You should read this section in conjunction with our audited combined financial statements as at and for the years ended 31 March 2025 and 31 March 2026 as set out in the Accountants' Report, together with the accompanying notes. The Accountants' Report has been prepared in accordance with HKFRSs. You should read the Accountants' Report in its entirety and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements 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 trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. Please also refer to the sections headed "Risk Factors" and "Forward-looking Statements" in this document.

The following discussion and analysis also contain certain amounts and percentage figures that have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them and all monetary amounts shown are approximate amounts only.

OVERVIEW

We are a Hong Kong-based, R&D-driven manufacturer and multi-channel distributor of personal protective and healthcare products. Our principal product segments comprise (i) face masks, RAT kits and consumables, (ii) healthcare equipment and complementary accessories and (iii) others. During the Track Record Period, we generated revenue of approximately HK$73.2 million in FY2025 and approximately HK$75.5 million in FY2026. Our name "Savewo" is derived from "Save the World" (救世), reflecting our founding aspiration to alleviate suffering and protect health through innovation in personal protective and healthcare products.

Our operations involve the key stages of (i) market research and product development, (ii) procurement, (iii) manufacturing production, (iv) sales and (v) the collection of customer feedback. We manufacture certain Self-Branded Products at our production facility in Tsuen Wan, Hong Kong, and source certain Self-Branded Products from third-party suppliers or arrange production through qualified subcontractors in accordance with our specifications and/or proprietary formulae. Our products are sold through our self-operated retail and e-commerce channels, as well as through business and institutional channels, including wholesale, institutional and tender channels.

For FY2024/25, FY2025/26, we recorded revenue of approximately HK$73.2 million and HK$75.5 million respectively. Our Group recorded net profit of approximately HK$8.3 million and HK$16.8 million for FY2024/25, FY2025/26 respectively.

BASIS OF PRESENTATION

Our Company is an exempted company incorporated in the Cayman Islands with limited liability on 17 April 2026. Pursuant to the Reorganisation, which was completed on 9 June 2026, our Company became the holding company of the companies now comprising our Group. For further details, please refer to the section headed "History, Reorganisation and Corporate Structure" in this document.

The companies now comprising our Group were under the control of Ms. Choi Sze Man and Mr. Ding Zhen before and after the Reorganisation. The financial information in the Accountants' Report presented in Appendix I to this document has been prepared by applying the principles of merger accounting as if the companies now forming our Group had been combined from the beginning of the Track Record Period, except for the disposal of certain subsidiaries as detailed in notes 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.

The historical financial information has been prepared in accordance with HKFRS Accounting Standards under the historical cost conversion, except for the investment property which has been measured at fair value at each reporting date.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION OF CONTINUING OPERATIONS

Our results of operations and financial condition have been, and will continue to be, affected by a number of factors, including those set forth in the section headed "Risk Factors" in this document and the following factors, which primarily include the following:

- Seasonal and cyclical demand for respiratory protection products
- Raw material supply and pricing.
- Higher operating costs in Hong Kong and capacity constraints for certain new products

Seasonal and cyclical demand for respiratory protection products

Demand for our face masks and RAT kits products is affected by seasonal factors and broader public health trends. Demand for such products typically increases during annual flu seasons and other periods of heightened public health concern, while demand may decline during off-peak periods.

During the Track Record Period, our face masks, RAT kits and consumables business remained our core revenue contributor, contributing approximately 87.0% and 79.7% of our total revenue in FY2025 and FY2026, respectively. Any decline in demand for such products, whether due to seasonal factors or changes in public health conditions, may therefore materially affect our revenue, profitability and cash flow.

Sudden public health events may also significantly increase demand for a limited period, but such increase may not be sustainable and may be followed by a decline or normalisation in demand. If we fail to accurately forecast demand or adjust our inventory, production planning and sales strategy in a timely manner, our business, financial condition and results of operations may be materially and adversely affected.

Disruption in the supply of key raw materials or significant raw material price volatility

Our business depends on a stable and timely supply of key raw materials that meet our quality and technical specifications, particularly in respect of our face mask products. The principal raw material for our face mask production is non-woven filter fabric, and our raw materials are sourced primarily from suppliers based in Mainland China. We rely on two long-term core suppliers for materials used in our face mask production, and we also maintain a single-source arrangement for our TPU-based materials.

If any of our suppliers experiences shortages, delays, operational disruptions or quality issues, we may be unable to procure sufficient quantities of raw materials of the required quality on a timely basis, which may disrupt our production schedule and adversely affect our ability to fulfil customer orders. If supplied materials fail to meet our quality requirements, we may also need to reject, return, scrap or write off the affected materials or inventory, which may increase our costs and adversely affect our operating results.

The prices of our raw materials may also be subject to volatility due to changes in market conditions, supply-demand dynamics, oil price fluctuations and other factors beyond our control. We generally do not enter into long-term fixed-price agreements with our suppliers. Any failure to secure a stable supply of key raw materials, or any significant volatility in their prices, may materially and adversely affect our business, financial condition and results of operations.

Higher operating costs in Hong Kong and capacity constraints for certain new products

We conduct a substantial portion of our in-house manufacturing and warehousing operations in Hong Kong, and our Directors are of the view that maintaining a significant part of our face mask manufacturing operations in Hong Kong supports our premium pricing strategy. However, our principal cost components include labour, rent and electricity, which may place pressure on our margins and cost competitiveness.

As at March 31 2026, our production facilities had a total of 13 production lines for our major products. During the Track Record Period, our average utilisation rate for our product production lines were approximately 83.3% and 70.6%, respectively.

Our financial performance also hinges on our operating efficiency. We maintain 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 Facility". Moving forward, we plan to further improve our production efficiency to lower production costs.

SENSITIVITY ANALYSIS

For FY2024/25 and FY2025/26, our net profit amounted to approximately HK$8.3 million and HK$16.8 million, respectively.

Fluctuation in our cost of sales

Our key cost of sales mainly consisted cost of materials, subcontracting fee, depreciation and costs of employee expenses. For FY2024/25 and FY2025/26, the aggregate cost of materials, subcontracting fee, depreciation and costs of employee expenses represented approximately 90.6% and 91.1% of our total cost of sales respectively.

The table below presents a sensitivity analysis illustrating the impact of changes in the costs of materials 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 throughout the Track Record Period.

	FY2024/25	**FY2025/26**
	HK$'000	*HK$'000*
Changes in cost of materials		
+/- 5%	467	513
+/- 10%	933	1,025

For illustrative purpose only, the following sensitivity analysis illustrates the impact of hypothetical fluctuations of the subcontracting fees on our profit before income tax, assuming other variables remain unchanged for the dates indicated. Fluctuations in our subcontracting fees are assumed to be 10% and 20%.

	FY2024/25	**FY2025/26**
	HK$'000	*HK$'000*
Changes in subcontracting fees		
+/- 10%	529	937
+/- 20%	1,057	1,874

For illustrative purpose only, the following sensitivity analysis illustrates the impact of hypothetical fluctuations of the employee expenses on our profit before income tax, assuming other variables remain unchanged for the dates indicated. Fluctuations in our employee expenses are assumed to be 5%, 10% and 15%.

	FY2024/25	**FY2025/26**
	HK$'000	*HK$'000*
Changes in cost of employee expenses		
+/- 5%	484	436
+/- 10%	968	871
+/- 15%	1,451	1,307

MATERIAL ACCOUNTING POLICIES

Our financial information have been prepared in accordance with accounting policies which conform to the HKFRS Accounting Standards. 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 4 to the Accountants' Report in Appendix I to this document. The material accounting policies are summarised as follows:

Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- 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.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

For further details regarding our accounting policy relating to revenue recognition, please refer to "Revenue" in note 6 to the Accountant's Report in Appendix I to this document.

Intangible assets

Intangible assets (other than goodwill)

Our intangible assets during the Track Record Period include trademarks, patents, capitalized development costs, software and leases. Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to finite. Intangible assets with finite lives are subsequently amortized over the useful economic life of 5 to 15 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year.

Research and development costs (Internally-generated intangible assets — research and development expenditure)

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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

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.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of our accounting policies, which are described in note 4 to the Accountants' Report in Appendix I to this document, 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, Plant and Equipment and Right-of-Use Assets

Our management determines the estimated useful lives of our intangible assets, 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, 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.

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.

Our subsidiaries located in Hong Kong were subject to HK Profits tax at two-tiered profits tax rates regime, the first HK$2,000,000 of profits of the qualifying entity will be taxed at **[REDACTED]**, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of entity not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong

Kong Profits Tax of the qualifying entity is calculated at 8.25% of the first HK$2,000,000 of the estimated assessable profits and at 16.5% on the estimated profits above HK$2,000,000, taking into account the tax concession granted by the Government during the Track Record Period. To encourage more enterprises to conduct R&D activities in Hong Kong, the Inland Revenue (Amendment) (No. 7) Ordinance 2018 (the 2018 Amendment (No. 7) Ordinance) was enacted on 2 November 2018 (Commencement Date) to provide for enhanced tax deduction for expenditure incurred by enterprises on a qualifying research and development ("**R&D**") activity. Our subsidiary currently qualified as R&D activity enterprise under the HK Profits tax, was entitled to enjoy additional tax deduction for expenditure incurred on domestic R&D. The first $2 million spent on a qualifying R&D activity will enjoy a 300% deduction and expenditure beyond that will enjoy a 200% deduction. There is no cap on the amount of enhanced tax deduction. According to the Inland Revenue Ordinance, the enterprises engaging in R&D activities are entitled to claim the first $2 million spent on a qualifying R&D activity will enjoy a 300% deduction and expenditure beyond that will enjoy a 200% deduction. Since FY2020/21 so incurred as tax deductible expenses when determining their assessable profits for that year ("**Deduction for R&D expenditure**"). We plan to reapply for such qualification, and as of the Latest Practicable Date, we do not foresee material obstacles in being requalified.

We have made our best estimate for the deduction for R&D expenditure to be claimed for our entities in ascertaining their assessable profits during the Track Record Period.

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.

RESULTS OF OPERATIONS

The combined statements of profit or loss during the Track Record Period are summarised below, which are extracted from the Accountants' Report:

	Year ended 31 March	
	2025	**2026**
	HK$'000	*HK$'000*
Revenue	73,213	75,543
Cost of sales	(38,898)	(38,895)
Gross profit	34,315	36,648
Other income, gains and losses, net	635	10,064
Selling and distribution expenses	(15,991)	(15,449)
Administrative expenses	(8,776)	(8,893)
Research and development expenses	(3,467)	(3,611)
Reversal of impairment losses/(impairment losses) on financial assets, net	[521]	(767)
Finance cost	[(280)]	(265)
Profit before tax	6,957	17,727
Income tax credit/(expenses)	1,310	(946)
Profit for the year	8,267	16,781

Non-HKFRS financial measure

To supplement our combined financial statements which are presented in accordance with HKFRSs, we also presented the adjusted net profit (Non-HKFRS measure) and adjusted net profit margin (Non-HKFRS measure) as additional financial measures, which are not required by, or presented in accordance with HKFRSs. We believe that the presentation of non-HKFRS financial measures when shown in conjunction with the corresponding HKFRS financial measures provides useful information to potential investors and management in facilitating a comparison of our operating performance from period to period. Such non-HKFRS financial measures allow investors to consider matrices used by our management in evaluating our performance.

The use of non-HKFRS financial measures has limitations as an analytical tool, and investors should not consider these in isolation from, or as a substitute for, or superior to, analysis of our results of operations or financial conditions as reported in accordance with HKFRSs. In addition, the non-HKFRS financial measures may be defined differently from similar terms used by other companies.

The non-HKFRS measures used by us adjusted for gain on disposal of plant and equipment and subsidiaries, which may be considered recurring in nature but are neither considered by us as related to our ordinary course of business nor indicative of our ongoing core operating performance. In order to provide potential investors with a complete and fair understanding of our core operating results and financial performance, so that potential investors can assess our underlying core performance undistorted by items unrelated to our ordinary course of business operations, especially in (i) making year-to-year comparisons of, and assessing the profile of, our operating and financial performance, and (ii) making comparisons with other comparable companies with similar business operations. We set out our detailed reasons below:

(i) gain on disposal of plant and equipment and subsidiary

A significant part of the gain on disposal of plant and equipment in 2026 derived from the disposal of office equipment, motor vehicle and subsidiary. We did not dispose of any plant and equipment and subsidiary in 2025 and do not expect to do so on a regular basis in our ordinary course of business. As such, we do not consider such item to be indicative of our ongoing core operating performance.

For gain on disposal of plant and equipment and subsidiary, this is related to a reclassification of investment property. See "Appendix I — Accountants' Report". The relevant transaction was completed in 2026, and resulted in a gain of HK$8.8 million by us in 2026. Therefore, it is non-operational in nature. As such, we do not consider such item to be indicative of our ongoing core operating performance.

Adjusted net profit (Non-HKFRS measure)

We defined adjusted net profit (Non-HKFRS measure) as net profit for the year adjusted by adding back gain on disposal of plant and equipment and subsidiary. The table below sets forth the adjusted net profit (Non-HKFRS measure) and the adjusted net profit margin (Non-HKFRS measure) for each respective year during the Track Record Period:

	FY2024/25	**FY2025/26**
	HK$'000	*HK$'000*
Profit for the year	8,267	16,781
Adjusted:		
gain on disposal of plant and equipment	—	(6,696)
gain on disposal of subsidiary	—	(2,058)
Adjusted net profit (Non-HKFRS measure) for the year	8,267	8,027
Adjusted net profit margin (Non-HKFRS measure)	11.3%	10.6%

PRINCIPAL COMPONENTS OF THE COMBINED STATEMENTS OF PROFIT OR LOSS

Revenue

The following table sets forth the breakdown of our revenue by segments during the Track Record Period:

	FY2024/25		FY2025/26	
	HK$'000	*%*	*HK$'000*	*%*
Face masks, RAT kits and consumables	63,699	87.0	60,223	79.7
Healthcare equipment and complementary accessories	8,175	11.2	11,675	15.5
Others	1,339	1.8	3,645	4.8
	73,213	100.0	75,543	100.0

Our revenue is primarily derived from the design, manufacture and sale of disposable face masks, RAT kits, Healthchair mobility products, and other products. Revenue increased from approximately HK$73.2 million in FY2024/25 to approximately HK$75.5 million in FY2025/26, representing an increase of approximately 3.2%.

Face masks, RAT kits and consumables

Our revenue decreased by approximately HK$3.5 million or approximately 5.5% from approximately HK$63.7 million for FY2024/25 to HK$60.2 million for FY2025/26. This decline was primarily driven by reduced demand for face masks due to seasonal and cyclical factors, which partially offset the growth in sales orders for our RAT kits.

Healthcare equipment and complementary accessories

Our revenue increased by approximately HK$3.5 million or approximately 42.8% from approximately HK$8.2 million for FY2024/25 to HK$11.7 million for FY2025/26. Such increase was mainly as a result of the increase in sales volume of electric wheelchair and Rainec® performance umbrellas products.

Others

Our revenue increased by approximately HK$2.3 million or approximately 172.2% from approximately HK$1.3 million for FY2024/25 to HK$3.6 million for FY2025/26. Such increase was mainly due to the increase in the sales volume of airflow and Self-Branded product.

The following table sets forth the breakdown of our revenue by sales channel during the Track Record Period:

Channel	FY2025 Revenue (HK$'000)	FY2025 %	FY2026 Revenue (HK$'000)	FY2026 %
Self-operated retail stores, pop up stores and exhibition (offline)	19,001	26.0%	16,665	22.1%
Online channels	22,832	31.2%	17,443	23.1%
Wholesale channels	27,698	37.8%	37,026	49.0%
Government and institutional tenders	3,682	5.0%	4,409	5.8%
Total	73,213	100.0	75,543	100.0

Self-operated retail stores, pop up stores and exhibition (offline)

Our revenue generated from our self-operated retail stores, pop up stores and exhibition (offline) decreased from approximately HK$19.0 million in FY2024/25 to HK$16.7 million in FY2025/26 which was mainly due to a decrease in the demand of face masks product due to seasonal and cyclical factor.

Online channels

Our revenue generated from our online channels decreased from approximately HK$22.8 million in FY2024/25 to HK$17.4 million in FY2025/26 which was mainly due to a decrease in the demand of face masks product due to seasonal and cyclical factor.

Wholesale channels

Our revenue generated from our wholesale channels increased from approximately HK$27.7 million in FY2024/25 to HK$37.0 million in FY2025/26 which was mainly due to (i) an increase in the sales order of RAT kits product; and (ii) the sales order of airflow product.

Government and institutional tenders

Our revenue generated from our government and institutional tenders increased from approximately HK$3.7 million in FY2024/25 to HK$4.4 million in FY2025/26 which was remained stable.

Cost of sales

Our cost of sales mainly comprised cost of materials, depreciation and employee expenses. The following table sets forth the breakdown of our overall cost of sales for the years indicated:

	FY2024/25		**FY2025/26**	
	HK$'000	*%*	*HK$'000*	*%*
Cost of materials	9,332	24.0	10,250	26.4
Subcontracting fee	5,286	13.6	9,372	24.1
Employee expenses	9,676	24.9	8,712	22.4
Depreciation	10,945	28.1	7,089	18.2
Others *(Note)*	3,659	9.4	3,472	8.9
Total cost of sales (overall)	38,898	100.0	38,895	100.0

Note: Others mainly included transportation and utilities expenses.

Cost of materials

Our materials costs mainly include non-woven filter fabrics, TPU-based materials and components of electric wheelchair. For FY2024/25, our material costs increased by approximately HK$1.0 million or approximately 9.8% from approximately HK$9.3 million to HK$10.3 million. These increases were generally in line with the increase in our sales in electric wheelchair.

Subcontracting fees

During the Track Record Period, we subcontracted certain manufacturing work to third-party manufacturers. This comprised principally the manufacture of certain of our Self-Branded Products on our Group's specifications and/or proprietary formulae, including our RAT kits, and the outsourcing arrangement principally involves manufacturers based in Mainland China.

Subcontracting fees were amounting to approximately HK$5.3 million and HK$9.4 million for FY2024/25 and FY2025/26, respectively, constituting approximately 13.6% and 24.1% of our total cost of sales for the corresponding years. The increase in our subcontracting fees was in line with the increase in our sales in RAT kits.

For FY2024/25 and FY2025/26, the ratio of our subcontracting fees to our total revenue remained stable at approximately 7.2% and 12.4%, respectively.

Cost of employee expenses

Our Cost of employee expenses, which include the wages, salaries, and retirement benefit scheme contributions for employees under costs of sales, decreased by approximately HK$1.0 million or approximately 10.3% from approximately HK$9.7 million for FY2024/25 to HK$8.7 million for FY2025/26 mainly due to the decrease in headcount was primarily due to labour saving in production and procurement staff 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 following table sets forth the breakdown of our gross profit and gross profit margin by types of product category for the years indicated:

	FY2024/25		FY2025/26	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	HK$'000	*%*	*HK$'000*	*%*
Face masks, RAT kits and consumables	31,624	49.6	30,988	51.5
Healthcare equipment and complementary accessories	2,377	29.1	4,527	38.8
Others	314	23.4	1,133	31.1
Total	34,315	46.9	36,648	48.5

Our gross profit margin for face masks, RAT kits, and consumables rose from 49.6% to 51.5% during the reporting period. This increase was primarily driven by a HK$**[REDACTED]** drop in depreciation costs in FY2025/26. Because we no longer have to account for these machinery costs, our fixed production costs decreased, which boosted our profit margins even though we sold fewer units.

Our gross profit margin for healthcare equipment and complementary accessories rose from 29.1% to 38.8%, This growth was primarily contributed by higher sales volumes of the product mix that exhibit higher profit margin electric wheelchairs and Rainec® performance umbrellas.

Our gross profit margin generated from our other healthcare products significantly increased from approximately 23.4% to 31.1%, an increase of approximately 7.7%, which was due to an increase in sales of airflow with higher margin of approximately 62.5%.

OTHER INCOME, GAINS AND LOSSES, NET

The following table sets forth the breakdown of our other income, gains and losses for the year indicated:

	Year ended 31 March	
	2025	**2026**
	HK$'000	*HK$'000*
Bank interest income	26	7
Government grants	101	—
Compensation income	148	399
Management fee income	412	930
Exchange loss, net	(71)	(27)
Gain on disposal of a subsidiary	—	2,058
Gain on disposal of plant and equipment	—	6,696
Others	19	1
Total	635	10,064

Our other income and gains increased from HK$0.6 million in FY2024/25 to HK$10.1 million in FY2025/26. This growth was primarily driven by (i) a substantial gain of approximately HK$2.1 million from the disposal of a subsidiary; and (ii) an increase in gain on disposal of plant and equipment, amounted to approximately HK$6.7 million. This latter was due the disposal of certain motor vehicles and office equipment in FY2025/26, whereas no disposals of plant and equipment were recorded in FY2024/25.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) advertising fee; (ii) staff cost in relation to sales and distribution staff; (iii) trade marketing expenses in relation to marketing and branding expenses primarily at our sales channel; (iv) business development expenses; and (v) short-term lease expenses and others. The following table sets forth the breakdown of our selling and distribution expenses for the periods indicated:

	Year ended 31 March	
	2025	**2026**
	HK$'000	*HK$'000*
Advertising fee	566	1,073
Staff cost	8,063	8,060
Trade marketing expenses	2,000	1,403
Business development expenses	957	396
Short-term lease expenses and others	4,405	4,517
Total	15,991	15,449

Our selling and distribution expenses decreased by 3.4% from HK$16.0 million in FY2024/25 to HK$15.4 million in FY2025/26, primarily due to which result in decrease lower commission expenses resulting from a decline in sales generated through online channels, in trade marketing expenses.

Administrative Expenses

	Year ended 31 March	
	2025	**2026**
	HK$'000	*HK$'000*
Staff cost	2,479	3,299
Professional service fees	679	510
Depreciation and amortization	3,652	3,060
Office expenses and others	1,966	2,024
Total	8,776	8,893

Our staff costs primarily comprise wages, salaries, and contributions to the retirement benefit schemes for the administrative department. Our staff costs increased from approximately HK$2.5 million in FY2024/25 to HK$3.3 million in FY2025/26. This increase was mainly attributable to an expansion in administrative staff headcount and general salary increment.

Research and Development Expenses

Our research and development expenses consist of staff cost, raw materials and depreciation of right-of-use assets are remains stable of approximately HK$3.5 million and HK$3.6 million for the Track Record Period.

Finance costs

During the Track Record Period, our finance costs primarily comprised interest on long service payment liabilities and interest expenses on lease liabilities. Our finance costs remained stable at relatively low levels of approximately HK$0.3 million and HK$0.3 million for FY2024/25 and FY2025/26, respectively.

Income tax expense

We are not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Our Group is subject to income tax on an entity basis on profits arising in or derived from the Hong Kong.

Our subsidiaries located in Hong Kong, under the two-tiered profits tax rates regime in Hong Kong Profits Tax, the first HK$2,000,000 of profits of the qualifying entity will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of entity not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying entity is calculated at 8.25% of the first HK$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2,000,000, taking into account the tax concession granted by the Government during the Track Record Period. Our subsidiary SAVEWO LIMITED, qualified as a qualifying research and development ("**R&D**") activity under the HK Profit Tax, was entitled to enjoy additional tax deduction for expenditure incurred on domestic R&D. The first $2 million spent on a qualifying R&D activity will enjoy a 300% deduction and expenditure beyond that will enjoy a 200% deduction. There is no cap on the amount of enhanced tax deduction. We plan to reapply for such qualification and additional tax deduction for expenditure, and as of the Latest Practicable Date, we do not foresee material obstacles in being requalified. We have made our best estimate for the Super Deduction to be claimed for our entities in ascertaining their assessable profits during the Track Record Period. We have made our best estimate for the deduction for R&D expenditure to be claimed for our entities in ascertaining their assessable profits during the Track Record Period.

For FY2024/25 and FY2025/26, our effective tax rate, which is calculated by dividing income tax expense by profit before income tax, was approximately -18.8% and 5.3%, respectively. The increase in our effective tax rate was mainly due to the increase in **[REDACTED]** expenses which are non-deductible for tax.

Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, our Group had fulfilled all of our income tax obligations and had no unresolved income tax issues or disputes with the relevant tax authorities.

Net profit and net profit margin

As a result of the foregoing, our net profit for FY2024/25 and FY2025/26 amounted to approximately HK$8.3 million and HK$16.8 million, respectively. Our net profit margin for FY2024/25 and FY2025/26 was approximately 11.3% and 22.2%, respectively.

Excluding gain on disposal of plant and equipment and a subsidiary, our adjusted net profit (Non-HKFRS measure) and adjusted net profit margin (Non-HKFRS measure) for FY2024/25 and FY2025/26 would be approximately HK$8.3 million/11.3% and HK$8.0 million/10.6% respectively. For details, please refer to the paragraph headed "Results of operations — Non-HKFRS financial measure" in this section.

WORKING CAPITAL

Taking into account the financial resources available to us, including our existing cash and cash equivalents, estimated **[REDACTED]** to be received by us from the **[REDACTED]** and cash flows from our operations, our Directors are of the view that, after due and careful inquiry, we have sufficient working capital for at least the next 12 months commencing from the date of this document.

Financial resources

During the Track Record Period, one of the principal sources of liquidity of our Group has been our cash generated from our operations, where we generated net cash inflow from our operating activities for each year during the Track Record Period. Our primary liquidity requirements are to finance our working capital, and fund our capital expenditures and growth of our operations./ Historically, our working capital and other capital requirements were principally satisfied by shareholders' funds and cash generated from our operations.

As at 31 March 2025 and 2026, we had cash and bank balances of approximately HK$8.2 million, and HK$14.0 million, respectively. 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 **[REDACTED]** from the **[REDACTED]** to finance our liquidity requirements. See "Future Plans and **[REDACTED]**" for details. Our Directors believe that, in the long term, our Group's operations will be funded by internal resources and, if necessary, bank borrowings.

The table below sets forth the condensed summary of the combined statements of cash flows for the years indicated:

	FY2024/25	**FY2025/26**
	HK$'000	*HK$'000*
Operating profit before working capital changes	24,658	23,667
Changes in working capital	3,723	(13,022)
Cash generated from operations	28,381	10,645
Income tax paid	(4,944)	—
Net cash from operating activities	23,437	10,645
Net cash used in investing activities	(5,885)	(292)
Net cash used in financing activities	(15,408)	(4,556)
Net increase in cash and cash equivalents	2,144	5,797
Cash and cash equivalents at beginning of the year	6,101	8,245
Cash and cash equivalents at end of the year	8,245	14,042

During the Track Record Period, we recorded net cash from operating activities and net cash used in investing and financing activities for all years presented.

Net cash from operating activities

Our net cash from operating activities for FY2024/25 was approximately HK$23.4 million, primarily comprising cash generated from operations of approximately HK$28.4 million and income tax paid of approximately HK$4.9 million. Our cash generated from operations reflected profit before tax for the year of approximately HK$7.0 million, as adjusted for the following major items: (i) depreciation of plant and equipment and right-of-use assets of approximately HK$16.2 million in aggregate; and (ii) amortisation of intangible assets of approximately HK$1.8 million. Our change in working capital contributed to a cash inflow of approximately HK$3.7 million, which was primarily due to (i) decrease in trade and other receivables of approximately HK$1.4 million; and (ii) increase in contract liabilities of approximately HK$2.3 million; and partially offset by the decrease in trade and other payables of approximately HK$1.1 million primarily due to increase in purchase during FY2024/25.

Our net cash from operating activities and generated from operations for FY2025/26 was approximately HK$10.6 million. Our cash generated from operations reflected profit before tax for the year of approximately HK$17.7 million, as adjusted for the following major items: (i) depreciation of plant and equipment and right-of-use assets of approximately HK$11.5 million in aggregate; (ii) amortisation of intangible assets of approximately HK$2.2 million; (iii) gain on disposal of plant and equipment of approximately HK$6.7 million; and (iv) gain on disposal of subsidiaries of approximately HK$2.1 million. Our change in working capital contributed to a cash outflow of approximately HK$13.0 million, which was primarily due to (i) the increase in inventories of approximately HK$1.7 million; (ii) increase in trade and other receivables of approximately HK$4.1 million; and (iii) decrease in trade and other payables of approximately HK$2.4 million; (iv) decrease in contract liabilities of approximately HK$2.5 million and (v) increase in amount due from related parties of approximately HK$2.5 million during FY2025/26.

Net cash used in investing activities

Our net cash used in investing activities for FY2024/25 was approximately HK$**[REDACTED]**, primarily representing the purchase of plant and equipment and cash outflow for the payment made for intangible assets of approximately HK$5.9 million in aggregate, which is composed of (i) approximately HK$0.5 million payment for the purchase of plant and equipment and (ii) approximately HK$**[REDACTED]** cash outflow for the payment made for intangible assets.

Our net cash used in investing activities for FY2025/26 was approximately HK$0.3 million, primarily representing the cash outflow for the payment made for intangible assets and purchase of plant and equipment of approximately HK$2.4 million in aggregate which was partially set off by the proceed from disposal of a subsidiary of approximately HK$2.1 million.

Net cash used in financing activities

For FY2024/25, our net cash used in financing activities was approximately HK$15.4 million, which was primarily due to reflecting (i) the dividend paid of HK$4.1 million; (ii) the repayment of directors of approximately HK$3.5 million; and (iii) the payment of capital element of lease liabilities of approximately HK$6.2 million.

For FY2025/26, our net cash used in financing activities was approximately HK$4.6 million, which was primarily due to reflecting (i) HK$6.0 million of proceeds from issue of **[REDACTED]** Investor Shares; offset by (ii) the dividend paid of HK$3.0 million; (iii) the repayment of directors of approximately HK$3.2 million; and (iv) the payment of capital element of lease liabilities of approximately HK$6.0 million.

LIQUIDITY & CAPITAL RESOURCES

Net current assets

	As at 31 March	
	2025	**2026**
	HK$'000	*HK$'000*
Current assets		
Inventories	11,745	13,462
Trade receivables	9,057	8,632
Deposits, prepayments and other receivables	5,041	7,395
Tax recoverable	3,185	1,440
Bank balances and cash	8,245	14,042
Total current assets	37,273	44,971
Current liabilities		
Trade and other payables	4,862	8,487
Contract liabilities	2,480	—
Amounts due to directors	16,495	5,422
Lease liabilities	5,746	6,503
Total current liabilities	29,583	20,412

Our net current assets increased significantly from approximately HK$7.7 million as at 31 March 2025 to approximately HK$24.6 million as at 31 March 2026. Such significant increase was mainly because our current assets increased and at the same time our current liabilities decreased. The increase in our current assets was mainly driven by the increase in our deposits, prepayment and other receivables of approximately HK$2.4 million; the increase in our inventories of approximately HK$1.7 million; and the increase in our cash and cash equivalents of approximately HK$5.8 million; while the decrease in our current liabilities was mainly driven by decrease in our payment to directors of approximately HK$11.1 million; and the decrease in contract liabilities of approximately HK$2.5 million; and offset by the increase in trade and other payable of approximately HK$3.6 million.

DESCRIPTION OF CERTAIN LINE ITEMS IN THE COMBINED STATEMENTS OF FINANCIAL POSITION

Inventories

Our inventories primarily include raw materials and finished goods. The following table sets forth the breakdown of our inventories as of the dates indicated (which are stated net of provision) and the turnover of average inventories for the periods indicated:

	As at 31 March	
	2025	**2026**
	HK$'000	*HK$'000*
Raw materials	2,986	2,831
Work in progress	1,568	1,318
Finished goods	7,191	9,313
	11,745	13,462

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. For the track record period, 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 March	
	2025	**2026**
	HK$'000	*HK$'000*
Within 3 months	7,877	8,566
3 to 6 months	1,925	2,418
6 to 12 months	1,389	1,772
Over 12 months	554	706
Total	11,745	13,462

The table below sets forth the turnover days of our inventories during the Track Record Period.

	As at 31 March	
	2025	**2026**
Inventory turnover days	114	118

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.

The inventories increased from HK$11.7 million for FY2024/2025 to HK$13.5 million for FY2025/26, primarily due to the increase of finished goods of face masks product. The average inventory turnover days increased from 114 days to 118 days.

As at the Latest Practicable Date, approximately HK$10.6 million or 78.5% of our inventories as at 31 March 2026 had been sold or utilized.

Trade Receivable

The table below sets forth the breakdown of our trade receivable as of the dates indicated:

	Year ended 31 March	
	2025	**2026**
	HK$'000	*HK$'000*
Trade receivables (gross)	9,806	10,085
Less: Allowance for credit loss	(749)	(1,453)
Total trade receivables (net)	9,057	8,632

Our trade receivables represent the amounts receivable from customers, net of any identified impairment losses. Our Group generally grants credit terms of up to 90 days, depending on the specific payment terms in each contract.

In FY2024/25, a reversal of loss allowance on trade receivables of approximately HK$0.5 million has made. For FY2025/26, we recorded a provision of loss allowance in trade receivables, net of approximately HK$0.7 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.

Our net trade receivables decreased from approximately HK$9.1 million as at 31 March 2025 to approximately HK$8.6 million as at 31 March 2026.

The following is an analysis of trade receivables by invoice date, net of allowance for expected credit losses, presented based on the date of revenue recognition as at 31 March 2025 and 2026:

	As at 31 March	
	2025	**2026**
	HK$'000	*HK$'000*
0 to 30 days	3,624	2,346
31–60 days	3,388	2,560
61–90 days	714	977
91–120 days	666	553
121–180 days	277	775
181–365 days	388	1,421
	9,057	8,632

For FY2024/25 and FY2025/26, our trade receivables, net of loss allowances, of approximately HK$0.2 million and HK$0.8 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.

For FY2024/25 and FY2025/26, 97.7% and 91.1% of the trade receivables were still within the credit period and not yet due. This closing balance is mainly composed of the outstanding receivables from Customer A which was substantially subsequently settled as at the Latest Practicable Date.

The balance of trade receivables represented the amount of outstanding receivables from our customers. Our trade receivables remain stable during the Track Record Period.

The table below sets forth the turnover days of our trade receivables during the Track Record Period.

	As at 31 March	
	2025	**2026**
Trade receivables turnover days	88	75

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.

For the Track Record Period, the decrease in trade receivables turnover days is mainly due to the high closing balance of trade receivables, mainly arising from wholesale channels for the sales of our face masks, RAT kits products.

As at the Latest Practicable Date, approximately HK$5.8 million, or 57.5% of our gross trade receivables as at 31 March 2026 were subsequently settled.

Trade Payable

The table below sets forth the breakdown of our trade payable by segment as of the dates indicated:

	Year ended 31 March	
	2025	**2026**
	HK$'000	*HK$'000*
Total trade payables	2,038	467

Our suppliers generally offer our Group normal credit terms of up to 30 days.

Our net trade payable decreased from approximately HK$2.0 million as at 31 March 2025 to approximately HK$0.5 million as at 31 March 2026, which was mainly attributable to improved controls of timely payments to maintain better relationships with our materials suppliers.

The following table sets forth an aging analysis of our trade payable as of the date of service provided and date of goods acceptance at the end of each reporting period.

	As at 31 March	
	2025	**2026**
	HK$'000	*HK$'000*
0–30 days	694	317
31–60 days	56	—
61–90 days	6	11
91–180 days	57	40
181–365 days	365	15
Over 1 year	860	84
	2,038	467

As at the Latest Practicable Date, approximately HK$0.5 million, or 100.0%, of our total trade payables as at 31 March 2026 were subsequently settled.

The table below sets forth the turnover days of our trade payables during the Track Record Period.

	As at 31 March	
	2025	**2026**
Trade payable turnover days	21	12

Note: The number of trade payables turnover days is calculated using the average balance of trade payables divided by cost of sales for the relevant year and multiplied by 365 days in the relevant year. Average balance of trade payables is calculated as the sum of the beginning and the ending balance for the relevant year, divided by two.

Our trade payables turnover days were approximately 21 days and 12 days during the Track Record Period, respectively. The decrease in our trade payables turnover days from FY2024/25 to FY2025/26 was mainly due to/improved controls of timely payments to maintain better relationships with our materials suppliers.

Contract liabilities

Our contract liabilities decreased from approximately HK$2.5 million as at 31 March 2025 to nil as at 31 March 2026. The fluctuation in our contract liabilities represents the prepayment we have received mainly from our customers but not yet delivered.

Provision for long service payment

Provision for long service payment represented the long service payment obligations for our employees in Hong Kong.

The Government gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**") in June 2022, which came into effect from 1 May 2025. The Amendment Ordinance abolishes the statutory right of an employer to reduce its long service payment and severance payment payable to a Hong Kong employee by drawing on its mandatory contributions to the Mandatory Provident Fund scheme (also known as the 'offsetting mechanism').

Pension costs are assessed using the projected unit credit cost method. The pension costs are spread over the service lives of employees. A full valuation of the defined benefit obligation based on the projected unit credit cost method.

Please refer to Note 27 to the Accountants' Report for movement of our provision for long service payment.

SELECTED FINANCIAL RATIOS

The following table sets forth certain key financial ratios as at/for the years ended 31 March 2025 and 31 March 2026:

	As at/For the year end 31 March	
	2025	**2026**
Gross profit margin[(1)]	46.9%	48.5%
Net profit margin[(2)]	11.3%	22.2%
Return on equity[(3)]	23.8%	34.7%
Return on assets[(4)]	12.1%	21.5%
Current ratio[(5)]	1.3	2.2
Gearing ratio[(6)]	N/A	N/A
Interest coverage ratio[(7)]	25.8 times	67.9 times

Notes:

(1) Gross profit margin represents gross profit for the year divided by total revenue for the respective year.

(2) Net profit margin represents net profit for the year divided by total revenue for the respective year.

(3) Return on equity represents profit for the year divided by total equity as at the end of a year.

(4) Return on assets represents profit for the year divided by total asset as at the end of a year.

(5) Current ratio represents total current assets divided by total current liabilities as at the relevant year end.

(6) Gearing ratio represents total interest-bearing borrowings and lease liabilities, less cash and cash equivalents, divided by total equity as at the end of a year.

(7) Interest coverage ratio represents profit before net finance costs and taxation divided by net finance costs for the relevant year.

Our gross profit margin was approximately 46.9% and 48.5% for FY2024/25 and FY2025/26, respectively. For analysis of our gross profit margin, please refer to the paragraph headed "Principal components of the combined statements of profit or loss — Gross profit and gross profit margin" in this section.

Net profit margin

Our net profit margin was approximately 11.3% and 22.2% for FY2024/25 and FY2025/26, respectively. For analysis of our net profit margin, please refer to the paragraph headed "Principal components of the combined statements of profit or loss — Net profit and net profit margin" in this section.

Return on equity

Our return on equity increased from approximately 23.8% for FY2024/25 to approximately 34.7% for FY2025/26, which was mainly driven by the increase in our profit for the year.

Return on assets

Our return on assets increased from approximately 12.1% for FY2024/25 to approximately 21.5% for FY2025/26, which was mainly driven by the increase in our net profit for the year.

Current ratio

Our current ratio was remained relatively stable at approximately 1.3 and 2.2 as at 31 March 2025 and 31 March 2026, respectively. For analysis of our net current assets, please refer to the paragraph headed "Liquidity & capital resources — Net current assets" in this section.

Gearing ratio

Gearing ratio is not applicable as our cash and cash equivalents exceeded the total of our lease liabilities as at 31 March 2025 and 31 March 2026.

Interest coverage ratio

Our interest coverage ratio increased from approximately 25.8 times for FY2024/25 to approximately 67.9 times for FY2025/26. Such increase was mainly due to the increase in our profit for the year.

INDEBTEDNESS

During the Track Record Period and at the close of business on 30 April 2026, our Group did not have any indebtedness except for those disclosed below.

	As at March 31		As at 30 April
	2025	2026	2026
	HK$'000	*HK$'000*	*HK$'000*
Lease liabilities	5,746	12,059	12,564
Amounts due to the directors	16,495	5,422	4,983
	22,241	17,481	17,547

Lease liabilities

Our lease liabilities represented the present value of minimum lease payment in respect of our leased properties. The following table sets forth the breakdown of our lease liabilities by time band as at the dates indicated:

	As at 31 March	
	2025	2026
	HK$'000	*HK$'000*
Within 1 year	5,746	6,503
After 1 year but within 2 years	—	5,556
Total lease liabilities	5,746	12,059

Our Group entered into lease agreements for leasing of premises located in Hong Kong, which are recognised as right-of-use assets and lease liabilities. Our lease liabilities increased from approximately HK$5.7 million as at 31 March 2025 to approximately HK$12.1 million as at 31 March 2026, which was mainly due to our entry into a new lease agreement.

Amounts due to Directors

As at 31 March 2025 and 2026, our amounts due to Directors amounted to approximately HK$16.5 million and HK$5.4 million, respectively. Such amounts due to Directors represent the disbursement claim from Ms. Choi Sze Man and Mr. Ding Zhen, and settlement of consideration of the disposal of motor vehicle and office equipment, our executive Directors for petty expenses pending reimbursement, which were non-trade in nature and were generally reimbursed by our Group on a monthly basis, and will be settled prior to the **[REDACTED]**.

Contingent liabilities

As at 31 March 2025, 31 March 2026 and 30 April 2026, we had no contingent liabilities. We are currently not a party to any litigation that is likely to have a material adverse effect on our business, results of operations or financial condition taken as a whole. We have confirmed that there was no material change in our contingent liabilities since 31 March 2026 and up to the Latest Practicable Date.

Statement of indebtedness

As at 30 April 2026, 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 30 April 2026 and up to the date of this document, there has been no material change in our indebtedness.

Our Directors confirm that, since the Latest Practicable Date and up to the date of this document, there has been no material change in the above indebtedness statement. Our Directors further confirm that, during the Track Record Period and up to the Latest Practicable Date, (i) there was no material covenant on any of outstanding indebtedness or any breach thereof; and (ii) our Group had not experienced any difficulty in obtaining bank loans and other borrowings or default in repayment of bank loans and other borrowings.

CAPITAL EXPENDITURES AND COMMITMENTS

Historical capital expenditure

Our capital expenditures during the Track Record Period were primarily related to the purchases of plant and equipment and additions of intangible assets, which amounted to approximately HK$5.9 million and HK$2.4 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 directors.

Planned capital expenditure

Save for the planned capital expenditure as disclosed in the section headed "Future Plans and **[REDACTED]**" in this document and the additions of furniture, fixtures and office equipment and production equipment necessary for our business operations which will be made by our Group from time to time, our Group had no material planned capital expenditure as at the Latest Practicable Date.

Capital commitments

Our capital commitments primarily relate to the acquisition of plant and equipment. As at 31 March 2025 and 2026, we had no capital commitments contracted in respect of the acquisition of plant and equipment.

RELATED PARTY TRANSACTIONS

Our Group has entered into certain related party transactions, which are set out in note 34 to the Accountants' Report in Appendix I to this document. Our Directors are of the view that these related party transactions were conducted on normal commercial terms and on arm's length basis.

All of our outstanding related party balances will be fully settled before the **[REDACTED]**.

OFF-BALANCE SHEET ARRANGEMENTS

An off-balance sheet arrangement is any transaction, agreement or other contractual arrangement involving another entity under which we have made guarantees or any obligation arising out of a material variable interest in another entity that provides financing, liquidity, market risk or credit risk support to us, or that engages in leasing, hedging, or research and development arrangements with us. During the Track Record Period and up to 31 March 2026, save as the contingent liabilities disclosed above, we did not have any off-balance sheet arrangements.

QUANTITATIVE AND QUALITATIVE DISCLOSURE OF FINANCIAL RISKS

We are 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 document.

DIVIDENDS AND DIVIDEND POLICY

For FY2024/25, members of our Group declared dividends of approximately HK$4.1 million to their then shareholders, which have been settled in cash during FY2025/26 and were financed by our internal resources. For FY2025/26, members of our Group declared dividends of approximately HK$3.0 million to their then shareholders, which will be settled in cash before the **[REDACTED]**.

We do not have any formal dividend policy or predetermined dividend payout ratio. Any future declarations and payments of dividends will be at the discretion of our Directors, subject to certain restrictions under Cayman Islands law, and will depend on our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors which our Directors consider relevant. Our Company may declare dividend (a) out of profits of our Company if our Company has sufficient profits, realised or unrealised, unless such is contrary to the accounting principles adopted by our Company or (b) out of the share premium of our Company if, in each case, following the date on which the dividend is proposed to be paid, our Company is able to pay its debts as they fall due in the ordinary course of business. In determining whether to declare a dividend, our Board will need to be satisfied that the declaration of dividend is in the best interest of our Company and may make provision for losses.

We have not adopted any predetermined dividend payout ratio to be effective after the **[REDACTED]**.

DISTRIBUTABLE RESERVES

As at 31 March 2026, our Company did not have any distributable reserves available for distribution to equity holders.

[REDACTED]

The total amount of **[REDACTED]** represents professional fees, **[REDACTED]** and other fees incurred in connection with the **[REDACTED]** is estimated to be approximately HK$**[REDACTED]** million (based on the mid-point of the indicative **[REDACTED]** range and assuming the **[REDACTED]** is not exercised), representing approximately **[REDACTED]**% of our estimated **[REDACTED]** from the **[REDACTED]** (based on the mid-point of the indicative **[REDACTED]** range and assuming the **[REDACTED]** is not exercised). We estimate that our **[REDACTED]**, comprising (i) **[REDACTED]**-related expenses, including **[REDACTED]**, of approximately HK$**[REDACTED]**; and (ii) non-**[REDACTED]**-related expenses of approximately HK$**[REDACTED]**, including (a) fees paid and payable to legal advisers and the Reporting Accountants of approximately HK$**[REDACTED]** million; and (b) other fees and expenses of approximately HK$**[REDACTED]** million. The **[REDACTED]** of: (i) approximately HK$**[REDACTED]** million is directly attributable to the issue of the **[REDACTED]** and is to be accounted for as a deduction from equity in accordance with the relevant accounting standards; and (ii) approximately HK$**[REDACTED]** million has been or is to be charged to the consolidated statements of profit or loss. Expenses in relation to the **[REDACTED]** are non-recurring in nature.

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, there were no circumstances which would have given rise to any disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that our business operations and business model have remained stable after the Track Record Period and up to the date of this document as there were no material changes to our business model and the general economic and regulatory environment in which we operate.

For our recent development subsequent to the Track Record Period, please see the paragraph headed "Summary — Recent Development and No Material Adverse Change".

Our Directors confirm that, save for the expenses in connection with the **[REDACTED]**, since 31 March 2026 and up to the date of this document, there had been no material adverse change in our financial or trading position, and there had been no event which would materially affect the information shown in the Accountants' Report as set out in Appendix I to this document.

Decline in financial performance for FY2026/27

Our Group expects a substantial decrease in net profit for FY2026/27 as compared to that for FY2025/26, which is mainly due to the impact of a higher **[REDACTED]** and addition to depreciation of strengthening R&D capabilities and expanding our product pipeline.