This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in our Offer Shares. 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. Various expressions used in this section are defined or explained in the sections headed "Definitions" and "Glossary" in this prospectus.

OVERVIEW

We are principally engaged in the design, development, manufacture and sale of a wide variety of (i) laundry products; (ii) household cleaning tools; and (iii) kitchen gadgets, which are common items of household necessity products. Our businesses are export-oriented and our products are predominantly sold to the United States, the United Kingdom, Germany and Australia. For the years ended 31 December 2018, 2019 and 2020 and the four months ended 30 April 2021, sales of our product to these countries in aggregate amounted to approximately RMB302.5 million, RMB310.9 million, RMB342.0 million and RMB104.6 million, respectively, accounting for approximately 92.0%, 92.3%, 88.9% and 82.8% of our total revenue for the corresponding years and period, respectively. For the years ended 31 December 2018, 2019 and 2020 and the four months ended 30 April 2021, the sales of our laundry products delivered to the United Kingdom, Germany and Australia constituted approximately 85.1%, 86.2%, 79.2% and 75.6% of the total revenue of our laundry products, respectively. For the years ended 31 December 2018, 2019 and 2020 and the four months ended 30 April 2021, our revenue generated from the sales of our household cleaning products delivered to the United States accounted for approximately 84.3%, 85.2%, 84.8% and 71.5% of the total revenue of our household cleaning tools, respectively. According to the CIC Report, we ranked second in the drying rack manufacturing market in the PRC in terms of export revenue in 2020, with a market share of approximately 6.6%.

OUR BUSINESS MODEL

Our business is primarily conducted on an OEM and ODM basis. Our OEM business generally involves the manufacture and sale of products mainly based on customers' specifications, technical drawings, samples and the choice of raw materials at target ex-factory price, and if appropriate, with our inputs on the technical feasibility in the mass production of the products.

Our ODM business involves transforming our customers' ideas and concepts into physical products with various degree of involvement enabling our customers to enjoy our "one-stop service" in terms of product design, selection of raw materials, production, and quality control for their products.

During the Track Record Period, we also generated a small portion of revenue from the sale of products under our own brand, namely "*Jia Ji Bao*" (家吉寶), to local customers in the PRC. Since May 2020, our Group has started selling household necessity products under our own brands to a customer which operates retail stores chains in the United Kingdom. Our Directors believe that there will be no cannibalisation between our own-brand products and our OEM or ODM products in the United Kingdom because of (i) different target customer types as our own-brand products are targeted for end-consumers and/or distributors while our OEM or ODM products are for brand owners and/or their authorised agents; and (ii) different price positioning as the proposed selling price range of our own-brand products is generally lower than that of our OEM or ODM products.

The following table sets forth the breakdown of our revenue, gross profit and gross profit margin by business model for the years and periods indicated:

	For the year ended 31 December								
	2018			2019			2020		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	RMB'000	*RMB'000*	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*	%
OEM	248,094	66,855	26.9	248,818	67,888	27.3	294,702	86,276	29.3
ODM	79,698	23,853	29.9	87,354	26,424	30.2	87,543	27,297	31.2
OBM	956	311	32.5	381	117	30.7	2,495	715	28.7
Total	**328,748**	**91,019**	**27.7**	**336,553**	**94,429**	**28.1**	**384,740**	**114,288**	**29.7**

	For the four months ended 30 April					
	2020			2021		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	RMB'000 (unaudited)	*RMB'000* (unaudited)	%	*RMB'000*	*RMB'000*	%
OEM	81,093	25,523	31.5	93,578	24,912	26.6
ODM	31,720	10,757	33.9	30,935	9,458	30.6
OBM	29	9	31.0	1,727	453	26.2
Total	**112,842**	**36,289**	**32.2**	**126,240**	**34,823**	**27.6**

OUR PRODUCTS

Approximately 98.4%, 98.6%, 95.9% and 99.0% of our total revenue for the years ended 31 December 2018, 2019 and 2020 and the four months ended 30 April 2021, respectively was generated from the sale of our laundry products and household products. As at the Latest Practicable Date, we offered over 1,800 types of products with various functions and features. The table below sets forth the breakdown of our revenue, sales volume, average selling price, gross profit and gross profit margin by product category for the years and periods indicated:

	For the year ended 31 December														
	2018					2019					2020				
	Revenue	Sales volume	Average selling price	Gross profit	Gross profit margin	Revenue	Sales volume	Average selling price	Gross profit	Gross profit margin	Revenue	Sales volume	Average selling price	Gross profit	Gross profit margin
	RMB'000	*'000 unit*	*RMB*	*RMB'000*	*%*	*RMB'000*	*'000 unit*	*RMB*	*RMB'000*	*%*	*RMB'000*	*'000 unit*	*RMB*	*RMB'000*	*%*
Laundry products	159,029	5,498	28.9	45,062	28.3	165,008	5,707	28.9	47,790	29.0	176,963	6,943	25.5	52,734	29.8
Household cleaning tools	164,386	19,043	8.6	44,415	27.0	166,712	17,562	9.5	45,065	27.0	192,025	21,632	8.9	56,556	29.5
Kitchen gadgets	5,333	244	21.9	1,542	28.9	4,833	205	23.6	1,574	32.6	15,752	654	24.1	4,998	31.7
Total	**328,748**	**24,785**		**91,019**	**27.7**	**336,553**	**23,474**		**94,429**	**28.1**	**384,740**	**29,229**		**114,288**	**29.7**

	For the four months ended 30 April									
	2020					2021				
	Revenue	Sales volume	Average selling price	Gross profit	Gross profit margin	Revenue	Sales volume	Average selling price	Gross profit	Gross profit margin
	RMB'000 (unaudited)	*'000 unit*	*RMB*	*RMB'000* (unaudited)	*%*	*RMB'000*	*'000 unit*	*RMB*	*RMB'000*	*%*
Laundry products	69,075	2,326	29.7	22,429	32.5	78,471	2,289	34.3	22,283	28.4
Household cleaning tools	41,018	4,633	8.9	12,966	31.6	46,452	6,010	7.7	12,183	26.2
Kitchen gadgets	2,749	118	23.3	894	32.5	1,317	67	19.7	357	27.1
Total	**112,842**	**7,077**		**36,289**	**32.2**	**126,240**	**8,366**		**34,823**	**27.6**

Our overall gross profit margin decreased from approximately 32.2% for the four months ended 30 April 2020 to approximately 27.6% for the corresponding period in 2021, which was the result of (i) the increase in the overall costs of sales attributed to (a) the relatively higher labour cost after resumption of payment of social insurance contributions for our employees, which had been temporarily exempted by the relevant authorities in the PRC from February to June 2020 due to COVID-19 pandemic; and (b) the increase in processing fees paid to external plastic injection service providers attributed to the corresponding increase in the quantity of the ancillary plastic components processed by them as a result of the high utilisation of our plastic injection machines to cope with the increase in demand of our products during the period; and (ii) the decrease in overall average selling prices of our household cleaning tools.

OUR PRODUCTION FACILITY

During the Track Record Period and as at the Latest Practicable Date, we undertook the production of our products in our self-owned Huzhou Production Plant located in Huzhou City, Zhejiang Province, the PRC, with a gross floor area of approximately 58,441 sq.m.. As advised by our PRC Legal Advisers, we obtained all relevant licences and certificates required to operate our Huzhou Production Plant. As plastic injection moulding process is generally used in the production of our products, our Directors consider that it is the bottleneck of the entire production process of our products, which determines the output of all our products; and the utilisation of plastic injection machines shall be used to assess the production capacity and the utilisation rates of the production facilities in our Huzhou Production Plant. For the years ended 31 December 2018, 2019 and 2020 and the four months ended 30 April 2021, the utilisation rates of our plastic injection machines for producing laundry products were approximately 94.4%, 95.8%, 91.0% and 93.2%, respectively; and the utilisation rates of which for production of household cleaning tools were approximately 99.1%, 93.8%, 95.0% and 93.2%, respectively and for production of kitchen gadgets were 65.8%, 63.1%, 98.5% and 86.0%, respectively. As such, we had outsourced the plastic injection moulding process to three external plastic injection service providers, who are connected persons of our Company, to produce small and simple ancillary plastic components, that requires less workmanship and only involves the use of standard mould base on as-needed basis. Our own plastic injection machines are reserved for the production of the integral plastic components of our products, which requires the use of the moulds of specific designs and involves a high level of precision and unique workmanship. During the Track Record Period, the processing fees paid to these external plastic injection service providers amounted to approximately RMB12.8 million, RMB14.5 million, RMB15.9 million and RMB8.0 million, respectively, representing approximately 5.4%, 6.0%, 5.9% and 8.8% of our total cost of sales in the corresponding years and period. The processing fees increased from approximately 5.9% of our total cost of sales for the year ended 31 December 2020 to approximately 8.8% of our total cost of sales for the four months ended 30 April 2021, which was mainly due to the increase in the quantity of ancillary parts processed by them as a result of the high utilisation of our plastic injection machines in our Huzhou Production Plant to cope with the increase in demand of our products during these four months. In light of the above, we plan to establish a new production plant in proximity to our Huzhou Production Plant to complement the latter's operation by mainly carrying out plastic injection moulding process whereby the outsourcing arrangement can be ceased. For details, please refer to the paragraphs headed "Business — Our Business Strategies — I. Expand our production capacity by establishing the New Production Plant" in this prospectus.

OUR SALES AND CUSTOMERS

Our customers are mainly owners or authorised agents of well-established international brands which sell our products in overseas countries as wholesaler, such as Bradshaw Group or as retailer. The following table sets forth the breakdown of our revenue, gross profit and gross profit margin by the destination of delivery of our products for the years and periods indicated:

	For the year ended 31 December								
	2018			2019			2020		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	RMB'000	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*
United States	147,544	38,825	26.3	149,571	39,860	26.6	178,109	51,731	29.0
United Kingdom	62,070	19,027	30.7	60,538	18,979	31.4	61,593	20,196	32.8
Germany	52,690	16,623	31.5	62,740	19,571	31.2	61,764	19,619	31.8
Australia	40,156	9,415	23.4	38,075	8,985	23.6	40,542	10,467	25.8
Others *(Note)*	26,288	7,129	27.1	25,629	7,034	27.4	42,732	12,275	28.7
Total	**328,748**	**91,019**	**27.7**	**336,553**	**94,429**	**28.1**	**384,740**	**114,288**	**29.7**

	For the four months ended 30 April					
	2020			2021		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	RMB'000 (unaudited)	*RMB'000* (unaudited)	*%*	*RMB'000*	*RMB'000*	*%*
United States	35,572	11,024	31.0	33,984	8,780	25.8
United Kingdom	26,593	9,098	34.2	26,253	7,763	29.6
Germany	26,513	8,855	33.4	35,202	10,173	28.9
Australia	11,065	3,129	28.3	9,116	2,187	24.0
Others *(Note)*	13,099	4,183	31.9	21,685	5,920	27.3
Total	**112,842**	**36,289**	**32.2**	**126,240**	**34,823**	**27.6**

Note: Others include Austria, Belgium, France, New Zealand, the Netherlands, Canada, etc.

Our revenue attributable to the United Kingdom remained relatively stable before and after the United Kingdom ceased to be a member of the EU since 31 January 2020 and during the transitional period before the EU-UK Trade and Cooperation Agreement was reached on 24 December 2020. The increase in our revenue derived from the United States in 2019 and 2020 was mainly due to the increase in our sales of household cleaning tools with relatively higher unit prices to the Bradshaw Group. The decrease in our revenue derived from Australia in 2019 was mainly due to the decrease in our sales of laundry products to Customer B, as a result of change of product mix ordered by Customer B i.e. to more component parts of our rotary drying racks which had relatively lower average selling prices, partially offset by the increase in our sales of foldable drying racks to Casa Si Marketing — und VertriebsgmbH as a result of its marketing strategies to promote these products. The increase in our revenue derived from Germany for the four months ended 30 April 2021 was mainly due to (i) the increase in our sales of laundry products to a customer, which is a brand owner, in Germany during the period and (ii) the increase in sales of component parts of a model of our floor cleaning tools to Customer A, one of our five largest customers during the Track Record Period.

For the years ended 31 December 2018, 2019 and 2020 and the four months ended 30 April 2021, our sales to our five largest customers accounted for approximately 77.9%, 76.9%, 80.5% and 72.9% of our total revenue, respectively. In the corresponding years and period, sales to Bradshaw Group, our largest customer, accounted for approximately 42.2%, 41.4%, 41.8% and 26.0% of our total revenue, respectively. Our Directors believe that our Group's business model is sustainable despite there are certain degrees of customer concentration based on the grounds that (i) our production capabilities can satisfy our customers' needs for quality products; (ii) there are continuous demands for household necessity products in the overseas markets; (iii) our established reputation for offering quality products and our experience in serving well-established international brands makes us appealing to other well-established international brands; and (iv) we expand to OBM business by developing our own-brand products.

The following table sets forth the breakdown of our revenue, gross profit and gross profit margin by customer types for the years and periods indicated:

	For the year ended 31 December								
	2018			2019			2020		
	Revenue RMB'000	*Gross profit RMB'000*	*Gross profit margin %*	*Revenue RMB'000*	*Gross profit RMB'000*	*Gross profit margin %*	*Revenue RMB'000*	*Gross profit RMB'000*	*Gross profit margin %*
Wholesalers *(Note 1)*	258,231	69,475	26.9	268,639	73,404	27.3	310,851	90,527	29.1
Retailers *(Note 2)*	69,561	21,233	30.5	67,606	20,900	30.9	72,511	23,094	31.8
Others *(Note 3)*	956	311	32.5	308	125	40.6	1,378	667	48.4
Total	**328,748**	**91,019**	**27.7**	**336,553**	**94,429**	**28.1**	**384,740**	**114,288**	**29.7**

	For the four months ended 30 April					
	2020			2021		
	Revenue RMB'000 (unaudited)	*Gross profit RMB'000* (unaudited)	*Gross profit margin %*	*Revenue RMB'000*	*Gross profit RMB'000*	*Gross profit margin %*
Wholesalers *(Note 1)*	84,041	26,362	31.4	91,354	24,189	26.5
Retailers *(Note 2)*	28,261	9,711	34.4	34,811	10,592	30.4
Others *(Note 3)*	540	216	40.0	75	42	56.0
Total	**112,842**	**36,289**	**32.2**	**126,240**	**34,823**	**27.6**

Notes:

1. The wholesalers include companies mainly engaged in the on-sale of our products to other business entities.
2. The retailers are companies mainly engaged in the sale of our products to consumers through chains of multinational supermarkets, department stores and household accessory stores.
3. Others mainly represent sales through e-shops.

Our sales to retailers remained relatively stable for the year ended 31 December 2018, 2019 and 2020 and it increased by approximately RMB6.5 million for the four months ended 30 April 2021 as compared to the corresponding period in 2020, which was mainly due to (i) the increase in sales of laundry products to a brand owner, in Germany and (ii) the increase in sales of component parts of a model of our floor cleaning tools to Customer A during the aforesaid period.

OUR SUPPLIERS

Our suppliers mainly include suppliers of raw materials such as polypropylene resins, steel, textiles and packaging materials and plastic injection service providers in the PRC. During the Track Record Period, the total purchases from our five largest suppliers amounted to approximately RMB63.0 million, RMB61.6 million, RMB61.2 million and RMB26.4 million, representing approximately 35.1%, 32.5%, 29.3% and 33.2% of our total purchase for the same years/period, of which approximately 16.9%, 15.8%, 14.8% and 15.0% were attributed by our largest supplier for the same years/period, respectively. Save for Deqing Xinzhong, being one of our plastic injection service providers, which is a connected person to our Company and was our fourth largest supplier for the year ended 31 December 2019 and for the four months ended 30 April 2021, all of our five largest suppliers during the Track Record Period are Independent Third Parties. Our business relationship with our five largest suppliers during the Track Record Period ranged from approximately four years to 11 years.

TAX REBATE AND VAT RECOVERABLE

As our products are primarily exported to overseas countries, we are entitled to VAT rebate from the PRC tax authority for the input VAT incurred on our purchase of raw materials and machinery for production. The amount of VAT rebate is calculated by multiplying the invoiced value of our export sales with varying rebate rate, depending on the type of the products, and would be payable to us only in the following year. As such, there is a timing difference between the amount of sales revenue recognised from our export sales and the amount of tax rebate in our export tax rebate application in a year (the "**VAT Timing Difference**"). On the other hand, there may be difference in the amount of VAT rebate to be received by us and the input VAT paid or payable by us due to differences in the applicable rates and time of payment; and the relevant balance will be our VAT recoverable.

For the years ended 31 December 2018, 2019 and 2020 and the four months ended 30 April 2021, our VAT rebate amounted to approximately RMB39.9 million, RMB47.9 million, RMB46.9 million and RMB18.1 million whereas our VAT recoverable amounted to approximately RMB2.4 million, RMB5.3 million, RMB3.0 million and RMB3.3 million. Our VAT rebate was generally stable for the years ended 31 December 2019 and 2020; and the increase of VAT rebate in the sum of approximately RMB8.0 million from the year ended 31 December 2018 to 2019 was mainly due to (i) the VAT Timing Difference as defined above; (ii) the upward adjustment of the tax rebate rates applicable to our certain products with effect from 1 November 2018; and (iii) the grace period of three months from April to June 2019 and during which, the original rates of rebate continued to apply before implementation of the downward adjustment. On the other hand, our VAT recoverable increased from approximately RMB2.4 million for the year ended 31 December 2018 to approximately RMB5.3 million for the year ended 31 December 2019, which was due to the increase in input VAT balance resulted from our purchase of machinery and production equipment of approximately RMB14.8 million in 2019. Following the settlement of the relevant VAT rebate in November 2020 for the preceding year, our VAT recoverable decreased to approximately RMB3.0 million in 2020.

OUR COMPETITIVE STRENGTHS

Our Directors believe that our success was attributed to the following competitive strengths: (i) our well-established Huzhou Production Plant enables us to achieve mass production of a wide range of products and economies of scale; (ii) our product design and development capabilities enable us to offer a comprehensive product portfolio to our customers; (iii) we have a worldwide customer base; (iv) we are committed to high standard of quality control and quality assurance; and (v) we have a stable management team with extensive industry experience and proven track record of delivering sustainable growth and profitability.

OUR BUSINESS STRATEGIES

Our goal is to achieve sustainable growth in our current business and strengthen our production capacity to secure more business opportunities by implementing the following business strategies; (i) expand our production capacity by establishing the New Production Plant; (ii) enhance the production efficiency of our Huzhou Production Plant; (iii) develop an integrated smart manufacturing system to ensure effective execution of our manufacturing process and enhance our production efficiency; (iv) expand our sales and marketing network; and (v) further enhance our product design and development capabilities.

COMPETITIVE LANDSCAPE IN THE PRC

According to the CIC Report, a majority of drying rack manufacturers are located in the Pearl River Delta and Yangtze River Delta in the PRC, covering provinces of Guangdong, Jiangsu, Zhejiang, Shandong and Hebei. As at the end of 2020, of the approximately 600 drying rack manufacturers in the PRC, around 100 manufacturers also engaged in export business. The top five players in the PRC's drying rack manufacturing market in terms of export revenue accounted for approximately 32.6% of market share. According to the CIC Report, we ranked second in the drying rack manufacturing market in the PRC in terms of export revenue in 2020, with a market share of approximately 6.6%.

According to the CIC Report, as at the end of 2020, of the approximately 8,000 household cleaning tool manufacturers in the PRC, more than 2,000 manufacturers also engaged in export business. The top five players in the PRC's household cleaning tool market accounted for approximately 2.7% of the total market in terms of export revenue in 2020 and we have a market share of approximately 0.4%.

According to the CIC Report, the PRC is the largest kitchen gadget manufacture and exporter and the market is fragmented with over 3,000 participants, which are mainly small enterprises with annual sales revenue below RMB100 million.

IMPACT OF THE TRADE WAR ON OUR BUSINESS

In light of the China-United States trade war, nearly all our Group's products sold to the United States appear to fall under List 4A or List 3 in relation to the imposition of additional duty on imported Chinese products, which are subject to additional duty. Only one type of our products (i.e. window cleaning set) was under List 4B, of which, as at the Latest Practicable Date, additional duty is currently suspended. Our Directors confirm that as at the Latest Practicable Date, we had not been asked to reduce the selling price of our products or to bear any of such duty for which our customers was responsible. Regarding our products sold to the United States, which are under List 3 (i.e. 25% duty rate), List 4A (i.e. 7.5% duty rate) and List 4B (i.e. 7.5% duty rate which is, as at the Latest Practicable Date, suspended), our Directors are of the view that the demand and the average selling prices of these products will not be materially and adversely affected. For further details, please refer to the paragraph headed "Business — Impact of the trade war on our business" and the paragraphs headed "Financial information — Significant factors affecting our financial condition and results of operations — Our business is subject to international trade policies and trade barriers" in this prospectus.

SUMMARY OF KEY FINANCIAL INFORMATION

The following table sets forth our consolidated statements of profit or loss and other comprehensive income for the years ended 3l December 2018, 2019 and 2020 and the four months ended 30 April 2020 and 2021.

Consolidated statements of profit or loss and other comprehensive income

	For the year ended 31 December			For the four months ended 30 April	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue	328,748	336,553	384,740	112,842	126,240
Cost of sales	(237,729)	(242,124)	(270,452)	(76,553)	(91,417)
Gross profit	91,019	94,429	114,288	36,289	34,823
Other income	3,051	3,581	4,639	1,229	913
Selling and distribution expenses	(17,566)	(14,978)	(15,228)	(4,512)	(5,403)
Administrative and other operating expenses	(24,221)	(28,180)	(26,447)	(9,053)	(11,438)
Listing expenses	—	(5,974)	(7,683)	(3,286)	(1,184)
Finance costs	(624)	(718)	(334)	(241)	(42)
Other gains/(losses), net	4,244	1,628	(3,957)	(480)	(1,465)
Share of results of a joint venture	62	22	—	—	—
Profit before income tax	55,965	49,810	65,278	19,946	16,204
Income tax expense	(14,969)	(15,753)	(19,026)	(6,100)	(4,314)
Profit for the year period	40,996	34,057	46,252	13,846	11,890

	For the year ended 31 December			For the four months ended 30 April	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Other comprehensive (expense)/income, net of tax					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of financial statements of foreign operations	(874)	(382)	110	155	661
Item that will not be reclassified subsequently to profit or loss:					
Financial assets at fair value through other comprehensive income — net movement in fair value reserves (non-recycling)	17	49	353	281	(209)
Other comprehensive (expense)/income for the year/period	(857)	(333)	463	436	452
Total comprehensive income for the year/period	40,139	33,724	46,715	14,282	12,342

Non-HKFRS Measures

To supplement our consolidated financial statements which are presented in accordance with HKFRS, we also presented the adjusted net profits as non-HKFRS measures, which are not required by, or presented in accordance with, HKFRS. We believe that these non-HKFRS measures facilitate comparison of operating performance from period to period by eliminating impacts of non-recurring items that we do not consider to be indicative of our operating performance, including Listing expenses.

The table below sets out the adjusted net profit in each respective years and periods during the Track Record Period:

	For the year ended 31 December			For the four months ended 30 April	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profits for the year/period	40,996	34,057	46,252	13,846	11,890
Add: Listing expenses	—	5,974	7,683	3,286	1,184
Adjusted net profit for the year/period	40,996	40,031	53,935	17,132	13,074

Our adjusted net profit for the year ended 31 December 2019 remained stable as compared to 2018 mainly due to the increase in gross profit, which was partially offset by the decrease in net foreign exchange gain for the same year. Our increased adjusted net profit for the year ended 31 December 2020 was mainly due to the increase in gross profit for the year. Our adjusted net profit decreased from approximately RMB17.1 million for the four months ended 30 April 2020 to approximately RMB13.1 million for the corresponding period in 2021, which was mainly due to the decrease in gross profit and the increase in staff costs during the period.

We believe that these non-HKFRS measures provide useful information to investors in understanding and evaluating our results of operations in the same manner as our management and in comparing financial results across accounting periods though the use of which has limitations as an analytical tool. As such, they should not be considered in isolation from, or as substitute for analysis of, our consolidated statements of profit or loss or financial condition as reported under HKFRS. In addition, the non-HKFRS financial measures may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

Fluctuation of our key financial data

Our revenue increased by approximately 2.4% from 2018 to 2019, which was primarily due to the combined effects of (i) the increase in sales volume of our laundry products, particularly, the increase in the sales of a model of upright drying tracks to Addis Housewares Co. Ltd.; and (ii) the increase in the sales of our household cleaning tools during 2019 mainly due to the increase in average selling prices of our floor cleaning tools and toilet cleaning tools. Our average selling price of kitchen gadgets increased mainly due to the increase in sales of one model of products which had a relatively higher average selling price. Along the increase in our revenue, our cost of sales increased by approximately 1.9% during 2019, primarily due to the increase in direct labour costs resulting from the increase in average number of workers for production in 2019. Our gross profit increased by approximately 3.7% during 2019 mainly due to the combined effects of the increase in the gross profit of laundry products and the increase in the gross profit of household cleaning tools. Despite the increase in our gross profits, our net profit decreased by approximately 16.8% from 2018 to 2019, which was mainly due to the Listing expenses.

Our revenue increased by approximately 14.3% from 2019 to 2020, which was primarily due to the combined effects of the respective increases in (i) the sales volume of our laundry products, particularly, our sales to Customer B; (ii) the sales volume of our household cleaning tools during 2020, particularly, our sales of multi-purpose brushes to Bradshaw Group; and (iii) the sales of our kitchen gadgets, mainly due to the corresponding increase in sales volume during 2020. Our average selling price of laundry products decreased in 2020 mainly due to the increase in sales of the component parts of a model of our wall-mounted drying racks, which had relatively lower average selling prices, to Customer B for 2020. Our average selling price of kitchen gadgets increased in 2020 mainly due to the increase in the sales of several models of our kitchen gadgets, which had relatively higher average selling prices. Along with the increase in our revenue, our cost of sales increased, primarily due to the increase in purchase in raw materials to cope with the increase in our sales during 2020. Our gross profit increased by approximately 21.0% in 2020, which was primarily due to the combined effects of the increase in the respective gross profit of (i) our rotary drying racks and auxiliary items among our laundry products; (ii) our floor cleaning tools and toilet cleaning tools among our household cleaning tools; and (iii) our kitchen gadgets as a result of the increase in sales volume and average selling price during 2020. Along the increase in our gross profit, our net profit increased by approximately 35.8% during 2020.

For the four months ended 30 April 2021 as compared to the corresponding period in 2020, our revenue increased by approximately 11.9%, which was primarily due to the effects of the increase in the sales of (i) our laundry products as a result of the increase in average selling price; and (ii) our household cleaning tools which was mainly due to the increase in sales volume. Our gross profit decreased by approximately 4.0%, which was primarily due to the combined effects of the decrease in the gross profit of (i) our floor cleaning tools among our household cleaning tools; and (ii) our kitchen gadgets which was mainly resulted from the decrease in sales of volume and average selling price.

For more detailed discussion on the fluctuation of our key financial data during the Track Record Period, please refer to the section headed "Financial information" in this prospectus.

Consolidated statements of financial position

	As at 31 December			As at 30 April
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	103,233	112,297	108,585	106,819
Current assets	214,988	201,992	253,739	263,997
Total assets	318,221	314,289	362,324	370,816
Total equity	152,695	154,919	201,634	213,976
Current liabilities	164,138	156,556	156,418	152,241
Non-current liabilities	1,388	2,814	4,272	4,599
Net current assets	50,850	45,436	97,321	111,756

Our current assets increased from approximately RMB202.0 million as at 31 December 2019 to approximately RMB253.7 million as at 31 December 2020, which was mainly attributable to the increases (i) in cash at bank as at 31 December 2020 resulting from net cash generated from operating activities; (ii) in trade receivables which was in line with the increase in revenue in 2020 and (iii) in inventories resulting from the increase in work in progress to cope with the expected sales to our major customers such as Casa Si Marketing — und VertriebsgmbH at the beginning of 2021.

Our net current assets remained relatively stable as at 31 December 2018 and 2019, but increased by approximately RMB51.9 million as at 31 December 2020, which was mainly due to the increase in cash at bank for the year resulting from net cash generated from operating activities of approximately RMB71.9 million. Our net current assets further increased by approximately RMB14.5 million as at 30 April 2021, which was mainly due to the increase in inventories to cope with the expected sales to our major customers in the second and third quarters of 2021. For further discussions on the fluctuations of the components of consolidated statements of financial position, please refer to the paragraphs headed "Financial information — Discussion on selected balance sheet items" in this prospectus.

Consolidated statements of cash flows

	For the year ended 31 December			For the four months ended 30 April	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Operating profit before working capital changes	64,403	61,224	78,506	24,073	20,941
Changes in working capital	(23,441)	(31,158)	13,531	31,236	(19,005)
Income tax paid	(7,161)	(12,425)	(20,152)	(12,254)	(2,066)
Net cash generated from/(used in) operating activities	33,801	17,641	71,885	43,055	(130)
Net cash used in investing activities	(32,476)	(20,125)	(8,153)	(15,422)	(1,991)
Net cash (used in)/generated from financing activities	(12,032)	2,199	(15,577)	(13,728)	2,021
Net (decrease)/increase in cash and cash equivalents	(10,707)	(285)	48,155	13,905	(100)
Cash and cash equivalents at the beginning of the year/period	33,495	23,601	23,649	23,649	69,655
Effect of exchange rate changes	813	333	(2,149)	253	(669)
Cash and cash equivalents at the end of the year/period	23,601	23,649	69,655	37,087	68,886

Our net cash generated from operating activities increased to approximately RMB71.9 million for the year ended 31 December 2020 mainly due to (i) increase in profit before income tax; (ii) decrease in financial assets at FVTPL; and (iii) increase in trade and other payables. Our net cash generated from operating activities decreased from approximately RMB43.1 million for the four months ended 30 April 2020 to net cash used in operating activities of approximately RMB0.1 million for the four months ended 30 April 2021 mainly due to (i) decrease in profit before income tax; (ii) purchase of raw materials to cope with the expected sales to our major customers such as Casa Si Marketing — und VertriebsgmbH to be delivered in the second and third quarters of 2021; and (iii) the settlement of trade payables of approximately RMB88.4 million during the period.

Our net cash used in investing activities decreased to approximately RMB20.1 million, RMB8.2 million and RMB2.0 million for the year ended 31 December 2019, 2020 and the four months ended 30 April 2021, respectively which was mainly due to the decrease in advance to related parties, the decrease in purchase of property, plant and equipment and the purchase of property, plant and equipment and change in pledged bank deposits in the corresponding years and period.

Our Group recorded net cash generated from financing activities for the year ended 31 December 2019, as we had not made any repayment to related parties during 2019. Our Group recorded net cash used in financing activities for the year ended 31 December 2020 mainly attributable to (i) the higher repayment of bank borrowings than proceeds from bank borrowings; and (ii) the repayment to related parties during the year ended 31 December 2020. Our net cash generated from financing activities increased for the four months ended 30 April 2021 mainly attributable to the proceeds from bank borrowings which partially offset by the repayment of bank borrowings.

We take and will continue to take various measures to improve our cash flow position by (i) planning and monitoring our liquidity position by regularly assessing necessity and urgency of our major operational expenses; (ii) closely monitoring the collection status of our trade receivable by actively following up with our customers for payment; (iii) negotiating for down payment from our customers whose purchase orders are of large amount; (iv) closely monitoring the accumulation of outstanding balance of trade receivables and following up with such customers for settlement in a timely manner; (v) diversifying both our customer base and supplier base to avoid over-reliance on any particular customers and suppliers; (vi) negotiating for longer credit periods from our suppliers leveraging our established relationship with them; and (vii) maintaining stable relationships with our principal banks to arrange banking facilities for use when necessary.

For more detailed discussion of the fluctuation of our cash flows during the Track Record Period, please refer to the section headed "Financial information — Liquidity and capital resources — Cash flows" in this prospectus.

KEY FINANCIAL RATIO

The table below sets out our selected key financial ratios during the Track Record Period:

	As at/For the year ended 31 December			As at/For the four months ended 30 April
	2018	**2019**	**2020**	**2021**
Gross profit margin	27.7%	28.1%	29.7%	27.6%
Net profit margin	12.5%	10.1%	12.0%	9.4%
Gearing ratio *(Note 1)*	24.3%	21.0%	7.9%	8.3%
Current ratio	1.3	1.3	1.6	1.7
Quick ratio	1.1	1.0	1.2	1.2
Return on equity	26.8%	22.0%	22.9%	16.9%
Return on assets	12.9%	10.8%	12.8%	9.8%
Net debt to equity ratio *(Note 2)*	8.8%	5.7%	Net cash	Net cash

Notes:

1. The gearing ratio is calculated by dividing total debt by the total equity as at the end of respective year/period and multiplied by 100%. Total debt is defined to include bank borrowings and amounts due to related parties which are in non-trade nature.

2. Net debt to equity ratio is calculated as net debts (i.e. total debt net of cash equivalents) divided by total equity and multiplied by 100%.

For more detailed discussion of the fluctuation of the above financial ratios, please refer to the section headed "Financial information — Key financial ratio" in this prospectus.

CONTINUING CONNECTED TRANSACTION

During the Track Record Period, our Group engaged Deqing Xinzhong Plastic Co., Ltd.* (德清新眾塑膠有限公司), Deqing Hongsheng Plastic Co., Ltd.* (德清宏升塑膠有限公司) and Deqing Yongsheng Plastic Product Factory* (德清永盛塑料製品廠) to take up part of the plastic injection moulding process to manufacture small and simple ancillary plastic components of our products for onward delivery to our Huzhou Production Plant for further assembling and processing to finished products. These plastic injection service providers are considered as connected persons of our Group. During the Track Record Period, we engaged trade agency, NSM, which is considered a connected person of our Group, in the United Kingdom to introduce potential customers to us and to keep us updated of the latest development about our customers in the United Kingdom market. For further details, please refer to the section headed "Continuing connected transactions" in this prospectus.

SHAREHOLDERS' INFORMATION

Immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Share which may be issued upon exercise of the Over-allotment Option), our Company will be owned as to 75% by Beautiful Homeland. As at the Latest Practicable Date, Beautiful Homeland was owned as to 70% by Mr. Zhu and 10% by each of Mr. Fang, Mr. Mao and Mr. Zhang, and is an investment-holding company and does not have any business operation. On 28 April 2020, in preparation for the Listing, among others, Mr. Zhu, Mr. Fang, Mr. Mao and Mr. Zhang executed the Deed of Concert Parties, whereby they have confirmed their acting in concert arrangement in the past, as well as their intention to continue to act in the above manner upon Listing to consolidate their control over our Group until the Deed of Concert Parties is terminated by them in writing. Therefore, Mr. Zhu, Mr. Fang, Mr. Mao and Mr. Zhang, together through Beautiful Homeland, will be entitled to control 75% of the issued share capital of our Company immediately upon the completion of the Capitalisation Issue and the Global Offering (assuming that the Over-allotment Option is not exercised). As such, Beautiful Homeland, Mr. Zhu, Mr. Fang, Mr. Mao and Mr. Zhang will together form a group of Controlling Shareholders within the meaning of the Listing Rules.

GLOBAL OFFERING STATISTICS

Offer size	Initially 125,000,000 Shares, representing 25% of the enlarged number of Shares in issue (subject to the Over-allotment Option)
Offer structure	90% International Placing (subject to reallocation and the Over-allotment Option) and 10% Hong Kong Public Offering (subject to reallocation)
Over-allotment Option	Up to 15% of the initial number of our Offer Shares
Offer price	HK$1.0 to HK$1.2 for each Share

	Based on the low end of the indicative range of the Offer Price of HK$1.0	**Based on the high end of the indicative range of the Offer Price of HK$1.2**
Market capitalisation of our Shares(1)	HK$500,000,000	HK$600,000,000
Unaudited pro forma adjusted consolidated net tangible assets per Share(2)	HK$0.67	HK$0.72

Notes:

1. All statistics in this table are based on the assumption that the Over-allotment Option is not exercised. The calculation of the market capitalisation is based on 500,000,000 Shares which are expected to be issued and outstanding following completion of the Capitalisation Issue and the Global Offering.

2. The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated after the adjustments referred to in Appendix II to this prospectus and based on 500,000,000 Shares, being Shares in issue immediately after the completion of the Capitalisation Issue and the Global Offering. It does not take into account of any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the directors of the Company to issue or repurchase Shares referred to in the sections headed "Share capital — General mandate to issue shares" and "Share capital — General mandate to repurchase Shares" in this prospectus, respectively.

Conditions imposed by the SFC pursuant to section 6(3)(b) of the Securities and Futures (Stock Market Listing) Rules

The SFC is imposing certain conditions to the Listing pursuant to section 6(3)(b) of the Securities and Futures (Stock Market Listing) Rules. For details, please refer to the section headed "Structure of the Global Offering — Conditions imposed by the SFC pursuant to section 6(3)(b) of the Securities and Futures (Stock Market Listing) Rules".

Conditions for our Company's Listing imposed by the Listing Committee of the Stock Exchange (the "Listing Committee"): -

The Listing Committee imposed the following two conditions to our Company's Listing: -

(i) our Company and the Sole Sponsor should provide the Listing Committee with concrete details of our Company's marketing plan, including our strategies for investor targeting, marketing, pricing and allocation. Where there is any subsequent departure from these strategies, our Company and the Sole Sponsor should provide explanations and address any further enquiries in this regard; and

(ii) our Company undertakes that it should report to its compliance advisor on the status of the use of proceeds on a monthly basis for 12 months following its Listing, and our Company and its compliance advisor should timely inform the Stock Exchange of deviations from the use of proceeds and/or underwriting commission and listing expenses as stated in this prospectus, and where appropriate, make announcements.

If our Company fails to fulfil the aforesaid condition (i) and undertake to comply with condition (ii), listing approval will not be granted to our Company. Hence, our Company may not obtain the listing approval for the Listing.

FUTURE PLANS AND USE OF PROCEEDS

We estimate that the aggregate net proceeds from the Global Offering, after deducting related underwriting fees and estimated expenses in connection with the Global Offering, assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK$1.1 per Share (being the mid-point of the indicative Offer Price range of HK$1.0 to HK$1.2), will be approximately HK$86.1 million (equivalent to approximately RMB75.5 million). Our Directors presently intend to apply such net proceeds as follows:

- approximately 55.0%, or approximately RMB41.5 million (equivalent to approximately HK$47.3 million), will be used to expand our production capacity by establishing the New Production Plant;

- approximately 7.9%, or approximately RMB6.0 million (equivalent to approximately HK$6.8 million), will be used to enhance the production efficiency of our Huzhou Production Plant;

- approximately 2.1%, or approximately RMB1.6 million (equivalent to approximately HK$1.8 million), will be used to develop an integrated smart manufacturing system;

- approximately 15.0%, or approximately RMB11.3 million (equivalent to approximately HK$12.9 million), will be used to expand and strengthen our sales and marketing team and sales channels in both overseas markets and the PRC market;

- approximately 10.0%, or approximately RMB7.6 million (equivalent to approximately HK$8.7 million), will be used to strengthen our design and development capabilities to enrich our product offering and diversify our product portfolio; and

- approximately 10.0%, or approximately RMB7.5 million (equivalent to approximately HK$8.6 million), will be used for general working capital purpose.

For further details, please refer to the section headed "Future plans and use of proceeds — Use of proceeds" in this prospectus.

DIVIDENDS

For the years ended 31 December 2018, 2019 and 2020 and the four months ended 30 April 2021, an interim dividend of nil, RMB31.5 million, nil and nil, respectively, was declared and appropriated by Grand Resources to its then shareholders and the dividend of RMB31.5 million for the year ended 31 December 2019 was paid by crediting to current accounts with the then shareholders on 10 May 2019. The declaration and payment of future dividends will be subject to the decision of our Board having regard to various factors, including but not limited to our operation and financial performance, profitability, business development, prospect, capital requirements, and economic outlook. Declaration and payment of dividends is also subject to any applicable laws and the Articles of Association. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Board in the future. Currently, our Group does not have a fixed dividend policy and does not have a predetermined dividend distribution ratio.

PRINCIPAL RISK FACTORS

There are a number of risks involved in our business and operations. They can be classified into (i) risks relating to our business; (ii) risks relating to the industry in which we operate; (iii) risks relating to our operations in the PRC; (iv) risks relating to the Global Offering; and (v) risks relating to the statements in this prospectus. We believe our major risks include the following: (i) our Group relies significantly on export sales, and our sales are highly susceptible to any adverse economic, social or political conditions in the overseas markets; (ii) trade restrictions, trade barriers and potential new duties imposed by the United States or other destination countries for delivery of our products could materially and adversely affect our business, financial condition and results of operations; (iii) we have a concentration of customers during the Track Record Period and the loss of any one of our five largest customers could reduce our revenues and have a material adverse effect on our business, financial condition and results of operations; and (iv) our business operations and financial results may be adversely affected by the recent global outbreak of COVID-19. Further information on the risk factors is set out in the section headed "Risk factors" in this prospectus.

NON-COMPLIANCES

According to our PRC Legal Advisers, save for our breaches of PRC laws and regulations relating to (i) despatched staff, (ii) our failure to make adequate social insurance contributions and housing provident fund contributions for our employees as required by the relevant PRC laws and regulations; and (iii) our failure to update our foreign exchange registration with the relevant authorities before effectuating any funds transfer, details of which are set out in the paragraph headed "Business — Legal and compliance" in this prospectus, during the Track Record Period and up to the Latest Practicable Date, we had been in compliance with the relevant PRC laws and regulations in all material aspects in our business operation, and our Group had obtained all material licences, approvals and permits issued by relevant regulatory authorities for our business operation.

LISTING EXPENSES

The total estimated Listing expenses in connection with the Global Offering are approximately RMB45.2 million (equivalent to approximately HK$51.5 million), representing approximately 37.5% of the gross proceeds from the Global Offering, (based on the mid-point of the Offer Price of HK$1.1 per Offer Share and assuming no Over-allotment Option will be exercised), of which approximately RMB6.0 million (equivalent to approximately HK$6.8 million), approximately RMB7.7 million (equivalent to approximately HK$8.8 million) and approximately RMB1.2 million (equivalent to approximately HK$1.4 million) were charged to profit or loss for the years ended 31 December 2019 and 2020 and for the four months ended 30 April 2021, respectively, and an additional amount of approximately RMB11.1 million (equivalent to approximately HK$12.7 million) is expected to be charged to our consolidated statements of profit or loss and other comprehensive income for the year ending 31 December 2021, and the remaining amount of approximately RMB19.2 million (equivalent to approximately HK$21.8 million) is expected to be accounted for as a deduction from equity upon the Listing.

RECENT DEVELOPMENTS SUBSEQUENT TO THE TRACK RECORD PERIOD

Subsequent to the Track Record Period and up to the Latest Practicable Date, there was no significant change in our business model and product types. To the best knowledge of our Directors, the industry in which our Group is operating remained relatively stable after the Track Record Period. As at the Latest Practicable Date, we have identified a parcel of land for our New Production Plant and we have progressed to the stage of submitting a written application in relation to our proposed acquisition of the land for setting up the New Production Plant. For further details, please refer to the section headed "Business — Our business strategies — 1. Expand our production capacity by establishing the New Production Plant" in this prospectus.

Up to the Latest Practicable Date, we had confirmed sales orders of approximately RMB296.5 million, which were delivered after the Track Record Period. Of those sales orders, approximately RMB145.6 million were completed from May to August 2021, and the confirmed sales orders of approximately RMB150.9 million are expected to be completed for the year ending 31 December 2021.

Our Directors consider that our financial results will be affected by the Listing expenses as we expect to recognise approximately RMB12.3 million (equivalent to approximately HK$14.1 million) in the consolidated statements of profit or loss and other comprehensive income for the year ending 31 December 2021. Accordingly, the financial performance for the year ending 31 December 2021 is expected to be adversely affected by (i) the estimated Listing expenses; and (ii) the expenses to be incurred after the Listing, such as Directors' fees and legal and professional fees. Save as the aforesaid, our Directors confirmed that after the Track Record Period and up to the date of this prospectus, (i) there was no material adverse change to our Group's operations; and (ii) there was no material adverse change to the trading and financial position or prospect of our Group.

Impact of the outbreak of COVID-19

Following the outbreak of COVID-19 in the PRC and globally, the major markets of our products such as the United States, the United Kingdom, Germany and Australia had been affected by the COVID-19 pandemic during the lockdown. However, none of our major customers in the countries affected by the COVID-19 pandemic has indicated to us that it will cancel any purchase orders placed on us due to COVID-19 pandemic. While we will continue to closely communicate with our customers, our Directors believe that our business relationships with our major customers will not be materially and adversely affected by the outbreak of COVID-19 pandemic. Our Directors believe that the impact of COVID-19 outbreak would not adversely and materially affect the demand for our products as they are necessary items for all households. Our overall revenue therefore increased by approximately 14.3% for the year ended 31 December 2020 as compared to that in 2019.

For further details, please refer to the paragraph headed "Business — Impact of the outbreak of COVID-19 — Impact of COVID-19 on our business and operations" in this prospectus.