as at the dates indicated.

	As at 31 December			**As at 30 September**
	2021	**2022**	**2023**	**2024**
	RMB'000 *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)*
Bills payables	42,675	39,777	40,329	49,049
Trade payables	26,841	18,985	15,483	31,358
Total	69,516	58,762	55,812	80,407

Our suppliers generally offer our Group normal credit terms of up to 60 days.

Our bills payables remained stable with approximately RMB42.7 million as at 31 December 2021, approximately RMB39.8 million as at 31 December 2022, approximately RMB40.3 million as at 31 December 2023 and approximately RMB49.0 million as at 30 September 2024.

Our trade payables decreased from approximately RMB26.8 million as at 31 December 2021 to approximately RMB19.0 million as at 31 December 2022, and further decreased to approximately RMB15.5 million as at 31 December 2023, which was mainly attributable to the prompt settlement of long outstanding payable due to suppliers. Our trade payables increased from approximately RMB15.5 million as at 31 December 2023 to approximately RMB31.4 million as at 30 September 2024, as amount due to our major suppliers were settled by bank transfer rather than bank acceptance note.

The table below sets forth the ageing analysis of our trade payables based on the invoice date as at the dates indicated.

	As at 31 December			As at 30 September
	2021	2022	2023	2024
	RMB'000 *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)*
Within 30 days	6,775	6,477	3,305	15,747
31–60 days	2,747	5,678	4,039	9,470
61–90 days	2,886	2,763	1,200	2,247
Over 90 days	14,433	4,067	6,939	3,894
Total	26,841	18,985	15,483	31,358

As at the Latest Practicable Date, approximately 92.0% of our trade payables as at 30 September 2024 have been subsequently settled.

The table below sets forth the turnover days of our trade and bill payables during the Track Record Period.

	FY2021	FY2022	FY2023	9M2024
Trade and bill payables turnover days	88	79	45	60

Note: The number of trade and bill payables turnover days is calculated using the average balance of trade and bill payables divided by cost of sales for the relevant year and multiplied by 365 days in the relevant year. Average balance of trade and bill payables is calculated as the sum of the beginning and the ending balance for the relevant year, divided by two.

Our trade and bill payables turnover days were approximately 88 days, 79 days, 45 days, and 60 days during the Track Record Period, respectively. The decrease in our trade and bill payables turnover days from FY2021 to FY2023 was mainly due to the prompt settlement of trade payables to certain of our major suppliers during the year. During 9M2024, our trade and bill payables turnover days increased from approximately 45 days for FY2023 to approximately 60 days, primarily attributable to the higher procurement recorded towards the period end, for which the corresponding settlements were pending as at the period end date.

Other payables

Our other payables increased from approximately RMB37.2 million as at 31 December 2021 to approximately RMB64.5 million as at 31 December 2022, mainly attributable to the increase in accruals and other payables and contract liabilities. Our other payables remained stable with approximately RMB64.5 million as at 31 December 2022 and approximately RMB69.9 million as at 31 December 2023. Our other payables decreased from approximately RMB69.9 million as at 31 December 2023 to approximately RMB58.7 million as at 30 September 2024, mainly due to a decrease in receipts in advance from approximately RMB20.2 million as at 31 December 2023 to approximately RMB11.7 million as at 30 September 2024.

Contract liabilities

Our contract liabilities increased from approximately RMB13.1 million as at 31 December 2021 to approximately RMB27.5 million as at 31 December 2022, decreased to approximately RMB20.2 million as at 31 December 2023 and approximately RMB11.7 million as at 30 September 2024. The fluctuation in our contract liabilities represents the prepayment we have received mainly from our overseas business customers but not yet delivered.

INDEBTEDNESS

The following table sets forth the indebtedness of our Group as at the dates indicated.

	As at 31 December			As at 30 September	As at 31 January
	2021	**2022**	**2023**	**2024**	**2025**
	RMB'000 *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)* *(unaudited)*
Interest-bearing borrowings	10,000	18,000	13,000	18,200	63,000
Lease liabilities	122	59	734	584	482
Amount due to the Controlling Shareholder	327,709	343,056	278,860	23,123	4,400
Total	337,831	361,115	292,594	41,907	67,882

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 30 September	As at 31 January
	2021	**2022**	**2023**	**2024**	**2025**
	RMB'000 *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)* *(unaudited)*
Secured and guaranteed bank loans					
Current portion	10,000	18,000	13,000	18,200	63,000
Non-current portion	nil	nil	nil	nil	nil
Total	10,000	18,000	13,000	18,200	63,000

As at 31 December 2021, 2022, 2023, 30 September 2024 and 31 January 2025, our Group had bank borrowings of approximately RMB10.0 million, RMB18.0 million, RMB13.0 million, RMB18.2 million and RMB63.0 million, respectively. These amounts are denominated in RMB.

The weighted average effective interest rate on bank borrowings as at these respective dates was 3.35%, 3.20%-4.30%, 3.45%-3.50%, 3.15%-3.35%, 2.00%-3.38% as at 31 December 2021, 2022, 2023, 30 September 2024 and 31 January 2025.

The banking facilities are secured by the following: (i) guarantees provided by our Controlling Shareholder and his spouse; (ii) properties owned by our Controlling Shareholder; (iii) corporate guarantee provided by subsidiaries of our Group; (iv) leasehold lands with net carrying amounts of approximately RMB21.8 million, RMB21.4 million, RMB20.9 million, RMB20.6 million and RMB38.3 million as at 31 December 2021, 2022, 2023, 30 September 2024 and 31 January 2025; (v) investment properties of nil, nil, approximately RMB44.2 million, RMB44.2 million and RMB44.2 million; and (vi) pledged deposits of nil, nil, nil, nil and approximately RMB7.0 million as at the same respective dates.

During the year ended 31 December 2024, the guarantees provided by our Controlling Shareholder and his spouse and properties owned by our Controlling Shareholder have been released.

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 2021, 2022, 2023 and 30 September 2024, as well as 31 January 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. As at the Latest Practicable Date, we have obtained consent from the banks that (i) the collaterals and guarantees provided by our Controlling Shareholders and (ii) the abovementioned customers affirmative and/or negative covenants are expected to be released and/or replaced by a corporate guarantee to be given by our Company upon Listing.

As at 31 January 2025, which is the latest practicable date for the purpose of this indebtedness statement, we had aggregate banking facilities of approximately RMB156.7 million, of which approximately RMB52.0 million was unutilized.

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 prospectus, 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:

	As at 31 December			As at 30 September	As at 31 January
	2021	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Current portion	63	59	268	313	317
Non-current portion	59	–	466	271	165
	122	59	734	584	482

As at 31 December 2021, 2022 and 2023 and 31 January 2025, we had outstanding lease liabilities of approximately RMB0.1 million, RMB0.1 million, RMB0.7 million and RMB0.5 million, respectively. During the Track Record Period and up to 31 January 2025, we did not breach any covenants of the lease agreements.

Amount due to the Controlling Shareholder

The amount due to the Controlling Shareholder was non-trade in nature, unsecured, interest-free, and repayable on demand.

The following table sets forth the breakdown of our amount due to the Controlling Shareholder as at the dates indicated:

	As at 31 December			As at 30 September	As at 31 January
	2021	2022	2023	2024	2025
	RMB'000 (approx.)	*RMB'000 (approx.)*	*RMB'000 (approx.)*	*RMB'000 (approx.)*	*RMB'000 (approx.) (unaudited)*
Current portion	137,615	136,212	71,576	23,123	4,400
Non-current portion	190,094	206,844	207,284	nil	nil
Total	327,709	343,056	278,860	23,123	4,400

As at 31 December 2021, 2022, 2023 and 30 September 2024, the amounts due to the Controlling Shareholder were approximately RMB327.7 million, RMB343.1 million, RMB278.9 million and RMB23.1 million, respectively. The decreases in the amounts due to the Controlling Shareholder from FY2021 to FY2023 because the non-current portion of such amounts of the Controlling Shareholder amounting to approximately RMB207.3 million had been waived and was credited to the capital reserve under equity on 31 March 2024 upon execution of the deed of waiver by the Controlling Shareholder. Amounts due to the Controlling Shareholders further decreased to approximately RMB18.7 million as at 31 January 2025, mainly due to the repayment to the Controlling Shareholder.

The amount due to our Controlling Shareholder has been fully settled prior to the Listing.

Contingent liabilities

As at 31 December 2021, 2022, 2023, 30 September 2024 and 31 January 2025, 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 30 September 2024 and up to the Latest Practicable Date.

Statement of indebtedness

As at 31 January 2025, 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 2025 and up to the date of this prospectus, there has been no material change in our indebtedness.

CAPITAL EXPENDITURES AND COMMITMENTS

Our capital expenditures during the Tack Record Period were primarily related to the purchases of property, plant and equipment and intangible assets, which amounted to approximately RMB26.2 million, RMB45.7 million, RMB50.5 million and RMB16.5 million during the Track Record Period, respectively. We have financed our capital expenditure through cash flow generated from operating activities and current account with the Controlling Shareholder.

Save for the planned capital expenditure as disclosed in the section headed "Future Plans and Use of Proceeds" in this prospectus 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.

Commitments

Capital expenditure commitments

	As at 31 December			As at 30 September
	2021	**2022**	**2023**	**2024**
	RMB'000 *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)*
Contracted but not provided net of deposits paid for acquisition of property, plant and equipment	19,214	6,872	6,903	3,919

As at 31 December 2021, 2022, and 2023 and 30 September 2024, the capital expenditure commitments were approximately RMB19.2 million, RMB6.9 million, RMB6.9 million and RMB3.9 million, respectively.

Commitments under lease

The Group as lessor

We have leased out our Chuzhou Property to several tenants under an operating lease. These tenants are independent third parties, and the lease terms range from one to three years. The leases are non-cancellable by the tenants, do not contain any renewal options, and are subject to fixed monthly rental charges. Details are as follows:

	As at 31 December			As at 30 September
	2021	**2022**	**2023**	**2024**
	RMB'000 *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)*	*RMB'000* *(approx.)*
Within one year	981	709	513	351
More than one year but less than two years	374	43	191	49
More than two years but less than three years	6	–	–	–
Total	1,361	752	704	400

As at 31 December 2021, 2022, 2023 and 30 September 2024, the commitments under lease were approximately RMB1.4 million, RMB0.8 million, RMB0.7 million and RMB0.4 million, respectively. Details of which are set out in notes 16(b) and 33(b) to the Accountants' Report in Appendix I to this prospectus.

ACCUMULATED LOSSES

Our Group recorded accumulated losses as at 1 January 2021 and 31 December 2021 in our combined statements of changes in equity. Below we set out the balance as shown in our changes in equity:

	As at				
	1 January 2021	**31 December 2021**	**31 December 2022**	**31 December 2023**	**30 September 2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(Accumulated losses) Retained profits	(27,810)	(19,175)	17,969	71,344	105,883

We recorded accumulated losses brought forward as at 1 January 2021 of approximately RMB27.8 million as reported per the Accountants' Report prepared in accordance with IFRS Accounting Standards, mainly due to:

(i) depreciation expense in an aggregate amount of approximately RMB47.8 million provided against property, plant and equipments of the Jinjiang Production Facilities and the Nonwoven Fabric Facilities over their estimated useful lives from the date they were available for use;

(ii) provision for social insurance and housing provident funds of approximately RMB6.4 million to cover the shortfall of social insurance and housing provident funds for the reporting periods prior to the Track Record Period; and

(iii) provision for loss allowances on trade receivables are recognised based on lifetime expected credit losses ("ECL") for the reporting periods prior to Track Record Period amounting to approximately RMB2.5 million.

SUMMARY OF KEY FINANCIAL RATIOS

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

	For the year ended/ As at 31 December			For the nine months ended/As at 30 September
	2021	2022	2023	2024
Profitability				
Gross profit margin[(1)]	21.6%	27.3%	30.1%	31.1%
Net profit margin[(2)]	3.8%	10.3%	8.8%	7.8%
Return on equity[(3)]	N/A[(10)]	170.6%	69.5%	N/A[(13)]
Return on total assets[(4)]	2.3%	8.0%	11.1%	N/A[(14)]
Liquidity				
Current ratio[(5)]	0.8 times	1.0 times	1.1 times	1.3 times
Quick ratio[(6)]	0.4 times	0.4 times	0.8 times	1.1 times
Capital sufficiency				
Gearing ratio[(7)]	N/A[(10)]	71.9%	15.7%	5.5%
Net debt to equity ratio[(8)]	N/A[(10)]	46.1%	N/A[(12)]	N/A[(12)]
Interest coverage ratio[(9)]	N/A[(11)]	N/A[(11)]	120.0 times	N/A

Notes:

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

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

(3) Return on equity is calculated based on the profit for the year/period divided by the shareholders' equity as at the end of the year/period.

(4) Return on total assets is calculated based on the profit for the year/period divided by total assets at the end of the year/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 year/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 year/period.

(7) Gearing ratio is calculated based on the sum of our interest-bearing borrowings divided by total equity at the end of the year/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 year/period.

(9) Interest coverage ratio is calculated by profit before interest and tax divided by net interest expense for the year/period.

(10) Total equity and shareholders' equity are negative in FY2021, and therefore the ratio for the relevant year/period is not applicable.

(11) We have net interest income for FY2021 and FY2022, and therefore the ratio for the relevant years/periods are not applicable.

(12) As our cash and bank balances are larger than our interest-bearing borrowings, the ratio for the relevant year/period is not applicable.

(13) The return on equity for 9M2024 is not applicable. Such ratio is not applicable as it is not comparable to annual figures.

(14) The return on total assets for 9M2024 is not applicable. Such ratio is not applicable as it is not comparable to annual figures.

Gross profit margin and net profit margin

Our gross profit margin amounted to approximately 21.6%, 27.3%, 30.1% and 31.1% for 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.

Net profit margin increased from approximately 3.8% for FY2021 to 10.3% for FY2022, mainly resulted from approximately 96.0% gross profit growth, which outweighed the increase in selling and distribution expenses and administrative and other operating expenses of approximately 37.4%.

Net profit margin decreased slightly from approximately 10.3% for FY2022 to 8.8% for FY2023 and 7.8% for 9M2024, mainly due to the impact of listing expenses of approximately RMB10.7 million in 9M2024, which is non-recurring in nature.

Return on equity

Our equity was negative in FY2021 and hence the relevant return on equity was not applicable. Our return on equity decreased from approximately 170.6% in FY2022 to 69.5% in FY2023, as the increase in our equity outweighed the increase in our profit for the relevant year. The relevant ratio is not available in 9M2024.

Return on total assets

Our return on total assets increased from approximately 2.3% for FY2021 to approximately 8.0% for FY2022, and subsequently increased to approximately 11.1% which was mainly attributable to the increase in our net profit from approximately RMB10.0 million for FY2021 to approximately RMB57.7 million for FY2023. Our return on total assets ratio is not available for 9M2024.

Current ratio and quick ratio

Our current ratio remained relatively stable at approximately 0.8 times, 1.0 times, 1.1 times and 1.3 times as at 31 December 2021, 2022 and 2023 and 30 September 2024, respectively. Our quick ratio increased from approximately 0.4 times to 0.4 times, 0.8 times and 1.1 times as at 31 December 2021, 2022 and 2023 and 30 September 2024, respectively. The increase in our quick ratio was mainly attributable to the combined effects of the increase in trade receivables and cash and cash equivalents 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

In FY2021, our equity was negative, rendering the calculation of the gearing ratio not applicable.

Our gearing ratio decreased from approximately 71.9% as at 31 December 2022 to approximately 15.7% as at 31 December 2023 and 5.5% as at 30 September 2024. This decrease is due to the increase in equity and a decrease in borrowing as at 31 December 2023. As of 30 September 2024, our gearing ratio decreased to 5.5% as the closing balance of equity increased. This increase was due to the amount owed to the Controlling Shareholder being waived and subsequently credited to the capital reserve.

Given we were at net cash position as at 31 December 2021, 31 December 2023 and 30 September 2024, our net debt to equity ratios are not applicable as at the respective dates. As at 31 December 2022, our net debt to equity ratio was approximately 46.1%.

Interest coverage

Given we had net interest income for both FY2021, FY2022 and 9M2024, our interest coverage ratios are not applicable. For FY2023, we have recorded interest expenses and our interest coverage ratio was approximately 120.0 times.

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 31 to the Accountants' Report in Appendix I to this prospectus.

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 27 to the Accountants' Report in Appendix I to this prospectus. 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 31 to the Accountants' Report which is set out in Appendix I to this prospectus.

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 2021, 2022 and 2023 and 30 September 2024, our gearing ratios were not applicable, approximately 71.9%, 15.7% and 5.5%, 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.

LISTING EXPENSES

Our estimated Listing expenses primarily consisted of underwriting fees and commissions as well as legal and professional fees in relation to the Listing. Assuming an Offer Price of HK$0.55 per Share, being the mid-point of the Offer Price range stated in this prospectus, the Listing expenses to be borne by our Company are estimated to be approximately HK$41.5 million (representing approximately 30.2% of the total gross proceeds from the Global Offering), of which (i) approximately HK$15.9 million (approximately RMB14.4 million) is to be accounted for as a deduction from equity; (ii) approximately HK$6.6 million (approximately RMB6.0 million) and HK$11.9 million (approximately RMB10.7 million) was recognised in our combined statement of profit and loss and other comprehensive income for FY2023 and 9M2024, respectively; and (iii) approximately HK$7.1 million (approximately RMB6.3 million) is expected to be recognised in our combined statement of profit or loss and other comprehensive income for the remainder of FY2024 and the year ending 31 December 2025. The aforementioned total estimated Listing expenses (based on the mid-point of the Offer Price range stated in this prospectus and assuming that the Over-allotment Option is not exercised) in relation to the Global Offering includes (i) underwriting-related expenses (including but not limited to underwriting fees and commissions) of approximately HK$8.3 million (approximately RMB7.4 million); and (ii) non-underwriting-related expenses of approximately HK$33.2 million (approximately RMB30.0 million), which can be further categorised into (a) fees and expenses of legal advisers and reporting accountants of approximately HK$17.8 million (approximately RMB16.0 million); and (b) other fees and expenses of approximately HK$15.4 million (approximately RMB14.0 million).

Our Directors would like to emphasise that the amount of the Listing expenses is a current estimate for reference only and the final amount to be recognised in our combined financial statements for the year ended 31 December 2024 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.

UNAUDITED PRELIMINARY FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2024

The preliminary financial information of our Group as of and for the year ended 31 December 2024 as set out in Appendix III to this prospectus, which is prepared in compliance with the content requirements as for preliminary results announcements under Rule 13.49 of the Listing Rules, have been agreed by the Reporting Accountants, to the amounts set out in the draft consolidated financial statements of the Group for the year ended 31 December 2024, following with their work under Practice Note 730 (Revised) "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants.

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.

Our Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on 22 November 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;

- our senior management 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;

- 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 proceeds from the Global Offering, our Group has sufficient working capital for its present requirements for the next 12 months from the date of this prospectus.

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 prospectus, there has been no material adverse change in our financial or trading position or indebtedness since 30 September 2024 (being the date of our latest combined audited financial information), and there have been no events since 30 September 2024 which would materially affect the information shown in our combined financial statements set out in the Accountants' Report in Appendix I to this prospectus.

PROPERTY INTERESTS AND VALUATION

BonVision International Appraisals Limited, an independent property valuation company, has valued our property interests of our investment property as at 31 December 2024 and is of the opinion that our Group's property interests were valued at an aggregate amount of approximately RMB44.2 million as at 31 December 2024. Texts of its letters, summary of valuation and valuation certificate issued by BonVision International Appraisals Limited are included in the property valuation report contained in Appendix IV to this prospectus. No single property interest that forms part of our non-property activities has a carrying amount of 15% or more of our total assets. As required under Rule 5.07 of the Listing Rules, the statement below sets forth the reconciliation of the aggregate value of our investment property reflected in the combined financial statements as at 30 September 2024 as set out in Appendix I to this prospectus with the valuation of these property interests as at 31 December 2024 as set out in Appendix IV to this prospectus.

The table below sets forth the reconciliation between the carrying amount of our investment property as at 30 September 2024 as extracted from the Accountants' Report as set out in Appendix I to this prospectus and the fair value as at 31 December 2024 as stated in the Property Valuation Report in Appendix IV to this prospectus:

	RMB'000 *(approx.)*
Carrying amount of the investment property as at 30 September 2024 set out in Appendix I to this prospectus	44,200
Add: Valuation surplus	11
Valuation of the subject property as at 31 December 2024 set out in Appendix IV to this prospectus	44,211

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 prospectus 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 PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

Please see the section headed "Unaudited Pro Forma Financial Information' in Appendix II to this prospectus 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.

BUSINESS OBJECTIVES AND STRATEGIES

Our business mission is to provide essential and holistic hygiene solutions for consumer needs in various occasions of all life stages. See "Business — Our Business Strategies" for details.

REASONS FOR THE LISTING AND THE GLOBAL OFFERING

Our Directors believe that there is a genuine funding need to support our expansion plan through the Listing and the Listing will further benefit our Group for the following reasons:

Enhancing corporate image and strengthening our branding

As one of the leading exporters of babycare products in China, our Directors believe that the Listing can elevate our corporate image, recognition and status and reinforcing awareness and reputation from, among others, our customers and suppliers. As we generally obtain our business through marketing, exhibition and the word of mouth, reputation and company profile are significant to our business development. Our Directors believe that the Listing can enhance our corporate profile and our credibility with the public and potential business partners given a public listed company's greater transparency, relevant regulatory supervision and stability generally. With such status, our Group can be differentiated from market competitors, enhancing our capability to compete and to produce quality hygienic disposable products.

Leveraging market growth and expanding our coverage

Our Directors believe that there is attractive market potential for us to expand our market share in the hygienic disposable industry in China and internationally. In view of the said expected market growth and in line with our strategy to expand our hygienic disposable products manufacturing and sales business, our Directors believe that the proceeds from the Global Offering will enable us to leverage the market growth and deepen our market penetration by implementing our business strategies. See "Business — Our Business Strategies" for more details and backgrounds of our plans to implement our business strategies, such as to reinforce the strength and scale of our babycare category and to grow brand awareness and accelerate our D2C presence.

Expanding capital base and diversifying financial alternatives

Our Directors consider that obtaining a listing status on the Main Board provides us with a long-term advantage as it would expand our shareholder and capital base by making our Shares available and accessible to Chinese and international investors. The Listing entails a valuable channel for potential fund raising, by debt or equity, for future expansion and corporate finance exercises. It can therefore enable us to enhance our ability to raise funds independently to support our business strategies and principal objectives, achieve sustainable growth, further strengthen our position in the hygienic disposable industry both in China and internationally and eventually create long-term value for our Shareholders.

USE OF PROCEEDS

We estimate that the aggregate net proceeds from the Global Offering (after deducting underwriting fees and estimated expenses in connection with the Global Offering and assuming an Offer Price of HK$0.55 per Offer Share, being the mid-point of the indicative range of the Offer Price of HK$0.50 to HK$0.60 per Share, and assuming the Over-allotment Option is not exercised) will be approximately HK$96.0 million (equivalent to approximately RMB91.2 million). Our Directors currently intend to apply the net proceeds from the Global Offering as follows:

1. approximately 29.2%, or approximately HK$28.0 million (equivalent to approximately RMB25.5 million), for acquiring machineries to establish new babycare and feminine care product production lines, of which approximately HK$13.5 million will be used for two new babycare production lines in FY2025; and approximately HK$14.5 million will be used for one new babycare production line and one new feminine care production line in FY2026;

2. approximately 26.0%, or approximately HK$25.0 million (equivalent to approximately RMB22.8 million), for acquiring machineries to establish two new nonwoven fabric production lines, of which approximately HK$13.5 million will be used for one production line in FY2025 and the remaining HK$11.5 million will be used for another production line in FY2026;

3. approximately 17.1%, or approximately HK$16.4 million (equivalent to approximately RMB14.9 million), for enhancing our branding, marketing and promotion activities, of which approximately HK$10.0 million will be used in FY2025 and the remaining HK$6.4 million will be used in FY2026;

4. approximately 17.7%, or approximately HK$17.0 million (equivalent to approximately RMB15.5 million), for upgrading our warehouse and investment in IT infrastructure, of which approximately HK$6.5 million will be used in FY2025 and the remaining HK$10.5 million will be used in FY2026; and

5. approximately 10.0%, or approximately HK$9.6 million (equivalent to approximately RMB8.8 million), for our general working capital purposes.

   Other than the associated cash outflow for purchase of the equipment and the additional depreciation, there would not be any financial impact to our Group, our Directors, after having made all reasonable enquiries and to the best of their knowledge and belief, believe that the implementation plan will not materially alter our cost structure, gross profit margin and risk profile.

If the Offer Price is fixed at the high-end of the indicative range of the Offer Price, being HK$0.60 per Share, the net proceeds we receive from the Global Offering will increase by approximately HK$11.8 million. We intend to apply the additional net proceeds for the above purposes on a pro-rata basis. If the Offer Price is set at the low-end of the indicative range of the Offer Price, being HK$0.50 per Share, the net proceeds we receive from the Global Offering will decrease by approximately HK$11.8 million and we will decrease our use of proceeds for the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, we estimate that the additional net proceeds from the offering of these additional Shares to be received by us, will be approximately (i) HK$21.2 million, assuming the Offer Price is fixed at the high-end of the indicative range of the Offer Price, being HK$0.60 per Share; (ii) HK$19.4 million, assuming the Offer Price is fixed at the mid-point of the indicative range of the Offer Price, being HK$0.55 per Share; and (iii) HK$17.6 million, assuming the Offer Price is fixed at the low-end of the indicative range of the Offer Price, being HK$0.50 per Share. Any additional proceeds received by us from the exercise of the Over-allotment Option will also be allocated to the above purposes on a pro-rata basis.

The possible use of our proceeds outlined above may change in light of our evolving business needs and conditions, management requirements together with prevailing market circumstances. In the event of any material modification to the use of proceeds as described above, we will issue an announcement and make disclosure in our annual report for the relevant year as required by the Stock Exchange.

According to the current estimates, our Directors consider that the net proceeds from the issue of the Offer Shares under the Global Offering and our Group's internal resources will be sufficient to finance our Group's business plans up to 31 December 2026.

To the extent that the net proceeds are not immediately applied to the above purposes, we will deposit the net proceeds into short-term interest bearing accounts at licensed commercial banks and/or other authorised financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions).

HONG KONG UNDERWRITERS

Sunny Fortune Capital Limited
Yue Xiu Securities Company Limited
CMBC Securities Company Limited
Hung Sing Securities Limited
Yuet Sheung International Securities Limited
Zhongtai International Securities Limited
ZMF Asset Management Limited
China Sunrise Securities (International) Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters.

The Global Offering comprises the Hong Kong Public Offering of initially 25,000,000 Hong Kong Offer Shares and the International Offering of initially 225,000,000 International Offering Shares, subject, in each case, to reallocation on the basis as described in "Structure and Conditions of the Global Offering" as well as to the Over-allotment Option (in the ease of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company has agreed to initially offer 25,000,000 new Shares for subscription by members of the public in Hong Kong on and subject to the terms and conditions of this prospectus at the Offer Price.

Subject to, among other conditions, the granting of the approval for the listing of, and permission to deal in, all our Shares in issue and any Shares to be issued as mentioned in this prospectus by the Listing Committee and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have severally, but not jointly, agreed to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Public Offer Shares which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus and the Hong Kong Underwriting Agreement. In addition, the Hong Kong Underwriting Agreement is conditional on and subject to the International Underwriting Agreement having been executed, becoming, and continuing to be, unconditional and not having been terminated.

Grounds for termination

The respective obligations of the Hong Kong Underwriters to subscribe, or procure subscribers for, the Hong Kong Public Offer Shares under the Hong Kong Underwriting Agreement are subject to termination. The Sole Overall Coordinator (for itself and on behalf of the other Hong Kong Underwriters) shall have the right in its sole and absolute discretion to terminate the Hong Kong Underwriting Agreement after consultation with and upon giving notice in writing to our Company with immediate effect at any time at or prior to 8:00 a.m. (Hong Kong time) on the Listing Date if any of the following events shall occur:

(a) there has come to the notice of the Sole Overall Coordinator that:

(i) any statement contained in any Offer Documents (as defined in the Hong Kong Underwriting Agreement) and/or any notices, announcements, advertisements, communications or other documents issued by or on behalf of our Company in connection with the Global Offering (including any supplement or amendments thereto) (collectively, the "**Relevant Documents**") was, when it was issued, or has become, untrue, incorrect, inaccurate, misleading or deceptive in any material respect or that any forecast, expression of opinion, intention or expectation expressed in any of the Relevant Documents is not, in the reasonable opinion of the Sole Overall Coordinator (for itself and on behalf of the other Hong Kong Underwriters) fair and honest and based on reasonable assumptions, when taken as a whole, in any material respect; or

(ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, the Price Determination Date or the Listing Date, constitute an omission that is material in the context of the Global Offering which gives or likely to give rise to any liability of our Company; or

(iii) any material breach of any of the obligations imposed or to be imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (in each case, other than on the part of any of the Sole Sponsor, the Sole Overall Coordinator and the Underwriters); or

(iv) any material event, act or omission which gives or is likely to give rise to any liability of any of our Company, Mr. Ngan, Softo BVI, Wish BVI, Galaxey BVI, Mr. Zeng, Mr. Zhou and Mr. Gao, (collectively, the "**Warrantors**") pursuant to the indemnities given by any of them pursuant to the Hong Kong Underwriting Agreement or under the International Underwriting Agreement; or

(v) any material breach of, or any event or circumstance rendering untrue or incorrect in any material respect, any of the warranties given by the Warrantors in the Hong Kong Underwriting Agreement; or

(vi) the approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, our Shares (including any additional Shares that may be issued upon the exercise of the Over-allotment Option) is refused or not granted, or is qualified (other than subject to customary conditions), on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(vii) our Company withdraws this prospectus or the Global Offering; or

(viii) any person named as expert in this prospectus (other than the Sole Sponsor) has withdrawn its consent to being named in this prospectus or the issue of this prospectus; or

(b) there develops, occurs, exists, or comes into effect:

(i) any local, national, regional, international event or circumstance, or series of events or circumstances, beyond the reasonable control of the Underwriters (including, without limitation, any acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a national or international emergency, riot, public disorder, outbreaks of diseases, pandemics or epidemics (including, without limitation, COVID-19 (and such related/mutated form), Severe Acute Respiratory Syndrome, avian influenza A (H5N1), Swine Flu (H1N1), Middle East Respiratory Syndrome) in or affecting Hong Kong, the PRC, the United States, the Cayman Islands, the BVI, Russia or any other jurisdictions relevant to any member of our Group (each a "**Group Company**") or the Global Offering (the "**Specific Jurisdiction**")); or

(ii) any material adverse change or development involving a prospective material adverse change, or any event or circumstance or series of events or circumstances likely to result in any material adverse change or development involving a prospective material adverse change, in any local, regional, national, international, financial, economic, political, military, industrial, fiscal, legal regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in any of the Specific Jurisdictions; or

(iii) any moratorium, suspension or restriction on trading in securities generally (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) for over three consecutive trading days on any of the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market and the Shanghai Stock Exchange, the Shenzhen Stock Exchange;

(iv) any new laws, or any change or development involving a prospective material adverse change in existing laws, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change in the interpretation or application of existing laws by any court or other competent authority, in each case, in or affecting any of Specific Jurisdictions; or

(v) any general moratorium on commercial banking activities, or any disruption in commercial banking activities, foreign exchange trading or securities settlement or clearance services or procedures or matters, in or affecting any of the Specific Jurisdictions; or

(vi) the imposition of economic sanctions, in whatever form, directly or indirectly on any of the Specific Jurisdictions; or

(vii) a material change or development involving a prospective material change in or affecting taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment laws (including, without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a material fluctuation in the exchange rate of the Hong Kong dollar or the Renminbi against any foreign currency) in any of the Specific Jurisdictions or affecting an investment in our Shares; or

(viii) any change or development involving a prospective change in, or a materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(ix) any material litigation or claim of any third party being threatened or instigated against any Group Company or any of the Warrantors; or

(x) any of our Directors being charged with an indictable offence or prohibited by operation of Law or otherwise disqualified from taking part in the directorship of a company; or

(xi) the chairman or chief executive officer of our Company or any executive Director vacating his office; or

(xii) the commencement by any governmental or regulatory body or organisation of any action against a Director in his or her capacity as such or an announcement by any governmental or regulatory body or organisation that it intends to take any such action; or

(xiii) a contravention by any Group Company or any Director of the Listing Rules, the Companies Ordinance or any other laws applicable to the Global Offering;

(xiv) a prohibition on our Company for whatever reason from allotting, issuing or selling the Offer Shares and/or the Over-allotment Shares pursuant to the terms of the Global Offering; or

(xv) a non-compliance of this prospectus and the other Relevant Documents or any aspect of the Global Offering with the Listing Rules or any other laws applicable to the Global Offering; or

(xvi) other than with the prior written consent of the Sole Overall Coordinator, the issue or requirement to issue by our Company of a supplement or amendment to this prospectus and/or any other Relevant Documents pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules or any requirement or request of the Stock Exchange, SFC and/or CSRC; or

(xvii) a petition or an order is presented for the winding-up or liquidation of any Group Company or any Group Company makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any Group Company or a provisional liquidator, receiver or manager is appointed to take over all or part of the material assets of any Group Company or anything analogous to the above occurs in respect of any Group Company; or

(xviii) a material portion of the orders confirmed in the book building process, at the time the International Underwriting Agreement is entered into, have been withdrawn, terminated or cancelled and such orders have not been covered or replaced by other orders; or

(xix) a valid demand by any creditor for repayment or payment of any indebtedness of any Group Company or in respect of which any Group Company is liable prior to its stated maturity; or

(xx) any material adverse change in the results of operations or financial position or business prospects as stated in this prospectus of our Group as a whole; or

(xxi) any loss or damage has been sustained by any Group Company (howsoever caused and whether or not the subject of any insurance or claim against any person), which in each case individually or in aggregate in the sole opinion of the Sole Overall Coordinator (for itself and on behalf of the other Hong Kong Underwriters):

(i) has or is or will or may or could be expected to have a material adverse change, or any development likely to involve a prospective material adverse change, in the condition (financial, operational or otherwise), on the due incorporation, or in the trading position, earnings or prospects, assets or liabilities of our Group as a whole, whether or not arising in the ordinary course of business; or

(ii) has or will or may have or could be expected to have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or

(iii) makes or will make or may make it inadvisable, inexpedient or impracticable for any part of the Hong Kong Underwriting Agreement or the Global Offering to be performed or implemented or proceed with as envisaged or to market the Global Offering on the terms and in the manner contemplated by this prospectus; or

(iv) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms in material respect or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

Indemnity

Our Company and the Controlling Shareholders has agreed to indemnify the Sole Sponsor, the Sole Overall Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

Our Company has undertaken to each of the Sole Sponsor, the Sole Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the CMIs and the Hong Kong Underwriters that:

(a) except pursuant to the Global Offering (including pursuant to the Over-allotment Option), during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the "**First Six-Month Period**"), our Company will not, and will procure each other member of our Group not to, without the prior written consent of the Sole Sponsor and the Sole Overall Coordinator (for itself and on behalf of the other Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any other warrants or other rights to purchase, any Shares, as applicable), or deposit any Shares or other securities of our Company, as applicable, with a depositary in connection with the issue of depositary receipts; or repurchase any Shares or other securities of our Company, as applicable; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company, as applicable); or

(iii) enter into any transaction with the same economic effect as any transactions described in paragraphs (i) or (ii) above; or

(iv) offer to or agree to or announce any intention to effect any transaction described in paragraphs (i), (ii) or (iii) above, in each case, whether any of the transactions specified in paragraph (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company, as applicable, in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period);

(b) our Company will not, and will procure each other member of our Group not to, enter into any of the transactions specified in paragraphs (a)(i), (ii) or (iii) above or offer to or agree to or announce any intention to effect any such transaction, such that any of our Controlling Shareholders would cease to be a "controlling shareholder" (as defined in the Listing Rules) of our Company during the period of six months immediately following the expiry of the First Six-Month Period (the "**Second Six-Month Period**"); and

(c) in the event that, during the Second Six-Month Period, our Company enters into any of the transactions specified in paragraphs (a)(i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction, take all reasonable steps to ensure that such action will not create a disorderly or false market for any Shares or other securities of our Company.

Undertakings by the Controlling Shareholders

Each of the Controlling Shareholders have jointly and severally undertaken to each of the Sole Sponsor, the Sole Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the CMIs, the other Hong Kong Underwriters and our Company that, except pursuant to the Stock Borrowing Agreement and in compliance with the requirements under Rule 10.07(3) of the Listing Rules, without the prior written consent of the Sole Sponsor and the Sole Overall Coordinator (for itself and on behalf of the other Hong Kong Underwriters):

(i) at any time during the First Six-Month Period, it/he shall not, and shall procure that the relevant registered holder(s), any nominee or trustee holding on trust for it/him and the companies controlled by it/he (together, the "**Controlled Entities**") shall not, (a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares) beneficially owned by it/him directly or indirectly through its Controlled Entities (the "**Relevant Securities**"), or deposit any Relevant Securities with a depositary in connection with the issue of depositary receipts; or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities; (c) enter into or effect any transaction with the same economic effect as any of the transactions referred to in sub-paragraphs (a) or (b) above; or (d) offer to or agree to or announce any intention to enter into or effect any of the transactions referred to in sub-paragraphs (a), (b) or (c) above, in each case whether any of the foregoing transactions referred to in sub-paragraphs (a), (b) or (c) is to be settled by delivery of Shares or any other securities of our Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period);

(ii) at any time during the Second Six-Month Period, it/he shall not, and shall procure that the Controlled Entities shall not, enter into any of the transactions referred to in paragraphs (i)(a), (b) or (c) above or offer to or agree to or announce any intention to enter into any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it/he would cease to be a "controlling shareholder" (as defined in the Listing Rules) of our Company or would together with the other Controlling Shareholders cease to be "controlling shareholders" (as defined in the Listing Rules) of our Company;

(iii) in the event of a disposal of any Relevant Securities or our Company's securities or any interest therein within the Second Six-Month Period, it/he shall take all reasonable steps to ensure that it/he/she will not create a disorderly or false market for any Shares or other securities of our Company; and

(iv) it/he shall, and shall procure that the relevant registered holder(s) and other Controlled Entities shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by it/he or by the registered holder(s) and/or other Controlled Entities of any Shares or other securities of our Company.

Each of our Controlling Shareholders has further undertaken to the Sole Sponsor, the Sole Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the CMIs, the other Hong Kong Underwriters and our Company that, within the period from the date by reference to which disclosure of their shareholding in our Company is made in this prospectus and ending on the date which is twelve months from the Listing Date, it/he will:

(i) when it/he pledges or charges any securities or interests in the Relevant Securities in favour of an authorised institution pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform the Company in writing of such pledges or charges together with the number of securities and nature of interest so pledged or charged; and

(ii) when it/he receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of the Company will be sold, transferred or disposed of, immediately inform the Company in writing of such indications.

Our Company shall inform the Stock Exchange in writing as soon as it has been informed of any of the matters referred to above (if any) by our Controlling Shareholders and disclose such matters by way of an announcement to be published in accordance with the Listing Rules as soon as possible.

Undertakings pursuant to the Listing Rules

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that except pursuant to the Global Offering or issue of Shares under the Over-allotment Option or any issue of Shares or securities in compliance with Rule 10.08(1) to (4) of the Listing Rules, at any time during the First Six-Month Period (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealing), our Company will not, without the prior consent of the Stock Exchange and unless in compliance with the requirements of the Listing Rules, allot or issue or agree to allot or issue any Shares or other securities of our Company (including warrants or other convertible securities) or grant or agree to grant any options, rights, interests or encumbrances over any Shares or other securities of our Company or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequence of ownership of any Shares or offer to or agree to do any of the foregoing or have any intention to do so.

Undertakings by our Controlling Shareholders

In accordance with Rule 10.07(1) of the Listing Rules, our Controlling Shareholders have, irrevocably and unconditionally, undertaken to the Stock Exchange and our Company that except pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option) and the Stock Borrowing Agreement (where applicable), he/she/it shall not, and shall procure that the relevant registered holder(s) shall not:

(a) at any time during the First Six-Month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any Shares in respect of which he/she/it is shown by this prospectus to be the beneficial owner(s); and

(b) at any time during the Second Six-Month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be our Controlling Shareholder (as defined in the Listing Rules) or would together with the other Controlling Shareholders cease to be, or regarded as, a group of Controlling Shareholders (as defined in the Listing Rules) of our Company.

In accordance with Note (3) to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders have, irrevocably and unconditionally, further undertaken to the Stock Exchange and our Company that, within a period commencing from the date by reference to which disclosure of his/her/its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/she/it will:

(a) when he/she/it pledges or charges any of the Shares or securities of our Company beneficially owned by him/her/it, whether directly or indirectly, in favour of an authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform our Company of such pledge or charge together with the number of Shares or securities of our Company so pledged or charged; and

(b) if he/she/it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares or securities of our Company will be disposed of, immediately inform our Company of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the above matters by the Controlling Shareholders and make a public disclosure in relation to such information by way of an announcement.

Undertakings by Certain Existing Shareholders pursuant to Lock-up Deeds

Each of Mr. Zeng, Aspiring BVI, and Ambition BVI has undertaken to each of our Company, the Sole Sponsor and the Joint Global Coordinators (for themselves and on behalf of the Underwriters):

(a) without the prior written consent of our Company, the Sole Sponsor and the Joint Global Coordinators, it will not, at any time within six months from the Listing Date, on which our Company's shares are listed and from which dealings therein are permitted to take place on the Stock Exchange, (i) sell, offer to sell, contract or agree to sell, mortgage, charge, or pledge, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company or any interest therein, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other securities of our Company or any interest therein in, or (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above, or (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above, in each case, whether any of the transactions specified in above (i), (ii) or (iii) above is to be settled by delivery of Shares or such other securities of our Company or shares or other securities of such other member of our Group, as applicable, or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the aforesaid period); and

(b) without the prior written consent of our Company, the Sole Sponsor and the Joint Global Coordinators, it will not, at any time within six months from the Listing Date, nor enters into an agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of the rights, interests or encumbrances in respect of any of our Company's securities in respect of which we are shown by this prospectus to be the beneficial owner.

International Offering

In connection with the International Offering, it is expected that our Company will enter into the International Underwriting Agreement with the Sole Sponsor, the Sole Overall Coordinator, the Joint Bookrunners, the Joint Lead Managers and the International Underwriters, on terms and conditions that are substantially similar to the Hong Kong Underwriting Agreement as described above and on the additional terms described below.

Under the International Underwriting Agreement, subject to the conditions set out therein, the International Underwriters would, subject to certain conditions, severally, but not jointly, agree to procure subscribers for the International Offer Shares initially being offered pursuant to the International Offering (excluding, for the avoidance of doubt, the Offer Shares which are subject to the Over-allotment Option). The International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors shall be reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

The International Underwriting Agreement is conditional on and subject to the Hong Kong Underwriting Agreement having been executed, becoming unconditional and not having been terminated. Pursuant to the International Underwriting Agreement, our Company will make similar undertakings as those given pursuant to the Hong Kong Underwriting Agreement as described in the subsection headed "Undertakings pursuant to the Hong Kong Underwriting Agreement — Undertakings by our Company" in this section.

Our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Overall Coordinators on behalf of the International Underwriters at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, we may be required to allot and issue up to an aggregate of 37,500,000 Shares (representing not more than 15% of the maximum number of Offer Shares initially available under the Global Offering) at the Offer Price, to cover over-allocations in the International Offering, if any. For details, please refer to "Structure and Conditions of the Global Offering — Over-allotment Option".

Commission and Expenses

The Underwriters and CMIs will receive an underwriting commission of 6% of the aggregated Offer Price of the Offer Shares (including Offer Shares to be issued pursuant to the Over-allotment Option). No discretionary incentive fee will be payable to any Underwriter or CMI.

The amount and respective entitlement among the Underwriters and CMIs is expected to be determined before the Listing Date in compliance with the Listing Rules. The ratio of fixed fees and discretionary fees payable to all Underwriters and CMIs is approximately 67:33.

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, and such commission will be paid to the relevant International Underwriters.

Assuming the Over-allotment Option is not exercised and based on an Offer Price of HK$0.55 per Offer Share (being the mid-point of the stated range of the Offer Price between HK$0.50 and HK$0.60 per Offer Share), the aggregate commissions and estimated expenses, together with the Stock Exchange listing fee, SFC transaction levy, AFRC transaction levy, Stock Exchange trading fee, legal and other professional fees, printing and other fees and expenses relating to the Global Offering, are estimated to amount in aggregate to approximately HK$41.5 million in total and are payable by us.

SOLE OVERALL COORDINATOR'S AND UNDERWRITERS' INTEREST IN OUR COMPANY

The Sole Overall Coordinator and the other Underwriters will receive underwriting commissions. Particulars of these underwriting commissions and expenses are set out under the subsection headed "Commission and expenses" above in this section.

We have agreed to appoint Sunny Fortune Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules for the period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of the despatch of our annual report for the first full financial year commencing after the Listing Date.

Save as disclosed above, none of the Underwriters is interested legally or beneficially in shares of any members of our Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any members of our Group nor any interest in the Global Offering.

SOLE SPONSOR'S INDEPENDENCE

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

MINIMUM PUBLIC FLOAT

Our Directors will ensure that there will be a minimum of 25.0% of the total issued Shares held in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Global Offering.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilising process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to our assets, securities and/or instruments and/or persons and entities with relationships with us and may also include swaps and other financial instruments entered into for hedging purposes in connection with our loans and other debt.

In relation to the Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares, which may have a negative impact on the trading price of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilising period described in "Structure and Conditions of the Global Offering". Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members (other than the Stabilising Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to the Company and each of its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

THE GLOBAL OFFERING

The Global Offering comprises:

(a) the Hong Kong Public Offering of 25,000,000 Shares (subject to reallocation as mentioned below) for subscription by the public in Hong Kong as described in "The Hong Kong Public Offering" in this section; and

(b) the International Offering of an aggregate of 225,000,000 Shares (subject to reallocation as mentioned below and the Over-allotment Option) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in "— The International Offering" below.

Investors may either apply for Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for Offer Shares under the International Offering, but may not do both. References in this prospectus to applications, application monies or the procedures for application relate solely to the Hong Kong Public Offering.

The Offer Shares will represent 25.0% of the total issued share capital of our Company immediately after completion of the Capitalisation Issue and the Global Offering (assuming that the Over-allotment Option is not exercised).

THE HONG KONG PUBLIC OFFERING

Number of Shares initially offered

We are initially offering 25,000,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 10.0% of the total number of Shares initially available under the Global Offering. Subject to the reallocation of Shares between the Hong Kong Public Offering and the International Offering, the Hong Kong Offer Shares will initially represent 2.5% of the total issued share capital of our Company immediately following the completion of the Capitalisation Issue and the Global Offering (assuming that the Over-allotment Option is not exercised). The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to professional, institutional and/or other investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealings in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the paragraphs headed "Conditions of the Global Offering" in this section.

Allocation

The allocation of the Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Offer Shares available under the Hong Kong Public Offering is to be divided equally into two pools:

- Pool A: The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of HK$5 million or less (excluding brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee); and

- Pool B: The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of more than HK$5 million and up to the total value of pool B (excluding brokerage, SFC transaction levy, AFRC transaction levy, Stock Exchange trading fee payable).

Investors should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Offer Shares means the price payable on application therefore (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B but not from both pools.

Multiple applications or suspected multiple applications within either pool or between pools and any application for more than 12,500,000 Hong Kong Offer Shares are liable to be rejected.

Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if the International Offering is fully subscribed or oversubscribed and certain prescribed total demand levels are reached as further described below:

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 75,000,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 100,000,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering; and

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 125,000,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

In addition, the Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Overall Coordinator, subject to the requirements of Chapter 4.14 of the Guide for New Listing Applicants. If the Hong Kong Public Offering is not fully subscribed for, the Sole Overall Coordinator has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering. In addition, the Sole Overall Coordinator may in its discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In particular, if (i) the International Offering is not fully subscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed; or (ii) the International

Offering is fully subscribed or oversubscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed with the number of Offer Shares validly applied for in the Hong Kong Public Offering representing less than 15 times of the number of Shares initially available for subscription under the Hong Kong Public Offering, the Sole Overall Coordinator has the authority to reallocate International Offer Shares originally included in the International Offering to the Hong Kong Public Offering, subject to the requirements of Chapter 4.14 of the Guide for New Listing Applicants. In accordance with Chapter 4.14 of the Guide for New Listing Applicants, if such reallocation is done other than pursuant to Practice Note 18 of the Listing Rules, (i) the number of International Offer Shares reallocated to the Hong Kong Public Offering must not exceed 25,000,000 Offer Shares, representing 10% of the Offer Shares initially available under the Global Offering, increasing the total number of Offer Shares available under the Hong Kong Public Offering to 50,000,000 Offer Shares, representing double of the initial allocation to the Hong Kong Public Offering and 20% of the Offer Shares initially available under the Global Offering, and (ii) the final Offer Price shall be fixed at HK$0.50 per Offer Share, the low-end of the Offer Price range stated in this prospectus.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Sole Overall Coordinator in its discretion consider appropriate.

In the event that both the Hong Kong Public Offering and International Offering are undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus and the Underwriting Agreements.

Any such clawback and reallocation between the International Offering and the Hong Kong Public Offering will be completed prior to any adjustments of the number of the Offer Shares pursuant to the exercise of the Over-allotment Option, if any.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or if he/she/it has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the maximum price of HK$0.60 per Offer Share in addition to the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee, amounting to a total of HK$3,030.25 per board lot of 5,000 Offer Shares. If the Offer Price, as finally determined in the manner described in the "Price Determination of the Global Offering" in this section, is less than the maximum price of HK$0.60 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants (subject to application channels), without interest. See "How to Apply for the Hong Kong Offer Shares" in this prospectus for further details.

THE INTERNATIONAL OFFERING

Number of Offer Shares offered

The International Offering will consist of an initial offering of 225,000,000 Shares (subject to reallocation and the Over-allotment Option), representing 90.0% of the total number of Offer Shares initially available under the Global Offering and 22.5% of the total issued share capital immediately after completion of the Capitalisation Issue and the Global Offering (assuming that the Over-allotment Option is not exercised). The International Offering will be offered by us to professional, institutional and/or other investors in Hong Kong.

Allocation

The International Offering will include selective marketing of the International Offer Shares to professional, institutional and/or other investors anticipated to have a sizeable demand for the International Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealings in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of the International Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in "Price Determination of the Global Offering" below and based on a number of factors, including the level and timing of demand, and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and the Shareholders as a whole.

The Sole Overall Coordinator (for itself and on behalf of the Underwriters) may require any investor who has been offered International Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Sole Overall Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application of the Hong Kong Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the clawback arrangement as described in "The Hong Kong Public Offering — Reallocation" in this section and/or the exercise of the Over-allotment Option in whole or in part. In addition, the Sole Overall Coordinator may reallocate International Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy the valid applications under the Hong Kong Public Offering that exceeds the number of Hong Kong Offer Shares initially offered. The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Overall Coordinator, subject to the requirements of Chapter 4.14 of the Guide for New Listing Applicants.

PRICE DETERMINATION OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective investors will be required to specify the number of International Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Tuesday, 25 March 2025 by agreement between the Sole Overall Coordinator (for themselves and on behalf of the Underwriters) and our Company, and the number of Offer Shares to be allocated or sold under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$0.60 per Offer Share and is expected to be not less than HK$0.50 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus. If you apply for the Offer Shares under the Hong Kong Public Offering, you may be required to pay the maximum price of HK$0.60 per Offer Share (subject to application channels), plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%.

If the Offer Price, as finally determined in the manner described below, is lower than HK$0.60, we will refund the respective difference, including brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee attributable to the surplus application monies (subject to application channels). We will not pay interest on any refunded amounts. For more details, please refer to the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus.

Reduction in Indicative Offer Price Range and/or Number of Offer Shares

The Sole Overall Coordinator (for itself and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and/or other investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range as stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the website of our Company (**www.Insoftb.com**) and the website of the Stock Exchange (**www.hkexnews.hk**) a notice of the reduction, and the cancellation of the Global Offering and relaunch of the offer at the revised number of Offer Shares and/or the revised Offer Price.

As soon as practicable after such reduction of the number of Offer Shares and/or the Offer Price, we will also issue a supplemental prospectus or a new prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price, and giving investors at least three business days to consider the new information. The supplemental or new prospectus should include at least the following: updated (i) Offer Price and market capitalisation; (ii) listing timetable and underwriting obligations; (iii) price to earnings multiple, unaudited pro forma and adjusted net tangible assets; and (iv) use of proceeds and working capital adequacy confirmation based on the revised proceeds.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering, which is Monday, 24 March 2025. In the absence of any such supplemental or new prospectus so published, the Offer Price, if agreed upon by the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

If there is any change to the offer size due to change in the number of Offer Shares offered in the Global Offering (other than pursuant to the reallocation mechanism as disclosed in this prospectus), or change to the Offer Price which leads to the resulting price falling outside the indicative Offer Price range as stated in this prospectus, or change in the number of Offer Shares and/or Offer Price resulting in the expected market capitalisation of our Company falling below the minimum market capitalisation of HK$500 million prescribed under Rule 8.09(2) of the Listing Rules or if our Company becomes aware that there has been a significant change affecting any matter contained in this prospectus or a significant new matter has arisen, the inclusion of information in respect of which would have been required to be in this prospectus if it had arisen before this prospectus was issued, after the issue of this prospectus and before the commencement of dealings in our Offer Shares as prescribed under Rule 11.13 of the Listing Rules, our Company is required to cancel the Global Offering and issue a supplemental prospectus or a new prospectus and subsequently relaunched on FINI pursuant to the supplemental prospectus.

In the event of a reduction in the number of Offer Shares, the Sole Overall Coordinator (for itself and on behalf of the Underwriters) may, at their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Sole Overall Coordinator (for itself and on behalf of the Underwriters).

The net proceeds of the Global Offering accruing to our Company (after deduction of underwriting fees and estimated expenses payable by our Company in relation to the Global Offering) are estimated to be approximately HK$96.0 million, assuming an Offer Price per Offer Share of HK$0.55 (being the mid-point of the stated indicative Offer Price range of HK$0.50 to HK$0.60 per Offer Share).

The final Offer Price, the indications of interest in the Global Offering, the results of applications and the basis of allotment of the Hong Kong Offer Shares available under the Hong Kong Public Offering, are expected to be announced on Wednesday, 26 March 2025 on the website of our Company (**www.Insoftb.com**) and the website of the Stock Exchange (**www.hkexnews.hk**).

If the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on or before 12:00 noon on Tuesday, 25 March 2025, the Global Offering will not become unconditional and will lapse immediately.

UNDERWRITING AGREEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriter(s) under the terms of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional.

Our Company, our Controlling Shareholders, our executive Directors, the Sole Sponsor, the Sole Overall Coordinator, the Joint Bookrunners, the Joint Lead Managers and the International Underwriters expect to enter into the International Underwriting Agreement relating to the International Offering on or about the Price Determination Date. These underwriting arrangements, and the respective Underwriting Agreements, are summarised in "Underwriting" in this prospectus.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, the Shares on the Stock Exchange and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, it is expected that our Company will grant to the Sole Overall Coordinator (for itself and on behalf of the Underwriters) the Over-allotment Option, exercisable by the Sole Overall Coordinator (for itself and on behalf of the Underwriters) to cover over-allocations under the International Offering (if any). Pursuant to the Over-allotment Option, the Sole Overall Coordinator (for itself and on behalf of the Underwriters) will have the right, exercisable at any time from the Listing Date and ending on the 30th day after the last date for lodging applications under the Hong Kong Public Offering, to require our Company to issue up to 37,500,000 Shares, representing 15.0% of the Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to cover over-allocation in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.61% of the enlarged issued share capital of our Company in issue following completion of the Capitalisation Issue, the Global Offering and the exercise of the Over-allotment Option.

The additional net proceeds that we would receive if the Over-allotment Option is exercised in full (assuming the Offer Price of HK$0.55 per Share (being the mid-point of the indicative Offer Price range)) are estimated to be approximately HK$11.8 million, which would be applied to the respective uses on a pro-rata basis as disclosed in "Future Plans and Use of Proceeds — Implementation Plans" in this prospectus.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the Offer Price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilising Manager, or its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilising or supporting the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period on and after the Listing Date. However, there is no obligation on the Stabilising Manager or any persons acting for it, to conduct any such stabilising action. Such stabilising action, if taken, will be conducted at the sole and absolute discretion of the Stabilising Manager or its affiliates or any person acting for it and may be discontinued at any time, and is required to be brought to an end by the 30th day after the last day for lodging applications under the Hong Kong Public Offering.

Stabilisation action permitted in Hong Kong under the Securities and Futures (Price Stabilizing) Rules of the SFO includes (i) over-allocating for the purpose of preventing or minimising any reduction in the market price of our Shares, (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of our Shares, (iii) purchasing, or agreeing to purchase, our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimising any reduction in the market price of our Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases, and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in our Shares should note that:

(a) the Stabilising Manager (or any person acting for it) may, in connection with the stabilising action, maintain a long position in our Shares;

(b) there is no certainty as to the extent to which and the time or period for which the Stabilising Manager (or any person acting for it) will maintain such a long position;

(c) liquidation of any such long position by the Stabilising Manager (or any person acting for it) and selling in the open market, may have an adverse impact on the market price of our Shares;

(d) no stabilising action can be taken to support the price of our Shares for longer than the stabilising period which will begin on the Listing Date and end on the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After such date, when no further action may be taken to support the price of the Shares, demand for the Shares, and therefore the price of the Shares, could fall;

(e) the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and

(f) stabilising bids or transactions effected in the course of the stabilising action may be made at any price at or below the Offer Price, which means that stabilising bids or transactions effected may be made at a price below the price paid by applicants for, or investors in, the Offer Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilisation period.

Over-allocation

Following any over-allocation of Shares in connection with the Global Offering, the Stabilising Manager (or any person acting for it) may cover such over-allocations by (among other methods) exercising the Over-allotment Option in full or in part, using Shares purchased by the Stabilising Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price, or through the stock borrowing arrangement as detailed below or a combination of these means.

Stock Borrowing Agreement

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilising Manager (or any person acting for it) may choose to enter into an agreement with Softo BVI, our Controlling Shareholder, to borrow, whether on its own or through its affiliates, up to 37,500,000 Shares, representing 15.0% of the total number of the Offer Shares initially available for the Global Offering. The stock borrowing arrangement under such an agreement, if entered into, will not be subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules, provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are complied with as follows:

(a) such stock borrowing arrangement is fully described in this prospectus and must be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option;

(b) the maximum number of Shares to be borrowed from Softo BVI by the Stabilising Manager (or any person acting for it) is the maximum number of Shares that may be issued upon full exercise of the Over-allotment Option;

(c) the same number of Shares so borrowed must be returned to Softo BVI or its nominee(s) within three business days following the earlier of (a) the last day on which the Over-allotment Option may be exercised, and (b) the day on which the Over-allotment Option is exercised in full; and

(d) no payment will be made to Softo BVI by the Underwriters and the Stabilising Manager in relation to such stock borrowing arrangement.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for the Hong Kong Offer Shares pursuant to the Hong Kong Public Offering will be conditional on:

(a) the Listing Division granting the listing of, and permission to deal in, our Shares being offered pursuant to the Global Offering (including any Shares to be issued upon the exercise of the Over-allotment Option);

(b) the Offer Price having been fixed on or about the Price Determination Date;

(c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

(d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and those of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with its terms, on or before the dates and times specified in the respective agreements.

If, for any reason, the Offer Price is not agreed between our Company and the Sole Overall Coordinator (for itself and on behalf of the Underwriters), or the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfiled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Global Offering will be published on our Company's website (**www.Insoftb.com**) and the Stock Exchange's website (**www.hkexnews.hk**) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Shares are expected to be issued on Wednesday, 26 March 2025 but will only become valid evidence of title at 8:00 a.m. on Thursday, 27 March 2025 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for termination" in this prospectus has not been exercised.

DEALINGS

Assuming that the Global Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, 27 March 2025, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, 27 March 2025.

The Shares will be traded in board lots of 5,000 Shares each. The stock code of the Shares is 2569.

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "HKEXnews > New Listings > New Listing Information" section, and our website at www.Insoftb.com.

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older; and
- have a Hong Kong address *(for the **HK eIPO White Form** service only).*

Unless permitted by the Listing Rules or any relevant waivers and/or consents have been granted by the Stock Exchange to us, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for if:

- are an existing Shareholder or close associates;
- are a Director or any of his/her close associates; or
- you have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering or if the person indicated its interests in International Offer Shares.

2. Application Channels

The Hong Kong Public Offer period will begin at 9:00 a.m. on Wednesday, 19 March 2025 and end at 12:00 noon on Monday, 24 March 2025 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
HK eIPO White Form service	apply online via the **HK eIPO White Form** service at **www.hkeipo.hk**; or	Applicants who would like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Wednesday, 19 March 2025 to 11:30 a.m. on Monday, 24 March 2025, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Monday, 24 March 2025, Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction.	Applicants who would not like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **HK eIPO White Form** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Public Offer Shares.

For those applying through the **HK eIPO White Form** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the **electronic application instructions** are given, you shall be deemed to have declared that only one set of **electronic application instructions** has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of **electronic application instructions** for the benefit of the person for whom you are an agent and that you are duly authorised to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **HK eIPO White Form** service, you are deemed to have authorised the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

By instructing your broker or custodian to apply for the Hong Kong Public Offer Shares on your behalf through the **HKSCC EIPO** Channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Public Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

3. Information Required to Apply

You must provide the following information with your application:

For Individual Applicants

- Full name(s)[2] as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. HKID card; or
  - ii. National identification document; or
  - iii. Passport; and
- Identity document number

For Corporate Applicants

- Full name(s)[2] as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. LEI registration document; or
  - ii. Certificate of incorporation; or
  - iii. Business registration certificate; or
  - iv. Other equivalent document; and
- Identity document number

Notes:

1. If you are applying through the **HK eIPO White Form** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong Address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.

2. The applicant's full name as shown on their identity document must be used. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card, the HKID number must be used when making an application to subscribe for shares in a public offer. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.

3. If the applicant is a trustee, the client identification data ("CID") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.

4. The maximum number of joint account holders on FINI is capped at four[1] in accordance with market practice.

1 Subject to change, if our Articles and applicable company law prescribe a lower cap.

5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

   "Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

   "Statutory control" means you:

   - control the composition of the board of directors of the company;
   - control more than half of the voting power of the company; or
   - hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through **HKSCC EIPO** channel, and making an application under a power of attorney, we and the Sole Overall Coordinator, as our agent, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size	:	5,000
Permitted number of Hong Kong Public Offer Shares for application and amount payable on application/successful allotment	:	Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below. The maximum Offer Price is HK$0.60 per Share. If you are applying through the **HKSCC EIPO** channel, you are required to pre-fund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

By instructing your broker or custodian to apply for the Hong Kong Public Offer Shares on your behalf through the **HKSCC EIPO** Channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the designated bank for your broker or custodian.

If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

No. of Hong Kong Offer Shares applied for	Maximum Amount payable[(2)] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable[(2)] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable[(2)] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable[(2)] on application/ successful allotment
	HK$		*HK$*		*HK$*		*HK$*
5,000	3,030.25	70,000	42,423.56	500,000	303,025.50	7,000,000	4,242,357.00
10,000	6,060.51	80,000	48,484.08	600,000	363,630.60	8,000,000	4,848,408.00
15,000	9,090.76	90,000	54,544.59	700,000	424,235.70	9,000,000	5,454,459.00
20,000	12,121.02	100,000	60,605.10	800,000	484,840.80	10,000,000	6,060,510.00
25,000	15,151.28	150,000	90,907.66	900,000	545,445.90	11,000,000	6,666,561.00
30,000	18,181.54	200,000	121,210.20	1,000,000	606,051.00	12,500,000[(1)]	7,575,637.50
35,000	21,211.79	250,000	151,512.76	2,000,000	1,212,102.00		
40,000	24,242.05	300,000	181,815.30	3,000,000	1,818,153.00		
45,000	27,272.30	350,000	212,117.86	4,000,000	2,424,204.00		
50,000	30,302.56	400,000	242,420.40	5,000,000	3,030,255.00		
60,000	36,363.05	450,000	272,722.96	6,000,000	3,636,306.00		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** Service Provider) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed "— A. Applications for Hong Kong Offer Shares — 3. Information Required to Apply" in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **HK eIPO White Form** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **HK eIPO White Form** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply for any Offer Shares.

The Hong Kong Share Registrar would record all applications into its system and identify suspected multiple applications with identical names, identification document numbers and reference numbers according to the Best Practice Note on Treatment of Multiple/Suspected Multiple Applications ("**Best Practice Note**") issued by the Federation of Share Registrars Limited.

Since applications are subject to personal information collection statements, identification document numbers displayed are redacted.

6. Terms and Conditions of An Application

By applying for Hong Kong Public Offer Shares through the **HK eIPO White Form** service or **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

(i) undertake to execute all relevant documents and instruct and authorise us and/or the Sole Overall Coordinator, as our agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Public Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;

(ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **HK eIPO White Form** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;

(iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Public Offer Shares;

(iv) confirm that you are aware of the restrictions on offers and sales of shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;

(v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;

(vi) agree that our Company, the Sole Sponsor, the Sole Overall Coordinator, the Joint Bookrunners, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering (collectively, the "**Relevant Persons**"), the Hong Kong Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;

(vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the Hong Kong Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed "— G. Personal Data — 3. Purposes and 4. Transfer of personal data" in this section;

(viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees' application) has been accepted) that you will not rescind it because of an innocent misrepresentation;

(ix) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the Hong Kong Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed "— B. Publication of Results" in this section;

(x) confirm that you are aware of the situations specified in the paragraph headed "— C. Circumstances In Which You Will Not Be Allocated Hong Kong Offer Shares" in this section;

(xi) agree that your application or HKSCC Nominees' application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles and laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(xiii) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by our Company, any of the directors, chief executives, substantial Shareholder(s) or existing shareholder(s) of our Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from our Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of our Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of our Shares registered in your name or otherwise held by you;

(xiv) warrant that the information you have provided is true and accurate;

(xv) confirm that you understand that we and the Sole Overall Coordinator will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

(xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC directly or indirectly or through the application channel of the **HK eIPO White Form** Service Provider or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC and the **HK eIPO White Form** Service Provider and (2) you have due authority to give **electronic application instructions** on behalf of that other person as its agent.

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform		Date/Time
Applying through the **HK eIPO White Form** service or **HKSCC EIPO channel**:		
Website	From "Allotment Results" page at the designated results of allocations website at **www.tricor.com.hk/ipo/result** or **www.hkeipo.hk/IPOResult** with a "search by ID" function.	24 hours, from 11:00 p.m. on Wednesday, 26 March 2025 to 12:00 midnight on Tuesday, 1 April 2025 (Hong Kong time)
	The full list of (i) wholly or partially successful applicants using the **HK eIPO White Form** service and **HKSCC EIPO** channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed at **www.hkeipo.hk/IPOResult** or **www.tricor.com.hk/ipo/result**.	
	The Stock Exchange's website at **www.hkexnews.hk** and our website at **www.Insoftb.com** which will provide links to the abovementioned websites of the Hong Kong Share Registrar.	No later than 11:00 p.m. on Wednesday, 26 March 2025 (Hong Kong time).
Telephone	+852 3691 8488 – the allocation results telephone enquiry line provided by the Hong Kong Share Registrar	Between 9:00 a.m. and 6:00 p.m., from Thursday, 27 March 2025 to Tuesday, 1 April 2025 (Hong Kong time) on a business day

For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Tuesday, 25 March 2025 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Tuesday, 25 March 2025 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce the level of indications of interest in the Global Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.Insoftb.com** by no later than 11:00 p.m. on Wednesday, 26 March 2025 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If we or our agents exercise our discretion to reject your application:

We, the Sole Overall Coordinator, the Hong Kong Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed "*— A. Applications for Hong Kong Offer Shares — 5. Multiple Applications Prohibited*" in this section on what constitutes multiple applications;

- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- we or the Sole Overall Coordinator believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their designated bank before balloting. After balloting of Hong Kong Offer Shares, the Receiving Bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Offer Share allotment from their designated bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its designated bank), who is acting on your behalf in settling payment for your allotted shares, HKSCC will contact the defaulting HKSCC Participant and its designated bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the International Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the Hong Kong Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **HKSCC EIPO** channel where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of our Shares. No receipt will be issued for sums paid on application.

Share certificates will only become valid at 8:00 a.m. on Thursday, 27 March 2025 (Hong Kong time), provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	HK eIPO White Form service	HKSCC EIPO channel
Despatch/collection of Share certificate[2]		
For application of 1,000,000 Hong Kong Offer Shares or more	Collection in person at the Hong Kong Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong **Time**: from 9:00 a.m. to 1:00 p.m. on Thursday, 27 March 2025 (Hong Kong time) If you are an individual, you must not authorise any other person to collect for you. If you are a corporate applicant, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop.	Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account

2 Except in the event of a tropical cyclone warning signal number 8 or above, a black rainstorm warning and/or an "extreme conditions" announcement issued after a super typhoon in force in Hong Kong in the morning on Wednesday, 26 March 2025 rendering it impossible for the relevant Share certificates to be dispatched to HKSCC in a timely manner, the Company shall procure the Share Registrar to arrange for delivery of the supporting documents and Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to "— *E. Bad Weather Arrangements*" in this section.

	HK eIPO White Form service	HKSCC EIPO channel
	Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar. *Note*: If you do not collect your Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.	No action by you is required
For application of less than 1,000,000 Hong Kong Offer Shares	Your Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk **Date**: Wednesday, 26 March 2025	

Refund mechanism for surplus application monies paid by you

Date	Thursday, 27 March 2025	Subject to the arrangement between you and your broker or custodian
Responsible party	Hong Kong Share Registrar	Your broker or custodian

	HK eIPO White Form service	HKSCC EIPO channel
Application monies paid through single bank account	**HK eIPO White Form** e-Auto Refund payment instructions to your designated bank account	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it
Application monies paid through multiple bank accounts	Refund cheque(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk	

E. BAD WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Monday, 24 March 2025 if, there is:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- Extreme Conditions,

(collectively, "**Bad Weather Signals**"),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 24 March 2025.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have **Bad** Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made and published on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.Insoftb.com** of the revised timetable.

If a **Bad** Weather Signal is hoisted on Wednesday, 26 March 2025, the Hong Kong Share Registrar will make appropriate arrangements for the delivery of the Share certificates to the CCASS Depository's service counter so that they would be available for trading on Thursday, 27 March 2025.

If a **Bad** Weather Signal is hoisted on Wednesday, 26 March 2025, for application of less than 1,000,000 Offer Shares, the dispatch of physical Share certificates will be made by ordinary post when the post office re-opens after the **Bad** Weather Signal is lowered or cancelled (e.g. in the afternoon of Wednesday, 26 March 2025 or on Thursday, 27 March 2025).

If a **Bad** Weather Signal is hoisted on Thursday, 27 March 2025, for application of 1,000,000 Offer Shares or more, the physical Share certificates will be available for collection in person at the Hong Kong Share Registrar's office after the **Bad** Weather Signal is lowered or cancelled (e.g. in the afternoon of Thursday, 27 March 2025 or on Friday, 28 March 2025).

Prospective investors should be aware that if they choose to receive physical Share certificates issued in their own name, there may be a delay in receiving the Share certificates.

F. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second Settlement Day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling our Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional adviser for details of the settlement arrangement as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by our Company, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of our Company and the Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to our Company or its agents and the Hong Kong Share Registrar is accurate and up-to-date when applying for Hong Kong Public Offer Shares or transferring Hong Kong Public Offer Shares into or out of their names or in procuring the services of the Hong Kong Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of our Company or the Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform our Company and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and **HK eIPO White Form** e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of our Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of our Company;
- verifying identities of applicants for and holders of the Shares and identifying any duplicate applications for our Shares;

- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of our Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from our Company and our subsidiaries;
- compiling statistical information and profiles of the holder of our Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable our Company and the Hong Kong Share Registrar to discharge their obligations to applicants and holders of our Shares and/or regulators and/or any other purposes to which applicants and holders of our Shares may from time to time agree.

4. Transfer of personal data

Personal data held by our Company and the Hong Kong Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but our Company and the Hong Kong Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving bank and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the Hong Kong Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to our Company or the Hong Kong Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of personal data

Our Company and the Hong Kong Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether our Company or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. Our Company and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to our Company and the Hong Kong Share Registrar, at their registered address disclosed in the section headed "Corporate information" in this prospectus or as notified from time to time, for the attention of the company secretary, or the Hong Kong Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, 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 SOFT INTERNATIONAL GROUP LTD

The Directors
Soft International Group Ltd
Sunny Fortune Capital Limited

Introduction

We report on the historical financial information of Soft International Group Ltd (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages I-5 to I-70, which comprises the combined statements of financial position of the Group at 31 December 2021, 2022 and 2023 and 30 September 2024, the statements of financial position of the Company at 31 December 2023 and 30 September 2024, 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 2021, 2022 and 2023 and the nine months ended 30 September 2024 (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-5 to I-70 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 19 March 2025 (the "Prospectus") issued in connection with the initial listing of shares of the Company (the "Listing") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of 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.

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 depend on our 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 2021, 2022 and 2023 and 30 September 2024, the financial position of the Company at 31 December 2023 and 30 September 2024, 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.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the combined statement of profit or loss and other comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the nine months ended 30 September 2023 and other explanatory information (together the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on

Review Engagements 2410 *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

REPORT ON OTHER MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE MAIN BOARD OF 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

19 March 2025

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 otherwise indicated.

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Nine months ended 30 September	
		2021	2022	2023	2023	2024
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Revenue	5	263,226	408,066	654,560	492,804	520,297
Cost of sales		(206,492)	(296,840)	(457,293)	(349,862)	(358,233)
Gross profit		56,734	111,226	197,267	142,942	162,064
Other income	6	3,227	3,732	1,734	1,174	3,846
Selling and distribution expenses		(32,250)	(40,669)	(91,136)	(54,904)	(73,081)
Administrative and other operating expenses		(14,887)	(24,114)	(39,635)	(29,227)	(29,064)
(Provision for) Reversal of loss allowance on trade receivables, net	31	(123)	470	728	(307)	(1,620)
Changes in fair value of investment properties	14	27	807	1,917	1,261	39
Gain on disposal/deregistration of subsidiaries, net	29	–	–	2,494	2,494	–
Finance costs	7	(261)	(548)	(776)	(549)	(501)
Listing expenses	7	–	–	(5,981)	(1,156)	(10,698)
Profit before tax	7	12,467	50,904	66,612	61,728	50,985
Income tax expenses	10	(2,465)	(9,045)	(8,923)	(8,056)	(10,523)
Profit for the year/period		10,002	41,859	57,689	53,672	40,462
Other comprehensive income (loss):						
Item that will not be reclassified to profit or loss						
Exchange difference on translation of the Company's financial statements to presentation currency		–	–	–	–	7
Item that may be reclassified subsequently to profit or loss						
Exchange difference on combination		219	(1,068)	(440)	(716)	(415)
Total other comprehensive income (loss) for the year/period		219	(1,068)	(440)	(716)	(408)
Total comprehensive income for the year/period		10,221	40,791	57,249	52,956	40,054
Profit (Loss) for the year/period attributable to:						
Owners of the Company		10,006	41,860	58,900	54,883	40,462
Non-controlling interests		(4)	(1)	(1,211)	(1,211)	–
		10,002	41,859	57,689	53,672	40,462
Total comprehensive income (loss) for the year/period attributable to:						
Owners of the Company		10,225	40,792	58,460	54,167	40,054
Non-controlling interests		(4)	(1)	(1,211)	(1,211)	–
		10,221	40,791	57,249	52,956	40,054

COMBINED STATEMENTS OF FINANCIAL POSITION

		At 31 December			At 30 September
		2021	2022	2023	2024
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Intangible assets	*13*	1,111	159	400	67
Investment properties	*14*	41,437	42,244	44,161	44,200
Property, plant and equipment	*15*	112,297	146,665	179,522	182,676
Right-of-use assets	*16*	41,109	40,178	39,981	39,173
Deposits paid for acquisition of property, plant and equipment and right-of-use assets		22,280	12,903	7,858	11,064
		218,234	242,149	271,922	277,180
Current assets					
Inventories	*17*	119,941	153,981	73,808	46,967
Trade and other receivables	*18*	62,354	100,364	94,713	160,564
Pledged bank deposits	*19*	14,113	20,934	15,995	19,313
Cash and cash equivalents	*20*	20,580	6,464	63,000	22,867
		216,988	281,743	247,516	249,711
Current liabilities					
Trade and other payables	*21*	106,701	123,263	125,666	139,088
Amount due to the Controlling Shareholder	*22*	137,615	136,212	71,576	23,123
Interest-bearing borrowings	*23*	10,000	18,000	13,000	18,200
Lease liabilities	*16*	63	59	268	313
Income tax payable		1,449	8,137	10,594	7,607
		255,828	285,671	221,104	188,331
Net current (liabilities) assets		(38,840)	(3,928)	26,412	61,380
Total assets less current liabilities		179,394	238,221	298,334	338,560
Non-current liabilities					
Lease liabilities	*16*	59	–	466	271
Amount due to the Controlling Shareholder	*22*	190,094	206,844	207,284	–
Deferred tax liabilities	*24*	5,506	6,326	7,593	7,952
		195,659	213,170	215,343	8,223
NET (LIABILITIES) ASSETS		(16,265)	25,051	82,991	330,337
Capital and reserves					
Share capital	*25*	–	–	–*	9
Reserves	*26*	(16,261)	24,531	82,991	330,328
Equity attributable to owners of the Company		(16,261)	24,531	82,991	330,337
Non-controlling interests		(4)	520	–	–
TOTAL (DEFICITS) EQUITY		(16,265)	25,051	82,991	330,337

* *Represents amount less than RMB1,000.*

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	At 31 December 2023	At 30 September 2024
		RMB'000	RMB'000
Non-current asset			
Investment in a subsidiary	25(b)	–*	–*
Current assets			
Amount due from the immediate holding company	25(c)	–*	–*
Cash at bank and in hand		–	180
		–*	180
Current liabilities			
Amount due to a subsidiary	25(c)	–	485
Net current assets (liabilities)		–*	(305)
NET ASSETS (LIABILITIES)		–*	(305)
Capital and reserves			
Share capital	25(a)	–*	9
Reserves	25(d)	–*	(314)
TOTAL EQUITY (DEFICITS)		–*	(305)

* *Represents amount less than RMB1,000.*

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							
		Reserves						
	Share capital	Capital reserve	Translation reserve	Statutory reserve	Accumulated losses	Total reserves	Non-controlling interests	Total deficits
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 25(a))	*(Note 26(a))*	*(Note 26(b))*	*(Note 26(c))*				
At 1 January 2021	–	1	10	1,313	(27,810)	(26,486)	–	(26,486)
Profit (Loss) for the year	–	–	–	–	10,006	10,006	(4)	10,002
Other comprehensive income								
Item that may be reclassified subsequently to profit or loss								
Exchange difference on combination	–	–	219	–	–	219	–	219
Total comprehensive income (loss) for the year	–	–	219	–	10,006	10,225	(4)	10,221
Transaction with owners								
Contributions and distributions								
Appropriation to statutory reserve	–	–	–	1,371	(1,371)	–	–	–
At 31 December 2021	–	1	229	2,684	(19,175)	(16,261)	(4)	(16,265)

	Attributable to owners of the Company							
		Reserves						
	Share capital	Capital reserve	Translation reserve	Statutory reserve	Accumulated (losses) profits	Total reserves	Non-controlling interests	Total (deficits) equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 25(a))	*(Note 26(a))*	*(Note 26(b))*	*(Note 26(c))*				
At 1 January 2022	–	1	229	2,684	(19,175)	(16,261)	(4)	(16,265)
Profit (Loss) for the year	–	–	–	–	41,860	41,860	(1)	41,859
Other comprehensive loss								
Item that may be reclassified subsequently to profit or loss								
Exchange difference on combination	–	–	(1,068)	–	–	(1,068)	–	(1,068)
Total comprehensive income (loss) for the year	–	–	(1,068)	–	41,860	40,792	(1)	40,791
Transactions with owners								
Contributions and distributions								
Appropriation to statutory reserve	–	–	–	4,716	(4,716)	–	–	–
Changes in ownership interests								
Non-controlling interest arising from incorporation of a subsidiary	–	–	–	–	–	–	525	525
Total transactions with owners	–	–	–	4,716	(4,716)	–	525	525
At 31 December 2022	–	1	(839)	7,400	17,969	24,531	520	25,051

	Attributable to owners of the Company							
		Reserves						
	Share capital	Capital reserve	Translation reserve	Statutory reserve	Accumulated profits	Total reserves	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 25(a))	*(Note 26(a))*	*(Note 26(b))*	*(Note 26(c))*				
At 1 January 2023	–	1	(839)	7,400	17,969	24,531	520	25,051
Profit (Loss) for the year	–	–	–	–	58,900	58,900	(1,211)	57,689
Other comprehensive loss								
Item that may be reclassified subsequently to profit or loss								
Exchange difference on combination	–	–	(440)	–	–	(440)	–	(440)
Total comprehensive income (loss) for the year	–	–	(440)	–	58,900	58,460	(1,211)	57,249
Transactions with owners								
Contributions and distributions								
Appropriation to statutory reserve	–	–	–	5,525	(5,525)	–	–	–
Issue of shares	–*	–	–	–	–	–	–	–*
	–*	–	–	5,525	(5,525)	–	–	–*
Changes in ownership interests								
Disposal of subsidiaries *(Note 29(a))*	–	–	–	–	–	–	686	686
Deregistration of subsidiaries *(Note 29(b))*	–	–	–	–	–	–	5	5
	–	–	–	–	–	–	691	691
Total transactions with owners	–*	–	–	5,525	(5,525)	–	691	691
At 31 December 2023	–*	1	(1,279)	12,925	71,344	82,991	–	82,991

* *Represents amount less than RMB1,000.*

	Attributable to owners of the Company							
		Reserves						
	Share capital	Capital reserve	Translation reserve	Statutory reserve	Accumulated profits	Total reserves	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 25(a))	*(Note 26(a))*	*(Note 26(b))*	*(Note 26(c))*				
Unaudited								
At 1 January 2023	–	1	(839)	7,400	17,969	24,531	520	25,051
Profit (Loss) for the period	–	–	–	–	54,883	54,883	(1,211)	53,672
Other comprehensive loss								
Item that may be reclassified subsequently to profit or loss								
Exchange difference on combination	–	–	(716)	–	–	(716)	–	(716)
Total comprehensive (loss) income for the period	–	–	(716)	–	54,883	54,167	(1,211)	52,956
Transactions with owners								
Contributions and distributions								
Appropriation to statutory reserve	–	–	–	5,421	(5,421)	–	–	–
Changes in ownership interests								
Disposal of subsidiaries *(Note 29(a))*	–	–	–	–	–	–	686	686
Deregistration of subsidiaries *(Note 29(b))*	–	–	–	–	–	–	5	5
	–	–	–	–	–	–	691	691
Total transactions with owners	–	–	–	5,421	(5,421)	–	691	691
At 30 September 2023	–	1	(1,555)	12,821	67,431	78,698	–	78,698

	Attributable to owners of the Company							
		Reserves						
	Share capital	Capital reserve	Translation reserve	Statutory reserve	Accumulated profits	Total reserves	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 25(a))	*(Note 26(a))*	*(Note 26(b))*	*(Note 26(c))*				
At 1 January 2024	–*	1	(1,279)	12,925	71,344	82,991	–	82,991
Profit for the period	–	–	–	–	40,462	40,462	–	40,462
Other comprehensive income (loss)								
Item that will not be reclassified to profit or loss								
Exchange difference on translation of the Company's financial statements to presentation currency	–	–	7	–	–	7	–	7
Item that may be reclassified subsequently to profit or loss								
Exchange difference on combination	–	–	(415)	–	–	(415)	–	(415)
Total other comprehensive loss for the period	–	–	(408)	–	–	(408)	–	(408)
Total comprehensive (loss) income for the period	–	–	(408)	–	40,462	40,054	–	40,054
Transactions with owners								
Contributions and distributions								
Issue of shares *(Remark (a))*	9	–	–	–	–	–	–	9
Reorganisation *(Remark (b))*	–	(1)	–	–	–	(1)	–	(1)
Wavier of amount due to the Controlling Shareholder *(Note 22)*	–	207,284	–	–	–	207,284	–	207,284
Appropriation to statutory reserve	–	–	–	5,923	(5,923)	–	–	–
	9	207,283	–	5,923	(5,923)	207,283	–	207,292
At 30 September 2024	9	207,284	(1,687)	18,848	105,883	330,328	–	330,337

Remarks:

(a) On 23 April 2024, the Company issued 899,999 ordinary shares at par value of Hong Kong Dollars ("HK$") 0.01 each in cash total consideration of HK$9,000 (equivalent to RMB8,537).

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

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

* *Represents amount less than RMB1,000.*

COMBINED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Nine months ended 30 September	
		2021	2022	2023	2023	2024
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
OPERATING ACTIVITIES						
Profit before tax		12,467	50,904	66,612	61,728	50,985
Adjustments for:						
Amortisation of intangible assets		1,193	952	231	159	333
Depreciation of property, plant and equipment		7,928	11,284	16,117	10,968	12,851
Depreciation of right-of-use assets		931	931	1,020	734	883
Changes in fair value of investment properties		(27)	(807)	(1,917)	(1,261)	(39)
Finance costs		261	548	776	549	501
Gain on disposal/deregistration of subsidiaries, net		–	–	(2,494)	(2,494)	–
Interest income		(314)	(677)	(216)	(158)	(406)
Loss on disposal of property, plant and equipment, net		–	–	99	–	–
Provision for (Reversal of) loss allowance of trade receivables, net		123	(470)	(728)	307	1,620
Operating cash inflows before movements in working capital		22,562	62,665	79,500	70,532	66,728
Changes in working capital:						
Inventories		(20,242)	(34,040)	80,173	38,210	26,841
Trade and other receivables		(4,710)	(37,014)	9,080	(135,656)	(67,473)
Trade and other payables		35,112	14,969	(7,590)	82,875	13,271
Cash generated from operations		32,722	6,580	161,163	55,961	39,367
Income tax paid		(2,078)	(1,537)	(5,199)	(4,050)	(13,151)
Net cash from operating activities		30,644	5,043	155,964	51,911	26,216
INVESTING ACTIVITIES						
Interest received		314	677	216	158	406
Change in pledged bank deposits		(11,357)	(6,821)	4,939	2,318	(3,318)
Payment for purchase of intangible assets		–	–	(472)	–	–
Payment for purchase of property, plant and equipment		(33,355)	(18,821)	(39,746)	(29,973)	(19,556)
Payment for purchase of right-of-use assets		(18,047)	–	–	–	–

		Year ended 31 December			Nine months ended 30 September	
		2021	2022	2023	2023	2024
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Proceeds from disposal of property, plant and equipment		–	–	1,392	–	497
Net cash inflows from disposal of subsidiaries	*29(a)*	–	–	995	995	–
Net cash inflows from acquisition of a subsidiary	*30*	–	–	1,283	–	–
Net cash used in investing activities		(62,445)	(24,965)	(31,393)	(26,502)	(21,971)
FINANCING ACTIVITIES						
Issue of shares		–	–	–*	–	9
Inception of interest-bearing borrowings		10,000	26,800	13,000	10,000	23,000
Repayment of interest-bearing borrowings		–	(18,800)	(18,000)	(11,000)	(17,800)
Repayment of lease liabilities (including financing components)		(66)	(66)	(158)	(87)	(243)
Interest paid		(256)	(545)	(766)	(544)	(483)
Advance from (Repayment to) the Controlling Shareholder, net		3,920	(1,583)	(62,636)	(27,188)	(48,679)
Settlement of capital contribution due from the non-controlling shareholder of a subsidiary		–	–	525	525	–
Net cash from (used in) financing activities		13,598	5,806	(68,035)	(28,294)	(44,196)
Net (decrease) increase in cash and cash equivalents		(18,203)	(14,116)	56,536	(2,885)	(39,951)
Cash and cash equivalents at the beginning of the reporting period		38,783	20,580	6,464	6,464	63,000
Effect of exchange difference		–	–	–	–	(182)
Cash and cash equivalents at the end of the reporting period	*20*	20,580	6,464	63,000	3,579	22,867

* *Represents amount less than RMB1,000.*

NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF THE GROUP

1. GENERAL INFORMATION AND REORGANISATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 22 November 2023. The address of the Company's registered office is 89 Nexus Way, Camana Bay, Grand Cayman KY1-9009, Cayman Islands. The Company's principal place of business in Hong Kong is situated at Room 1910, 19/F., C C Wu Building, 302-308 Hennessy Road, Wan Chai, Hong Kong and the Group's head office and principal place of business activities are situated at Zhizao Avenue, Quanzhou Jinjiang Economic Development Zone (Food Park), Fujian Province, the People's Republic of China (the "PRC").

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and sales of hygienic disposables and nonwoven fabrics in the PRC.

At the date of this report, the immediate holding company of the Company is Wish International Holding Ltd, which is incorporated in the British Virgin Islands (the "BVI"). In the opinion of the directors of the Company, the ultimate holding company is Softo Co., Ltd, a company incorporated in the BVI and controlled by Mr. Ngan Pui Kuan (the "Controlling Shareholder").

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

At the date of this report, the particulars of the Company's major subsidiaries, which are private limited liability companies, of which the Company has direct or indirect interests, are as follows:

Name of subsidiary	Place of incorporation/ establishment	Date of incorporation/ establishment	Registered/ issued capital	Attributable equity interest held by the Company	Principal activities/place of operation
Directly held					
Soft BVI *(Note a)*	The BVI	27 December 2023	No par value	100%	Investment holding/Hong Kong
Indirectly held					
Soft HK	Hong Kong	17 August 2010	HK$1,000	100%	Investment holding/Hong Kong
嬰舒寶(中國)有限公司 Insoftb (China) Co., Ltd. ("Insoftb China") *(Note e)*	The PRC	30 November 2010	United States Dollars ("US$") 10,000,000	100%	Manufacturing and sales of hygienic disposables/the PRC
福建嬰舒寶新材料科技有限公司 Fujian Insoftb New Materials Technology Co., Ltd. ("Insoftb New Material") *(Notes b, e)*	The PRC	7 August 2020	RMB100,000,000	100%	Manufacturing of hygienic disposables and related products/the PRC
福建藍色巨人衛生用品有限公司 Fujian Blue Giant Hygiene Products Co., Ltd. ("Blue Giant Hygiene Products") *(Notes b, e)*	The PRC	22 December 2016	RMB10,000,000	100%	Sales of hygienic disposables/the PRC
嬰舒寶(滁州)嬰童用品有限公司 Insoftb (Chuzhou) Infant and Child Products Co., Ltd. ("Chuzhou Insoftb") *(Notes b, e)*	The PRC	6 March 2013	RMB5,000,000	100%	Investment holding/the PRC
福建舒寶亨克斯商貿有限公司 Fujian Shubao Heynckes Trading Co., Ltd. ("Heynckes Trading") *(Notes b, e)*	The PRC	23 May 2018	RMB10,000,000	100%	Sales of hygienic disposables/the PRC
晉江市利佰達貿易有限責任公司 Jinjiang Libaida Trading Co., Ltd. ("Jinjiang Libaida") *(Notes b, e)*	The PRC	17 November 2011	RMB1,000,000	100%	Sale of hygienic disposables/the PRC

At the date of this report, the following subsidiaries that were combined in the Historical Financial Information during the Track Record Period have been deregistered/disposed of and in the opinion of the directors of the Company, the following subsidiaries have no material adverse impact on the financial performance and business operation of the Group:

Name of subsidiary	Place of incorporation/ establishment	Date of incorporation/ establishment	Issued/Paid up capital	Attributable equity interest held by the Company	Principal activities/place of operation
福建藍色巨人網路科技有限公司 Fujian Blue Giant Network Technology Co., Ltd. ("Blue Giant E-commerce") *(Notes b, c, e)*	The PRC	26 October 2015	RMB10,000,000	100%	Sales of hygienic disposables/the PRC
嬰舒寶(廈門)電子商務有限公司 Insoftb (Xiamen) E-commerce Co., Ltd. ("Xiamen Insoftb E-commerce") *(Notes b, c, e)*	The PRC	14 August 2020	RMB5,000,000	100%	Sales of hygienic disposables/the PRC
福建舒森網路科技有限公司 Fujian Shusen Network Technology Co., Ltd. ("Fujian Shusen") *(Notes b, c, e)*	The PRC	3 February 2021	RMB10,000,000	51%	Inactive/the PRC
福建嬰舒寶電子商務有限公司 Fujian Insoftb E-commerce Co., Ltd. ("Fujian Insoftb E-commerce") *(Notes b, c, e)*	The PRC	17 June 2014	RMB5,280,000	100%	Sales of hygienic disposables/the PRC
福建嬰舒寶親寧衛生用品有限公司 Fujian Insoftb Qinning Hygiene Products Co., Ltd. ("Insoftb Qinning") *(Notes b, c, e)*	The PRC	9 January 2020	RMB10,000,000	75%	Inactive/the PRC
晉江未來藍途科技有限公司 Jinjiang Future Blue Journey Technology Co., Ltd. ("Jinjiang Lantu") *(Notes b, d, e)*	The PRC	30 November 2022	RMB2,000,000	51%	Investments holding/the PRC
江西麗氏衛生用品有限公司 Jiangxi Lishi Hygiene Products Co., Ltd. ("Jiangxi Lishi") *(Notes b, d, e)*	The PRC	5 December 2022	RMB2,000,000	51%	Sale of feminine care/the PRC
江西未來藍圖衛生用品有限公司 Jiangxi Future Blueprint Hygiene Products Co., Ltd. ("Jiangxi Lantu") *(Notes b, d, e)*	The PRC	5 December 2022	RMB2,000,000	51%	Sale of feminine care/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
Soft HK	For the years ended 31 December 2021, 2022 and 2023	Global Glory CPA Limited, *Certified Public Accountants, Hong Kong*
Insofb China	For the years ended 31 December 2021, 2022 and 2023	深圳銘國會計師事務所(普通合伙) (Shenzhen Mingguo Certified Public Accountants LLP) *(Note e)*

Notes:

(a) No statutory audited financial statements have been prepared by Soft BVI for the period from the date of incorporation to the date of this report as it is not required to issue audited financial statements under relevant statutory requirements at the place of incorporation.

(b) No statutory audited financial statements have been prepared for Insoftb New Material, Blue Giant Hygiene Products, Chuzhou Insoftb, Heynckes Trading, Jinjiang Libaida, Blue Giant E-commerce, Xianmen Insoftb E-commerce, Fujian Shusen, Fujian Insoftb E-commerce, Insoftb Qinning, Jinjiang Lantu, Jiangxi Lishi and Jiangxi Lantu as it is not a mandatory requirement for issuance of audited financial statements under the relevant statutory requirement at their places of incorporation.

(c) Blue Giant E-commerce, Fujian Insoftb E-commerce, Fujian Shusen, Insoftb Qinning and Xiamen Insoftb E-commerce, were deregistered on 8 October 2023, 28 September 2023, 16 August 2023, 24 October 2023 and 22 September 2023, respectively *(Note 29(b))*.

(d) These entities were disposed of on 28 September 2023 *(Note 29(a))*.

(e) The English name is translated for identification purpose only.

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 Prospectus, the Company became the holding company of the entities now comprising the Group on 26 April 2024. Immediately prior to and after the Reorganisation, the Group's business is mainly conducted through Insoftb China, Insoftb New Material, Blue Giant Hygiene Products, Chuzhou Insoftb, Heynckes Trading and Jinjiang Libaida while the Company, Soft BVI and Soft HK are investment holding companies 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 continuity entity and, therefore, the Reorganisation is considered to be a restructuring of entities and business under common control unless otherwise stated.

Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a combined basis under merger accounting principles, as further explained in the paragraph headed "Merger accounting for business combination involving entities under common control" in Note 3, which presents the combined financial position, combined financial performance, combined changes in equity and combined cash flows of the entities now comprising the Group as if the current group structure, except for the acquisition of Jinjiang Libaida *(Note 30)* and disposal/deregistration of certain subsidiaries *(Note 29)* prior to the Reorganisation, had always been in existence throughout the Track Record Period or since their respective date of establishment or incorporation, where applicable.

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 IASB has issued a number of new/revised IFRS Accounting Standards during the Track Record Period. For the purpose of the preparation of the Historical Financial Information, the Group has consistently adopted all those new/revised IFRS Accounting Standards that are relevant to its operations and are effective throughout 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 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, except for the investment properties which are measured at fair value as explained in the material accounting policies set out below.

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 loss 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.

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.

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 Shareholder.

The net assets of the combining entities or businesses are combined using the existing carrying values from the Controlling Shareholder's 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 Shareholder's 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.

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, an investment in a subsidiary is stated at cost less impairment loss (if any). The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The result of the subsidiary is 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 the profit or loss during the period in which they are incurred.

Construction in progress represents buildings under construction and is stated at cost less accumulated impairment losses (if any). Cost includes the costs of construction and acquisition and capitalised borrowing costs (if any). No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the costs are transferred to the respective categories of property, plant and equipment and depreciated in accordance with the policy as stated below.

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 plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Buildings	20 - 30 years
Plant and machinery	3 - 10 years
Office equipment	3 - 5 years
Motor vehicles	5 years

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.

Investment properties

Investment properties are land and/or building that are held by owner or lessee, to earn rental income and/or for capital appreciation. These include properties held for a currently undetermined future use. The Group's investment properties included leasehold land and buildings.

Investment properties are stated at fair value at the end of the reporting period. Any gain or loss arising from a change in fair value is recognised in profit or loss. The fair value of investment property is based on a valuation by an independent valuer who holds a recognised professional qualification and has recent experience in the location and category of property being valued.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. 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 asset) is included in profit or loss in the period in which the item is derecognised.

Intangible assets

Research and development costs

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.

Intangible assets acquired separately — trademarks

The initial cost of licensed trademarks is capitalised. Trademarks are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided on the straight-line basis over their estimated useful lives of 2 to 3 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.

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 interim 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.

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.

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 financial instruments;

(iii) nature of collateral (if any);

(iv) industry of debtors;

(v) geographical location of debtors; and

(vi) external credit risk ratings.

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.

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.

The Group's bills receivables guaranteed by banks, pledged bank deposits, cash and cash equivalents and other receivables placed in financial institutions are determined to have low credit risk.

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.

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, net of bank overdrafts (if any).

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 disposable hygienic products and nonwoven fabrics.

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).

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 disposable hygienic products and nonwoven fabrics 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.

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.

(i) 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.

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.

Rental income

Rental income from leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging a lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Contract liabilities

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.

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.

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 the Group's intangible assets, property, plant and equipment, right-of-use assets and the Company's investment in a subsidiary may be impaired or impairment loss 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 income in profit or loss immediately.

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.

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. Where the grant relates to an asset, the fair value is recognised as a deduction from the carrying amount of the relevant asset and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

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.

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 asset) as follows:

Leasehold land	50 years
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 contract.

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.

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.

The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments originally due on or before 30 June 2022; and

(c) there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient consistently to all eligible rent concessions with similar characteristics and in similar circumstances.

The Group as lessor

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

The Group accounts for each lease component within a lease contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on a relative stand-alone price basis.

Operating lease

The Group applies the derecognition and impairment requirements in IFRS 9 to the operating lease receivables.

A modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

The Group's rental income from operating lease is recognised to profit or loss on a straight-line basis over the term of the relevant lease.

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave 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.

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 each 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 is not recognised.

The deferred tax assets and liabilities 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 each 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 investments in subsidiaries, 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, that is defined as:

(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 a 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;

(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); and

(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 a 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.

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.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management of the Group in the preparation of the Historical Financial Information. 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.

Key sources of estimation uncertainty:

(i) Useful lives of intangible assets, property, plant and equipment and right-of-use assets

The management of the Group determines the estimated useful lives of the Group's intangible assets, property, plant and equipment and right-of-use 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.

(ii) Impairment of non-financial assets

The management of the Group determines whether the Group's intangible assets, property, plant and equipment and right-of-use assets are impaired when an indication of impairment exists. This requires an estimation of the recoverable amount of intangible assets, property, plant and equipment and right-of-use assets, 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 intangible assets, 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.

(iii) Allowance for inventories

The management of the Group reviews the inventory ageing analysis periodically and where applicable, makes allowances 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 by reference to management's estimation of the net realisable value based on the latest market prices and current market conditions.

(iv) Loss allowance for ECL

The management of the Group estimates the loss allowance for 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.

(v) Income taxes

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.

(vi) 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.

(vii) Fair value of investment properties

Investment properties are revalued at the end of each reporting period based on the appraised market value provided by an independent professional valuer. Such valuations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

The most significant input for the Group's estimation of the fair value is market price for similar properties adjusted for age, location, condition, size and other relevant factors.

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 IAS 21	Lack of Exchangeability[1]
Annual Improvements to IFRS Accounting Standards	Volume 11[2]
IFRS 9 and IFRS 7	Amendments to the Classification and Measurements of Financial Instruments[2]
IFRS 18	Presentation and Disclosure in Financial Statements[3]
IFRS 19	Subsidiaries without Public Accountability: Disclosure[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

(1) Effective for annual periods beginning on or after 1 January 2025

(2) Effective for annual periods beginning on or after 1 January 2026

(3) Effective for annual periods beginning on or after 1 January 2027

(4) 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 information.

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 nonwoven fabrics. The executive directors of the Company, being the chief operating decision-makers of the Group, regularly review the internal financial reports on the same basis for the purposes of allocating resources and assessing performance of the Group.

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.

	Year ended 31 December			Nine months ended 30 September	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
The PRC	92,683	140,188	205,759	118,990	242,531
Russia	105,371	205,506	377,452	325,741	206,214
Southeast Asia *(Note)*	31,771	27,940	34,423	19,508	36,713
Kazakhstan	5,237	12,232	6,890	6,502	222
Others	28,164	22,200	30,036	22,063	34,617
	263,226	408,066	654,560	492,804	520,297

Note: Southeast Asia included the sales to external customers located in Malaysia, Thailand, Singapore, Indonesia, Philippines, Vietnam and Myanmar.

(b) Non-current assets

The non-current assets information is based on the locations of assets and included the Group's investment properties, property, plant and equipment and right-of-use assets (the "Non-current Assets"). All of the Group's Non-current Assets were located in the PRC.

Information about major customers

Details of the customers (presented by entities under common control, if appropriate) individually accounting for 10% or more of the total revenue of the Group during the Track Record Period are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Sales of hygienic disposables and nonwoven fabrics					
Customer A	31,053	128,429	318,983	276,540	191,434
Customer B	31,555	*Note*	*Note*	*Note*	*Note*

Note: Customer B contributed less than 10% of the Group's total revenue during the respective periods for the Track Record Period.

5. REVENUE

	Year ended 31 December			Nine months ended 30 September	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Revenue from contracts with customers within IFRS 15					
At a point in time					
Sales of hygienic disposables					
– Babycare	228,498	322,077	467,960	388,852	286,151
– Feminine care	1,057	1,994	113,744	51,726	157,997
– Adult incontinence	12,313	6,714	13,419	10,041	14,305
– Others	19,196	10,425	7,269	6,565	3,939
	261,064	341,210	602,392	457,184	462,392
Sales of nonwoven fabrics and others	2,162	66,856	52,168	35,620	57,905
	263,226	408,066	654,560	492,804	520,297

Note: The revenue recognised for the years ended 31 December 2021, 2022 and 2023 and the nine months ended 30 September 2023 and 2024, which was included in the contract liabilities at the beginning of respective reporting periods were approximately RMB17,970,000, RMB13,054,000, RMB27,498,000, RMB26,261,000 (unaudited) and RMB20,189,000, respectively *(Note 21(c))*.

6. OTHER INCOME

	Year ended 31 December			Nine months ended 30 September	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Exchange gain, net	108	–	–	96	–
Government grants *(Note)*	1,403	595	529	117	530
Interest income	314	677	216	157	406
Rental income	855	1,255	907	786	402
Sales of scrap materials	458	1,200	10	–	2,085
Sundry income	89	5	72	18	423
	3,227	3,732	1,734	1,174	3,846

Note: Government grants represent various form of subsidies granted to the Group by the local government authorities in the PRC for compensation of expenses incurred by the Group. These grants are generally made for business supports and awarded to the Group on a discretionary basis. The Group received these government grants in respect of its investments in the PRC.

There were no unfulfilled conditions or contingencies relating to these grants during the Track Record Period.

7. PROFIT BEFORE TAX

This is stated after charging (crediting):

	Year ended 31 December			Nine months ended 30 September	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Finance costs					
Interest on interest-bearing borrowings	256	545	766	544	483
Interest on lease liabilities	5	3	10	5	18
	261	548	776	549	501
Staff costs (including directors' emoluments)					
Salaries, discretionary bonus, allowances and other benefits in kind	21,577	27,802	35,744	27,326	14,840
Contributions to defined contribution plans	1,999	5,552	5,269	4,100	2,515
	23,576	33,354	41,013	31,426	17,355
Other items					
Auditors' remuneration	8	9	9	4	4
Amortisation of intangible assets (charged to "selling and distribution expenses")	1,193	952	231	159	333
Cost of inventories *(Note (a))*	206,492	296,840	457,293	349,862	358,233
Depreciation of property, plant and equipment (charged to "cost of sales", "selling and distribution expenses" and "administrative and other operating expenses", as appropriate)	7,928	11,284	16,117	10,968	12,851

	Year ended 31 December			Nine months ended 30 September	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Depreciation of right-of-use assets (charged to "cost of sales" and "administrative and other operating expenses")	931	931	1,020	734	883
Direct operating expenses arising from investment properties that generate rental income	820	445	414	312	203
Exchange (gain) loss, net	(108)	1,720	34	(96)	207
Expenses recognised under short-term leases	97	4	292	292	–
Listing expenses	–	–	5,981	1,156	10,698
Loss on disposal of property, plant and equipment, net	–	–	99	–	–
Research and development expenses *(Note (b))*	9,812	12,895	20,638	13,779	14,899

Notes:

(a) Cost of inventories included approximately RMB21,999,000, RMB30,221,000, RMB39,889,000, RMB29,419,000 (unaudited) and RMB19,688,000 relating to the aggregated amount of certain staff costs, depreciation of property, plant and equipment and right-of-use assets which were included in the respective amounts as disclosed above during the years ended 31 December 2021, 2022 and 2023 and the nine months ended 30 September 2023 and 2024, respectively.

(b) 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 Track Record Period.

8. DIRECTORS' REMUNERATION

The Company was incorporated in the Cayman Islands on 22 November 2023. Mr. Ngan Pui Kuan, Mr. Zeng Guodong, Mr. Gao Yue and Zhou Jiahao were appointed as executive directors of the Company on 4 December 2023, 8 May 2024, 8 May 2024 and 8 May 2024, respectively. Mr. Cai Hao was appointed as non-executive director of the Company on 8 May 2024. Ms. Leong Kai Weng Subrina, Mr. Wong Tai Wai David and Mr. Ng Brian Hong Jing were appointed as independent non-executive directors of the Company on 10 March 2025.

Certain directors of the Company received remuneration from the Group during the Track Record Period for their appointment as 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 2021

	Directors' fees	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*
Executive directors					
Mr. Ngan Pui Kuan	–	179	–	4	183
Mr. Zeng Guodong	–	142	–	–	142
Mr. Gao Yue	–	111	–	5	116
Mr. Zhou Jiahao	–	66	–	–	66
	–	498	–	9	507

Year ended 31 December 2022

	Directors' fees	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*
Executive directors					
Mr. Ngan Pui Kuan	–	195	–	9	204
Mr. Zeng Guodong	–	163	–	9	172
Mr. Gao Yue	–	132	–	9	141
Mr. Zhou Jiahao	–	150	–	–	150
	–	640	–	27	667

Year ended 31 December 2023

	Directors' fees	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*
Executive directors					
Mr. Ngan Pui Kuan	–	204	–	9	213
Mr. Zeng Guodong	–	202	–	25	227
Mr. Gao Yue	–	142	–	9	151
Mr. Zhou Jiahao	–	180	–	–	180
	–	728	–	43	771

Nine months ended 30 September 2023 (Unaudited)

	Directors' fees	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*
Executive directors					
Mr. Ngan Pui Kuan	–	153	–	7	160
Mr. Zeng Guodong	–	151	–	18	169
Mr. Gao Yue	–	106	–	7	113
Mr. Zhou Jiahao	–	135	–	–	135
	–	545	–	32	577

Nine months ended 30 September 2024

	Directors' fees	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*
Executive directors					
Mr. Ngan Pui Kuan	–	168	–	2	170
Mr. Zeng Guodong	–	151	–	22	173
Mr. Gao Yue	–	108	–	10	118
Mr. Zhou Jiahao	–	135	–	6	141
Non-executive director					
Mr. Cai Hao	–	–	–	–	–
	–	562	–	40	602

During the Track Record Period, no remuneration was paid by the Group to any of these 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 emoluments during the Track Record Period.

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			Nine months ended 30 September	
	2021	2022	2023	2023	2024
				(Unaudited)	
Director	2	2	2	3	3
Non-director	3	3	3	2	2
	5	5	5	5	5

Details of the remuneration of the above highest paid non-director individuals are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Salaries, discretionary bonus, allowances and other benefits in kind	457	480	557	283	284
Contributions to defined contribution plans	8	8	16	7	21
	465	488	573	290	305

The number of these non-director individuals whose emoluments fell within the following emoluments band is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2021	2022	2023	2023	2024
				(Unaudited)	
Nil to HK$1,000,000	3	3	3	2	2

During the Track Record Period, no remuneration was paid by the Group to any of these highest paid non-director individuals 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 individuals waived or has agreed to waive any emoluments during the Track Record Period.

10. TAXATION

	Year ended 31 December			Nine months ended 30 September	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Current tax					
PRC Enterprise Income Tax ("PRC EIT")	2,711	8,225	7,656	7,160	10,164
Deferred taxation *(Note 24)*					
Changes in temporary differences	(246)	820	1,267	896	359
Total income tax expenses for the year/period	2,465	9,045	8,923	8,056	10,523

The Group's entities established in the Cayman Islands and the BVI are exempted from corporate income tax therein.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong for the Track Record Period.

The Group's entities established in the PRC are subject to the PRC EIT at a statutory rate of 25% during the Track Record Period except for Insoftb China which has been recognised as High and New Technology Enterprise (the "HNTE") since December 2020 and is entitled to a preferential tax rate of 15% during the Track Record Period. The entitlement of the HNTE is subject to renewal by the tax bureau in the PRC every three years. The latest approval of the HNTE for Insoftb China was obtained in December 2023 for the three years ending 31 December 2026.

Reconciliation of income tax expenses

	Year ended 31 December			Nine months ended 30 September	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Profit before tax	12,467	50,904	66,612	61,728	50,985
Income tax at statutory tax rate applicable in respective territories	3,117	12,726	16,653	15,432	12,746
Effect of preferential tax treatments	(1,566)	(4,285)	(7,226)	(6,914)	(4,497)
Non-deductible expenses	604	945	1,231	977	1,922
Unrecognised tax losses	1,170	1,307	1,361	628	2,587
Additional tax deduction for research and development expenses *(Note)*	(860)	(1,648)	(3,096)	(2,067)	(2,235)
Income tax expenses	2,465	9,045	8,923	8,056	10,523

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 175% to 200% of its qualified research and development expenses incurred as tax deductible expenses when determining its assessable profits for the relevant years/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 entities now comprising the Group.

13. INTANGIBLE ASSETS

	Trademarks
	RMB'000
Reconciliation of carrying amount – year ended 31 December 2021	
At 1 January 2021	2,304
Amortisation	(1,193)
At 31 December 2021	1,111
Reconciliation of carrying amount – year ended 31 December 2022	
At 1 January 2022	1,111
Amortisation	(952)
At 31 December 2022	159
Reconciliation of carrying amount – year ended 31 December 2023	
At 1 January 2023	159
Addition	472
Amortisation	(231)
At 31 December 2023	400
Reconciliation of carrying amount – nine months ended 30 September 2024	
At 1 January 2024	400
Amortisation	(333)
At 30 September 2024	67
At 31 December 2021	
Cost	4,128
Accumulated amortisation	(3,017)
	1,111
At 31 December 2022	
Cost	2,858
Accumulated amortisation	(2,699)
	159
At 31 December 2023	
Cost	3,330
Accumulated amortisation	(2,930)
	400
At 30 September 2024	
Cost	3,330
Accumulated amortisation	(3,263)
	67

Trademarks were licensed from independent third parties in relation to the Group's ordinary business for a period of 2 to 3 years. During the year ended 31 December 2023, the licence for one of the trademarks was extended for 1 year at a consideration of approximately RMB472,000.

14. INVESTMENT PROPERTIES

	At 31 December			At 30 September
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At fair value				
At the beginning of the reporting period	41,410	41,437	42,244	44,161
Changes in fair value	27	807	1,917	39
At the end of the reporting period	41,437	42,244	44,161	44,200

The Group's investment properties consist of leasehold land and buildings located in the PRC, which were held under leases to earn rental income or for capital appreciation. During the Track Record Period, the Group's investment properties are leased to third parties to earn rental income under operating leases, which are detailed in Note 16(b) to the Historical Financial Information.

At the end of each reporting period, the fair value of the investment properties was determined by the Group's management with reference to the valuation report from an independent professional qualified valuer, BonVision International Appraisals Limited, who holds a recognised and relevant professional qualification and has relevant experience in the location and category of the Group's investment properties being valued. The valuations of investment properties have been arrived by adopting direct comparison approach with reference to comparable sale transactions for similar properties in the same location and condition adjusted for differences in key valuation attributes, such as age, location, condition and size, were used to value the properties. The most significant input into this valuation approach is the adjusted price per square meter. A significant increase/decrease in the estimated price per square meter will result in a significant increase/decrease in the fair value of the investment properties.

At 31 December 2021, 2022 and 2023 and 30 September 2024, the Group's investment properties with carrying amount of Nil, Nil, approximately RMB44,161,000 and RMB44,200,000 were pledged to secure banking facilities of the Group, respectively *(Note 23)*.

Fair value measurement of investment properties

(a) Fair value hierarchy

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

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

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2021				
Recurring fair value measurement				
Investment properties	–	–	41,437	41,437
At 31 December 2022				
Recurring fair value measurement				
Investment properties	–	–	42,244	42,244

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2023				
Recurring fair value measurement				
Investment properties	–	–	44,161	44,161
At 30 September 2024				
Recurring fair value measurement				
Investment properties	–	–	44,200	44,200

During the Track Record Period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

(b) Information about Level 3 fair value measurements

Below is summary of valuation techniques used and the key inputs to the valuations in respect of investment properties included in Level 3 categories together with the sensitivity analysis at the end of each of the reporting period:

Description	Valuation technique	Significant unobservable inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value	Sensitivity of unobservable inputs
Investment properties	Direct comparison approach	Adjusted market price per square meter at RMB2,277, RMB2,321, RMB2,431 and RMB2,431 per square meter, taking into account of age, location, condition, size and other individual factors of the subject investment properties and price information of comparable properties at 31 December 2021, 2022 and 2023 and 30 September 2024, respectively	10%	The higher adjusted market price per square meter, the higher fair value of the investment properties, and vice versa	Increase/decrease 10% result in increase/decrease in fair value by approximately RMB4,144,000, RMB4,224,000, RMB4,416,000 and RMB4,420,000 for the years ended 31 December 2021, 2022 and 2023 and the nine months ended 30 September 2024, respectively

The fair value measurement is based on the above assets' highest and best use, which does not differ from their actual use.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Reconciliation of carrying amount – year ended 31 December 2021						
At 1 January 2021	53,059	36,174	57	119	4,661	94,070
Additions	–	16,465	–	–	9,690	26,155
Depreciation	(2,955)	(4,952)	(21)	–	–	(7,928)
Transfers	3,464	–	–	–	(3,464)	–
At 31 December 2021	53,568	47,687	36	119	10,887	112,297

	Buildings	Plant and machinery	Office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Reconciliation of carrying amount – year ended 31 December 2022						
At 1 January 2022	53,568	47,687	36	119	10,887	112,297
Additions	–	30,972	–	173	14,507	45,652
Depreciation	(3,064)	(8,182)	(19)	(19)	–	(11,284)
Transfers	6,220	–	–	–	(6,220)	–
At 31 December 2022	56,724	70,477	17	273	19,174	146,665
Reconciliation of carrying amount – year ended 31 December 2023						
At 1 January 2023	56,724	70,477	17	273	19,174	146,665
Additions	–	43,681	–	–	6,784	50,465
Disposals	–	(1,491)	–	–	–	(1,491)
Depreciation	(4,527)	(11,557)	–	(33)	–	(16,117)
Transfers	25,958	–	–	–	(25,958)	–
At 31 December 2023	78,155	101,110	17	240	–	179,522
Reconciliation of carrying amount – nine months ended 30 September 2024						
At 1 January 2024	78,155	101,110	17	240	–	179,522
Additions	972	15,362	44	124	–	16,502
Disposals	–	(497)	–	–	–	(497)
Depreciation	(3,390)	(9,428)	(6)	(27)	–	(12,851)
At 30 September 2024	75,737	106,547	55	337	–	182,676
At 31 December 2021						
Cost	66,807	121,915	897	2,370	10,887	202,876
Accumulated depreciation	(13,239)	(74,228)	(861)	(2,251)	–	(90,579)
	53,568	47,687	36	119	10,887	112,297
At 31 December 2022						
Cost	73,027	152,887	897	2,543	19,174	248,528
Accumulated depreciation	(16,303)	(82,410)	(880)	(2,270)	–	(101,863)
	56,724	70,477	17	273	19,174	146,665
At 31 December 2023						
Cost	98,985	191,382	897	2,543	–	293,807
Accumulated depreciation	(20,830)	(90,272)	(880)	(2,303)	–	(114,285)
	78,155	101,110	17	240	–	179,522
At 30 September 2024						
Cost	99,956	202,127	370	2,667	–	305,120
Accumulated depreciation	(24,219)	(95,580)	(315)	(2,330)	–	(122,444)
	75,737	106,547	55	337	–	182,676

Up to the date of this report, the Group was in the process of applying for the title certificates of buildings with an aggregate net carrying amount of approximately RMB53,568,000, RMB56,724,000, RMB78,155,000 and RMB49,085,000 at 31 December 2021, 2022 and 2023 and 30 September 2024, respectively.

16. LEASE

(a) The Group as lessee

Right-of-use assets

	Leased properties	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
Reconciliation of carrying amount – year ended 31 December 2021			
At 1 January 2021	183	19,610	19,793
Additions	–	22,247	22,247
Depreciation	(62)	(869)	(931)
At 31 December 2021	121	40,988	41,109
Reconciliation of carrying amount – year ended 31 December 2022			
At 1 January 2022	121	40,988	41,109
Depreciation	(62)	(869)	(931)
At 31 December 2022	59	40,119	40,178
Reconciliation of carrying amount – year ended 31 December 2023			
At 1 January 2023	59	40,119	40,178
Additions	823	–	823
Depreciation	(151)	(869)	(1,020)
At 31 December 2023	731	39,250	39,981
Reconciliation of carrying amount – nine months ended 30 September 2024			
At 1 January 2024	731	39,250	39,981
Additions	75	–	75
Depreciation	(231)	(652)	(883)
At 30 September 2024	575	38,598	39,173
At 31 December 2021			
Cost	189	43,447	43,636
Accumulated depreciation	(68)	(2,459)	(2,527)
	121	40,988	41,109
At 31 December 2022			
Cost	189	43,447	43,636
Accumulated depreciation	(130)	(3,328)	(3,458)
	59	40,119	40,178
At 31 December 2023			
Cost	1,012	43,447	44,459
Accumulated depreciation	(281)	(4,197)	(4,478)
	731	39,250	39,981
At 30 September 2024			
Cost	1,087	43,447	44,534
Accumulated depreciation	(512)	(4,849)	(5,361)
	575	38,598	39,173

The Group leases properties for its daily operations with the initial lease terms ranging from 2 to 3 years during the Track Record Period. The leasehold land represents lump sum consideration paid by the Group for lease period of 50 years and there are no ongoing payments to be made under the terms of the land leases.

One of the Group's leasehold land with a net carrying amount of approximately RMB21,802,000, RMB21,357,000, RMB20,912,000 and RMB20,578,000 at 31 December 2021, 2022 and 2023 and 30 September 2024 was pledged to secure the banking facilities of the Group, respectively *(Note 23)*.

During the Track Record Period, the Group was in the process of applying for the title certificate of one of the Group's leasehold land with a net carrying amount of approximately RMB19,186,000, RMB18,762,000, RMB18,338,000 and Nil at 31 December 2021, 2022 and 2023 and 30 September 2024, respectively. During the nine months ended 30 September 2024, the title certificate of the said leasehold land has been obtained.

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. The Group seldom exercises termination options that were included in the leases. All of lease contracts for leased properties contain an extension or termination option, in which the total lease payment made amounted to approximately RMB66,000, RMB66,000, RMB158,000, RMB87,000 (unaudited) and RMB243,000, respectively, representing the total cash outflows for leased properties for the years ended 31 December 2021, 2022 and 2023 and the nine months ended 30 September 2023 and 2024.

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 2021, 2022 and 2023 and 30 September 2024, no commitments on short-term leases or low-value asset leases.

Lease liabilities

	At 31 December			At 30 September
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current portion	63	59	268	313
Non-current portion	59	–	466	271
	122	59	734	584

Commitments and present value of lease liabilities:

	Lease payments				Present value of lease payments			
	At 31 December			At 30 September	At 31 December			At 30 September
	2021	2022	2023	2024	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amounts payable:								
Within one year	66	60	289	329	63	59	268	313
More than 1 year but within 2 years	60	–	289	265	59	–	277	261
More than 2 years but within 3 years	–	–	190	11	–	–	189	10
	126	60	768	605	122	59	734	584
Less: future finance charges	(4)	(1)	(34)	(21)	–	–	–	–
Total lease liabilities	122	59	734	584	122	59	734	584

At 31 December 2021, 2022 and 2023 and 30 September 2024, the weighted average effective interest rates of the lease liabilities of the Group were approximately 3.45%, 3.31%, 3.49% and 3.49% per annum, respectively.

The total cash flows in relation to leases for the years ended 31 December 2021, 2022 and 2023 and the nine months ended 30 September 2023 and 30 September 2024 were approximately RMB18,210,000, RMB70,000, RMB450,000, RMB379,000 (unaudited) and RMB243,000, respectively.

The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Interest on lease liabilities	5	3	10	5	18
Depreciation of right-of-use assets	931	931	1,020	734	883
Expenses relating to short-term leases	97	4	292	292	–
	1,033	938	1,322	1,031	901

(b) The Group as lessor

The investment properties are leased to several tenants for initial lease terms ranging from two to three years which are non-cancellable by the tenants. The leases do not contain any renewal option. Monthly rental charges consist of fixed payments.

At the end of each reporting period, the undiscounted lease payments receivables by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	At 31 December			At 30 September
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	981	709	513	351
More than one year but less than two years	374	43	191	49
More than two years but less than three years	6	–	–	–
	1,361	752	704	400

17. INVENTORIES

	At 31 December			At 30 September
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	76,393	101,285	28,306	15,974
Finished goods	43,548	52,696	45,502	30,993
	119,941	153,981	73,808	46,967

18. TRADE AND OTHER RECEIVABLES

		At 31 December			At 30 September
		2021	2022	2023	2024
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables					
From third parties		37,769	67,608	36,329	80,673
From a former related company	*18(a)*	1,745	2,564	–	–
		39,514	70,172	36,329	80,673
Less: Loss allowances	*31*	(2,638)	(2,168)	(1,440)	(3,060)
	18(b)	36,876	68,004	34,889	77,613
Bills receivables	*18(c)*	–	–	25,425	20,462
Other receivables					
Prepaid listing expenses		–	–	837	1,765
Prepaid promotion expenses	*18(d)*	–	–	–	14,641
Prepayment to suppliers		13,433	12,142	13,542	13,306
Deposits paid to digital platforms		2,473	1,784	2,291	3,426
Receivables from digital platforms	*18(e)*	3,042	2,376	9,777	8,524
Amount due from a director	*18(f)*	151	151	–	–
Amount due from a related company	*18(g)*	239	122	–	–
Capital contribution receivable from the non-controlling shareholder of a subsidiary	*18(h)*	–	525	–	–
Value-added tax and other tax recoverables		3,850	12,470	2,674	12,749
Other prepayment, deposits and receivables		2,290	2,790	5,278	8,078
		25,478	32,360	34,399	62,489
		62,354	100,364	94,713	160,564

18(a) Trade receivables from a former related company

The amounts represented trade receivables due from a former related company, Jinjiang Libaida, in which 51% equity interests were held by Mr. Zeng Guodong, an executive director of the Company, during the period from 15 November 2021 to 27 October 2023. On 27 October 2023, Jinjiang Libaida became an indirectly wholly-owned subsidiary of the Company *(Note 30)*. The amount due was unsecured, interest-free and had a credit period of 30 days.

	Year ended 31 December 2021		
	Greatest outstanding amount during the year	Balance at 31 December 2021	Balance at 1 January 2021
	RMB'000	*RMB'000*	*RMB'000*
Jinjiang Libaida	2,166	1,745	N/A

	Year ended 31 December 2022		
	Greatest outstanding amount during the year	Balance at 31 December 2022	Balance at 1 January 2022
	RMB'000	*RMB'000*	*RMB'000*
Jinjiang Libaida	2,564	2,564	1,745

	Year ended 31 December 2023		
	Greatest outstanding amount during the year	Balance at 31 December 2023	Balance at 1 January 2023
	RMB'000	*RMB'000*	*RMB'000*
Jinjiang Libaida	26,166	*Remark*	2,564

Remark: Upon the acquisition of Jinjiang Libaida as detailed in Note 30 to the Historical Financial Information, the amount has been eliminated by combination and was not separately disclosed since then.

18(b) Trade receivables

The ageing analysis of trade receivables, net of loss allowances, based on invoice date at the end of each reporting period is as follows:

	At 31 December			At 30 September
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 30 days	11,435	25,133	23,185	39,376
31 to 60 days	6,854	30,557	3,962	31,081
61 to 90 days	9,202	9,180	6,852	2,090
91 to 180 days	1,452	208	519	4,882
181 to 365 days	1,162	1,881	25	184
Over 1 year	6,771	1,045	346	–
	36,876	68,004	34,889	77,613

At the end of each reporting period, the ageing analysis of the trade receivables, net of loss allowances, by due date is as follows:

	At 31 December			At 30 September
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Not yet due	17,149	52,440	21,766	68,835
Past due:				
Within 30 days	6,834	6,958	5,746	2,905
31 to 60 days	3,620	3,086	2,032	329
61 to 90 days	1,049	2,426	4,455	3,148
91 to 180 days	444	190	512	2,212
181 to 365 days	1,009	293	8	184
Over 1 year	6,771	2,611	370	–
	19,727	15,564	13,123	8,778
	36,876	68,004	34,889	77,613

The Group normally grants credit terms up to 90 days from the date of issuance of invoices.

18(c) Bills receivables

At the end of each reporting period, the bills receivables were interest-free and guaranteed by banks in the PRC and had maturities of less than six months.

18(d) Prepaid promotion expenses

At 30 September 2024, the amount of approximately RMB14,641,000 represented the promotion expenses prepaid to certain marketing agents for the promotion on digital platforms. The amount was expected to be recognised in profit or loss within one year.

18(e) Receivables from digital platforms

The amounts represented the sales received by the digital platforms on behalf of the Group through the Group's self-operated online retail stores via their platforms. The amounts were repayable on demand upon the request from the Group.

18(f) Amount due from a director

The amount due was non-trade in nature, unsecured, interest-free and repayable on demand. The amount was fully settled during the year ended 31 December 2023.

	Year ended 31 December 2021		
	Greatest outstanding amount during the year	Balance at 31 December 2021	Balance at 1 January 2021
	RMB'000	*RMB'000*	*RMB'000*
Mr. Gao Yue	151	151	151

	Year ended 31 December 2022		
	Greatest outstanding amount during the year	Balance at 31 December 2022	Balance at 1 January 2022
	RMB'000	*RMB'000*	*RMB'000*
Mr. Gao Yue	151	151	151

	Year ended 31 December 2023		
	Greatest outstanding amount during the year	Balance at 31 December 2023	Balance at 1 January 2023
	RMB'000	*RMB'000*	*RMB'000*
Mr. Gao Yue	151	–	151

18(g) Amount due from a related company

深圳市耀信盛電子商務有限公司 (Shenzhen Yaoxinsheng E-Commerce Co., Ltd.*) ("Yaoxinsheng") was controlled by Mr. Zeng Guodong, an executive director of the Company, and was de-registered during the year ended 31 December 2023. The amount due was non-trade in nature, unsecured, interest-free and repayable on demand. The amount was fully settled prior to its de-registration during the year ended 31 December 2023.

	Year ended 31 December 2021		
	Greatest outstanding amount during the year	Balance at 31 December 2021	Balance at 1 January 2021
	RMB'000	*RMB'000*	*RMB'000*
Yaoxinsheng	239	239	239

	Year ended 31 December 2022		
	Greatest outstanding amount during the year	Balance at 31 December 2022	Balance at 1 January 2022
	RMB'000	*RMB'000*	*RMB'000*
Yaoxinsheng	239	122	239

	Year ended 31 December 2023		
	Greatest outstanding amount during the year	Balance at 31 December 2023	Balance at 1 January 2023
	RMB'000	*RMB'000*	*RMB'000*
Yaoxinsheng	122	–	122

* *The English name is translated for identification purpose only.*

18(h) Capital contribution receivable from the non-controlling shareholder of a subsidiary

The amount due was non-trade in nature, unsecured, interest-free and fully settled during the year ended 31 December 2023.

19. PLEDGED BANK DEPOSITS

Pledged bank deposits were deposits which are placed in the PRC banks as securities for the issuance of bills payables (*Note 21(b)*).

20. CASH AND CASH EQUIVALENTS

	At 31 December			At 30 September
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and in hand	5,620	6,464	63,000	22,867
Non-pledged time deposits with original maturity of 3 months or less when acquired	14,960	–	–	–
Cash and cash equivalents in the combined statements of financial position and the combined statements of cash flows	20,580	6,464	63,000	22,867

At 31 December 2021, 2022 and 2023 and 30 September 2024, bank balances in total of approximately RMB4,977,000, RMB6,019,000, RMB62,983,000 and RMB22,863,000, respectively, carried interest at floating rates based on daily bank deposit rates. Non-pledged time deposits were made between one month and three months depending on the immediate cash requirement of the Group, and earned interest at the prevailing short-term deposit rates.

At 31 December 2021, 2022 and 2023 and 30 September 2024, bank balances that were placed in the PRC amounted to approximately RMB19,937,000, RMB6,019,000, RMB60,631,000 and RMB18,804,000, respectively. Remittance of funds out of the PRC is subject to the exchange controls imposed by the PRC government.

21. TRADE AND OTHER PAYABLES

		At 31 December			At 30 September
		2021	2022	2023	2024
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables to third parties	*21(a)*	26,841	18,985	15,483	31,358
Bills payables	*21(b)*	42,675	39,777	40,329	49,049
Other payables					
Contract liabilities – receipts in advance	*21(c)*	13,054	27,498	20,189	11,652
Salary payables		2,009	2,504	2,656	1,437
Other tax payables		461	423	432	648
Accruals and other payables		9,531	18,462	20,184	23,845
Payables for purchase of property, plant and equipment		–	1,592	7,266	7,114
Payables for distribution service fees					
– to a related company	*21(d)*	12,130	13,930	16,155	10,417
– to third parties		–	92	2,504	786
Accrued listing expenses		–	–	468	2,782
		37,185	64,501	69,854	58,681
		106,701	123,263	125,666	139,088

21(a) Trade payables

The trade payables were unsecured, interest-free and with normal credit terms up to 60 days.

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

	At 31 December			At 30 September
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 30 days	6,775	6,477	3,305	15,747
31 to 60 days	2,747	5,678	4,039	9,470
61 to 90 days	2,886	2,763	1,200	2,247
Over 90 days	14,433	4,067	6,939	3,894
	26,841	18,985	15,483	31,358

21(b) Bills payables

At the end of each reporting period, the bills payables were interest-free, guaranteed by banks in the PRC and had maturities of less than six months. The Group's bills payables were secured by pledged bank deposits of approximately RMB14,113,000, RMB20,934,000, RMB15,995,000 and RMB19,313,000 at 31 December 2021, 2022 and 2023 and 30 September 2024, respectively *(Note 19)*.

21(c) Contract liabilities

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:

	At 31 December			At 30 September
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the reporting period	17,970	13,054	27,498	20,189
Additions	13,054	27,498	20,189	11,652
Revenue recognised *(Note 5)*	(17,970)	(13,054)	(27,498)	(20,189)
At the end of the reporting period	13,054	27,498	20,189	11,652

The contract liabilities of approximately RMB13,054,000, RMB27,498,000, RMB20,189,000 and RMB11,652,000 at 31 December 2021, 2022 and 2023 and 30 September 2024, 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 transaction price of approximately RMB13,054,000, RMB27,498,000, RMB20,189,000 and RMB11,652,000 at 31 December 2021, 2022 and 2023 and 30 September 2024, respectively, allocated to the unsatisfied performance obligations are expected to be recognised as revenue in one year or less when the obligations are performed.

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

At 31 December 2021, 2022 and 2023 and 30 September 2024, the amounts were payable to a related company, 晉江市志華物流有限公司 (Jinjiang Zhihua Logistics Co., Ltd.*) ("Zhihua") which is controlled by Mr. Gao Yue, an executive director of the Company in relation to provision of distribution services. The amount due was unsecured, interest-free and will be settled in accordance with a credit period of 30 days granted to the Group.

22. AMOUNT DUE TO THE CONTROLLING SHAREHOLDER

At 31 December 2021, 2022 and 2023 and 30 September 2024, the amount due to the Controlling Shareholder of approximately RMB190,094,000, RMB206,844,000, RMB207,284,000 and Nil, respectively, had been classified as non-current liabilities of the Group as the Controlling Shareholder confirmed in writing that such amount represented a loan capital, which is non-trade in nature, unsecured and interest free, as an initial and continuing financial supports for funding the Group's operations and business development and committed not to demand for repayment not less than 5 years at the end of each reporting period. On 31 March 2024, the amount due to the Controlling Shareholder classified under non-current liabilities of approximately RMB207,284,000 was waived and credited to the capital reserve under equity upon execution of a deed of wavier by the Controlling Shareholder.

The remaining amount of approximately RMB137,615,000, RMB136,212,000, RMB71,576,000 and RMB23,123,000 at 31 December 2021, 2022 and 2023 and 30 September 2024, respectively, which was classified under current liabilities, was non-trade in nature, unsecured, interest-free, repayable on demand and has been fully settled prior to the Listing.

23. INTEREST-BEARING BORROWINGS

	At 31 December			At 30 September
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fixed-rate borrowings				
Secured and guaranteed bank loans				
– within one year	10,000	18,000	13,000	18,200
Effective interest rates per annum for fixed-rate borrowings	3.35%	3.20%–4.30%	3.45%–3.50%	3.15%–3.35%

The interest-bearing borrowings were collectively secured by:

(a) personal guarantees provided by the Controlling Shareholder and his spouse;

(b) properties held by the Controlling Shareholder;

(c) corporate guarantee provided by a subsidiary of the Group;

(d) leasehold land with a net carrying amount of approximately RMB21,802,000, RMB21,357,000, RMB20,912,000 and RMB20,578,000 at 31 December 2021, 2022 and 2023 and 30 September 2024, respectively *(Note 16)*; and

(e) investment properties of Nil, Nil, approximately RMB44,161,000 and RMB44,200,000 at 31 December 2021, 2022 and 2023 and 30 September 2024, respectively *(Note 14)*.

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

The guarantees and the pledged properties provided by the Controlling Shareholder and his spouse are subsequently released and replaced by a corporate guarantee provided by a subsidiary of the Group.

* *The English name is translated for identification purpose only.*

24. DEFERRED TAXATION

The movements in the Group's deferred tax assets (liabilities) during the Track Record Period were as follows:

	Accrued revenue and costs	Depreciation allowance	Fair value changes on investment properties	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	45	(324)	(5,473)	(5,752)
Income tax credit (expenses)	329	(75)	(8)	246
At 31 December 2021	374	(399)	(5,481)	(5,506)
At 1 January 2022	374	(399)	(5,481)	(5,506)
Income tax expenses	(384)	(194)	(242)	(820)
At 31 December 2022	(10)	(593)	(5,723)	(6,326)
At 1 January 2023	(10)	(593)	(5,723)	(6,326)
Income tax expenses	(61)	(631)	(575)	(1,267)
At 31 December 2023	(71)	(1,224)	(6,298)	(7,593)
At 1 January 2024	(71)	(1,224)	(6,298)	(7,593)
Income tax credit (expenses)	30	(377)	(12)	(359)
At 30 September 2024	(41)	(1,601)	(6,310)	(7,952)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the combined statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	At 31 December			At 30 September
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	374	–	–	–
Deferred tax liabilities	(5,880)	(6,326)	(7,593)	(7,952)
	(5,506)	(6,326)	(7,593)	(7,952)

At 31 December 2021, 2022 and 2023 and 30 September 2024, the Group has unused tax losses of approximately RMB16,724,000, RMB21,952,000, RMB27,396,000 and RMB37,744,000, subject to the approval by the relevant tax authorities, available for offset against future taxable profits of the respective subsidiaries for a maximum of 5 years from the period in which the tax loss was incurred. At 31 December 2021, 2022 and 2023 and 30 September 2024, no deferred tax assets have been recognised in respect of these tax losses as it is not probable that sufficient future taxable profits will be available for the respective subsidiaries against which the assets can be utilised.

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 unremitted accumulated profits were approximately RMB9,491,000, RMB52,933,000, RMB101,524,000 and RMB154,832,000 at 31 December 2021, 2022 and 2023 and 30 September 2024, respectively.

25. SHARE CAPITAL AND THE FINANCIAL INFORMATION OF THE COMPANY

25(a) Share capital

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 22 November 2023. Upon its incorporation, the authorised share capital of HK$380,000 was divided into 38,000,000 ordinary shares at HK$0.01 each and 1 ordinary share with total consideration of HK$0.01 was issued at the date of incorporation.

On 23 April 2024 and 26 April 2024, total 899,999 and 100,000 shares were allotted and issued at an aggregate consideration of HK$10,000 (equivalent to RMB9,465).

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

Pursuant to the Reorganisation completed on 26 April 2024, the Company became the holding company of the entities now comprising the Group. Further details of the change in authorised and issued capital of the Company since its incorporation are set out in the paragraph headed "Reorganisation" of the section headed "History, Development and Reorganisation" of the Prospectus.

Save as disclosed above, the Company has not commenced any significant business or operation since its incorporation.

25(b) Investment in a subsidiary

Investment in a subsidiary represents 100% of the issued share capital of Soft BVI.

25(c) Amounts due from (to) the immediate holding company/a subsidiary

The amounts due were non-trade in nature, unsecured, interest-free and repayable on demand.

25(d) Reserves of the Company

	Translation reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*
At 22 November 2023 (date of incorporation)	–	–	–
Profit for the period	–*	–*	–*
Other comprehensive income			
Exchange difference on translation of the Company's financial statements to presentation currency	–*	–	–*
At 31 December 2023	–*	–*	–*
At 31 December 2023 and 1 January 2024	–*	–*	–*
Loss for the period	–*	(321)	(321)
Other comprehensive income			
Exchange difference on translation of the Company's financial statements to presentation currency	7	–	7
At 30 September 2024	7	(321)	(314)

Note: During the year ended 31 December 2023 and the nine months ended 30 September 2024, the listing expenses of approximately RMB5,981,000 and RMB10,698,000 were borne by the Company's subsidiaries without recharge.

* *Represents amount less than RMB1,000.*

26. RESERVES

26(a) Capital reserve

The capital reserve represents (i) the aggregate amount of the nominal value of the issued/paid-up capital 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 and (ii) deemed capital contribution from the Controlling Shareholder through the waiver of the amount due to the Controlling Shareholder of approximately RMB207,284,000 as detailed in Note 22 to the Historical Financial Information.

26(b) Translation reserve

The translation reserve represents all foreign exchange differences arising from the translation of the Group's entities, including the Company, that have functional currency different from the Group's presentation currency for combinations.

26(c) 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. RELATED PARTY TRANSACTIONS

The Group had the following related party transactions during the Track Record Period.

(a) Related party transactions of the Group

Transactions between the group entities have been eliminated by combination and are not disclosed. During the Track Record Period, the Group had the following significant transactions with related parties. In the opinion of the directors of the Company, they are under normal commercial terms that are fair and reasonable and in the best interests of the Group.

		Year ended 31 December			Nine months ended 30 September	
Name of the related party	**Nature of the transaction**	**2021**	**2022**	**2023**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Jinjiang Libaida *(Note 18(a))*	Sales of hygienic disposables	130	1,014	41,263	26,598	–
福建省晉江市對外貿易有限公司 (Fujian Province Jinjiang City Foreign Trade Co., Ltd.*) ("Jinjiang Foreign Trade") *(Note)*	Agency fee for import and export services	805	772	795	514	192
Zhihua *(Note 21(d))*	Provision of distribution services	4,698	5,000	15,669	8,568	13,579
Zeng Guodong, an executive director of the Company	Consideration paid for acquisition of Jinjiang Libaida *(Note 30)*	–	–	551	–	–

Note:

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

* *The English name is translated for identification purpose only.*

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

	Year ended 31 December			Nine months ended 30 September	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Salaries, allowances, discretionary bonus, and other benefits in kind	878	1,072	1,185	887	908
Contributions to defined contribution plans	16	39	68	50	70
	894	1,111	1,253	937	978

Further details of the directors' remuneration are set out in Note 8 to the Historical Financial Information.

(c) Pledge of assets/guarantees provided for interest-bearing borrowings of the Group by the related parties

As detailed in Note 23 to the Historical Financial Information, the interest-bearing borrowings of approximately RMB10,000,000, RMB18,000,000, RMB13,000,000 and RMB18,200,000 at 31 December 2021, 2022 and 2023 and 30 September 2024 were secured by, among others, (i) properties held by the Controlling Shareholder and (ii) guarantees given by the Controlling Shareholder and his spouse.

The above guarantees and the pledged assets provided by the related parties are subsequently released and replaced by a corporate guarantee provided by a subsidiary of the Group.

(d) Balances with related parties

	At 31 December			At 30 September
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables from a former related company *(Note a)*				
Jinjiang Libaida	1,745	2,564	N/A	N/A
Amount due from a director *(Note b)*				
Mr. Gao Yue	151	151	–	–
Amount due from a related company *(Note b)*				
Yaoxinsheng	239	122	–	–
Capital contribution receivable from the non-controlling shareholder of a subsidiary *(Note c)*	–	525	–	–
Amount due to the Controlling Shareholder – Mr. Ngan Pui Kan *(Note 22)*				
Current portion *(Note d)*	137,615	136,212	71,576	23,123
Non-current portion *(Note e)*	190,094	206,844	207,284	–
	327,709	343,056	278,860	23,123
Payables for distribution services fees to a related company *(Note f)*				
Zhihua	12,130	13,930	16,155	10,417

Notes:

(a) The amount due was trade in nature, unsecured, interest-free and had a credit period of 30 days. Upon the completion of acquisition of Jinjiang Libaida as detailed in Note 30 to the Historical Financial Information, the amount has been eliminated by combination and was not separately disclosed since then.

(b) The amount due was non-trade in nature, unsecured, interest-free and repayable on demand. The amount was fully settled during the year ended 31 December 2023.

(c) The amount was non-trade in nature, unsecured, interest-free and fully settled during the year ended 31 December 2023.

(d) The amount was non-trade in nature, unsecured, interest-free, repayable on demand and has been fully settled prior to the Listing.

(e) The amount represented a loan capital, which is non-trade in nature, unsecured and interest free, as an initial and continuing financial supports for funding the Group's operations and business development. On 31 March 2024, the amount of approximately RMB207,284,000 was waived and credited to the capital reserve under equity upon execution of a deed of wavier by the Controlling Shareholder.

(f) The amount was trade in nature, unsecured, interest-free and will be settled in accordance with a credit period of 30 days granted to the Group.

28. 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:

During the years ended 31 December 2021, 2022 and 2023 and the nine months ended 30 September 2023 and 2024, certain of property, plant and equipment acquired with an aggregate amount of approximately RMB6,053,000, RMB15,862,000, Nil, Nil (unaudited) and Nil, respectively, were settled by the Controlling Shareholder on behalf of the Group.

During the years ended 31 December 2021, 2022 and 2023 and the nine months ended 30 September 2023 and 2024, the Group recognised right-of-use assets by incurring lease liabilities of Nil, Nil, approximately RMB823,000, RMB636,000 (unaudited) and RMB75,000, respectively.

During the nine months ended 30 September 2024, the Group and the Controlling Shareholder entered into a deed of waiver dated and executed on 31 March 2024, pursuant to which, the amount due to the Controlling Shareholder classified as non-current liabilities of approximately RMB207,284,000 was waived and credited to the capital reserve under the equity.

(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:

			Non-cash changes						
	At 1 January 2021	Net cash flows	Acquisition of property, plant and equipment	Addition of right-of-use assets	Waiver of amount due to the Controlling Shareholder	Disposal of subsidiaries	Finance costs	Exchange realignment	At 31 December 2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2021									
Amount due to the Controlling Shareholder	317,955	3,920	6,053	–	–	–	–	(219)	327,709
Interest-bearing borrowings	–	10,000	–	–	–	–	–	–	10,000
Lease liabilities	183	(66)	–	–	–	–	5	–	122
Total liabilities from financing activities	318,138	13,854	6,053	–	–	–	5	(219)	337,831

	At 1 January 2022	Net cash flows	Non-cash changes: Acquisition of property, plant and equipment	Addition of right-of-use assets	Waiver of amount due to the Controlling Shareholder	Disposal of subsidiaries	Finance costs	Exchange realignment	At 31 December 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2022									
Amount due to the Controlling Shareholder	327,709	(1,583)	15,862	–	–	–	–	1,068	343,056
Interest-bearing borrowings	10,000	8,000	–	–	–	–	–	–	18,000
Lease liabilities	122	(66)	–	–	–	–	3	–	59
Total liabilities from financing activities	337,831	6,351	15,862	–	–	–	3	1,068	361,115

	At 1 January 2023	Net cash flows	Non-cash changes: Acquisition of property, plant and equipment	Addition of right-of-use assets	Waiver of amount due to the Controlling Shareholder	Disposal of subsidiaries	Finance costs	Exchange realignment	At 31 December 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023									
Amount due to the Controlling Shareholder	343,056	(62,636)	–	–	–	(2,000)	–	440	278,860
Interest-bearing borrowings	18,000	(5,000)	–	–	–	–	–	–	13,000
Lease liabilities	59	(158)	–	823	–	–	10	–	734
Total liabilities from financing activities	361,115	(67,794)	–	823	–	(2,000)	10	440	292,594

	At 1 January 2023	Net cash flows	Non-cash changes: Acquisition of property, plant and equipment	Addition of right-of-use assets	Waiver of amount due to the Controlling Shareholder	Disposal of subsidiaries	Finance costs	Exchange realignment	At 30 September 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Nine months ended 30 September 2023 (Unaudited)									
Amount due to the Controlling Shareholder	343,056	(27,188)	–	–	–	(2,000)	–	716	314,584
Interest-bearing borrowings	18,000	(1,000)	–	–	–	–	–	–	17,000
Lease liabilities	59	(87)	–	636	–	–	5	–	613
Total liabilities from financing activities	361,115	(28,275)	–	636	–	(2,000)	5	716	332,197

	At 1 January 2024	Net cash flows	Non-cash changes: Acquisition of property, plant and equipment	Addition of right-of-use assets	Waiver of amount due to the Controlling Shareholder	Disposal of subsidiaries	Finance costs	Exchange realignment	At 30 September 2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(Note 22)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Nine months ended 30 September 2024									
Amount due to the Controlling Shareholder	278,860	(48,679)	–	–	(207,284)	–	–	226	23,123
Interest-bearing borrowings	13,000	5,200	–	–	–	–	–	–	18,200
Lease liabilities	734	(243)	–	75	–	–	18	–	584
Total liabilities from financing activities	292,594	(43,722)	–	75	(207,284)	–	18	226	41,907

29. DISPOSAL/DEREGISTRATION OF SUBSIDIARIES UNDER THE REORGANISATION

In preparation for the Listing, certain subsidiaries were disposed of/deregistered as part of the Reorganisation:

(a) Disposal of subsidiaries

On 27 September 2023, the Group disposed of its 51% equity interests in Jinjiang Lantu together with its wholly-owned subsidiaries, Jiangxi Lishi and Jiangxi Lantu (collectively referred to as "Jinjiang Lantu Group") to an independent third party at a cash consideration of approximately RMB1,785,000 (the "Disposal"). The Disposal was completed on 28 September 2023.

Details of the consideration received for the Disposal and net liabilities of Jinjiang Lantu Group at the date of the Disposal are summarised as follows:

	RMB'000
Consideration received, satisfied by:	
Cash received	1,785
Net liabilities disposed of:	
Trade and other receivables	1,549
Cash and bank balances	790
Trade receivables due from Jinjiang Lantu Group	(1,097)
Amount due to the Controlling Shareholder	(2,000)
Other payables	(642)
Net liabilities upon disposal	(1,400)
Non-controlling interests	686
Consideration	(1,785)
Gain on disposal of subsidiaries	(2,499)
Net cash inflows from the Disposal:	
Consideration received	1,785
Less: cash and bank balances disposed of	(790)
	995

(b) Deregistration of subsidiaries

During the year ended 31 December 2023, subsidiaries of the Group including Blue Giant E-commerce, Fujian Insoftb E-commerce, Fujian Shusen, Insoftb Qinning and Xiamen Insoftb E-commerce (collectively referred to as the "Deregistered Subsidiaries") have been deregistered (as set out in Note 1 to the Historical Financial Information). Upon the deregistration, a loss on deregistration of the Deregistered Subsidiaries of Nil, Nil, approximately RMB5,000, RMB5,000 (unaudited) and Nil has been recognised in profit or loss during the years ended 31 December 2021, 2022 and 2023 and the nine months ended 30 September 2023 and 2024.

Details of aggregated net liabilities of the Deregistered Subsidiaries are summarised as follows:

	Year ended 31 December			Nine months ended 30 September	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Aggregated net liabilities	–	–	–	–	–
Non-controlling interests	–	–	5	5	–
Loss on deregistration	–	–	5	5	–
Net cash flow from deregistration of subsidiaries	–	–	–	–	–

30. ACQUISITION OF A SUBSIDIARY UNDER THE REORGANISATION

On 27 October 2023, Insoftb China, being the acquirer, while Mr. Zeng Guodong and an independent third party, being the Vendors (each of them held 51% and 49% of the equity interests in Jinjiang Libaida on that date, respectively) (collectively referred to as "Vendors") entered into an agreement, pursuant to which Insoftb China has agreed to acquire 51% and 49% of the equity interests in Jinjiang Libaida from the Vendors, respectively, at a cash consideration of approximately RMB551,000 and RMB529,000, respectively (the "Acquisition").

The Acquisition was completed on 27 October 2023 (the "Acquisition Date") and Jinjiang Libaida has become an indirectly wholly-owned subsidiary of the Company. The principal activity of Jinjiang Libaida is sales of hygienic disposables in the PRC.

The Group's management considered that the Acquisition constituted a business combination and had been accounted for using the acquisition method of accounting under IFRS 3 (Revised) *"Business Combinations"*.

Details of the consideration paid and the amounts of the assets acquired and liabilities assumed at the Acquisition Date are summarised as follows:

	RMB'000
Consideration paid, satisfied by cash	1,080
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Trade and other receivables	6,776
Cash and bank balances	2,363
Trade receivables from Jinjiang Libaida	(7,998)
Other payables	(61)
Total identifiable net assets, at fair value	1,080
Net cash inflows from the Acquisition	
Cash and bank balances acquired from the Acquisition	2,363
Less: Consideration paid	(1,080)
	1,283

The management of the Group considered that the carrying values of all identifiable assets acquired and liabilities assumed of Jinjiang Libaida approximate to their fair values at the Acquisition Date.

The fair values of trade and other receivables acquired included trade receivables with fair value of approximately RMB5,776,000 and other receivables with fair value of approximately RMB1,000,000. The total gross contractual amounts of the trade and other receivables are approximately RMB6,776,000, of which no provision was made against trade receivables and other receivables.

Since acquisition and up to 31 December 2023, Jinjiang Libaida has contributed revenue and net losses of approximately RMB24,852,000 and RMB1,553,000 to the Group, respectively.

If the business combination of Jinjiang Libaida was effected at 1 January 2021, the combined revenue and net profit for the Group would have been approximately RMB263,319,000 and RMB9,950,000, respectively, for the year ended 31 December 2021, approximately RMB408,158,000 and RMB41,499,000, respectively, for the year ended 31 December 2022, approximately RMB657,751,000 and RMB39,601,000, respectively, for the year ended 31 December 2023 and approximately RMB494,902,000 (unaudited) and RMB41,359,000 (unaudited), respectively, for the nine months ended 30 September 2023.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise of pledged bank deposits, cash and cash equivalents, amount due to the Controlling Shareholder, 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			At 30 September
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets – at amortised cost				
Financial assets included in trade and other receivables	44,136	73,777	73,615	115,977
Pledged bank deposits	14,113	20,934	15,995	19,313
Cash and cash equivalents	20,580	6,464	63,000	22,867
	78,829	101,175	152,610	158,157
Financial liabilities – at amortised cost				
Financial liabilities included in trade and other payables	85,316	81,498	86,102	107,863
Amount due to the Controlling Shareholder	327,709	343,056	278,860	23,123
Interest-bearing borrowings	10,000	18,000	13,000	18,200
Lease liabilities	122	59	734	584
	423,147	442,613	378,696	149,770

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.

Credit risk

The carrying amount of financial assets recognised on the Historical Financial Information, which is net of loss allowances, 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 region 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 2021, 2022 and 2023 and 30 September 2024, the Group had a concentration of credit risk as approximately 18%, 62%, 37% and 64% of the total trade receivables was due from the Group's largest trade debtor, respectively, and approximately 50%, 81%, 64% and 79% 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' domicile and 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 the end of each reporting period.

As part of the Group's credit risk management, the Group has applied internal credit rating for its customers and established a provision matrix that is based on historical credit loss experience having considered the ageing of debtors, adjusted for forward-looking factors specific to the debtors, the economic environment and the domicile of the debtors' countries. The expected loss rate used in the provision matrix is calculated for each category based on actual credit loss experience over the past periods 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. 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 2021, 2022 and 2023 and 30 September 2024.

None of the trade receivables were written off during the Track Record Period.

The information about the exposure to credit risk and ECL for trade receivables using a provision matrix with appropriate groupings based on shared credit risk characteristics of customers and the domicile of the customers' countries at 31 December 2021, 2022 and 2023 and 30 September 2024 is summarised below.

Internal credit rating (Remark)	Weighted average expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
At 31 December 2021			
PRC customers			
– Risk Category 1	3.16	6,613	209
– Risk Category 2	16.60	8,119	1,348
Russia customers			
– Risk Category 1	4.33	14,586	631
Other countries customers			
– Risk Category 1	4.41	10,196	450
		39,514	2,638

Internal credit rating (Remark)	Weighted average expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
At 31 December 2022			
PRC customers			
– Risk Category 1	2.18	5,561	121
– Risk Category 2	4.99	2,748	137
Russia customers			
– Risk Category 1	3.05	53,980	1,645
Other countries customers			
– Risk Category 1	3.36	7,883	265
		70,172	2,168

Internal credit rating (Remark)	Weighted average expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
At 31 December 2023			
PRC customers			
– Risk Category 1	1.66	10,867	180
– Risk Category 2	3.65	384	14
Russia customers			
– Risk Category 1	5.63	17,556	988
Other countries customers			
– Risk Category 1	3.43	7,522	258
		36,329	1,440

Internal credit rating (Remark)	Weighted average expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
At 30 September 2024			
PRC customers			
– Risk Category 1	1.56	17,067	267
Russia customers			
– Risk Category 1	4.80	52,280	2,508
Other countries customers			
– Risk Category 1	2.52	11,326	285
		80,673	3,060

Remarks:

Risk Category	Description
Risk Category 1	The debtor has on-going business relationship with the Group with a good credit history. The Group expects the debtor to settle the receivable within one year.
Risk Category 2	The debtor failed to settle on time due to a temporary problem, but the Group expects the problem could be resolved and the outstanding amount could be settled in a foreseeable future.
Risk Category 3	The debtor failed to settle the receivables on time and the situation could not be resolved in a foreseeable future.

The movements in loss allowances for trade receivables during the Track Record Period are summarised below.

	Year ended 31 December			Nine months ended 30 September
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the reporting period	2,515	2,638	2,168	1,440
Increase (Decrease) in loss allowance, net	123	(470)	(728)	1,620
At the end of the reporting period	2,638	2,168	1,440	3,060

During the year ended 31 December 2021, the increase in loss allowance on trade receivables was mainly due to the increase in long overdue trade receivables.

During the year ended 31 December 2022, the decrease in loss allowance on trade receivables was mainly due to the settlement of long overdue trade receivables from certain debtors.

During the year ended 31 December 2023, the decrease in loss allowance on trade receivables was mainly due to the decrease in gross balances of the trade receivables.

During the nine months ended 30 September 2024, the increase in loss allowance on trade receivables was mainly due to the increase in gross balances of the trade receivables.

Other financial assets carried at amortised costs

The Group's other financial assets carried at amortised costs include pledged bank deposits, cash and cash equivalents and other receivables in the combined statements of financial position.

The Group's pledged bank deposits and cash and cash equivalents include cash at banks and assets with similar nature as cash, of which cash at banks are deposited in major financial institutions located in the PRC and assets with similar nature as cash are deposited in high creditworthy 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 these counterparties.

The management of the Group considers that the other receivables 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. Loss allowances 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.

There was no change in the estimation techniques or significant assumptions made during the Track Record Period.

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			At 30 September
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets, net				
US$	3,496	5,430	9,027	1,759

At 31 December 2021, 2022 and 2023 and 30 September 2024, if the exchange rate of US$ had increased/decreased by 5% against the functional currencies of the respective Group's entities and other variables were held constant, the Group's pre-tax profits would increase/decrease by approximately RMB175,000, RMB272,000, RMB451,000 and RMB88,000 for the years ended 31 December 2021, 2022 and 2023 and the nine months ended 30 September 2024, 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, pursuant to a written foreign currency hedging policy as approved by the Group's management, the Group would only 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.

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	Total contractual undiscounted cash flow	On demand or less than 1 year	1 to 2 years	2 to 3 years	Over 3 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2021						
Trade and other payables	85,316	85,316	85,316	–	–	–
Amount due to the Controlling Shareholder	327,709	327,709	137,615	–	–	190,094
Interest-bearing borrowings	10,000	10,254	10,254	–	–	–
Lease liabilities	122	126	66	60	–	–
	423,147	423,405	233,251	60	–	190,094
At 31 December 2022						
Trade and other payables	81,498	81,498	81,498	–	–	–
Amount due to the Controlling Shareholder	343,056	343,056	136,212	–	–	206,844
Interest-bearing borrowings	18,000	18,373	18,373	–	–	–
Lease liabilities	59	60	60	–	–	–
	442,613	442,987	236,143	–	–	206,844
At 31 December 2023						
Trade and other payables	86,102	86,102	86,102	–	–	–
Amount due to the Controlling Shareholder	278,860	278,860	71,576	–	–	207,284
Interest-bearing borrowings	13,000	13,417	13,417	–	–	–
Lease liabilities	734	768	289	289	190	–
	378,696	379,147	171,384	289	190	207,284
At 30 September 2024						
Trade and other payables	107,863	107,863	107,863	–	–	–
Amount due to the Controlling Shareholder	23,123	23,123	23,123	–	–	–
Interest-bearing borrowings	18,200	18,501	18,501	–	–	–
Lease liabilities	584	605	329	265	11	–
	149,770	150,092	149,816	265	11	–

32. FAIR VALUE MEASUREMENTS

The management of the Group estimates the fair value of its financial assets and financial liabilities measurement of amortise 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.

33. COMMITMENTS

(a) Capital expenditure commitments

	At 31 December			At 30 September
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted but not provided for net of deposits paid for acquisition of property, plant and equipment	19,214	6,872	6,903	3,919

(b) Commitments under leases

The Group as lessor

The Group leases out its properties under operating leases with lease terms ranging from one year to three years. The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	At 31 December			At 30 September
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	981	709	513	351
More than one year but less than two years	374	43	191	49
More than two years but less than three years	6	–	–	–
	1,361	752	704	400

34. 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.

35. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 30 September 2024, the Group has the following subsequent events:

(i) Pursuant to the resolution in writing of the Company's shareholders passed on 10 March 2025, subject to the share premium account of the Company being credited as a result of the offering of the Company's shares, the directors of the Company were authorised to allot and issue a total of 650,000,000 shares of HK$0.0001 each to the existing shareholders, credited as fully paid at par by way of capitalisation of the sum of HK$65,000 standing to be credit of the share premium account of the Company (the "Capitalisation Issue") and the shares to be allotted and issued pursuant to this resolution shall carry the same rights as all shares in issue (save for the right to participate in the Capitalisation Issue).

(ii) As disclosed in Note 22 to the Historical Financial Statements, the amount due to the Controlling Shareholder has been fully settled prior to the Listing.

(iii) As disclosed in Note 23 to the Historical Financial Statements, the guarantee and the pledged properties provided by the Controlling Shareholder and his spouse on the Group's interest-bearing borrowings are subsequently released and replaced by a corporate guarantee provided by a subsidiary of the Group.

36. 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 30 September 2024.

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 prospectus, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The following statement of our unaudited pro forma 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 Pro Forma 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 Global Offering on our combined net tangible assets attributable to equity owners of our Company at 30 September 2024 as if the Global Offering had taken place on that date.

Our unaudited pro forma 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 30 September 2024 or at any future dates following the Global Offering. It is prepared based on our audited combined net tangible assets attributable to equity owners of our Company at 30 September 2024 as set out in the Accountants' Report in Appendix I to this Prospectus, and adjusted as described below. Our unaudited pro forma adjusted combined net tangible assets do not form part of the Accountants' Report as set out in Appendix I to this Prospectus.

	Audited combined net tangible assets attributable to owners of the Company at 30 September 2024		**Estimated net proceeds from the Global Offering**		**Unaudited pro forma adjusted combined net tangible assets attributable to owners of the Company**		**Unaudited pro forma adjusted combined net tangible assets attributable to owners of the Company per Share**	
	(Note 1)	*(Note 5)*	*(Note 5)*	*(Note 2)*			*(Note 5)*	*(Note 3)*
	RMB'000	*HK$'000*	*RMB'000*	*HK$'000*	*RMB'000*	*HK$'000*	*RMB*	*HK$*
Based on the Offer Price of HK$0.50 per Offer Share	330,270	366,682	92,563	102,768	422,833	469,450	0.42	0.47
Based on the Offer Price of HK$0.60 per Offer Share	330,270	366,682	113,729	126,268	443,999	492,950	0.44	0.49

NOTES TO THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

1. Our audited combined net tangible assets attributable to owners of the Company at 30 September 2024 is based on the audited combined net assets attributable to owners of our Company at 30 September 2024 of approximately RMB330,337,000 with an adjustment for the intangible assets of approximately RMB67,000, extracted from our combined financial information included in the Accountants' Report as set out in Appendix I to this prospectus.

2. The estimated net proceeds from the Global Offering are based on 250,000,000 new Shares and the indicative Offer Price of HK$0.50 and HK$0.60 per Offer Share, respectively, after deduction of relevant estimated underwriting commissions and fees and other related expenses payable by our Company excluding approximately RMB16,679,000 (equivalent to approximately HK$18,512,000) listing-related expenses which has been accounted for prior to 30 September 2024. The estimated net proceeds have not taken into account any Shares which may be allotted and issued upon exercise of the Over-allotment Option or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates given to the Directors.

3. The calculation of our unaudited pro forma adjusted combined net tangible assets attributable to owners of our Company per Share is based on 1,000,000,000 Shares expected to be in issue after the completion of the Capitalisation Issue and the Global Offering. It has not taken into account any Shares which may be allotted and issued upon exercise of the Over-allotment Option or any Shares which may be allotted and issued or repurchased by our 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 our Group entered into subsequent to 30 September 2024.

5. These amounts are converted from Renminbi to Hong Kong dollars or Hong Kong dollars to Renminbi at an exchange rate of RMB0.901 to HK$1.000. 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.

6. No additional depreciation would be charged against our combined financial statements since the carrying amount of the investment properties, which is stated in fair value in accordance with the accounting policies as adopted by our Group, of approximately RMB44,200,000 at 30 September 2024 is same as the value measured by BonVision International Appraisals Limited, the independent valuer, at the same date.

The following is the text of a report received from the independent reporting accountants of the Company, Forvis Mazars CPA Limited, Certified Public Accountants, Hong Kong, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

B. ASSURANCE REPORT FROM THE INDEPENDENT REPORTING ACCOUNTANTS ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS OF THE GROUP

Forvis Mazars CPA Limited
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The Board of Directors
Soft International Group Ltd
Sunny Fortune Capital Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Soft International Group Ltd (the "Company") and its subsidiaries (collectively referred to as the "Group") prepared by the directors of the Company (the "Directors"). The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted combined net tangible assets attributable to the equity owners of the Company at 30 September 2024 and related notes as set out on pages II-1 and II-2 of Appendix II to the prospectus issued in connection with the initial listing of the Company's shares in the Main Board of The Stock Exchange of Hong Kong Limited dated 19 March 2025 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 and II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Global Offering (as defined in the Prospectus) on the Group's combined financial position at 30 September 2024 as if the Global Offering had taken place on 30 September 2024. As part of this process, information about the Group's financial position at 30 September 2024 has been extracted by the Directors from the Group's combined historical financial information included in the Accountants' Report as set out in Appendix I to the Prospectus.

Directors' responsibility for the unaudited pro forma financial information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting accountants' independence and quality management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" which requires us to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29 (7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We did not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the date of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions at 30 September 2024 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma 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:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Forvis Mazars CPA Limited
Certified Public Accountants
Hong Kong

19 March 2025

The following is the preliminary financial information of our Group as of and for the year ended 31 December 2024 ("**2024 Preliminary Financial Information**"), together with comparative financial information as of and for the year ended 31 December 2023 and a discussion of changes in our financial condition and results of operations between the two years. The 2024 Preliminary Financial Information does not constitute a complete set of the consolidated financial statements of the Group for the year ended 31 December 2024 (the "**2024 Consolidated Financial Statements**") but is extracted/derived from those financial statements. The 2024 Preliminary Financial Information has not been audited. Investors should bear in mind that the financial information in this appendix may be subject to adjustments.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2023	2024
		RMB'000	*RMB'000*
		(audited)	*(unaudited)*
Revenue	*4*	654,560	752,831
Cost of sales		(457,293)	(519,897)
Gross profit		197,267	232,934
Other income	*5*	1,734	6,501
Selling and distribution expenses		(91,136)	(109,373)
Administrative and other operating expenses		(39,635)	(41,723)
Reversal of (Provision for) loss allowance on trade receivables, net		728	(5,023)
Changes in fair value of investment properties	*10*	1,917	49
Gain on disposal/deregistration of subsidiaries, net		2,494	–
Finance costs	*6*	(776)	(631)
Listing expenses	*6*	(5,981)	(13,653)
Profit before tax	*6*	66,612	69,081
Income tax expense	*7*	(8,923)	(14,330)
Profit for the year		57,689	54,751
Other comprehensive (loss) income:			
Item that will not be reclassified to profit or loss			
Exchange difference on translation of the Company's financial statements to presentation currency		–	(39)
Item that may be reclassified subsequently to profit or loss			
Exchange difference on consolidation/combination		(440)	516
Total other comprehensive (loss) income for the year		(440)	477
Total comprehensive income for the year		57,249	55,228

	Note	2023	2024
		RMB'000	*RMB'000*
		(audited)	*(unaudited)*
Profit for the year attributable to:			
Owners of the Company		58,900	54,751
Non-controlling interests		(1,211)	–
		57,689	54,751
Total comprehensive income for the year attributable to:			
Owners of the Company		58,460	55,228
Non-controlling interests		(1,211)	–
		57,249	55,228
Earnings per share	*8*		
Basic (RMB cents)		*N/A*	*N/A*
Diluted (RMB cents)		*N/A*	*N/A*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2023	2024
		RMB'000	*RMB'000*
		(audited)	*(unaudited)*
Non-current assets			
Intangible assets		400	–
Investment properties	*10*	44,161	44,210
Property, plant and equipment	*11*	179,522	180,299
Right-of-use assets		39,981	38,878
Deposits paid for acquisition of property, plant and equipment and right-of-use assets		7,858	24,911
		271,922	288,298
Current assets			
Inventories		73,808	46,722
Trade and other receivables	*12*	94,713	198,300
Financial assets at FVPL	*13*	–	1,303
Pledged bank deposits		15,995	29,421
Cash and cash equivalents		63,000	26,698
		247,516	302,444
Current liabilities			
Trade and other payables	*14*	125,666	191,095
Amount due to the Controlling Shareholder	*15*	71,576	6,300
Interest-bearing borrowings	*16*	13,000	33,000
Lease liabilities		268	316
Income tax payable		10,594	6,382
		221,104	237,093
Net current assets		26,412	65,351
Total assets less current liabilities		298,334	353,649
Non-current liabilities			
Lease liabilities		466	191
Amount due to the Controlling Shareholder	*15*	207,284	–
Deferred tax liabilities		7,593	7,947
		215,343	8,138
NET ASSETS		82,991	345,511
Capital and reserves			
Issued capital		–*	9
Reserves		82,991	345,502
TOTAL EQUITY		82,991	345,511

* *Represents amount less than RMB1,000.*

NOTES TO THE 2024 PRELIMINARY FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 22 November 2023. The address of the Company's registered office is 89 Nexus Way, Camana Bay, Grand Cayman KY1-9009, Cayman Islands. The Company's principal place of business in Hong Kong is situated at Room 1910, 19/F., C C Wu Building, 302-308 Hennessy Road, Wan Chai, Hong Kong and the Group's head office and principal place of business activities are situated at Zhizao Avenue, Quanzhou Jinjiang Economic Development Zone (Food Park), Fujian Province, the People's Republic of China (the "PRC").

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the manufacturing and sales of hygienic disposables and nonwoven fabrics in the PRC.

At the date of the prospectus (the "Prospectus") issued in connection with the initial listing of the Company's shares (the "Listing"), the immediate holding company of the Company is Wish International Holding Ltd, which is incorporated in the British Virgin Islands (the "BVI"). In the opinion of the directors of the Company, the ultimate holding company is Softo Co., Ltd, a company incorporated in the BVI and controlled by Mr. Ngan Pui Kuan (the "Controlling Shareholder").

2. MATERIAL ACCOUNTING POLICIES

Statement of compliance

The 2024 Preliminary Financial Information is extracted from the 2024 Consolidated Financial Statements which have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the "IASB"), which collective term includes all applicable individual IFRS Accounting Standards, IAS Standards and IFRIC Interpretations issued by the IASB. The 2024 Consolidated Financial Statements also comply 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 Main Board of The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The 2024 Preliminary Financial Information are presented in Renminbi ("RMB") and all amounts have been rounded to the nearest thousand ("RMB'000"), unless otherwise stated.

The basis of preparation and presentation of the 2024 Consolidated Financial Statements and a summary of material accounting policies adopted by the Group in preparing the 2024 Consolidated Financial Statements are set out in Notes 2 and 3 to the Accountants' Report in Appendix I to the Prospectus.

Basis of measurement

The measurement basis used in the preparation of the 2024 Consolidated Financial Statements is the historical cost basis, except for the financial assets at fair value through profit or loss ("FVPL") and the investment properties which are measured at fair value.

Adoption of new/revised IFRS Accounting Standards

The Group has applied, for the first time, the following new/revised IFRS Accounting Standards:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

Amendments to IAS 1: Non-current Liabilities with Covenants

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the consolidated financial statements.

Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements

The amendments introduce new disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

The amendments require a seller-lessee to subsequently determine lease payments arising from a sale and leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

The adoption of the above amendments does not have any significant impact on the 2024 Consolidated Financial Statements.

Future changes in IFRS Accounting Standards

The IASB has issued the following new/revised IFRS Accounting Standards that are not yet effective for the reporting period, which the Group has not early adopted.

Amendments to IAS 21	Lack of Exchangeability(1)
Annual Improvements to IFRS Accounting Standards	Volume 11(2)
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity(2)
IFRS 9 and IFRS 7	Amendments to the Classification and Measurements of Financial Instruments(2)
IFRS 18	Presentation and Disclosure in Financial Statements(3)
IFRS 19	Subsidiaries without Public Accountability: Disclosure(3)
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture(4)

(1) Effective for annual periods beginning on or after 1 January 2025

(2) Effective for annual periods beginning on or after 1 January 2026

(3) Effective for annual periods beginning on or after 1 January 2027

(4) 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 2024 Consolidated Financial Statements.

3. SEGMENT INFORMATION

The directors of the Company have determined that the Group has only one operating and reportable segment throughout the years ended 31 December 2023 and 2024, as the Group manages its business as a whole as the manufacturing and sales of hygienic disposables and nonwoven fabrics. The executive directors of the Company, being the chief operating decision-makers of the Group, regularly review the internal financial reports on the same basis for the purposes of allocating resources and assessing performance of the Group.

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.

	2023	2024
	RMB'000 *(audited)*	*RMB'000* *(unaudited)*
Russia	377,452	328,251
The PRC	205,759	320,489
Southeast Asia *(Note)*	34,423	58,135
Kazakhstan	6,890	222
Others	30,036	45,734
	654,560	752,831

Note: Southeast Asia included the sales to external customers located in Malaysia, Thailand, Singapore, Indonesia, Philippines, Vietnam and Myanmar.

(b) Non-current assets

The non-current assets information is based on the locations of assets and included the Group's investment properties, property, plant and equipment and right-of-use assets (the "Non-current Assets"). All of the Group's Non-current Assets were located in the PRC.

Information about major customers

Details of the customers (presented by entities under common control, if appropriate) individually accounting for 10% or more of the total revenue of the Group for the years ended 31 December 2023 and 2024 are as follows:

	2023	2024
	RMB'000 *(audited)*	*RMB'000* *(unaudited)*
Sales of hygienic disposables and nonwoven fabrics		
Customer A	318,983	309,608

4. REVENUE

	2023	2024
	RMB'000	*RMB'000*
	(audited)	*(unaudited)*
Revenue from contracts with customers within IFRS 15		
At a point in time		
Sales of hygienic disposables		
– Babycare	467,960	437,031
– Feminine care	113,744	207,587
– Adult incontinence	13,419	25,050
– Others	7,269	5,921
	602,392	675,589
Sales of nonwoven fabrics and others	52,168	77,242
	654,560	752,831

Note: The revenue recognised for the years ended 31 December 2023 and 2024 which was included in the contract liabilities at the beginning of the reporting period were approximately RMB27,498,000 and RMB20,189,000, respectively.

5. OTHER INCOME

	2023	2024
	RMB'000	*RMB'000*
	(audited)	*(unaudited)*
Fair value gain on financial assets at FVPL, net *(Note 13)*	–	1,443
Government grants *(Note)*	529	786
Gain on disposal of property, plant and equipment, net	–	17
Interest income	216	493
Rental income	907	533
Sales of scrap materials	10	2,785
Sundry income	72	444
	1,734	6,501

Note: Government grants represent various form of subsidies granted to the Group by the local government authorities in the PRC for compensation of expenses incurred by the Group. These grants are generally made for business supports and awarded to the Group on a discretionary basis. The Group received these government grants in respect of its investments in the PRC.

There were no unfulfilled conditions or contingencies relating to these grants during the years ended 31 December 2023 and 2024.

6. PROFIT BEFORE TAX

This is stated after charging (crediting):

	2023	2024
	RMB'000 *(audited)*	*RMB'000* *(unaudited)*
Finance costs		
Interest on interest-bearing borrowings	766	608
Interest on lease liabilities	10	23
	776	631
Staff costs (including directors' emoluments)		
Salaries, discretionary bonus, allowances and other benefits in kind	35,744	19,193
Contributions to defined contribution plans	5,269	3,453
	41,013	22,646
Other items		
Amortisation of intangible assets (charged to "selling and distribution expenses")	231	400
Cost of inventories *(Note (a))*	457,293	519,897
Depreciation of property, plant and equipment (charged to "cost of sales", "selling and distribution expenses" and "administrative and other operating expenses", as appropriate)	16,117	17,267
Depreciation of right-of-use assets (charged to "cost of sales" and "administrative and other operating expenses", as appropriate)	1,020	1,178
Direct operating expenses arising from investment properties that generate rental income	414	401
Exchange loss, net	34	150
Expenses recognised under short-term leases	292	–
Listing expenses	5,981	13,653
Loss (Gain) on disposal of property, plant and equipment, net	99	(17)
Research and development expenses *(Note (b))*	20,638	23,368

Notes:

(a) Cost of inventories included approximately RMB39,889,000 and RMB25,833,000 relating to the aggregated amount of certain staff costs, depreciation of property, plant and equipment and right-of-use assets which were included in the respective amounts as disclosed above during the years ended 31 December 2023 and 2024, respectively.

(b) During the years ended 31 December 2023 and 2024, the Group carried out several research and development projects for (i) enhancement of the existing products quality and production efficiency and (ii) development of new products (together, the "Research and Development Activities"). Having considered the enhancement to the existing products' quality and production efficiency cannot be clearly quantified and the technical feasibility for the completion of new projects are uncontrollable, the costs incurred in the Research and Development Activities are recognised in the profit or loss as incurred during the years ended 31 December 2023 and 2024.

7. TAXATION

	2023	2024
	RMB'000	*RMB'000*
	(audited)	*(unaudited)*
Current tax		
PRC Enterprise Income Tax ("PRC EIT")	7,656	13,976
Deferred taxation		
Changes in temporary differences	1,267	354
Total income tax expenses for the year	8,923	14,330

The Group's entities established in the Cayman Islands and the BVI are exempted from corporate income tax therein.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong for the years ended 31 December 2023 and 2024.

The Group's entities established in the PRC are subject to the PRC EIT at a statutory rate of 25% during the years ended 31 December 2023 and 2024 except for 嬰舒寶(中國)有限公司 (Insoftb (China) Co., Ltd.*) ("Insoftb China") which has been recognised as High and New Technology Enterprise (the "HNTE") since December 2020 and is entitled to a preferential tax rate of 15% during the years ended 31 December 2023 and 2024. The entitlement of the HNTE is subject to renewal by the tax bureau in the PRC every three years. The latest approval of the HNTE for Insoftb China was obtained in December 2023 for the three years ending 31 December 2026.

8. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of 2024 Preliminary Financial Information, is not considered meaningful.

9. DIVIDENDS

During the years ended 31 December 2023 and 2024, no dividends have been declared or paid by the Group.

10. INVESTMENT PROPERTIES

	2023	2024
	RMB'000	*RMB'000*
	(audited)	*(unaudited)*
At fair value		
At the beginning of the reporting period	42,244	44,161
Changes in fair value	1,917	49
At the end of the reporting period	44,161	44,210

The Group's investment properties consist of leasehold land and buildings located in the PRC, which were held under leases to earn rental income or for capital appreciation. During the years ended 31 December 2023 and 2024, the Group's investment properties are leased to third parties to earn rental income under operating leases, with an initial lease terms ranging from two to three years which are non-cancellable by the tenants. The leases do not contain any renewal option. Monthly rental charges consist of fixed payments. The discounted lease payment receivables of the Group at the end of the reporting period are detailed in Note 19(b) to the 2024 Preliminary Financial Information.

* *The English name is translated for identification purpose only.*

At the end of the reporting period, the fair value of the investment properties was determined by the Group's management with reference to the valuation report from an independent professional qualified valuer, BonVision International Appraisals Limited, who holds a recognised and relevant professional qualification and has relevant experience in the location and category of the Group's investment properties being valued. The valuations of investment properties have been arrived by adopting direct comparison approach with reference to comparable sale transactions for similar properties in the same location and condition adjusted for differences in key valuation attributes, such as age, location, condition and size, were used to value the properties. The most significant input into this valuation approach is the adjusted price per square meter. A significant increase/decrease in the estimated price per square meter will result in a significant increase/decrease in the fair value of the investment properties.

At 31 December 2023 and 2024, the Group's investment properties with carrying amount of approximately RMB44,161,000 and RMB44,210,000 were pledged to secure banking facilities of the Group *(Note 16)*.

Fair value measurement of investment properties

(a) Fair value hierarchy

During the years ended 31 December 2023 and 2024, the investment properties of the Group were categorised as Level 3 fair value measurement and there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Details of the fair value hierarchy are set out in Note 18 to the 2024 Preliminary Financial Information.

(b) Information about Level 3 fair value measurements

Below is summary of valuation techniques used and the key inputs to the valuations in respect of investment properties included in Level 3 categories together with the sensitivity analysis at the end of the reporting period:

Description	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value	Sensitivity of unobservable inputs
Investment properties . .	Direct comparison approach	Adjusted market price per square meter at RMB2,429 and RMB2,431 per square meter, taking into account of age, location, condition, size and other individual factors of the subject investment properties and price information of comparable properties at 31 December 2023, and 2024, respectively	The higher adjusted market price per square meter, the higher fair value of the investment properties, and vice versa	Increase/decrease 10% result in increase/decrease in fair value by approximately RMB4,416,000 and RMB4,421,000 for the years ended 31 December 2023 and 2024, respectively

The fair value measurement is based on the above assets' highest and best use, which does not differ from their actual use.

11. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2024, the Group incurred expenditures on property, plant and equipment with a total cost of approximately RMB18,541,000 *(2023: RMB50,465,000)*. During the year ended 31 December 2024, the Group disposed of certain property, plant and equipment of approximately RMB497,000 *(2023: RMB1,491,000)*.

Up to the date of the Prospectus, the Group was in the process of applying for the title certificates of buildings with an aggregate net carrying amount of approximately RMB24,048,000 *(2023: RMB78,155,000)* at 31 December 2024.

12. TRADE AND OTHER RECEIVABLES

	Note	**2023**	**2024**
		RMB'000	*RMB'000*
		(audited)	*(unaudited)*
Trade receivables			
From third parties		36,329	151,926
Less: Loss allowances		(1,440)	(6,463)
	12(a)	34,889	145,463
Bills receivables	*12(b)*	25,425	641
Other receivables			
Amount due from brokers for commodity futures contracts		–	3,155
Prepaid listing expenses		837	2,562
Prepaid promotion expenses	*12(c)*	–	11,138
Prepayment to suppliers		13,542	3,897
Deposits paid to digital platforms		2,291	2,960
Receivables from digital platforms	*12(d)*	9,777	5,933
Value-added tax and other tax recoverables		2,674	13,331
Other prepayment, deposits and receivables		5,278	9,220
		34,399	52,196
		94,713	198,300

12(a) Trade receivables

The ageing analysis of trade receivables, net of loss allowances, based on invoice date at the end of the reporting period is as follows:

	2023	**2024**
	RMB'000	*RMB'000*
	(audited)	*(unaudited)*
Within 30 days	23,185	53,078
31 to 60 days	3,962	44,752
61 to 90 days	6,852	39,932
91 to 180 days	519	5,173
181 to 365 days	25	2,476
Over 1 year	346	52
	34,889	145,463

At the end of the reporting period, the ageing analysis of the trade receivables, net of loss allowances, by due date is as follows:

	2023	2024
	RMB'000	*RMB'000*
	(audited)	*(unaudited)*
Not yet due	21,766	132,524
Past due:		
Within 30 days	5,746	3,494
31 to 60 days	2,032	2,793
61 to 90 days	4,455	4,044
91 to 180 days	512	1,105
181 to 365 days	8	1,451
Over 1 year	370	52
	13,123	12,939
	34,889	145,463

The Group normally grants credit terms up to 90 days from the date of issuance of invoices.

12(b) Bills receivables

At the end of the reporting period, the bills receivables were interest-free and guaranteed by banks in the PRC and had maturities of less than six months.

12(c) Prepaid promotion expenses

At 31 December 2024, the amount of approximately RMB11,138,000 *(2023: Nil)* represented the promotion expenses prepaid to certain marketing agents for the promotion on digital platforms. The amount was expected to be recognised in profit or loss within one year.

12(d) Receivables from digital platforms

The amounts represented the sales received by the digital platforms on behalf of the Group through the Group's self-operated online retail stores via their platforms. The amounts were repayable on demand upon the request from the Group.

13. FINANCIAL ASSETS AT FVPL

	2023	2024
	RMB'000	*RMB'000*
	(audited)	*(unaudited)*
Financial assets at FVPL		
Commodity futures contracts on raw material	–	1,303
Fair value changes recognised in profit or loss for the year ended 31 December:		
Realised gain, net	–	1,428
Unrealised gain, net	–	15
	–	1,443

At 31 December 2024, the fair value of the commodity futures contracts on raw material was determined with reference to the prices quoted by the financial institutions and the Group had outstanding commodity futures contracts on raw material with underlying nominal values of approximately RMB18,613,000 *(2023: Nil)*.

14. TRADE AND OTHER PAYABLES

	Note	**2023**	**2024**
		RMB'000 *(audited)*	*RMB'000* *(unaudited)*
Trade payables to third parties	*14(a)*	15,483	61,184
Bills payables	*14(b)*	40,329	53,483
Other payables			
Contract liabilities – receipts in advance		20,189	22,560
Salary payables		2,656	1,440
Other tax payables		432	869
Accruals and other payables		20,184	23,420
Payables for purchase of property, plant and equipment		7,266	12,569
Payables for distribution service fees			
– to a related company	*14(c)*	16,155	9,509
– to third parties		2,504	993
Accrued listing expenses		468	5,068
		69,854	76,428
		125,666	191,095

14(a) Trade payables

The trade payables were unsecured, interest-free and with normal credit terms up to 60 days.

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

	2023	**2024**
	RMB'000 *(audited)*	*RMB'000* *(unaudited)*
Within 30 days	3,305	28,119
31 to 60 days	4,039	27,918
61 to 90 days	1,200	2,247
Over 90 days	6,939	2,900
	15,483	61,184

14(b) Bills payables

At the end of the reporting period, the bills payables were interest-free, guaranteed by banks in the PRC and had maturities of less than six months. The Group's bills payables were secured by pledged bank deposits of approximately RMB15,995,000 and RMB23,693,000 at 31 December 2023 and 2024, respectively.

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

At 31 December 2023 and 2024, the amounts were payable to a related company, 晉江市志華物流有限公司 (Jinjiang Zhihua Logistics Co., Ltd.*) ("Zhihua") which is controlled by Mr. Gao Yue, an executive director of the Company in relation to provision of distribution services. The amount due was unsecured, interest-free and will be settled in accordance with a credit period of 30 days granted to the Group.

* *The English name is translated for identification purpose only.*

15. AMOUNT DUE TO THE CONTROLLING SHAREHOLDER

At 31 December 2023, the amount due to the Controlling Shareholder of approximately RMB207,284,000 had been classified under non-current liabilities as the Controlling Shareholder confirmed in writing that such amount represented a loan capital, which is non-trade in nature, unsecured and interest-free, as an initial and continuing financial supports for funding the Group's operations and business development and committed not to demand for repayment not less than 5 years at 31 December 2023. On 31 March 2024, the amount due to the Controlling Shareholder classified under non-current liabilities of approximately RMB207,284,000 was waived and credited to the capital reserve under equity upon execution of a deed of wavier by the Controlling Shareholder.

The remaining amount of approximately RMB71,576,000 and RMB6,300,000 at 31 December 2023 and 2024, respectively, which was classified under current liabilities, was non-trade in nature, unsecured, interest-free, repayable on demand and the amount has been fully settled prior to the Listing.

16. INTEREST-BEARING BORROWINGS

	2023	2024
	RMB'000	*RMB'000*
	(audited)	*(unaudited)*
Secured and guaranteed bank loans		
– Fixed-rate bank loans	13,000	10,000
– Variable-rate bank loans	–	23,000
	13,000	33,000
Carrying amounts of the secured and guaranteed bank loans are repayable *(Note)*:		
– On demand or less than 1 year	13,000	15,000
– 1 to 2 years	–	2,000
– 2 to 3 years	–	16,000
Amounts shown under current liabilities	13,000	33,000

Note: At 31 December 2024, the interest-bearing borrowings of approximately RMB33,000,000 *(2023: Nil),* with a clause in the loan agreements that gave the lenders an overriding right to demand repayment without notice or with notice period of less than 12 months at their sole discretion, were classified as current liabilities even though the directors of the Company did not expect that the lenders would exercise their rights to demand repayment. The amounts due were presented based on scheduled repayment dates set out in the loan agreements.

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

	2023	2024
	%	*%*
	(audited)	*(unaudited)*
Fixed-rate bank loans	3.45 – 3.50	2.00 – 3.50
Variable-rate bank loans	–	2.80 – 3.35

The interest-bearing borrowings were collectively secured by:

(a) corporate guarantee provided by subsidiaries of the Group for the years ended 31 December 2023 and 2024;

(b) leasehold land with a net carrying amount of approximately RMB20,912,000 and RMB20,467,000 at 31 December 2023 and 2024, respectively;

(c) investment properties of approximately RMB44,161,000 and RMB44,210,000 at 31 December 2023 and 2024, respectively *(Note 10)*;

(d) personal guarantees provided by the Controlling Shareholder and his spouse *(Remark)*;

(e) properties held by the Controlling Shareholder *(Remark)*; and

(f) pledged bank deposits of Nil and approximately RMB5,728,000 at 31 December 2023 and 2024, respectively.

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

Remark: The personal guarantees and the pledged properties provided by the Controlling Shareholder and his spouse have been released during the year ended 31 December 2024.

17. RELATED PARTY TRANSACTIONS

The Group had the following related party transactions during the years ended 31 December 2023 and 2024.

(a) Related party transactions of the Group

Transactions between the group entities have been eliminated by consolidation/combination and are not disclosed. During the years ended 31 December 2023 and 2024, the Group had the following significant transactions with related parties. In the opinion of the directors of the Company, they are under normal commercial terms that are fair and reasonable and in the best interests of the Group.

Name of the related party	Nature of the transaction	2023	2024
		RMB'000 *(audited)*	*RMB'000* *(unaudited)*
晉江市利佰達貿易有限公司(Jinjiang Libaida Trading Co., Ltd.*) ("Jinjiang Libaida") *(Note (a))*	Sales of hygienic disposables	41,263	–
福建省晉江市對外貿易有限公司(Fujian Province Jinjiang City Foreign Trade Co., Ltd.*) ("Jinjiang Foreign Trade") *(Note (b))*	Agency fee for import and export services	795	192
Zhihua *(Note 14(c))*	Provision of distribution services	15,669	16,180
Zeng Guodong, an executive director of the Company	Consideration paid for acquisition of Jinjiang Libaida	551	–

Notes:

(a) Jinjiang Libaida was a former related company, in which 51% equity interests were held by Mr. Zeng Guodong, an executive director of the Company, during the period from 15 November 2021 to 27 October 2023. On 27 October 2023, Jinjiang Libaida became an indirectly wholly-owned subsidiary of the Company. Since then, the transactions have been eliminated by consolidation/combination and are not disclosed separately.

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

* *The English name is translated for identification purpose only.*

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

	2023	2024
	RMB'000	*RMB'000*
	(audited)	*(unaudited)*
Salaries, allowances, discretionary bonus, and other benefits in kind	1,185	1,221
Contributions to defined contribution plans	68	95
	1,253	1,316

(c) Pledge of assets/guarantees provided for interest-bearing borrowings of the Group by the related parties

As detailed in Note 16 to the 2024 Preliminary Financial Information, the interest-bearing borrowings of approximately RMB13,000,000 at 31 December 2023 was secured by, among others, (i) properties held by the Controlling Shareholder and (ii) guarantees given by the Controlling Shareholder and his spouse which have been released during the year ended 31 December 2024.

(d) Balances with related parties

	2023	2024
	RMB'000	*RMB'000*
	(audited)	*(unaudited)*
Amount due to the Controlling Shareholder		
Current portion *(Note (a))*	71,576	6,300
Non-current portion *(Note (b))*	207,284	–
	278,860	6,300
Payables for distribution services fees to a related company *(Note (c))*		
Zhihua	16,155	9,509

Notes:

(a) The amount was non-trade in nature, unsecured, interest-free, repayable on demand and has been fully settled prior to the Listing.

(b) The amount represented a loan capital, which is non-trade in nature, unsecured and interest free, as an initial and continuing financial supports for funding the Group's operations and business development. On 31 March 2024, the amount of approximately RMB207,284,000 was waived and credited to the capital reserve under equity upon execution of a deed of wavier by the Controlling Shareholder.

(c) The amount was trade in nature, unsecured, interest-free and will be settled in accordance with a credit period of 30 days granted to the Group.

18. FAIR VALUE MEASUREMENTS

(a) Assets/liabilities measured at fair value

Fair value hierarchy

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

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

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2023 (Audited)				
Recurring fair value measurement				
Investment properties	–	–	44,161	44,161
At 31 December 2024 (Unaudited)				
Recurring fair value measurement				
Financial assets at FVPL – Commodity futures contracts on raw materials	1,303	–	–	1,303
Investment properties	–	–	44,210	44,210

During the years ended 31 December 2023 and 2024, there were no transfers between Level 1 fair value measurement and Level 2 fair value measurement, or transfers into or out of Level 3 fair value measurement. The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period in which they occur.

Details of the valuation techniques and inputs used in the fair value measurement of the financial assets at FVPL and the investment properties are set out in Notes 13 and 10 to the 2024 Preliminary Financial Information, respectively.

(b) Assets/liabilities not measured at fair value

The management of the Group estimates the fair value of its assets and liabilities measurement of amortise cost using the discounted cash flows analysis. The management of the Group considers that the carrying amounts of assets and liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair value.

19. COMMITMENTS

(a) Capital expenditure commitments

	2023	2024
	RMB'000 *(audited)*	*RMB'000* *(unaudited)*
Contracted but not provided for net of deposits paid for acquisition of property, plant and equipment	6,903	20,972

(b) Commitments under leases

The Group as lessor

The Group leases out its properties under operating leases with lease terms ranging from one year to three years. The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	2023	2024
	RMB'000	*RMB'000*
	(audited)	*(unaudited)*
Within one year	513	255
More than one year but less than two years	191	37
	704	292

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Business review

We are primarily engaged in the development, manufacture, and sale of personal hygienic disposables (such as babycare, feminine care and adult incontinence products) based in China, specialising in the babycare category for emerging markets in Eurasia. We generate revenue primarily through our Contract Manufacturing segment, under which we manufacture and sell babycare products as an Original Design Manufacturer (ODM) to business customers, including independent retailers and babycare brand owners. Under this segment, we primarily manufacture babycare products carrying their brands for export from China into countries in Eurasia, with major business customers including top-tier Russian children's goods retailers and international brands, customising products to their specifications. In addition, we manufacture, market, and sell products under our own brands in China under our Branded Product Business, which we operate primarily through a Direct-to-Consumer (D2C) sales model utilising self-operated e-stores and third-party operated e-stores on major digital platforms in China to offer a broader range of our branded products including babycare products under "Insoftb", feminine care products under "Misecr", and adult incontinence products under "Cosoftb". Alongside the rising consumer awareness about hygiene and eco-sustainability worldwide, we manufacture nonwoven fabrics, a raw material critical to the manufacture of most hygienic disposables, at our own Nonwoven Fabric Facilities for our own use, and to a lesser extent, to independent raw material suppliers and manufacturers of hygiene and personal care products in China.

Our revenue demonstrated steady growth, increasing by RMB98.2 million or 15.0% from RMB654.6 million in FY2023 to RMB752.8 million in FY2024. However, due to the impact of listing expenses, profit attributable to owners of our Company experienced a modest decline of 7.0%, from RMB58.9 million in FY2023 to RMB54.8 million in FY2024.

Future plans and prospects

Our Company plan to implement the following strategies:

1. acquiring machineries for establishing additional babycare and feminine care product production lines

2. acquiring machineries for establishing additional nonwoven fabric production lines

3. enhancing our branding, marketing and promotion activities

4. upgrading our warehouse and investment in IT infrastructure

See "Future Plans and Use of Proceeds" for details.

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2024 and up to the Latest Practicable Date.

DESCRIPTION OF SELECTED ITEMS IN CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

Our revenue increased by approximately RMB98.2 million or 15.0% from approximately RMB654.6 million for FY2023 to approximately RMB752.8 million for FY2024. This increase was primarily due to a combination of effects of the following factors:

- *Contract Manufacturing:* Our revenue remained relatively stable at approximately RMB448.4 million in FY2023 and approximately RMB452.8 million in FY2024, which was mainly due to:

  (i) Revenue from sales to Russia for 9M 2024 decreased by approximately 119.3 million company with 9M 2023, mainly as a result of (a) the decrease in Contract Manufacturing babycare products sales volume of approximately 22.9% primarily as a result of the continuous depreciation of Ruble against RMB since early 2024; and (b) the decrease in ASP of approximately 8.9% for 9M 2024. The sales in the last quarter of 2024 has rebounded to approximately RMB120.0 million, compared to the same period of FY2023 of approximately RMB51.3 million, representing an increase of approximately 133.9%. Such combination leads to a decrease of approximately RMB49.2 million or 13.0% from approximately RMB328.3 million in FY2024 to approximately RMB377.5 million in FY2023;

which was offset by

(ii) the increase in revenue attributable to the sales of feminine care products of approximately RMB25.4 million, mainly resulting from sales to Lantu Group; and

(iii) the increase in revenue from sales to South East Asia of approximately RMB23.7 million.

- *Branded Product Business:* Our revenue increased from approximately RMB154.0 million in FY2023 to approximately RMB222.8 million in FY2024, representing an increase of approximately 44.6%, mainly as a result of continuous increase in the sales volume of sanitary pants due to our efforts put on online sales and promotion activities for our D2C sales.

- *Nonwoven fabric and others segment:* Our revenue grew from RMB52.2 million in FY2023 to RMB77.2 million in FY2024, representing an increase of 47.9%, mainly due to higher sales in nonwoven fabrics following the expansion of capacity through a new bicomponent nonwoven fabric production line in September 2023.

Cost of Sales

Our cost of sales increased by approximately RMB62.6 million or 13.7% from approximately RMB457.3 million in FY2023 to approximately RMB519.9 million in FY2024 due to a combination of effects of the following items:

- *Direct materials costs:* Our cost rose from approximately RMB408.0 million in FY2023 to approximately RMB465.7 million in FY2024, an increase of approximately 14.1%, which was generally in line with the increase in overall sales volume.

- *Manufacturing overhead:* Our cost increased from approximately RMB33.6 million in FY2023 to approximately RMB45.2 million in FY2024, an increase of approximately 34.5%, primarily due to the additions of plant and machinery in FY2024.

- *Direct labour costs:* Our cost decreased from approximately RMB15.8 million in FY2023 to approximately RMB9.0 million in FY2024, a decrease of approximately 43.0%, primarily due to labour saving in production and procurement staff through streamlined production lines. Please refer to the section headed "Business — Employees" for more details.

Gross profit and gross profit margin

Overall, our total gross profit increased by approximately RMB35.6 million or 18.0% from approximately RMB197.3 million in FY2023 to approximately RMB232.9 million in FY2024, with gross profit margin improving from approximately 30.1% to approximately 30.9%. The increase was a combination of effects on the following factors:

- *Contract Manufacturing:* Our gross profit changed from approximately RMB132.7 million in FY2023 to approximately RMB131.5 million in FY2024, with gross profit margin decreasing from approximately 29.6% to approximately 29.0%, mainly due to (i) a decrease in the ASP of babycare products sold to Russia; and (ii) lower-gross profit margin on feminine care products sold to Lantu Group.

- *Branded Product Business segment:* Our gross profit increased from approximately RMB62.5 million in FY2023 to approximately RMB98.3 million in FY2024, with gross profit margin improving from approximately 40.6% to approximately 44.1%, primarily due to increased sales volume of higher gross profit margin for feminine care products through our D2C sales.

- *Nonwoven fabric and others segment:* Our gross profit grew from approximately RMB2.0 million in FY2023 to approximately RMB3.2 million in FY2024, with gross profit margin remaining stable between approximately 3.9% to approximately 4.1%.

Other income

Other income increased from approximately RMB1.7 million for FY2023 and approximately RMB6.5 million for FY2024 which was mainly due to the increase in sales of scrap materials.

Selling and distribution expenses

Our selling and distribution expenses increased by approximately RMB18.3 million or approximately 20.1% from approximately RMB91.1 million for FY2023 to approximately RMB109.4 million for FY2024, mainly due to (i) the increase in our online sales and promotion expenses of approximately RMB22.0 million which was generally in line with our growth in our D2C sales; and which was partially offset by (ii) the decrease in our staff costs of approximately RMB2.0 million due to the reduction in headcount from streamlined manpower and decreased salary. For details, please refer to “Business — Employees”.

Administrative and other operating expenses

Our administrative and other operating expenses increased by approximately RMB2.1 million or approximately 5.3%, from approximately RMB39.6 million in FY2023 to RMB41.7 million in FY2024 mainly attributable to the increase in our research and development expenses of approximately RMB2.7 million in FY2024 due to continued increase in our research and development activities.

Finance costs

Finance costs remained relatively stable at approximately RMB0.8 million for FY2023 and approximately RMB0.6 million for FY2024.

Income tax expenses

Income tax expenses increased by approximately RMB5.4 million or 60.7% from approximately RMB8.9 million for FY2023 to approximately RMB14.3 million for FY2024; whereby our effective tax rate increased from approximately 13.4% for FY2023 to approximately 20.7% for FY2024, which were primarily due to (i) the non-recurring Listing expenses of approximately RMB6.0 million and RMB13.7 million incurred for FY2023 and FY2024, respectively, which was not tax deductible; and (ii) the increase in taxable profits from subsidiaries with a tax rate of 25%.

Profit attributable to owners of our Company and net profit margin

As a result of the foregoing, profit attributable to owners of our Company decreased by approximately RMB2.9 million or 5.3% from approximately RMB57.7 million for FY2023 to RMB54.8 million for FY2024. Our net profit margin attributable to owners of our Company decreased from approximately 9.0% for FY2023 to approximately 7.3% for FY2024 mainly attributable to the impact of listing expenses.

DISCUSSION OF SELECTED ITEMS IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Net Current Assets

The table below sets out selected information for our current assets and current liabilities as at the dates indicated, respectively:

	As at 31 December	
	2023	**2024**
	RMB'000	*RMB'000*
	(audited)	*(unaudited)*
Current assets		
Inventories	73,808	46,722
Trade and other receivables	94,713	198,300
Financial assets at FVPL	–	1,303
Pledged bank deposits	15,995	29,421
Cash and cash equivalents	63,000	26,698
	247,516	302,444
Current liabilities		
Trade and other payables	125,666	191,095
Amount due to the Controlling Shareholder	71,576	6,300
Interest-bearing borrowings	13,000	33,000
Lease liabilities	268	316
Income tax payables	10,594	6,382
	221,104	237,093
Net current assets	26,412	65,351

Net current assets increased by approximately RMB39.0 million from approximately RMB26.4 million as at 31 December 2023 to approximately RMB65.4 million as at 31 December 2024. The increase was primarily due to (i) our increase of trade and other receivables of RMB103.6 million; (ii) increase of pledged bank deposits of approximately RMB13.4 million; and (iii) decrease of amount due to Controlling Shareholder of RMB65.3 million, which was partially offset by (iv) the decrease in cash and cash equivalents of RMB36.3 million; (v) the increase of trade and other payables of RMB65.4 million; (vi) the decrease in inventory of approximately RMB27.1 million; and (vii) the increase in interest-bearing borrowings of approximately RMB20.0 million.

Inventories

Our inventory balance decreased by approximately RMB27.1 million from approximately RMB73.8 million as at 31 December 2023 to approximately RMB46.7 million as at 31 December 2024.

The following table sets forth the average turnover days of our inventories for the periods indicated:

	FY2023	**FY2024**
Inventory turnover days*(Note)*	91	42

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 level of finished goods was lower around the year end of FY2024 due to the recovery of our export sales of babycare products primarily to Russia in the last quarter of FY2024. Accordingly, our average turnover days of inventories decreased from approximately 91 days for FY2023 to approximately 42 days for FY2024.

Trade and other receivables

Trade and bills receivables

Our trade and other receivables increased by approximately RMB103.6 million from approximately RMB94.7 million as at 31 December 2023 to approximately RMB198.3 million as at 31 December 2024, primarily attributable to the increase in trade receivables as a result of the recovery of our export sales of babycare products primarily to Russia in the last quarter of FY2024.

The table below sets forth a summary of average turnover days of trade and bills receivables as at the dates indicated:

	FY2023	**FY2024**
Trade and bills receivables turnover days*(Note)*	36	50

Note: The number of trade and bills receivables turnover days is calculated using the average balance of trade receivables and bills receivables divided by total revenue for the relevant year and multiplied by 365 days in the relevant year. Average balance of trade receivables and bill receivables is calculated as the sum of the beginning and the ending balance for the relevant year, divided by two.

Our average turnover days of trade and bills receivables increased from 36 days for FY2023 to 50 days for FY2024, mainly due to the higher closing balance of trade and bill receivables, mainly arising from export sales of babycare products to Russian Top-tier Retailer around the end of FY2024.

Other receivables

Our other receivables increased by approximately RMB17.8 million from approximately RMB34.4 million as at 31 December 2023 to approximately RMB52.2 million as at 31 December 2024, primarily attributable to the increase in (i) value-added tax and other tax recoverables of approximately RMB10.7 million; (ii) increase in prepaid promotion expenses of approximately RMB11.1 million; (iii) increase in amount due from brokers for commodity futures contracts of approximately RMB3.2 million, please refer to the paragraph headed "Financial assets at FVPL" below, which was partially offset by (iv) the decrease of prepayment to suppliers of RMB9.6 million.

Financial assets at FVPL

During the last quarter of FY2024, in order to hedge against the risk of price fluctuations of our core raw materials, namely PP and HDPE, we entered into commodities future contracts which was recognized as financial assets at FVPL of approximately RMB1.3 million as at 31 December 2024 we also had a gain for such financial assets of approximately RMB1.4 million in FY2024.

As at 31 December 2024, our amount due from brokers for commodity future contracts was approximately RMB3.2 million, which were repayable on demand upon request from the Group.

Trade and bills payables

Our trade and bills payables increased from approximately RMB55.8 million as at 31 December 2023 to approximately RMB114.7 million as at 31 December 2024.

The table below sets forth a summary of average turnover days of trade and bills payables as at the dates indicated:

	FY2023	FY2024
Trade and bills payables turnover days*(Note)*	45	60

Note: The number of trade and bills payables turnover days is calculated using the average balance of trade and bill payables divided by cost of sales for the relevant year and multiplied by 365 days in the relevant year. Average balance of trade and bill payables is calculated as the sum of the beginning and the ending balance for the relevant year, divided by two.

Our average trade and bills payables turnover days increased from approximately 45 days for FY2023 to approximately 60 days for FY2024, which was in relation to the higher procurement recorded towards the end of FY2024.

Other payables

Our other payables increased from approximately RMB69.9 million as at 31 December 2023 to approximately RMB76.4 million as at 31 December 2024, mainly due to the payables for acquisition of property, plant and equipment of approximately RMB5.3 million in the last quarter of FY2024.

Contract liabilities

Our contract liabilities remained relatively stable, amounting to approximately RMB20.2 million as at 31 December 2023 and approximately RMB22.6 million as at 31 December 2024.

Capital expenditure commitments

During FY2023 and FY2024, our Group incurred capital expenditures of approximately RMB50.5 million and RMB18.5 million respectively, which primary relates to acquisition of property, plant and equipment. For our Group's projected capital expenditure, please refer to the section headed "Financial Information — Capital Expenditures and Commitments" in this prospectus for further information. We expect to fund our contractual commitments and capital expenditures principally though the net proceeds we receive from the Global Offering, cash generated from our operating activities and proceeds from interest-bearing borrowings and lease liabilities.

	As at 31 December	
	2023	**2024**
	RMB'000 *(approx.)* *(audited)*	*RMB'000* *(approx.)* *(unaudited)*
Contracted but not provided net of deposits paid for acquisition of property, plant and equipment	6,903	20,972

Operating lease commitments

As lessor

The following table sets forth the future aggregate minimum rental receivables under non-cancellable operating leases as at the respective dates indicated:

	As at 31 December	
	2023	**2024**
	RMB'000 *(audited)*	*RMB'000* *(unaudited)*
Within one year	513	255
More than one year but less than two years	191	37
Total	704	292

INDEBTEDNESS

The following table sets forth the breakdown of our indebtedness as at the dates indicated:

	As at 31 December	
	2023	2024
	RMB'000 *(audited)*	*RMB'000* *(unaudited)*
Current		
Amount due to the Controlling Shareholder	71,576	6,300
Interest-bearing borrowings	13,000	33,000
Lease liabilities	268	316
Non-Current		
Amount due to the Controlling Shareholder	207,284	–
Lease Liabilities	466	191
Total	292,594	39,807

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as at each of the dates indicated or for each of the years ended:

	For the year ended/As at 31 December	
	2023	2024
Profitability		
Gross profit margin(1)	30.1%	30.9%
Net profit margin(2)	8.8%	7.3%
Return on equity(3)	69.5%	15.8%
Return on total assets(4)	11.1%	9.3%
Liquidity		
Current ratio(5)	1.1 times	1.3 times
Quick ratio(6)	0.8 times	1.1 times
Capital sufficiency		
Gearing ratio(7)	15.7%	9.6%
Net debt to equity ratio(8)	N/A(10)	1.8%
Interest coverage ratio(9)	120.0 times	501.6 times

Notes:

1. Gross profit margin is calculated based on the gross profit for the year divided by total revenue and multiplied by 100%.

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

3. Return on equity is calculated based on the profit for the year divided by the shareholders' equity as at the end of the year.

4. Return on total assets is calculated based on the profit for the year divided by total assets at the end of the year 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 year.

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 year.

7. Gearing ratio is calculated based on the sum of our interest-bearing borrowings divided by total equity at the end of the year.

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 year.

9. Interest coverage ratio is calculated by profit before interest and tax divided by net interest expense for the year.

10. As our cash and bank balances are larger than our interest-bearing borrowings, the ratio for the relevant year is not applicable.

Return on equity

Our return on equity decreased from approximately 69.5% for FY2023 to approximately 15.8% for FY2024, primarily attributable to the increase in our equity base resulting from the amount due to our Controlling Shareholder being waived and subsequently credited to the capital reserve during FY2024.

Return on total assets

Our return on total assets decreased from approximately 11.1% for FY2023 to approximately 9.3% for FY2024, primarily due to the increase in our total assets as at 31 December 2024.

Current ratio

Our current ratio were stable at approximately 1.1 times for FY2023 and 1.3 times for FY2024.

Quick ratio

Our quick ratio were stable at approximately 0.8 times and 1.1 times for FY2023 and FY2024, respectively.

Gearing ratio

Our gearing ratio decreased from approximately 15.7% for FY2023 to approximately 9.6% for FY2024, primarily attributable to increase in equity resulting from the amount due to the Controlling Shareholder being waived and subsequently credited to the capital reserve during FY2024.

Interest coverage

Our interest coverage increased from approximately 120.0 times for FY2023 to approximately 510.6 times for FY2024, mainly due to the decrease in net interest expense for FY2024 which was primarily attributable to the decrease in interest expenses for the same period resulting from decrease in interest rates on the interest-bearing borrowings during FY2024. For further details regarding the effective interest rate, please refer to the section headed "Financial Information — Indebtedness — Interest-bearing borrowings" in this prospectus.

Net debt to equity ratio

As we were at net cash position as at 31 December 2023, the net debt to equity ratio is not applicable. We recorded net debt to equity ratio for the year of approximately 1.8% as at 31 December 2024 primarily due to additional bank borrowing during FY2024.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Please refer to "Financial Risk Management Objectives and Policies" in Note 31 to the Accountants' Report which is set out in Appendix I to this prospectus.

CODE ON CORPORATE GOVERNANCE PRACTICES

As we were not yet listed on the Hong Kong Stock Exchange for the year ended 31 December 2024, the Corporate Governance Code as set out in Appendix 14 to the Listing Rules ("**Corporate Governance Code**") was not applicable to us during such period under review. After the Listing, we will comply with the code provisions set forth in the Corporate Governance Code.

REVIEW OF OUR PRELIMINARY FINANCIAL INFORMATION

We established an audit committee, which will come into operation with effect from the Listing, in compliance with the Corporate Governance Code. Each of the proposed members of the audit committee has reviewed the 2024 Preliminary Financial Information as set out in this appendix.

The unaudited financial information in respect of our consolidated statement of financial position, consolidated statement of profit and loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the 2024 Preliminary Financial Information above has been agreed by the Reporting Accountants to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 December 2024 following their work under Practice Note 730 (Revised) "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The work performed by the Reporting Accountants in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Reporting Accountants on the 2024 Preliminary Financial Information.

PURCHASE, SALES OR REDEMPTION OF OUR SHARES

As we were not yet listed on the Hong Kong Stock Exchange for the year ended 31 December 2024, this disclosure requirement is not applicable to us.

The following is the text of a letter and the valuation certificate prepared for the purpose of incorporation in this circular received from BonVision International Appraisals Limited, an independent valuer, in connection with its valuation as at 31 December 2024 of the property interest held by the Group.

BonVision
宏展国际

BonVision International Appraisals Limited
Room 1205-06, 12/F, Tai Yau Building,
181 Johnston Road, Wan Chai, Hong Kong
Phone: (852) 2916 2188
Email: info@bonvision.com

19 March 2025

The Board of Directors
Soft International Group Ltd
Zhizao Avenue,
Quanzhou Jinjiang Economic Development Zone (Food Park),
Fujian Province,
the People's Republic of China

Dear Sirs/Madams,

Re: Valuation of an industrial real estate development situated at 488 Suzhou North Road, Langya District, Chuzhou City, Anhui Province, the People's Republic of China (一個位於中華人民共和國安徽省滁州市琅琊區蘇州北路488號之工業房地產項目)

INSTRUCTION, PURPOSE AND VALUATION DATE

In accordance with the instructions from Soft International Group Ltd (hereinafter referred to as the "**Company**", together with its subsidiaries hereinafter collectively referred to as the "**Group**") for BonVision International Appraisals Limited (hereinafter referred to as "**BonVision**", "**We**" or "**Us**") to assess the market value of the captioned property interest held by the Group situated in the People's Republic of China (hereinafter referred to as the "**PRC**" or "**China**") (hereinafter referred to as the "**Property**"), we confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31 December 2024 (the "**Valuation Date**") for the purpose of public disclosure and inclusion in the prospectus of the Company dated 19 March 2025.

VALUATION STANDARDS

This valuation has been prepared in accordance with the HKIS Valuation Standards 2024 published by the Hong Kong Institute of Surveyors ("**HKIS**"); the RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors ("**RICS**"); and the International Valuation Standards published by the International Valuation Standards Council ("**IVSC**"). For the purpose of this valuation, we have also complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited published by the Stock Exchange of Hong Kong Limited.

VALUATION BASIS

This valuation has been carried out on the basis of market value which defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

VALUATION METHODOLOGY

We have valued the Property by the Market Approach by making reference to relevant market evidence, which is universally considered as the most accepted valuation approach for valuing most forms of real property with active relevant transaction market. Recent market transaction or under offering evidence of properties with similar characteristics to the Property was collected and analysed on the basis of unit rate. Adjustments were made to reflect the differences in the features between the comparable properties and the property under valuation on various factors which might affect the market value in order to achieve a fair comparison.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumptions that the owner sells the Property in the open market as at the Valuation Date in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the market value of the Property. No account has been taken of any option or right of pre-emption concerning or affecting the sale of the Property. No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, we have assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect the market value and the owner has absolute title to the Property. Unless otherwise stated, the Property is valued on the basis of 100% attributable interest. For leasehold Property, it is assumed that the owner of the Property has free and uninterrupted rights to occupy and use the Property during the whole of the remaining land lease term.

INFORMATION SOURCE

We have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us by the Group on matters such as identification of the Property, occupation particulars, floor and site areas, planning approvals or statutory notices, easements, tenure, building age and all other relevant matters which could affect the market value of the Property. All documents have been used for reference only. We have no reason to doubt the truth and accuracy of the information provided to us which is material to the valuation. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view of valuation and have no reason to suspect that any material information has been withheld. If in any circumstance that additional documents, information or facts became available, we reserve the right to amend our valuation opinions and contents of this report.

Whenever the information contained in this valuation report is quoted or extracted from documents supplied to us which are originally produced in other languages and translated into English for disclosure purpose, in case of any inconsistency, the original version shall prevail.

TITLE INVESTIGATION

We have been provided with copies of extracts of title documents in relation to the Property. However, under the current land registration system of the PRC, we are not able to conduct title search to verify the original of such documents have been registered with the relevant official authorities, and we have not scrutinised the original documents to verify any amendment which may not appear on the copies available to us. Thus, we have relied on the advice and information regarding the property title status provided by the Group and the Group's PRC legal adviser, Beijing Tianyuan Law Firm, in the course of our valuation. All legal documents disclosed in this valuation report are for reference only. We assume no liability for any existing or potential legal matters in relation to the title of the Property.

INSPECTION AND INVESTIGATIONS

We have inspected the exterior and endeavored to inspect the interior of the Property where accessible. No structural survey has been made in respect of the Property and we did not notice any obvious serious defects. We are not able to report that the Property is free from rot, infestation, or any other structural defects. No test was carried out on any of the building services. It is assumed that there is no material change in the physical condition of the Property as at the Valuation Date.

We have not carried out on-site measurements to verify the land areas and floor areas of the Property, but we have assumed the information shown on the documents handed to us is correct and this valuation has relied on such information. Except as otherwise stated, all dimensions, measurements and areas reported in this valuation report are based on information contained in the documents provided to us and are therefore approximations.

We have not carried out any land investigation or environmental surveys but during our inspection we did not notice and have not been advised of any evidence of environmental concerns such as existing or potential contamination or any form of hazard, and we assumed none of such exists.

CURRENCY

Unless otherwise stated, all monetary amounts stated in our valuation are in Renminbi ("**RMB**"), the lawful currency of the PRC.

LIMITING CONDITIONS AND REMARKS

We confirm that we are independent of and unconnected with any directors, chief executive, substantial shareholders of the Group or their respective associates; we have no interests in any of the Property; and we do not aware of any instances which might give rise to any potential conflict of interest and affect our position as an external valuer to provide unbiased and objective valuation opinions. We also confirm that we possess sufficient skills, knowledge, experience and qualifications in the relevant market and nature of the Property, and competent to undertake this valuation assignment.

We hereby state that this valuation report is for the use only of the party to whom it is addressed and for the purpose specified in this valuation report. No responsibility is accepted to any third party for the whole or any part of its contents. Neither the whole or any part of this report may be included in any published documents or statement nor published in any way without our prior written consent or approval of the form and context in which it may appear. We or our personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this report, and the valuer accepts no responsibility whatsoever to any other person or party.

This report has been produced and signed off in the language of English only. If this report has been translated into other languages, the translated report should only be deemed for reference only. In case of any inconsistency, the English version shall prevail. The English translation of any names or words from other languages contained in this valuation report are for identification purpose only and should not be regarded as the official English translation.

Our Valuation Certificate is enclosed herewith.

Yours faithfully,
For and on behalf of
BonVision International Appraisals Limited

Alex Ma
MHKIS MRICS RPS(GP) RICS Registered Valuer
Director of Property Valuation & Advisory

Note: Mr. Ma is a Member of Hong Kong Institute of Surveyors, a Member and Registered Valuer of the Royal Institution of Chartered Surveyors, and a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in Hong Kong SAR. He has over 10 years' property valuation experience in the mainland China and Hong Kong.

Property held for investment by the Group in the PRC

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in Existing State as at 31 December 2024
An industrial real estate development situated at 488 Suzhou North Road, Langya District, Chuzhou City, Anhui Province, the PRC 一個位於中華人民共和國安徽省滁州市琅琊區蘇州北路488號之工業房地產項目	The Property is an industrial development comprising a parcel of leasehold land which is generally trapezoid in shape with four buildings erected thereon, including one 4-storey building for office and staff dormitory uses and three single storey buildings for factory use. The four buildings have a total gross floor area ("**GFA**") of about 18,182.68 square meters ("**sq.m.**") and completed in 2017. (refer to Note No.2). The land of the Property has a site area of about 66,502 sq.m., and the land use right has been granted to the Group for a term to be expired on 1 July 2063 for industrial use.	According to information provided by the Group, as at the Valuation Date, portions of the Property with a GFA of about 3,562 sq.m. with five dormitory rooms are leased to three independent third parties for a total monthly rental of circa RMB45,980 (inclusive of VAT and exclusive of outgoings). The latest expiry date is 24 June 2025. The remaining floor areas are vacant.	RMB44,211,000 (RENMINBI FORTY-FOUR MILLION TWO HUNDRED ELEVEN THOUSAND) (100% interest attributable to the Group)

Notes:

1. Pursuant to a State-Owned Land Use Rights Certificate (國有土地使用權證), certificate number *Chu Guo Yong (2013) No. 09983* (滁國用(2013)第09983號), issued by Chuzhou City People's Government dated 16 August 2013, the land use right of the Property is vested in Insoftb (Chuzhou) Infant and Child Products Co., Ltd. (嬰舒寶(滁州)嬰童用品有限公司) ("**Chuzhou Insoftb**"); the site area is 66,502 sq.m.; the permitted usage is industrial; and the land use right expiration date is 1 July 2063.

2. Pursuant to the four Real Estate Title Certificates (不動產權證書), certificate numbers *Wan (2017) Chu Zhou Shi Bu Dong Chan Quan Nos. 0023386, 0023387, 0023388 and 0023389* (皖(2017)滁州市不動產權第0023386, 0023387, 0023388及0023389號), issued by Chuzhou City Land Resources and Real Estate Administration Bureau dated 7 April 2017, the land use right and the building ownership are vested in Chuzhou Insoftb; the site area is 66,501.57 sq.m.; the permitted site usage is industrial; the land use right tenure is from 1 July 2013 to 1 July 2063; the buildings are all constructed in reinforced concrete and completed on 13 June 2017; the usage and GFA details of the buildings are summarised below:

Certificate No.	Identification	Usage	Storey	GFA (sq.m.)
0023386	Office	Office	4	3,462.68
0023387	Factory No. 1	Factory	1	2,880.00
0023388	Factory No. 2	Factory	1	6,400.00
0023389	Factory No. 3	Factory	1	5,440.00
			Total:	18,182.68

3. Chuzhou Insoftb is a wholly owned subsidiary of the Group.

4. The vicinity of the Property is predominated by various industrial and high-rise residential developments. It is about 30 minutes driving distance to the Chuzhou CBD area; about 20 minutes driving distance to the Chuzhou North railway station; and about 90 minutes driving distance to the Nanjing Lukou International Airport.

5. The site inspection was performed by Mr. Alex Ma *MRICS MHKIS RPS (GP)* on 25 April 2024.

6. We have been provided with legal opinions regarding the title of the Property prepared by the Group's PRC legal adviser, Beijing Tianyuan Law Firm, which contains, *inter alia*, the following material opinions:

   i. Chuzhou Insoftb legally and validly in possession of the land use right of the Property, and lawfully entitled to possess, use or other legal means to handle such land use right.

   ii. Chuzhou Insoftb legally and validly in possession of the building ownership of the Property, and lawfully entitled to possess, use, lease, transfer, mortgage, or other legal means to handle such buildings. The buildings are mortgaged and during the mortgage period, any transfer, lease, sale or gift of such buildings is subjected to the terms of the relevant agreements.

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 Companies Act.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 22 November 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

(a) The Memorandum states, inter alia, that the liability of members of our Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which our Company is established are unrestricted (including acting as an investment company), and that our Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Cayman Companies Act 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 Islands.

(b) Our Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 10 March 2025 with effect from the Listing Date. 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 holders 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 (other than at an adjourned meeting) shall be two persons holding (or, in the case of a member being a corporation, by its duly authorised representative) or representing by proxy holding not less than one-third of the issued shares of that class and at any adjourned meeting two holders present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

(iii) Alteration of capital

Our Company may by ordinary resolution of its members:

(aa) increase its share capital by the creation of new shares;

(bb) consolidate or divide all or any of its capital into shares of larger or smaller 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 directors 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 or agreed to be taken by any person and diminish the amount of its 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 reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve provided always that it shall be in such a form prescribed by the Hong Kong Stock Exchange and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are listed on the Hong Kong Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Hong Kong Stock Exchange that are or shall be applicable to such listed shares. The register of members in respect of its listed shares (whether the principal register or a branch register) may be kept in Hong Kong 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 rules and regulations of the Hong Kong Stock Exchange that are or shall be applicable to such listed shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The Board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The Board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Hong Kong Stock Exchange may determine to be payable) determined by the Directors is paid to our Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do), and the shares concerned are free of any lien in favour of the Company.

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Hong Kong Stock Exchange, at such times and for such periods as the Board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year as the Board may determine. The period of thirty (30) days may be extended for a further period or periods not exceeding thirty (30) days in respect of any year if approved by members by ordinary resolution.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of our Company.

(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 Hong Kong Stock Exchange and/or any competent regulatory authority.

Where our Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by our Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

The Board may accept the surrender for no consideration of any fully paid share.

(vi) Power of any subsidiary of our Company to own shares in our Company

There are no provisions in the Articles relating to 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 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 twenty per cent. (20%) per annum as the Board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or instalments payable upon any shares held by him, and upon all or any of the monies so advanced our Company may pay interest at such rate (if any) as the Board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the Board may serve not less than fourteen (14) days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to 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 at such rate not exceeding twenty per cent. (20%) per annum as the Board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) 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, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed to fill a casual vacancy shall hold office only until the first annual general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed 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.

A Director may be removed by an ordinary resolution of our Company's members before the expiration of his term of office (including a managing director or other executive director, but without prejudice to any claim for damages under any contract) and members of our Company may by ordinary resolution appoint another person in his stead. Unless otherwise determined by our Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally; or

(bb) he dies or is declared to be of unsound mind pursuant to an order made by any competent court or official and the Board resolves that his office be vacated; or

(cc) without special leave, he is absent from meetings of the Board for six (6) consecutive months, and the Board resolves that his office is vacated; or

(dd) he is prohibited by law from acting as a director or he ceases to be a director by operation of law; 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; or

(ff) by notice in writing delivered to our Company at its registered office or at the Head Office (as defined in the Articles) or tendered at a meeting of the Board he resigns his office; or

(gg) he is removed from office by an ordinary resolution of the Company or otherwise 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 one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office in the management of the business of our Company for such period and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. The Board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the Board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Companies Act, the rules of the Hong Kong Stock Exchange and the Memorandum and Articles and to any special rights conferred on the holders of any shares or attaching to any class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of our Company or the holder thereof, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of our Company on such terms as it may determine.

Subject to the provisions of the Cayman Companies Act and the Articles and, where applicable, the rules of the Hong Kong Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares and other securities 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, to make, or make available, any such allotment, offer, option or shares or other securities to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of 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 assets 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.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by our Company in a general meeting or by the Board, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the Board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any Board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of our Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of our Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive director or a director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The Board may establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or superannuation funds or personal pension plans for the benefit of, or give or procure the giving of donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or service of our Company, or of any company which is a subsidiary of our Company, or is allied or associated with our Company or with any such subsidiary company, or who are or were at any time directors or officers of our Company or of any such other company as aforesaid, and holding or who have held any salaried employment or office in the Company or such other company, and the spouses, widows, widowers, families and dependants of any such persons.

The Board may also establish and subsidise or subscribe to any institutions, associations, clubs or funds calculated to be for the benefit of or to advance the interests and well-being of our Company or of any such other company as aforesaid or of any such persons as aforesaid, and may make payments for or towards the insurance of any such persons as aforesaid, and subscribe or guarantee money for charitable or benevolent objects or for any exhibition or for any public, general or useful object. The Board may do any of the matters aforesaid, either alone or in conjunction with any such other company as aforesaid. Any Director holding any such employment or office shall be entitled to participate in and retain for his own benefit any such donation, gratuity, pension, allowance or employment.

Our Company in general meeting may, upon the recommendation of the Board, resolve to capitalise any sum standing to the credit of any of the Company's reserve accounts which are available for distribution (including its share premium account and capital redemption reserve fund, subject to the Cayman Companies Act) and to appropriate such sums to the holders of shares on the principal register and any branch register of members of the Company to be maintained at such place within or outside the Cayman Islands as the Board shall determine from time to time at the close of business on the date of the relevant resolution (or such other date as may be specified therein or determined as provided therein) in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of dividends, distributions in specie or in kind, capital distributions and capitalisation issues and to apply such sum on their behalf in paying up in full unissued shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid.

(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 or past Director is contractually or statutorily entitled) must be approved by our Company in general meeting.

(vii) Loans and provision of security for loans to Directors

Our Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance as if our Company were a company incorporated in Hong Kong.

(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 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 Board may also cause the voting power conferred by the shares in any other company held or owned by our Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with 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. A Director who to his knowledge is materially, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with our Company must declare the nature of his interest at the earliest meeting of the Board at which it is practicable for him to do so.

A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of our Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity 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 whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any proposal or contract or arrangement 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;

(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; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates to the 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.

(c) Proceedings of the Board

The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings and proceedings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and our Company's name

The Articles may be rescinded, altered or amended by our Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of 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 fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of our Company as, being entitled to do so, vote in person or, in the case of members which 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.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) Voting rights and right to demand a poll

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may pursuant to the rules of the Hong Kong Stock Exchange, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or, in the case of a member being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. Votes (whether on a show of hands or by way of poll) may be cast by such means, electronic or otherwise, as the Directors or the chairman of the meeting may determine.

Any corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any general meeting of the Company or at any meeting of any class of members.

The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual shareholder and such corporation shall for the purposes of the Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.

If a recognised clearing house (or its nominee(s)) is a member of our Company it may authorise such person or persons as it thinks fit to act as its representative(s) or proxy(ies) at any meeting of our Company or at any meeting of any class of members of our Company (including but not limited to any general meeting or creditors meeting) provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of our Company held by that clearing house (or its nominee(s)) 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: (a) speak at general meetings of our Company; and (b) vote at a general meeting except whether a member is required, by the rules of the Hong Kong Stock Exchange, to abstain from voting to approve the matter under consideration.

Where our Company has any knowledge that any member is, under the rules of the Hong Kong Stock Exchange, required to abstain from voting on any particular resolution of our Company or restricted to voting only for or only against any particular resolution of our Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and extraordinary general meetings

Other than the year of our Company's adoption of the Articles, in each financial year during the Relevant Period (as defined in the Articles), our Company shall hold a general meeting as its annual general meeting within six months after the end of each financial year in addition to any other meeting in that financial year and shall specify the meeting as such in the notice calling it.

Extraordinary general meetings may be convened on the requisition of one or more member(s) 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 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by our Company.

Notwithstanding any provisions in the Articles, any general meeting or any class meeting may be held by means of such telephone, electronic or other communication facilities as to permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence at such meeting.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by written notice of not less than twenty-one (21) days. All other general meetings must be called by written notice of at least fourteen (14) days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of 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 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 Hong Kong Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Hong Kong Stock Exchange, notice may also be served or delivered by our Company to any member by electronic means to such contact details or websites as may from time to time be supplied by the shareholder concerned or by publishing it on the websites of our Company and the Hong Kong Stock Exchange.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors whether by rotation or otherwise in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of, or determining the method of fixing of the remuneration of the directors and of the auditors;

(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 rules of the Hong Kong Stock Exchange) in nominal value of its then existing issued share capital and the number of any securities repurchased pursuant to paragraph (gg) below; and

(gg) the granting of any mandate or authority to the Board to repurchase securities of the Company.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business and continues to be present until the conclusion of the meeting, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding (or, in the case of a member being a corporation, by its duly authorised representative) 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 is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of 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 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.

(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 must be kept at the Head Office or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) or other person shall have any right to inspect any accounting record or book or document of our Company except as conferred by law 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 pursuant to the Tax Information Authority Act (Revised) of the Cayman Islands.

A copy of every balance sheet (including every document required by law to be annexed thereto) and profit and loss account which is to be laid before our Company at its annual general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of our Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Hong Kong Stock Exchange, our Company may send to the shareholders summarised financial statements derived from our Company's annual accounts and the directors' report 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 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 auditors at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The appointment, removal and remuneration of the auditors must be approved by a simple majority of our Company's members in a general meeting or by other body that is independent of the Board, except that in any particular year our Company in general meeting (or such body independent of the Board as aforementioned) may delegate the fixing of such remuneration to the Board and the remuneration of any auditors appointed to fill any casual vacancy may be fixed by the Board.

The financial statements of our Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Hong Kong Stock Exchange.

(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.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to 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 (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Our Company may also upon the recommendation of the Board by an 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.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of our Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder to whom it is sent to, 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 in respect of the dividend and/or other moneys represented thereby. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or 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.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of our Company until claimed and our Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Board and shall revert to 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, the register and branch register of members maintained in Hong Kong shall be open to inspection during business hours by any member of our Company 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, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority members in relation to fraud or oppression. However, certain remedies are available to members of our Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix V.

(j) Procedures on liquidation

Unless otherwise provided by the Cayman Companies Act, our Company may at any time and from time to time be wound up voluntarily by a special resolution. If our Company shall be wound up the liquidator shall apply the assets of our Company in such manner and order as he thinks fit in satisfaction of creditors' claims.

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 excess after payment to all creditors shall be distributed pari passu amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if our Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If our Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the 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 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 member shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the 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 par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANIES ACT

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 Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Act 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 summary below 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. An exempted company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

b. Share capital

The 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 (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman Companies Act); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Cayman Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

c. Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding or a subsidiary's company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

d. Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the 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 is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not 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.

e. Dividends and distributions

The Cayman Companies Act permits, subject to a solvency test and the provisions, if any, of a 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 a 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 a company to challenge (a) an act which is ultra vires or illegal, (b) an act which constitutes a fraud against the minority shareholder and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by a company's memorandum and articles of association.

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 pursuant to the Tax Information Authority Act (Revised) 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 (Revised) of the Cayman Islands, our Company has obtained an undertaking from the Governor-in-Cabinet that:

(1) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to our Company or its operations; and

(2) the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of our Company; or by way of the withholding in whole or in part of any relevant payment as defined in the Tax Concessions Act (Revised) of the Cayman Islands.

The undertaking for our Company is for a period of thirty years from 1 May 2024.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to our 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

Members of a 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.

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. 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. A company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the 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 pursuant to the Tax Information Authority Act (Revised) 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 on display. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

p. Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands.

Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Hong Kong Stock Exchange. Accordingly, for so long as the shares of a company are listed on the Hong Kong Stock Exchange, the company is not required to maintain a beneficial ownership register.

q. Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily by its members, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it shall be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the Court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

r. Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by (i) a majority in number representing seventy-five per cent. (75%) in value of creditors, or (ii) seventy-five per cent. (75%) in value of shareholders or class of shareholders, as the case may be, as are present and voting either in person or by proxy 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 (a) is or is likely to become unable to pay its debts within the meaning of section 93 of the Cayman Companies Act; and (b) 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 shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

t. Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

u. Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Act (Revised) of the Cayman Islands ("**ES Act**") that came into force on 1 January 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Act. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is our Company;

however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as our 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 Companies Act. This letter, together with a copy of the Cayman Companies Act, is available on display as referred to in the section headed "Documents delivered to the Registrar of Companies and on display — 2. Documents available on display" in Appendix VII to this prospectus. Any person wishing to have a detailed summary of Cayman Companies Act or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY

(a) Incorporation

Our Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on 22 November 2023. Our Company has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 24 May 2024 and our Company's principal place of business in Hong Kong is at Room 1910, 19/F., C C Wu Building, 302-308 Hennessy Road, Wan Chai, Hong Kong. Mr. Yeung Kwong Wai (楊光偉) of Room 1910, 19/F., C C Wu Building, 302-308 Hennessy Road, Wan Chai, Hong Kong, a Hong Kong resident, has been appointed as the authorised representative of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company was incorporated in the Cayman Islands, our operation is subject to the relevant law of the Cayman Islands and its constitution which comprises a memorandum of association and the articles of association. A summary of the relevant aspects of the Companies Act and certain provisions of Articles of Association is set out in Appendix V to this prospectus.

(b) Changes in share capital of our Company

As at the date of the incorporation of our Company, the authorised share capital of our Company was HK$380,000 divided into 38,000,000 Shares of HK$0.01 each. At the time of incorporation, the issued share capital of our Company was HK$0.01 with one Share allotted and issued, which was held by Ogier Global Subscriber (Cayman) Limited, the initial subscriber, an Independent Third Party. On 15 December 2023, the said Share was transferred to Soft BVI for a nominal consideration of HK$0.01.

On 23 April 2024, our Company allotted and issued 499,499 Shares, 160,000 Shares, 150,500 Shares, 50,500 Shares and 39,500 Shares to Softo BVI, Wish BVI, Galaxey BVI, Aspiring BVI and Ambition BVI, respectively, for a consideration at par value and credited as fully-paid.

On 26 April 2024, our Company further allotted and issued 90,000 Shares and 10,000 Shares at par value and credited as fully-paid to Softo BVI and Aspiring BVI as consideration of our Group's acquisition of the entire issued share capital of Soft HK from Mr. Ngan and Mr. Zeng.

On 6 May 2024, each Share with a par value of HK$0.01 each be subdivided into 100 shares with a par value of HK$0.0001 each, and all the subdivided Shares rank *pari passu* in all respects with each other, such that thereafter the authorised share capital of the Company shall become HK$380,000 divided into 3,800,000,000 Shares with a par value of HK$0.0001 each.

Assuming that the Global Offering becomes unconditional and the issue of the Shares pursuant to the Global Offering and the Capitalisation Issue mentioned herein are made, but not taking into account of any Shares which may be issued upon the exercise of the Over-allotment Option, the issued share capital of our Company will be HK$100,000 divided into 1,000,000,000 Shares fully paid or credited as fully paid.

The exercise of the Over-allotment Option or the exercise of the general mandate to issue Shares referred to in paragraph headed "A. Further Information about Our Company — (d) Resolutions of our Shareholders passed on 10 March 2025" below in this section, there is no present intention to issue any part of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in this section and in the paragraph headed "B. Corporate Reorganisation" below in this section, there has been no alteration in the share capital of our Company since incorporation.

(c) Changes in share capital of our subsidiaries

Save as disclosed in the section headed "History, Reorganisation and Corporate Structure" of this prospectus, there are no changes in the registered capital of our Company's subsidiaries during the two years preceding the date of this prospectus.

(d) Resolutions of our Shareholders passed on 10 March 2025

Pursuant to the written resolutions of the then Shareholder entitled to vote at general meetings of our Company, which were passed on 10 March 2025, among others:

(a) the Memorandum of Association is approved and adopted with immediate effect;

(b) the Articles of Association is 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 Listing Date;

(c) conditional upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, on the Main Board, our Shares in issue and to be issued (pursuant to the Capitalisation Issue, the Global Offering, and the Over-allotment Option) as mentioned in this prospectus; and (ii) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any condition(s)) by the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and not being terminated in accordance with the terms of the Underwriting Agreement or otherwise:

    (i) conditional on the share premium account of our Company being credited as a result of the Global Offering, the sum of HK$65,000 be capitalised and applied in paying up in full at par value 650,000,000 Shares for allotment and issue to our Shareholders whose names were on the register of members of our Company immediately prior to the Global Offering and such Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respect with the existing issued Shares;

(ii) the Global Offering and the Over-allotment Option were approved and our Directors were authorised to allot and issue the Offer Shares and the Shares as may be required to be allotted and issued upon the exercise of the Over-allotment Option on and subject to the terms and conditions stated in this prospectus;

(iii) 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 any 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 Capitalisation Issue and the Global Offering but before any exercise of the Over-allotment Option, 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;

For the purpose of this paragraph, "Rights Issue" means an offer of shares in our Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by our Directors to holders of shares in our Company on the register on a fixed record date in proportion to their holdings of shares (subject to such exclusion or other arrangements as our Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to our Company, or any recognised regulatory body or any stock exchange applicable to our Company);

(iv) a general unconditional mandate be and is hereby given to our Directors to exercise all powers of our Company to buyback on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed 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 Capitalisation Issue and the Global Offering but before the exercise of the Over-allotment Option, 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;

(v) 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 Capitalisation Issue and the Global Offering but before the exercise of the Over-allotment Option 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.

(e) Buyback of our Shares

This section includes information relating to the repurchases of securities, including information required by the Stock Exchange to be included in this prospectus concerning such repurchase.

(a) Provisions of the Listing Rules

The Listing Rules permit companies whose primary listing is on the Stock Exchange to buyback their securities on the Stock Exchange subject to certain restrictions, the most important restrictions are summarised below:

(i) Shareholders' approval

All proposed buybacks of Shares must be approved in advance by an ordinary resolution of our Shareholders in a general meeting, either by way of general mandate or by specific approval in relation to a particular transaction.

Pursuant to the written resolutions of all Shareholders passed on 10 March 2025, a general unconditional mandate (the "**Buyback Mandate**") was given to our Directors to exercise all powers of our Company to buyback Shares (Shares which may be listed on the Stock Exchange) with a total nominal value of not more than 10% of the aggregate nominal value of our share capital in issue or to be issued immediately following completion of the Global Offering (excluding Shares which may be issued pursuant to the exercise of the Over-allotment Option), further details of which have been described above in the paragraph headed "A. Further Information about our Company — (d) Resolutions of our Shareholders passed on 10 March 2025" in this appendix.

(ii) Source of funds

Any buyback of Shares by us must be paid out of funds legally available for the purpose in accordance with our Articles of Association, the Listing Rules and the Companies Act. We are not permitted to buyback our Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(iii) Shares to be repurchased

The Listing Rules provide that the Shares which are proposed to be bought-back by us must be fully-paid up.

(b) Reasons for buybacks

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have general authority from our Shareholders to enable them to buyback Shares in the market. Such buybacks may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such buybacks will benefit our Company and our Shareholders.

(c) Funding of buybacks

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 prospectus and taking into account its current working capital position, our Directors consider that, if the Buyback 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 prospectus. However, our Directors do not propose to exercise the Buyback 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.

(d) 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.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Listing Rules and the applicable laws and regulations of the Cayman Islands.

If, as a result of any buyback of Shares, a shareholder's proportionate interest in the voting rights is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a shareholder or a group of shareholders acting in concert 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 buybacks pursuant to the Buyback Mandate.

We have not made any buybacks of our own securities in the past six months.

No core connected person (as defined in the Listing Rules) has notified us that he/she has a present intention to sell Shares to us, or has undertaken not to do so, if the Buyback Mandate is exercised.

B. CORPORATE REORGANISATION

In order to streamline the corporate structure and rationalize our corporate structure for the Listing, our Group underwent the Corporate Reorganisation. Please refer to the sub-section headed "History, Reorganisation and Corporate Structure — Reorganisation" in this prospectus 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) were entered into by our Group within the two years preceding the date of this prospectus and are or may be material:

(1) an equity transfer agreement dated 27 September 2023 entered into between Insoftb China and Zhang Anli (張安莉), pursuant to which Insoftb China transferred its 51% equity interest in Jinjiang Lantu (representing its subscribed capital contribution of RMB1,785,000) to Zhang Anli for a total consideration of RMB1,785,000;

(2) an equity transfer agreement dated 27 October 2023 entered into between Mr. Zeng and Insoftb China, pursuant to which Mr. Zeng transferred his 51% equity interests in Jinjiang Libaida (representing his subscribed capital contribution of RMB510,000) to Insoftb China for a total consideration of RMB550,800;

(3) an equity transfer agreement dated 27 October 2023 entered into between Yan Danbin (顏丹彬), an Independent Third Party of the Group and Insoftb China, pursuant to which Yan Danbin (顏丹彬) transferred his 49% equity interests in Jinjiang Libaida (representing his subscribed capital contribution of RMB490,000) to Insoftb China for a total consideration of RMB529,200;

(4) a share transfer agreement dated 26 April 2024 entered into among our Company, Soft BVI, Mr. Ngan and Mr. Zeng, pursuant to which, each of Mr. Ngan and Mr. Zeng transferred 90% interests (representing 900 issued shares) and 10% interests (representing 100 issued shares) of Soft HK to Soft BVI in consideration of the issuance and allotment by our Company of 90,000 and 10,000 Shares to, credited as fully paid, to Softo BVI and Aspiring BVI, respectively;

(5) the Deed of Indemnity; and

(6) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group

Trademarks

As at the Latest Practical Date, we have registered 25 trademark 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. . . .	MISECR五月私语 早安裤	Insoftb China	78360576	5	2024-11-28	2034-11-27
2. . . .	MISECR五月私语 安心裤	Insoftb China	78363689	5	2024-12-07	2034-12-06
3. . . .	MISECR五月私语 早安裤	Insoftb China	78355369	5	2024-11-21	2034-11-20
4. . . .	MISECR五月私语 安心裤	Insoftb China	78353464	5	2024-11-28	2034-11-27
5. . . .	MISECR® 五月私语	Insoftb China	75056175	5	2024-04-28	2034-04-27
6.	MISECR五月私语	Insoftb China	75059840	5	2024-04-28	2034-04-27
7. . . .	Insoftb 婴舒宝	Insoftb China	64613693	25	2023-01-14	2033-01-13
8. . . .	Insoftb 婴舒宝	Insoftb China	64613315	24	2022-11-07	2032-11-06
9. . . .	Insoftb 婴舒宝	Insoftb China	64599003	21	2022-11-07	2032-11-06
10. . . .	Insoftb 婴舒宝	Insoftb China	64599072	35	2022-11-07	2032-11-06
11. . . .	HEYNCKES 亨克斯	Insoftb China	61368125	5	2022-08-28	2032-08-27
12. . . .	Insoftb 婴舒宝	Insoftb China	60509636	21	2022-07-14	2032-07-13
13. . . .	Insoftb 婴舒宝	Insoftb China	60494585	24	2022-07-07	2032-07-06

No.	Trademark	Registered owner	Registered number	Class	Registration date	Expiry date
14. . . .	Insoftb 婴舒宝	Insoftb China	57556274	10	2022-01-28	2032-01-27
15. . . .	Insoftb 婴舒宝	Insoftb China	57557376	3	2022-01-28	2032-01-27
16. . . .	Insoftb 婴舒宝	Insoftb China	57547169	16	2022-01-28	2032-01-27
17. . . .	Insoftb 婴舒宝	Insoftb China	57563176	5	2022-11-21	2032-11-20
18. . . .	Insoftb 婴舒宝	Insoftb China	57541566	35	2022-04-21	2032-04-20
19. . . .	HEYNCKES 亨克斯	Insoftb China	52532015	5	2021-08-14	2031-08-13
20. . . .	HEYNCKES 亨克斯	Insoftb China	52525678	24	2021-08-28	2031-08-27
21. . . .	HEYNCKES 亨克斯	Insoftb China	52521350	3	2021-08-21	2031-08-20
22. . . .	HEYNCKES 亨克斯	Insoftb China	52524516	12	2021-08-21	2031-08-20
23. . . .	HEYNCKES 亨克斯	Insoftb China	52535140	28	2021-08-21	2031-08-20
24. . . .	HEYNCKES 亨克斯	Insoftb China	52532367	16	2021-10-14	2031-10-13
25. . . .	Cosoftb	Insoftb China	49005083	5	2022-01-07	2032-01-06

As at the Latest Practical Date, we have registered one trademark in Hong Kong which, in the opinion of our Directors, is material to our business:

No.	Trademark	Registered owner	Registered number	Class	Registration date	Expiry date
1. . . .	Insoftb 婴舒宝	Insoftb China	303560544	5	2016-10-09	2025-10-08

As at the Latest Practical Date, 11 applications in the PRC had been made for the registrations of the following trademarks:

No.	Trademark	Registered owner	Application number	Class	Application date
1.	启迪熊	Insoftb China	76156637	3	2024-01-03
2.	Good Morning 早安裤	Insoftb China	78353029	5	2024-05-06
3.	GOODMORNING 早安裤	Insoftb China	78386902	5	2024-05-06
4.	成长冠军	Insoftb China	79034383	19	2024-06-04
5.	成长冠军	Insoftb China	79016417	19	2024-06-04
6.	芯安裤	Insoftb China	78359326	5	2024-05-06
7.	早安裤	Insoftb China	78353039	5	2024-05-06
8.	MISECr五月私语 晚安裤	Insoftb China	81898891	5	2024-11-11
9.	MISECr五月私语 晚安裤	Insoftb China	81896638	35	2024-11-11
10.	银护力	Insoftb China	81854404	35	2024-11-08
11.	银护力	Insoftb China	81853420	5	2024-11-08

Domain Names

As at the Latest Practical Date, we have registered the following domain name:

Registrant	Domain name	Date of registration	Expiration date
Insoftb China.	Insoftb.com	2010-08-26	2026-08-26

Patents

As at the Latest Practical Date, we have registered the following registered patents in the PRC:

No.	Patent Category	Patent number	Application Date	Name of the Patent	Owner of the Patent	Expiry Date
1.	Design	202430343061.2	2024-06-05	Sanitary pants (female disposable sanitary pants) (衛生褲(女性一次性衛生褲))	Insoftb China	2039-06-04
2.	Invention	202010147551.6	2020-03-05	A device for joining the beltline of pant diapers (一種用於拉拉褲腰圍接合的設備)	Insoftb China	2040-03-04
3.	Invention	202010280090.X	2020-04-10	A kind of film material folding compound machine (一種膜料折邊複合機)	Insoftb China	2040-04-09
4.	Utility model	202420185026.7	2024-01-25	A spunlace nonwoven fabric production process dust absorption device (一種水刺無紡布生產過程中灰塵吸收裝置)	Insoftb New Material	2034-01-24
5.	Utility model	202421333157.1	2024-06-12	A rewinding device for nonwoven fabric production (一種無紡布生產用收卷裝置)	Insoftb New Material	2034-06-11
6.	Utility model	202421288002.0	2024-06-06	A breathable nonwoven fabric unloading device (一種透氣性無紡布下料裝置)	Insoftb New Material	2034-06-05
7.	Utility model	202421099434.7	2024-05-20	A wrinkle removal device for air-through nonwoven fabrics (一種用於熱風無紡布的除皺裝置)	Insoftb New Material	2034-05-19
8.	Utility model	202420838128.4	2024-04-22	An embossing device for the production of high-efficiency nonwoven fabrics (一種高效無紡布生產用壓紋裝置)	Insoftb New Material	2034-04-21

No.	Patent Category	Patent number	Application Date	Name of the Patent	Owner of the Patent	Expiry Date
9.	Utility model	202420721783.1	2024-04-09	A nonwoven fabrics static elimination device (一種無紡布靜電消除裝置)	Insoftb New Material	2034-04-08
10.	Utility model	202321501196.3	2023-06-13	Baby diapers with composition of airlaid paper, polypropylene nonwoven and SAP (一種複合吸收嬰兒紙尿褲)	Insoftb China	2033-06-12
11.	Utility model	202321501195.9	2023-06-13	A device for monitoring air permeability of diapers (一種紙尿褲透氣性檢測裝置)	Insoftb China	2033-06-12
12.	Utility model	202320819423.0	2023-04-13	A device for testing masks with high air permeability and comfort (一種高透氣舒適口罩檢測裝置)	Insoftb China	2033-04-12
13.	Utility model	202321222743.4	2023-05-19	Ultra-thin diapers with breathability (一種超薄透氣紙尿褲)	Insoftb China	2033-05-18
14.	Utility model	202321098050.9	2023-05-09	Fast absorbent cores for diapers (一種紙尿褲用快速吸水芯體)	Insoftb China	2033-05-08
15.	Utility model	202320929571.8	2023-04-23	A new mask for children (一種新型兒童口罩)	Insoftb China	2033-04-22
16.	Utility model	202320671854.7	2023-03-30	A device for testing the side leakage of diapers composed of porous materials for water uptake (一種透孔易吸紙尿褲側漏檢測裝置)	Insoftb China	2033-03-29
17.	Utility model	202321098008.7	2023-05-09	Structure of acquisition layer of diaper (一種紙尿褲內的鎖水層結構)	Insoftb China	2033-05-08
18.	Utility model	202320929564.8	2023-04-23	A device for spaying glue to assemble the components in the process of diaper manufacture (一種慢吸速導紙尿褲加工用噴膠裝置)	Insoftb China	2033-04-22

No.	Patent Category	Patent number	Application Date	Name of the Patent	Owner of the Patent	Expiry Date
19.	Utility model	202320671774.1	2023-03-30	Adult diapers with double layers for unisex (一種雙層雙用成人紙尿褲)	Insoftb China	2033-03-29
20.	Utility model	202320622828.5	2023-03-27	A device for cutting and gluing components in the process of diaper manufacture (一種紙尿褲生產用的封切裝置)	Insoftb China	2033-03-26
21.	Utility model	202220191673.X	2022-01-24	Baby diapers combined with shatter-proof pads (一種組合式嬰兒紙尿褲)	Insoftb China	2032-01-23
22.	Utility model	202220186131.3	2022-01-24	New and seamless baby diapers (一種新型無痕嬰兒紙尿褲)	Insoftb China	2032-01-23
23.	Utility model	202220012208.5	2022-01-05	Adult diapers for keeping dry and antibacterial (一種乾爽抑菌的成人紙尿褲)	Insoftb China	2032-01-04
24.	Utility model	202220012213.6	2022-01-05	A composite structure of diapers suitable for a wide range of weight (一種具有多組彈性腰圍的複合結構)	Insoftb China	2032-01-04
25.	Utility model	202123273172.0	2021-12-23	Diapers capable of blocking urine overflow (一種具有阻隔尿液外溢的紙尿褲)	Insoftb China	2031-12-22
26.	Utility model	202021688925.7	2020-08-13	A kind of reusable diaper (一種可重複利用的紙尿褲)	Insoftb China	2030-08-12
27.	Utility model	202021641076.X	2020-08-08	Diapers with side leakage prevention (一種具有防側漏功能的紙尿褲)	Insoftb China	2030-08-07
28.	Utility model	202021638339.1	2020-08-08	A kind of expandable diaper (一種具有擴容機構的紙尿褲)	Insoftb China	2030-08-07
29.	Utility model	202021549732.3	2020-07-30	A kind of diaper with convenient ventilation and heat dissipation (一種便於透氣散熱的紙尿褲)	Insoftb China	2030-07-29

No.	Patent Category	Patent number	Application Date	Name of the Patent	Owner of the Patent	Expiry Date
30.	Utility model	202021757037.6	2020-08-20	Children's diapers with rear leakage prevention (一種具有防後漏功能的兒童紙尿褲)	Insoftb China	2030-08-18
31.	Utility model	202021773474.7	2020-08-22	An adult diaper with a double-waist structure (一種具有雙重腰圍結構的成人紙尿褲)	Insoftb China	2030-08-21
32.	Utility model	202021523406.5	2020-07-28	A diaper with a reminder of change function (一種具有提醒更換功能的紙尿褲)	Insoftb China	2030-07-27
33.	Utility model	202021495718.X	2020-07-25	A diaper with mosquito repellent function (一種具有驅蚊功能的紙尿褲)	Insoftb China	2030-07-24
34.	Utility model	202021487289.1	2020-07-24	A kind of children's diaper with prepositioning function (一種具有預定位功能的兒童紙尿褲)	Insoftb China	2030-07-23
35.	Utility model	202021484902.4	2020-07-24	An environmentally friendly diaper (一種環保型紙尿褲)	Insoftb China	2030-07-23
36.	Utility model	202020527416.X	2020-04-10	A kind of film material folding compound machine (一種膜料折邊複合機)	Insoftb China	2030-04-09
37.	Utility model	202020261506.9	2020-03-05	A device for joining the beltline of pull-ups (一種用於拉拉褲腰圍接合的設備)	Insoftb China	2030-03-04
38.	Utility model	201920961616.3	2019-06-25	A new type of diaper (一種新型紙尿褲)	Insoftb China	2029-06-24
39.	Utility model	201920986725.0	2019-06-27	Diversion type pants (導流型大大褲)	Insoftb China	2029-06-26
40.	Utility model	201920975924.1	2019-06-26	An antibacterial ultra-thin diaper (一種抗菌型超薄紙尿褲)	Insoftb China	2029-06-25
41.	Utility model	201920961582.8	2019-06-25	A convenient and highly breathable diaper (一種方便穿着的高透氣型紙尿褲)	Insoftb China	2029-06-24

No.	Patent Category	Patent number	Application Date	Name of the Patent	Owner of the Patent	Expiry Date
42.	Utility model	201920981845.1	2019-06-26	A breathable and environmentally friendly diaper (一種透氣環保的紙尿褲)	Insoftb China	2029-06-25
43.	Utility model	201920984949.8	2019-06-27	A kind of diaper with composite core structure (一種複合芯體結構的紙尿褲)	Insoftb China	2029-06-26
44.	Utility model	202420352191.7	2024-02-26	An antislip nonwoven fabric production apparatus (一種防滑無紡布生產設備)	Insoftb New Material	2034-02-25
45.	Utility model	202420640946.3	2024-03-30	A Rolled non-worked full edge reception (一種卷制無紡布毛邊切除裝置)	Insoftb New Material	2034-03-29
46.	Utility model	202420210261.5	2024-01-29	A nonwoven flat ironing apparatus (一種無紡布平整熨燙裝置)	Insoftb New Material	2034-01-28
47.	Utility model	202420352186.6	2024-02-26	A multifunctional spunlace nonwoven fabric (一種多功能水刺無紡布)	Insoftb New Material	2034-02-25

As at the Latest Practical Date, five applications had been made for the registrations of the following patents in the PRC:

No.	Name of the Patent	Application of the Patent	Application number	Patent Category	Application Date
1.	A diaper wearing multi-point pressure detection device (一種紙尿褲穿戴多點壓力檢測裝置)	Insoftb China	CN202410871800.4	Invention patent	2024-07-01
2.	A daily wearable tear type female disposable sanitary pants (一種日用可穿撕式女性一次性衛生褲)	Insoftb China	CN202410835715.2	Invention patent	2024-06-26

No.	Name of the Patent	Application of the Patent	Application number	Patent Category	Application Date
3.	A fully automatic diaper packaging production device (一種全自動紙尿褲包裝生產裝置)	Insoftb China	CN202310742585.3	Invention patent	2023-06-21
4.	Equipment for plastic packaging of pull-ups (一種用於拉拉褲整形包裝的設備)	Insoftb China	CN202010280117.5	Invention patent	2020-04-10
5.	An antibacterial nonwoven fabric and method of making same (一種抗菌無紡布及其製備方法)	Insoftb New Material	CN202411093362.X	Invention patent	2024-08-09

Copyrights

As at the Latest Practical Date, we have registered the following registered copyrights in the PRC:

No.	Name of the Copyright	Owner of the Copyright	Registration number	Registration Date
1.	Packaging bag (medical pad) 包裝袋(醫用墊單)	Insoftb China	Min Zuo Deng Zi-2023-F-01050627	2023-02-02
2.	Packaging bag (adult diapers) 包裝袋(成人紙尿褲)	Insoftb China	Min Zuo Deng Zi-2023-F-01050624	2023-02-02
3.	INSOFTB (嬰舒寶)	Insoftb China	Min Zuo Deng Zi-2021-F-00106037	2021-07-14
4.	Growth Champion cartoon mascot (成長冠軍卡通吉祥物)	Insoftb China	Min Zuo Deng Zi-2016-F-00028359	2016-08-29
5.	Insoftb cartoon mascot (嬰舒寶卡通吉祥物)	Insoftb China	Min Zuo Deng Zi-2014-F-00013423	2014-09-01
6.	Insoftb brand (嬰舒寶品牌)	Insoftb China	Guo Zuo Deng Zi-2012-F-00061622	2012-05-30
7.	Growth Champion Logo (成長冠軍標識)	Insoftb China	Min Zuo Deng Zi-2015-F-00012257	2015-07-10
8.	New Logo of Insoftb (嬰舒寶新LOGO)	Insoftb China	Min Zuo Deng Zi -2024-F-00245792	2024-07-02

3. Further information about our PRC establishments

Insoftb China

Nature of the company	:	Limited liability company (wholly-owned by a corporation in Hong Kong, Macao or Taiwan (港台澳法人獨資))
Incorporation date	:	30 November 2010
Term of business operation . . .	:	30 November 2010 to 29 November 2060
Registered capital:.	:	US$10 million
Paid-up capital	:	US$2,059,303.14
Attributable interest of our Company	:	100%
Scope of business:.	:	Production of hygiene products and disposable medical products, among others

Insoftb New Material

Nature of the company	:	Limited liability company (wholly-owned by foreign-invested enterprise (外商投資企業法人獨資))
Incorporation date	:	7 August 2020
Term of business operation . . .	:	Long term
Registered capital:.	:	RMB100 million
Paid-up capital	:	RMB100 million
Attributable interest of our Company	:	100%
Scope of business:.	:	Production of industrial textile products, sales of personal hygiene products, among others

Blue Giant Hygiene Products

Nature of the company	:	Limited liability company (Invested or controlled solely by natural person (自然人投資或控股的法人獨資))
Incorporation date	:	22 December 2016
Term of business operation . . .	:	22 December 2016 to 21 December 2066
Registered capital:.	:	RMB10 million
Paid-up capital	:	RMB10 million
Attributable interest of our Company	:	100%
Scope of business:.	:	Production of hygiene products and disposable medical products, among others

Chuzhou Insoftb

Nature of the company	:	Limited liability company (Invested or controlled solely by non-natural person (非自然人投資或控股的法人獨資))
Incorporation date	:	6 March 2013
Term of business operation . . .	:	Long term
Registered capital:.	:	RMB 5 million
Paid-up capital	:	RMB 5 million
Attributable interest of our Company	:	100%
Scope of business:.	:	Production and sales of diapers, wet wipes, sanitary napkins, sanitary pads, household paper, among others

Heynckes Trading

Nature of the company	:	Limited liability company (wholly-owned by foreign-invested enterprise (外商投資企業法人獨資))
Incorporation date	:	23 May 2018
Term of business operation . . .	:	23 May 2018 to 22 May 2028
Registered capital:.	:	RMB10 million
Paid-up capital	:	Nil
Attributable interest of our Company	:	100%
Scope of business:.	:	Sale of pet supplies and personal hygiene products, among others

Jinjiang Libaida

Nature of the company	:	Limited liability company (Invested or controlled solely by non-natural person (非自然人投資或控股的法人獨資))
Incorporation date	:	17 November 2011
Term of business operation . . .	:	17 November 2011 to 16 November 2041
Registered capital:.	:	RMB1 million
Paid-up capital	:	RMB1 million
Attributable interest of our Company	:	100%
Scope of business:.	:	Production and sale of hygiene products and disposable medical products, among others

D. FURTHER INFORMATION ABOUT OUR DIRECTORS

1. Directors' service contracts and letters of appointment

Each of our executive Directors has entered into a service contract with our Company for an initial fixed term of three years commencing from the date thereof, and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other.

Our non-executive Director has entered into a letter of appointment with us for an initial fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than one months' notice in writing served by either party on the other.

Each of our independent non-executive Directors has entered into a letter of appointment with our Company for an initial fixed term of one year commencing from the Listing Date and will continue thereafter until terminated by not less than one month's notice in writing by served by either party on the other.

The current basic annual remuneration of our Directors are as follow:

Mr. Ngan	RMB1,200,000
Mr. Zeng	RMB240,000
Mr. Zhou	RMB240,000
Mr. Gao	RMB240,000
Mr. Cai	RMB240,000
Ms. Leong Kai Weng Subrina	HK$120,000
Mr. Wong Tai Wai David	HK$120,000
Mr. Ng Brian Hong Jing	HK$120,000

Note: Our executive Directors who are receiving remuneration in the PRC through our subsidiaries in the PRC, such salaries have been converted into Hong Kong dollars and rounded to the nearest thousands.

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

The aggregate of the remuneration paid and benefits in kind granted to our Directors by us and our subsidiaries during the Track Record Period was RMB0.51 million, RMB0.67 million, RMB0.77 million and RMB0.60 million, respectively.

Save as disclosed in "Directors and Senior Management — Remuneration of the Directors and Senior Management" in this prospectus, no other emoluments have been paid or are payable during the Track Record Period 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 ended 31 December 2024 would be approximately RMB0.8 million, respectively.

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 prospectus.

E. DISCLOSURE OF INTERESTS

1. Disclosure of interests

(a) Interests and short positions of our Directors in our share capital as at the Latest Practicable Date and following the Capitalisation Issue and the Global Offering

As at the Latest Practicable Date and immediately following completion of the Capitalisation Issue and the Global Offering and taking no account of any Shares which may be allotted and issued pursuant to the Over-allotment Option, the interests or short positions of our Directors and the chief executive of our Company in the shares, debentures, equity derivatives and underlying shares of our Company and our 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 short positions which he 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 us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

Interests and short positions in the shares, underlying shares and debentures:

Long position in our Company

		As at the Latest Practicable Date		Immediately after the Global Offering and the Capitalisation Issue[(1)]	
Name of Director	**Nature of interest**	**Number of Shares**	**Approximate percentage of shareholding in our Company**	**Number of Shares**	**Approximate percentage of shareholding in our Company[(1)]**
Mr. Ngan[(2)]	Interest in controlled corporations	90,000,000	90%	675,000,000	67.50%
Mr. Zeng[(3)]	Interest in controlled corporations	10,000,000	10%	75,000,000	7.50%

Notes:

(1) Assuming the Over-allotment Option is not exercised.

(2) Mr. Ngan is the sole shareholder of Softo BVI, Wish BVI and Galaxey BVI and he is therefore deemed to be interested in the Shares held by these entities upon the Listing.

(3) Mr. Zeng is the sole shareholder of Aspiring BVI and Ambition BVI and he is therefore deemed to be interested in the Shares held by these entities upon the Listing.

(b) Interests and short positions disclosable under Divisions 2 and 3 of Part XV of the SFO

As at the Latest Practicable Date and immediately following completion of the Capitalisation Issue and the Global Offering and taking no account of any Shares which may be issued or bought-back by the Company pursuant to the general mandate, so far as our Directors are aware, in addition to the interests disclosed under paragraphs headed "(a). Interests and short positions of our Directors in our share capital as at the Latest Practicable Date and following the Capitalisation Issue and the Global Offering" above, the following persons (not being a Director or chief executive of our Company) are expected to have interests or short positions in our Shares or underlying Shares which are 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 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 any members of our Group:

Interests positions in our Company

		As at the Latest Practicable Date		Immediately after the Global Offering and the Capitalisation Issue(1)	
Name of Shareholder	**Capacity/Nature of interest**	**Number of Shares**	**Approximate percentage of shareholding(1)**	**Number of Shares**	**Approximate percentage of shareholding(1)**
Softo BVI(2)(3)	Beneficial owner and interest in controlled corporations	90,000,000	90.00%	675,000,000	67.50%
Wish BVI	Beneficial owner	16,000,000	16.00%	120,000,000	12.00%
Galaxey BVI	Beneficial owner	15,050,000	15.05%	112,875,000	11.29%
Aspiring BVI(4)	Beneficial owner and and interest in a controlled corporation	10,000,000	10.00%	75,000,000	7.50%

Notes:

(1) Assuming the Over-allotment Option is not exercised.

(2) Mr. Ngan is the sole shareholder of Softo BVI, Wish BVI and Galaxey BVI and he is therefore deemed to be interested in the Shares held by these entities upon the Listing.

(3) Softo BVI is the sole shareholder of Wish BVI and Galaxy BVI and it is therefore deemed to be interested in the Shares held by these entities upon the Listing.

(4) Aspiring BVI is the sole shareholder of Ambition BVI and it is therefore deemed to be interested in the Shares held by the entity upon the Listing.

2. Disclaimers

(a) Save as disclosed in the paragraph headed "D. Further information about our Directors" in this Appendix, our Directors are not aware of any person (not being our Director or chief executive) who will, immediately after completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option), have an interest or a short position in Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the issued voting shares of any other members of our Group;

(b) Save as disclosed in the paragraph headed "D. Further information about our Directors" in this Appendix, none of our Directors has any interest or short position in any of our Shares, underlying Shares or debentures or any shares, underlying shares or debentures of any associated corporation within the meaning of Part XV of the SFO, which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, in each case once our Shares are listed;

(c) None of our Directors nor any of the parties listed in the section headed "F. Other Information — 10. Consents of experts" in this appendix is interested in the promotion of our Company, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to our Company or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries;

(d) None of our Directors nor any of the parties listed in the section headed "F. Other Information — 10. Consents of experts" in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;

(e) Save in connection with the Underwriting Agreements, none of the parties listed in the section headed "F. Other Information — 10. Consents of experts" in this appendix:

   (i) is interested legally or beneficially in any securities of our Company or any of our subsidiaries; or

(ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of our Company or any of our subsidiaries;

(f) none of our Directors or their close associates (as defined in the Listing Rules) or the existing Shareholders (who, to the knowledge of our Directors, owns more than 5% of our issued share capital) has any interest in any of the five largest customers or the five largest suppliers of our Group for each year or period during the Track Record Period.

F. OTHER INFORMATION

1. Deed of Indemnity

Mr. Ngan, Softo BVI, Wish BVI, and Galaxey BVI (the "**Indemnifiers**") have entered into the Deed of Indemnity with and in favour of our Company for itself and as trustee for its subsidiaries, to provide indemnities in respect of, among other things:

(a) certain estate duty, death duty, inheritance tax, succession duty or any similar tax or duty which might be payable by any companies in our Group by virtue of or under the provisions of the Estate Duty Ordinance (Chapter 111 of Laws of Hong Kong) (the "**Estate Duty Ordinance**");

(b) any liability of any or all of the members of our Group to any form of taxation and duty whenever created or imposed, whether of Hong Kong, the PRC or of any other part of the world, and without prejudice to the generality of the foregoing includes profits tax, provisional profits tax, business tax on gross income, income tax, value added tax, interest tax, salaries tax, property tax, land appreciation tax, lease registration tax, estate duty, capital gains tax, death duty, capital duty, stamp duty, payroll tax, withholding tax, rates, import, customs and excise duties and generally any tax duty, impost, levy or rate or any amount payable to the revenue, customs or fiscal authorities of local, municipal, provincial, national, state or federal level whether of Hong Kong, the PRC or of any other part of the world falling on any of the members of our Group resulting from or by reference to any income, profits or gains earned, accrued or received on or before the Listing Date or any event on transaction on or before Listing Date whether alone or in conjunction with any circumstances whenever occurring and whether or not such taxation is chargeable against or attributable to any other person, firm or company;

(c) any fines, late payment fees, damages, loses, attorney fees, litigation fees and public relationship costs which might be payable by the Group in relation to occupation of land and property without obtaining the certificate of title to real estate by the Group, and any relocation expenses, decoration expenses, losses arisen from relocation and suspension of operation when the Group or any other members of our Group is prohibited from occupation and usage of such land and property; and

(d) all claims, actions, demands, liabilities, damages, costs, expenses, penalties, fines and of whatever nature suffered or incurred by any member of our Group directly or indirectly as a result of or in connection with the non-compliance or alleged non-compliance by any member of our Group with any applicable laws, rules and regulations in PRC or any jurisdictions in the course of its business occurred on or before the Listing Date and/or all actions, claims, demands, proceedings, costs and expenses, damages, losses and liabilities whatsoever which may be made, suffered or incurred by any member of our Group in respect of or arising directly or indirectly from or on the basis of or in connection with any litigation, arbitration, claim and/or legal proceedings, whether of criminal, administrative, contractual, tortuous or otherwise nature instituted or threatened against any member of our Group and/or any act, non-performance, omission or otherwise of any member of our Group accrued or arising on or before the Listing Date.

The Deed of Indemnity does not cover any claim and our Controlling Shareholders shall be under no liability under this Deed of Indemnity in respect of above:

(a) to the extent that provision or allowance has been made for such taxation in the combined financial statements of our Group as set out in Appendix I to this prospectus for the Track Record Period (the "**Accounts**") or in the audited accounts of the relevant members of the Group for the Track Record Period; or

(b) for which any company of our Group is liable as a result of any event occurring or income, profits earned, accrued or received or alleged to have been earned, accrued or received or transactions entered into in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after 30 September 2024 up to and including the Listing Date or consisting of any company of our Group ceasing, or being deemed to cease, to be a company in our Group for the purposes of any matter of the taxation; or

(c) to the extent that such claim arises or is incurred as a consequence of any retrospective change in the law or the interpretation or practice by the Hong Kong Inland Revenue Department or the tax authorities or any other authority in any part of the world coming into force after the Listing Date or to the extent such claim arises or is increased by an increase in the rates of taxation after the Listing Date with retrospective effect; or

(d) to the extent that any provision or reserve made for such taxation in the Accounts is finally established to be an over-provision or an excessive reserve as certified by a firm of accountants acceptable to our Company then the liability of our Indemnifiers (if any) in respect of such taxation shall be reduced by an amount not exceeding such over-provision or excess reserve.

Under the Deed of Indemnity, our indemnifiers have also undertaken to indemnify, on a joint and several basis, from any depletion in or reduction in value of its assets or any loss (including all legal costs and suspension of operation), cost, expenses, damages, penalties, fines or other liabilities which any member of our Group may incur or suffer arising from the non-compliances as disclosed in the section headed "Business — Legal Proceedings and Non-compliance" in this prospectus.

2. Litigation

As at the Latest Practicable Date, neither we nor any of our subsidiaries were/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.

3. Preliminary expenses

Our estimated preliminary expenses incurred or proposed to be incurred are approximately US$4,233.76 and have been paid by us.

4. Promoter

There are no promoters of our Company.

5. Sole Sponsor

The Sole Sponsor has made an application for and on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, including the Offer Shares and any Shares which may fall to be allotted and issued pursuant to the exercise of Over-allotment Option. 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$4.50 million to act as sponsor to our Company in connection with the Listing.

6. No material adverse change

Our Directors confirm that, except as disclosed in the "Accountants' Report" in Appendix I to this prospectus, there has been no material adverse change in our Company's financial or trading position or prospects since 31 December 2023 (being the date to which our latest audited combined financial statements were made up).

7. Binding effect

This prospectus 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 (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

8. Miscellaneous

Within the two years immediately preceding the date of this prospectus,

(a) save as disclosed in the section headed "History, Reorganisation and Corporate Structure" in this prospectus, 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;

(d) save as disclosed in the section headed "Underwriting" in this prospectus, 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) no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any Shares in or debentures of our Company;

(f) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and

(g) our Company has no outstanding convertible debt securities.

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 twelve (12) months immediately preceding the date of this prospectus.

9. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualification
Sunny Fortune Capital Limited	A corporation licensed under SFO and permitted to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Forvis Mazars CPA Limited	Certified Public Accountants
Ogier	Legal advisers as to Cayman Islands law
Tian Yuan Law Firm	PRC legal advisers
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
BonVision International Appraisals Limited	Independent valuer
Hogan Lovells	Legal advisers as to International Sanctions laws

10. Consents of experts

Each of the experts named in paragraph 9 of this Appendix has given and has not withdrawn their respective consent to the issue of this prospectus with the inclusion of its report and/or letter and/or summary of valuations and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests 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.

11. Bilingual prospectus

The English language and the Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(i) the written consents referred to in the paragraph headed "Statutory and General Information — F. Other Information — 10. Consents of experts" in Appendix VI to this prospectus; and

(ii) copies of the material contracts referred to in the section headed "Statutory and General Information — C. Further Information about Our Business — 1. Summary of the Material Contracts" in Appendix VI to this prospectus.

2. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.Insoftb.com** during a period of 14 days from the date of this prospectus:

(1) the Memorandum and the Articles of Association;

(2) the Accountants' Report of our Group prepared by Forvis Mazars CPA Limited, the text of which is set out in Appendix I to this prospectus;

(3) the audited consolidated financial statements as have been prepared for the companies now comprising our Group for each year/period of the Track Record Period (or for the period since their respective dates of incorporation, if shorter);

(4) the letter issued by Forvis Mazars CPA Limited on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to the prospectus;

(5) the independent reporting accountants' agreed-upon procedures report on the unaudited preliminary financial information for the year ended 31 December 2024 prepared by Forvis Mazars CPA Limited;

(6) the legal opinions as to the laws of the PRC issued by Tian Yuan Law Firm, our PRC Legal Advisers, in respect of certain general corporate matters and property interests of our Group;

(7) the legal memorandum issued by Hogan Lovells, our legal advisers as to International Sanctions laws in respect of International Sanctions risk analysis;

(8) the letter of advice prepared by Ogier, our legal advisers as to the laws of the Cayman Islands, summarising certain aspects of the Companies Act referred to in Appendix V to this prospectus;

(9) the Companies Act;

(10) the industry report prepared by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., form which information in "Industry Overview" of this prospectus is extracted;

(11) the valuation report prepared by BonVision International Appraisals Limited in relation to an industrial real estate development situated at 488 Suzhou North Road, Langya District, Chuzhou City, Anhui Province, the People's Republic of China;

(12) the service contracts and letters of appointment with our Directors referred to in the section headed "Statutory and General Information — D. Further Information about our Directors — 1. Directors' service contracts and letters of appointment" in Appendix VI to this prospectus;

(13) the material contracts referred to in the section headed "Statutory and General Information — C. Further Information about Our Business — 1. Summary of the Material Contracts" in Appendix VI to this prospectus; and

(14) the written consents referred to in the section headed "Statutory and General Information — F. Other Information — 10. Consents of experts" in Appendix VI to this prospectus.

舒寶國際集團有限公司

Soft International Group Ltd