

## FINANCIAL INFORMATION

*You should read this section in conjunction with our combined financial information, including the notes thereto, as set out in “Appendix I – Accountants’ Report” to this document. The combined financial information has been prepared in accordance with HKFRSs.*

*The following discussion and analysis contains 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 we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include those discussed in “Risk Factors”.*

### OVERVIEW

We are a leading Hong Kong-based chain retail pharmaceutical, health and beauty products department store operator under our “Lung Fung” (龍豐) brand. According to Frost & Sullivan, in 2024, we were the largest pharmaceutical product retailer by retail sales value in Hong Kong, with a market share of 5.2%; and also the largest pharmaceutical, health and beauty product retailer by average SKU available per store in Hong Kong, with an average of approximately 6,500 SKUs available per store. We focus on offering a wide variety of value-for-money products to our customers through our 29 retail stores in Hong Kong as at the Latest Practicable Date and our various online sale platforms. Our flagship store at Gala Place in Mong Kok, with a GFA of approximately 17,500 sq.ft., was the largest pharmaceutical, health and beauty products retail store in Hong Kong in 2024 in terms of GFA, according to Frost & Sullivan. Our business objective is to offer “多一點選擇，多一點快樂” (“More Choices, More Fun”) through our wide range of products offered at competitive prices to our customers in a comfortable shopping environment.

We offer a wide variety of pharmaceutical products, health products, beauty products and other consumer goods such as household and daily essentials and food products, covering 11 categories, namely proprietary Chinese medicines, western medicines, health supplements, skincare, cosmetics, fragrances, personal care, maternal and infant products, food, pet food and household daily necessities. We have sold over 46,000 SKUs of products over the Track Record Period and approximately 28,800 SKUs of products in FY2025.

For each of FY2023, FY2024 and FY2025, our total revenue was HK\$1,094.0 million, HK\$2,020.7 million and HK\$2,460.5 million, respectively, representing a CAGR of 50.0% over the three years. We recorded loss of HK\$27.1 million for FY2023, and turnaround to net profit for the years of HK\$144.5 million and HK\$170.4 million for FY2024, representing an increase of 17.9% over the two years.

For 1QFY2025 and 1QFY2026, our revenue increased by 42.5% from HK\$489.5 million to HK\$697.4 million, while our profit for the period increased by 130.7% from HK\$20.7 million to HK\$47.8 million.

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### **BASIS OF PRESENTATION**

The financial information has been prepared by our Directors based on accounting policies which conform with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants, on the basis of preparation and presentation as set out in note 2 to the historical financial information in the Accountants’ Report contained in Appendix I to this document, and no adjustments have been made in preparing the financial information.

As at 30 June 2025, our Group had net current liabilities of HK\$331.6 million. Our Directors have prepared a cash flow forecast covering a period of not less than twelve months from the date of this document. Based on this forecast, which takes into account the expected operating cash inflows and available banking facilities, our Directors are of the opinion that our Group will have sufficient working capital to meet its financial obligations as and when they fall due and to sustain our operations for the next 12 months from the date of this document. Accordingly, our Directors consider it appropriate to prepare the financial information on a going concern basis.

### **KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

Our results of operations have been and will continue to be affected by a number of factors, including those set out below:

#### **Economy of Hong Kong and Chinese Mainland**

We are principally engaged in the operation of retail stores selling a great variety of pharmaceutical products, health products, beauty products and household and daily essentials and foods mainly located in Hong Kong. During the Track Record Period, majority of our total revenue was derived from Hong Kong, which accounted for over 95% of our total revenue for FY2023, FY2024, FY2025, 1QFY2025 and 1QFY2026. Our customers are mainly retail customers from the general public in Hong Kong and tourist mainly from the Chinese Mainland. Therefore, changes in the economies of these places would directly impact the disposable income of the local household, and thus, the consumer sentiment of our customers and our financial performance. We believe that our customers’ spending in our retail stores are inter-related to the overall GDP growth in their respective places. We cannot assure stable results of operation if the economies of these places fluctuate over time in the future. See “Industry Overview — Overview of Macro Economy in Hong Kong” for details.

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**Opening and closing of stores**

During the Track Record Period, over 90% of our revenue was generated from sales at our retail stores. Retail sales are mainly affected by the number of our stores in operation and average revenue per store. Thus, our revenue in each financial year or period is greatly affected by the store opening and closing. The following table sets out the details of our retail stores opened and closed during the Track Record Period:

	FY2023	FY2024	FY2025	From 1 April 2025 to the Latest Practicable Date
<b>Number of retail stores</b>				
Number at the commencement of the year/period	14	13	16	25
Number of retail stores opened during the year/period	1	3	9	4
Number of retail stores closed during the year/period	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total number at the end of the year/period</b>	<u><u>13</u></u>	<u><u>16</u></u>	<u><u>25</u></u>	<u><u>29</u></u>

We incur various costs and cash outflows, such as leasehold improvement and rental deposits prior to opening new stores and during the operations. In addition, new stores generally require a period of time after opening to achieve target income.

**Product mix and average customer spending per transaction**

During the Track Record Period, we generated revenue from selling a great variety of pharmaceutical products, health products, beauty products and other consumer products in our retail stores. Our overall gross profit margin were 24.9%, 29.3%, 31.6%, 31.7% and 31.9% for FY2023, FY2024, FY2025 and 1QFY2025 and 1QFY2026, respectively. The fluctuation was mainly due to the different revenue mix as different types of sale generated different gross profit margin with different trend.

Our profitability is dependent in part upon our success in adjusting our product mix to respond to customer preferences and demands, which may change or evolve over time. Accordingly, we adjust the mix of merchandise that we offer in our retail stores to maximise our revenues and profitability while continuing to provide a wide variety of products to our customers.

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Our retail operations are significantly affected by changes in the average customer spending per transaction. The average customer spending per transaction at our retail stores serves as an indicator of the amounts our customers spend at our stores and may be affected by, among other things, our product mix and pricing, customer spending power, customer preferences and seasonal factor.

Our average spending per transaction in retail stores increased by a CAGR of 11.2% from FY2023 to FY2025. Our average spending per transaction slightly decreased to HK\$188 in 1QFY2026 resulting from more retail stores opened in residential area.

Going forward, we will continue to evaluate and adjust our portfolio of our services and product offerings from time to time to focus on products with higher profit margins, greater market demand and potential to maintain or increase our profitability.

### Same store sales

Our profitability is affected in part by our ability to successfully increase the revenue from our existing stores, primarily by launching new products and conducting various marketing and promotional events such as advertising through different media and joint promotion campaigns. Same store sales growth rates provide a period-to-period comparison of our store performance because they exclude increases and decreases that are due to the opening and closing of new retail stores. Same-store sales represents the revenue from the retail stores that were in operation during the entirety of the relevant financial years or periods compared. For example, same stores for FY2023 and FY2024 are stores that were open throughout both FY2023 and FY2024. There are variations in the way in which other retailers calculate these metrics. During the Track Record Period, in addition to the expansion of our retail store network, our same store sales had also increased significantly, with a CAGR of approximately 34.4% from the beginning of FY2023 to the end of FY2025. Same-store sales represents the revenue from the retail stores (“**Comparable Stores**”) that were in operation throughout the entirety of the relevant financial year or period and the preceding financial year or period being compared. Accordingly, these metrics may not be fully comparable with those of our competitors. The table below sets forth our same store sales for the years and the periods indicated:

	FY2023	FY2024	FY2024	FY2025	1QFY2025	1QFY2026
<b>Number of Comparable Stores</b>	12		12		15	
<b>Sales of Comparable Stores (HK\$'000)</b>	970,266	1,591,492	1,691,887	1,590,898	458,053	483,619
<b>Same-store sales growth</b>	64.0%		(6.0)%		5.6%	

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A significant year-on-year same-store sales growth was recorded for FY2024 as compared to the preceding financial year, primarily driven by the reopening of the border following COVID-19 and the subsequent recovery in local consumer confidence during the return to normality. According to Frost & Sullivan, the reopening of borders in 2023 spurred a tourism surge, particularly visitors from the PRC, and boosted demand for beauty products and daily essentials. The modest decline in same-store sales growth observed in FY2025 as compared to the preceding financial year was largely attributable to the high baseline established in the preceding year. There was a modest increase in same-store sales growth for 1QFY2026 as compared to the same period of the preceding financial year mainly fuelled by the strong performance of new Comparable Stores for the relevant period, with new stores in Kowloon and Hong Kong Island being the primary contributors.

### **Cost of inventories sold**

For FY2023, FY2024, FY2025, 1QFY2025 and 1QFY2026, our cost of inventories sold accounted for 75.1%, 70.7%, 68.4%, 68.3% and 68.1% of our total revenue. With the increase in number of physical and online stores, the total cost of inventories sold increased during the Track Record Period. The price of our product may vary from period to period due to factors such as categories, quality, customer’s preference and market conditions. We determine the selling price on a cost-plus basis, taking into account of, among others, the cost of inventories sourced from our suppliers and any fluctuation in foreign currencies. In any event which we are unable to shift the increase in price to our customers, we may generate gross loss. Our ability to effectively price our products and quickly respond to cost pressures could have a material impact on our business, financial condition or results of operations.

### **SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENT**

We have identified certain accounting policies that are significant to the preparation of our Group’s financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. When reviewing our financial statements, you should consider (i) our selection of critical accounting policies; (ii) the judgments and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. Our significant accounting policies, estimates and judgements, are set out in the notes 4 and 5 in “Appendix I — Accountants’ Report” for details.

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### RESULTS OF OPERATIONS

The following table summarises the combined statements of profit or loss and other comprehensive income from the financial statements during the Track Record Period, details of which are set out in the Accountants’ Report in Appendix I to this document.

	FY2023		FY2024		FY2025		1QFY2025		1QFY2026	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(Unaudited)									
Revenue	1,094,011	100.0	2,020,731	100.0	2,460,478	100.0	489,482	100.0	697,394	100.0
Cost of sales	<u>(821,802)</u>	<u>(75.1)</u>	<u>(1,427,915)</u>	<u>(70.7)</u>	<u>(1,682,861)</u>	<u>(68.4)</u>	<u>(334,293)</u>	<u>(68.3)</u>	<u>(474,859)</u>	<u>(68.1)</u>
Gross profit	272,209	24.9	592,816	29.3	777,617	31.6	155,189	31.7	222,535	31.9
Other income	26,345	2.4	26,629	1.3	30,326	1.2	7,043	1.4	5,837	0.8
Other gains and losses	7	0.0	(471)	(0.0)	(700)	(0.0)	(133)	(0.0)	(827)	(0.1)
Decrease in fair value of investment properties	(17,690)	(1.6)	(16,596)	(0.8)	(53,482)	(2.2)	(17,482)	(3.6)	(9,630)	(1.4)
Selling and distribution expenses	(232,462)	(21.2)	(321,738)	(15.9)	(431,606)	(17.5)	(90,448)	(18.5)	(133,221)	(19.1)
Administrative expenses	(41,110)	(3.8)	(47,067)	(2.3)	(52,584)	(2.1)	(12,821)	(2.6)	(13,825)	(2.0)
Finance costs	<u>(32,506)</u>	<u>(3.0)</u>	<u>(52,716)</u>	<u>(2.6)</u>	<u>(51,550)</u>	<u>(2.1)</u>	<u>(13,292)</u>	<u>(2.7)</u>	<u>(10,937)</u>	<u>(1.6)</u>
(Loss) profit before tax	(25,207)	(2.3)	180,857	9.0	218,021	8.9	28,056	5.7	59,932	8.6
Income tax expense	<u>(1,933)</u>	<u>(0.2)</u>	<u>(36,321)</u>	<u>(1.8)</u>	<u>(47,589)</u>	<u>(1.9)</u>	<u>(7,350)</u>	<u>(1.5)</u>	<u>(12,168)</u>	<u>(1.7)</u>
(Loss) profit for the year/period	<u><u>(27,140)</u></u>	<u><u>(2.5)</u></u>	<u><u>144,536</u></u>	<u><u>7.2</u></u>	<u><u>170,432</u></u>	<u><u>6.9</u></u>	<u><u>20,706</u></u>	<u><u>4.2</u></u>	<u><u>47,764</u></u>	<u><u>6.8</u></u>

### DESCRIPTION OF SELECTED ITEMS IN COMBINED STATEMENTS OF PROFIT OR LOSS

#### Revenue

##### *By products*

During the Track Record Period, we generated revenue from selling various products, namely (i) pharmaceutical products; (ii) health products; (iii) beauty products; and (iv) other consumer products. The following table sets forth the breakdown of our revenue by products for the year/period indicated:

	FY2023		FY2024		FY2025		1QFY2025		1QFY2026	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(Unaudited)									
Pharmaceutical products	246,529	22.5	398,219	19.7	473,105	19.2	103,624	21.2	122,321	17.5
Health products	174,752	16.0	357,656	17.7	433,752	17.6	84,306	17.2	131,813	18.9
Beauty products	306,014	28.0	668,228	33.1	818,044	33.3	158,744	32.4	221,877	31.9
Other consumer products	<u>366,716</u>	<u>33.5</u>	<u>596,628</u>	<u>29.5</u>	<u>735,577</u>	<u>29.9</u>	<u>142,808</u>	<u>29.2</u>	<u>221,383</u>	<u>31.7</u>
<b>Total</b>	<u><u>1,094,011</u></u>	<u><u>100.0</u></u>	<u><u>2,020,731</u></u>	<u><u>100.0</u></u>	<u><u>2,460,478</u></u>	<u><u>100.0</u></u>	<u><u>489,482</u></u>	<u><u>100.0</u></u>	<u><u>697,394</u></u>	<u><u>100.0</u></u>

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FY2023, FY2024, FY2025, 1QFY2025 and 1QFY2026, revenue contributed from different types of products remained relative stable. We experienced an increase of revenue during the Track Record Period, primarily due to the expansion of our retail network as well as the progressive return of Mainland Chinese tourists following the opening of the border after the pandemic gradually subsided coupled with the lifting of stringent travel restrictions and mandatory quarantine measures during the COVID-19 pandemic and resurgence of local consumer sentiment.

### *By sales channel*

During the Track Record Period, we generated revenue from (i) retail sales at our retail stores; (ii) retail sales on our online sales platforms; and (iii) wholesales. The following table sets forth the revenue by sales channel during the Track Record Period:

	FY2023		FY2024		FY2025		1QFY2025		1QFY2026	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(Unaudited)									
Retail sales through retail stores	1,027,169	93.9	1,958,982	96.9	2,391,643	97.2	474,237	96.9	684,233	98.2
Retail sales through online platforms	44,637	4.1	38,160	1.9	42,682	1.7	9,702	2.0	11,472	1.6
Wholesale sales	<u>22,205</u>	<u>2.0</u>	<u>23,589</u>	<u>1.2</u>	<u>26,153</u>	<u>1.1</u>	<u>5,543</u>	<u>1.1</u>	<u>1,689</u>	<u>0.2</u>
<b>Total</b>	<u>1,094,011</u>	<u>100.0</u>	<u>2,020,731</u>	<u>100.0</u>	<u>2,460,478</u>	<u>100.0</u>	<u>489,482</u>	<u>100.0</u>	<u>697,394</u>	<u>100.0</u>

During the Track Record Period, over 90% of our revenue was generated from sales at our retail stores.

### *By geographical location*

During the Track Record Period, we mainly generated revenue from retail stores located in Hong Kong, and insignificant amount generated from online sales platforms, such as TMall, WeChat Mini-Program and JD, in Chinese Mainland. The following table sets forth the revenue by geographical location during the Track Record Period:

	FY2023		FY2024		FY2025		1QFY2025		1QFY2026	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(Unaudited)									
Hong Kong	1,042,634	95.3	1,978,086	97.9	2,412,855	98.1	478,522	97.8	685,186	98.2
Chinese Mainland	<u>51,377</u>	<u>4.7</u>	<u>42,645</u>	<u>2.1</u>	<u>47,623</u>	<u>1.9</u>	<u>10,960</u>	<u>2.2</u>	<u>12,208</u>	<u>1.8</u>
<b>Total</b>	<u>1,094,011</u>	<u>100.0</u>	<u>2,020,731</u>	<u>100.0</u>	<u>2,460,478</u>	<u>100.0</u>	<u>489,482</u>	<u>100.0</u>	<u>697,394</u>	<u>100.0</u>

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### Cost of sales

During the Track Record Period, our cost of sales represented the entire amount of cost of inventories sold. Our cost of sales is affected by a number of factors including the prevailing market conditions as well as the volume and the type of products sold.

Our cost of sales amounted to HK\$821.8 million, HK\$1,427.9 million, HK\$1,682.9 million; HK\$334.3 million and HK\$474.9 million for FY2023, FY2024, FY2025, 1QFY2025 and 1QFY2026, respectively.

### Gross profit and gross profit margin

Our gross profit represented revenue less cost of sales. Our gross profit amounted to HK\$272.2 million, HK\$592.8 million, HK\$777.6 million, HK\$155.2 million and HK\$222.5 million for FY2023, FY2024, FY2025, 1QFY2025 and 1QFY2026, respectively, while the gross profit margin was 24.9%, 29.3%, 31.6%, 31.7% and 31.9% in the respective year/period.

Our gross profit margin is greatly affected by the trend of costs and selling price of the products sold. The price of products that we offer to our customers depends primarily on, among other things, procurement costs, market trend and demand and retail price for similar products to ensure our price is competitive in the market. From time to time, we also offer promotion activities such as discounts, giveaways and limited-time special offerings, which also impose certain effect on our gross profit margins.

Our gross profit margin was relatively lower for FY2023 then increased modestly from FY2024 to FY2025, primarily due to (i) increase in profit margin attained by our health products as well as the increase in revenue contribution from the health products which has relatively higher gross profit margin amongst our products following our effort to continue optimising our product offerings; (ii) price adjustments; and (iii) the decrease in cost per unit purchased because we obtained more discounts from our suppliers as a result of bulk purchase which was benefited from the economies of scale with our continuous expansion of retail network and hence the scale of purchases.

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### Other income

Other income mainly represented (i) interest income from bank balances, amounts due from related parties and rental deposits; (ii) management fee income from related parties; (iii) fixed operating lease income; (iv) government grants; and (v) others which mainly represented advertising and promotion income received for advertising spaces in our retail stores. The following sets forth the breakdown of our other income for the year/period indicated:

	FY2023	FY2024	FY2025	1QFY2025	1QFY2026
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(Unaudited)	
Interest income:					
— Bank balances	1	27	65	32	263
— Amounts due from related parties	13,287	13,441	14,707	3,309	2,117
— Rental deposits	1,127	1,062	1,385	233	229
Management fee income from related parties	1,974	1,974	1,974	495	495
Fixed operating lease income	5,984	6,781	6,380	1,616	1,467
Government grants <sup>(Note)</sup>	2,463	384	—	—	—
Others	<u>1,509</u>	<u>2,960</u>	<u>5,815</u>	<u>1,358</u>	<u>1,266</u>
	<u><u>26,345</u></u>	<u><u>26,629</u></u>	<u><u>30,326</u></u>	<u><u>7,043</u></u>	<u><u>5,837</u></u>

*Note:* During FY2023, we recognised government grants of HK\$2.4 million in respect of the Employment Support Scheme launched by the Hong Kong government.

Our other income amounted to HK\$26.3 million, HK\$26.6 million, HK\$30.3 million HK\$7.0 million and HK\$5.8 million for FY2023, FY2024, FY2025, 1QFY2025 and 1QFY2026, respectively.

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**Other gains and losses**

Other gains and losses mainly represented (i) net gains or loss on disposal or write-off of property, plant and equipment; and (ii) net exchange gains or losses arising from fluctuation of JPY and KRW. We had other gains of HK\$7,000, other losses of HK\$0.5 million, HK\$0.7 million, HK\$0.1 million and HK\$0.8 million for FY2023, FY2024, FY2025, 1QFY2025 and 1QFY2026, respectively. The following sets forth the breakdown of our other gains and losses for the year/period indicated:

	FY2023	FY2024	FY2025	1QFY2025	1QFY2026
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(Unaudited)	
Net loss on disposal write-off of property, plant and equipment	(68)	(149)	(79)	—	(88)
Net foreign exchange gains (losses)	75	(322)	(1,001)	(133)	(739)
Others	<u>—</u>	<u>—</u>	<u>380</u>	<u>—</u>	<u>—</u>
	<u>7</u>	<u>(471)</u>	<u>(700)</u>	<u>(133)</u>	<u>(827)</u>

**Decrease in fair value of investment properties**

Our property interests held for generating rental income under operating lease arrangement were measured using fair value model and were accounted for as investment properties during the Track Record Period. The fair value of our investment properties as at 31 March 2023, 2024 and 2025 and 30 June 2025 had been valued by the Property Valuer, primarily determined based on the (i) income capitalization approach, where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for the same types of properties; and (ii) direct comparison approach, which reflects recent transaction prices for similar properties adjusted for differences in the nature, location and condition of the properties under review. We had decrease in fair value of investment properties of HK\$17.7 million, HK\$16.6 million, HK\$53.5 million, HK\$17.5 million and HK\$9.6 million in FY2023, FY2024, FY2025, 1QFY2025 and 1QFY2026, respectively. See “Description of Certain Items of Combined Statements of Financial Position — Investment properties” for details.

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### Selling and distribution expenses

Our selling and distribution expenses mainly comprised (i) employee benefit expenses for staff in relation to retail shops and warehouse; (ii) depreciation of property, plant and equipment and right-of-use assets in relation to our retail shops; (iii) bank charges for electronic payments; (iv) advertising and recruitment expenses; (v) building management fee; and (vi) government rent and rates. The following sets forth the breakdown of our selling and distribution expenses for the year/period indicated:

	FY2023		FY2024		FY2025		1QFY2025		1QFY2026	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(Unaudited)									
Employee benefit expenses	81,958	35.3	144,128	44.8	190,231	44.1	39,502	43.7	59,987	45.0
Depreciation of right-of-use assets	108,134	46.5	117,302	36.5	152,878	35.4	33,351	36.9	44,447	33.4
Bank charges	11,557	5.0	18,323	5.7	23,790	5.5	4,736	5.2	6,948	5.2
Depreciation of property, plant and equipment	11,020	4.7	11,532	3.6	15,565	3.6	3,297	3.6	5,164	3.9
Advertising and recruitment	975	0.4	2,937	0.9	6,290	1.5	1,063	1.2	4,210	3.2
Building management fee	3,597	1.5	5,131	1.6	10,281	2.4	1,911	2.1	3,575	2.7
Government rent and rates	6,112	2.6	7,664	2.4	9,725	2.3	2,094	2.3	2,996	2.2
Others	9,109	4.0	14,721	4.5	22,846	5.2	4,494	5.0	5,894	4.4
	<u>232,462</u>	<u>100.0</u>	<u>321,738</u>	<u>100.0</u>	<u>431,606</u>	<u>100.0</u>	<u>90,448</u>	<u>100.0</u>	<u>133,221</u>	<u>100.0</u>

Our selling and distribution expenses amounted to HK\$232.5 million, HK\$321.7 million, HK\$431.6 million, HK\$90.4 million and HK\$133.2 million for FY2023, FY2024 and FY2025 and 1QFY2025 and 1QFY2026, respectively, representing 21.2%, 15.9%, 17.5%, 18.5% and 19.1% of our total revenue during the respective year/period.

### Administrative expenses

Our administrative expenses primarily comprised (i) employee benefit expenses for administrative personnel; (ii) depreciation of right-of-use assets and property, plant and equipment for our offices, telecommunication and sundry expenses; (iii) computer and security system expenses; (iv) office expenses, which included insurance, printing and stationery expenses, motor vehicles expenses and utilities expenses; and (v) legal and professional fee.

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The following table sets forth a breakdown of our administrative expenses for the year/periods indicated:

	FY2023		FY2024		FY2025		1QFY2025		1QFY2026	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(Unaudited)									
Employee benefit expenses	23,215	56.5	29,886	63.5	33,187	63.1	7,653	59.7	8,960	64.8
Depreciation of right-of-use assets	7,530	18.3	4,301	9.1	4,542	8.6	997	7.8	1,193	8.6
Computer and security system expenses	2,319	5.6	2,599	5.5	3,782	7.2	1,144	8.9	916	6.6
Office expenses	2,010	4.9	3,137	6.7	3,271	6.2	1,004	7.8	1,152	8.3
Depreciation of property, plant and equipment	1,413	3.4	1,065	2.3	1,357	2.6	310	2.4	406	2.9
Legal and professional fee	2,375	5.8	2,314	4.9	2,330	4.4	967	7.5	377	2.8
Others	2,248	5.5	3,765	8.0	4,115	7.9	746	5.9	821	6.0
<b>Total</b>	<b>41,110</b>	<b>100.0</b>	<b>47,067</b>	<b>100.0</b>	<b>52,584</b>	<b>100.0</b>	<b>12,821</b>	<b>100.0</b>	<b>13,825</b>	<b>100.0</b>

Our administrative expenses amounted to HK\$41.1 million, HK\$47.1 million, HK\$52.6 million, HK\$12.8 million and HK\$13.8 million for FY2023, FY2024 and FY2025 and 1QFY2025 and 1QFY2026, respectively, representing 3.8%, 2.3%, 2.1%, 2.6% and 2.0% of our total revenue for the respective year/period.

### Finance costs

Our finance costs represented interest on (i) lease liabilities; (ii) bank overdrafts; (iii) bank borrowings; and (iv) retirement benefit obligations. The following sets forth the breakdown of our finance costs for the year/period indicated:

	FY2023	FY2024	FY2025	1QFY2025	1QFY2026
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)				
Interests on:					
— Lease liabilities	6,778	11,922	18,068	4,168	4,718
— Bank overdrafts	5,002	6,376	4,326	1,604	798
— Bank borrowings	20,686	34,359	29,073	7,520	5,421
— Retirement benefit obligations	40	59	83	—	—
<b>Total</b>	<b>32,506</b>	<b>52,716</b>	<b>51,550</b>	<b>13,292</b>	<b>10,937</b>

Our finance costs amounted to HK\$32.7 million, HK\$52.7 million, HK\$51.6 million, HK\$13.3 million and HK\$10.9 million for FY2023, FY2024 and FY2025 and 1QFY2025 and 1QFY2026, respectively.

## FINANCIAL INFORMATION

### Income tax expense

Our Company was incorporated in the Cayman Islands and is exempted from income tax. Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity now comprising the Group is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million for the Track Record Period. Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the relevant PRC subsidiary is 25% for the Track Record Period. No PRC Enterprise Income Tax has been made during the Track Record Period as the relevant PRC subsidiary has no assessable profits or has sufficient tax losses brought forward to offset assessable profits during the Track Record Period.

Our income tax expenses amounted to HK\$1.9 million, HK\$36.3 million, HK\$47.6 million, HK\$7.4 million and HK\$12.2 million for FY2023, FY2024, FY2025, 1QFY2025 and 1QFY2026, respectively; while our effective tax rate was 20.1%, 21.8%, 26.2% and 20.3% for FY2024, FY2025, 1QFY2025 and 1QFY2026, respectively.

During the Track Record Period and up to the Latest Practicable Date, we had fulfilled all our income tax obligations and have not had any unresolved income tax issues or disputes with the relevant tax authorities.

### REVIEW OF HISTORICAL RESULTS OF OPERATION

#### *FY2024 compared to FY2023*

##### Revenue

Our revenue increased by HK\$926.7 million or 84.7% from HK\$1,094.0 million in FY2023 to HK\$2,020.7 million in FY2024, primarily due to the (i) increase in same store growth by 64.0%; and (ii) revenue contributed from our new stores of HK\$209.1 million in FY2024.

We recorded significant year-on-year same-store sales growth of 64.0% from HK\$970.3 million in FY2023 to HK\$1,591.5 million in FY2024, primarily due to increase in revenue due to the progressive return of Chinese Mainland tourists following the border relief after the pandemic gradually subsided coupled with the relief of stringent travel restrictions and mandatory quarantine measures during the COVID-19 pandemic and resurgence of local consumer sentiment.

Further, we took initiative to re-organise the location of our stores during the pandemic and opened three new stores in key shopping districts for tourists during FY2024, reaching 16 stores in total as at 31 March 2024. The revenue contribution of the three new stores amounted to HK\$209.1 million in FY2024.

## FINANCIAL INFORMATION

### Cost of sales

Our cost of sales increased by HK\$606.1 million or 73.8% from HK\$821.8 million for FY2023 to HK\$1,427.9 million for FY2024, primarily due to the increase in cost of inventories sold mainly attributable to the increase in quantity sold resulting from the increase in demand from customers and number of retail stores.

### Gross profit and gross profit margin

Our gross profit increased by HK\$320.6 million or 117.8% from HK\$272.2 million for FY2023 to HK\$592.8 million for FY2024. Such increase in gross profit was mainly contributed by the increase in revenue. Our gross profit margin increased from 24.9% for FY2023 to 29.3% for FY2024, primarily due to (i) increase in profit margin attained by our health products as well as the increase in revenue contribution from the health products which has relatively higher gross profit margin amongst our products following our effort to continue optimising our product offerings; (ii) price adjustments in certain stores and (iii) the decrease in cost per unit purchased because we obtained more discounts from our suppliers as a result of bulk purchase which was benefited from the economies of scale with our continuous expansion of retail network and hence the scale of purchases.

### Other income

Our other income remained relatively stable at HK\$26.3 million and HK\$26.6 million for FY2023 and FY2024, respectively.

### Other gains and losses

Our other losses of HK\$7,000 for FY2023 turned to other gains of HK\$0.5 million for FY2024 primarily due to the net exchange loss of HK\$0.3 million for FY2024 resulting from fluctuation of JPY and KRW against HKD.

### Selling and distribution expenses

Our selling and distribution expenses increased by HK\$89.3 million or 38.4% from HK\$232.5 million for FY2023 to HK\$321.7 million for FY2024. The increase in selling and distribution expenses was attributable to increase in (i) employee benefit expenses of HK\$62.2 million, primarily due to the increase in number of selling staff resulting from the increase in number of our retail stores for the year; (ii) depreciation of right-of-use assets of HK\$9.2 million resulting from the increase in number of stores; and (iii) bank charges of HK\$6.8 million for more electronic payments resulting from increase in revenue.

### Administrative expenses

Our administrative expenses increased by HK\$6.0 million and 14.5% from HK\$41.1 million for FY2023 to HK\$47.1 million for FY2024. The increase in administrative expenses was primarily attributable to the increase in employee benefit expenses of HK\$6.7 million resulting from the increase in number of administrative personnel.

## FINANCIAL INFORMATION

### Finance costs

Our finance costs increased by HK\$20.2 million and 62.2% from HK\$32.5 million for FY2023 to HK\$52.7 million for FY2024. The increase in finance costs was primarily attributable to the increase in interest on (i) bank borrowings of HK\$13.7 million resulting from increase in average balances of bank borrowings for FY2024; and (ii) lease liabilities of HK\$5.1 million resulting from addition of three retail stores for FY2024.

### Income tax expenses

Our income tax expense increased by HK\$34.4 million or 1,779.0% from HK\$1.9 million for FY2023 to HK\$36.3 million for FY2024 as a result of our increase in profit before tax generated for FY2024.

### Profit for the year

As a result of the foregoing, we had profit for the year of HK\$144.5 million for FY2024 compared to loss for the year of HK\$27.1 million for FY2023. Our net profit margin was 7.2% for FY2024.

### *FY2025 compared to FY2024*

#### Revenue

Our revenue increased by HK\$439.7 million or 21.8% from HK\$2,020.7 million in FY2024 to HK\$2,460.5 million in FY2025, primarily due to the revenue contributed from our new stores of HK\$285.0 million in FY2025, partially offset by the slight decrease in same-store growth rate.

Further, following our strategy to expand our retail network, nine new stores were opened in FY2025, reaching 25 stores in total as at 31 March 2025. The revenue contribution of the nine new stores amounted to HK\$285.0 million in FY2024. Our year-on-year sales was relatively stable with a modest decrease of 6.0% from FY2024 to FY2025.

#### Cost of sales

Our cost of sales increased by HK\$254.9 million or 17.9% from HK\$1,427.9 million for FY2024 to HK\$1,682.9 million for FY2025, primarily due to the increase in cost of inventories sold mainly attributable to the increase in quantity sold resulting from the increase in demand from customers and number of retail stores.

## FINANCIAL INFORMATION

### Gross profit and gross profit margin

Our gross profit increased by HK\$184.8 million or 31.2% from HK\$592.8 million for FY2024 to HK\$777.6 million for FY2025. Such increase in gross profit was mainly contributed by the increase in revenue. Our gross profit margin increased from 29.3% in FY2024 to 31.6% in FY2025, primarily due to (i) increase in profit margin attained by our health products as well as the increase in revenue contribution from the health products which has relatively higher gross profit margin amongst our products following our effort to continue optimising our product offerings; and (ii) the decrease in cost per unit purchased because we obtained more discounts from our suppliers as a result of bulk purchase which was benefited from the economies of scale with our continuous expansion of retail network and hence the scale of purchases.

### Other income

Our other income increased by HK\$3.7 million or 13.9% from HK\$26.6 million for FY2024 to HK\$30.3 million for FY2025. The increase was primarily due to increase in (i) others of HK\$2.9 million mainly resulting from the increase in advertising income in FY2025 for the advertising spaces in our retail stores; and (ii) interest income on amounts due from related parties of HK\$1.3 million resulting from the increase in average balances of amounts due from related parties.

### Other gains and losses

Our other losses increased from HK\$0.5 million in FY2024 to HK\$0.7 million in FY2025. The increase was mainly attributable to the increase in net foreign exchange losses of HK\$0.7 million mainly resulting from the fluctuation of JPY and KRW against HKD.

### Selling and distribution expenses

Our selling and distribution expenses increased by HK\$109.9 million or 34.1% from HK\$321.7 million for FY2024 to HK\$431.6 million for FY2025. The increase in selling and distribution expenses was attributable to increase in (i) employee benefit expenses of HK\$46.1 million, primarily due to the increase in number of selling staff resulting from the increase in number of our retail stores for the year; (ii) depreciation of right-of-use assets of HK\$35.6 million resulting from the addition of retail stores during the year; and (iii) bank charges of HK\$5.5 million for electronic payments.

### Administrative expenses

Our administrative expenses increased by HK\$5.5 million and 11.7% from HK\$47.1 million for FY2024 to HK\$52.6 million for FY2025. The increase in administrative expenses was primarily attributable to the increase in the (i) employee benefit expenses of HK\$3.3 million resulting from the increase in administrative personnel; and (ii) computer and security system expenses of HK\$1.2 million.

### Finance costs

Our finance costs remained relatively stable at HK\$52.7 million and HK\$51.6 million for FY2024 and FY2025, respectively.

## FINANCIAL INFORMATION

### Income tax expenses

Our income tax expenses increased by HK\$11.3 million or 31.0% from HK\$36.3 million for FY2024 to HK\$47.6 million for FY2025. The increase in income tax expense was primarily attributable to the increase in profit before tax. Our effective tax rate remained relatively stable at 20.1% for FY2024 and 21.8% for FY2025.

### Profit for the year

As a result of the foregoing, our profit for the year increased by HK\$25.9 million or 17.9% from HK\$144.5 million for FY2024 to HK\$170.4 million for FY2025. The net profit margin remained relatively stable at 7.2% for FY2024 and 6.9% for FY2025.

### *1QFY2026 compared to 1QFY2025*

#### Revenue

Our revenue increased by HK\$207.9 million or 42.5% from HK\$489.5 million for 1QFY2025 to HK\$697.4 million for 1QFY2026, primarily due to the (i) increase in same store growth by 5.6%; and (ii) revenue contributed from our new stores of HK\$49.9 million for 1QFY2026.

We recorded a modest year-on-year same-store sales growth of 5.6% from HK\$458.1 million for 1QFY2025 to HK\$483.6 million in for 1QFY2026, primarily resulting from the stronger sales growth from stores opened in FY2025.

Further, following our strategy to expand our retail network, ten new stores were opened after 1QFY2025, reaching 27 stores in total as at 30 June 2025. The revenue contribution of the new stores amounted to HK\$160.9 million for 1QFY2026.

#### Cost of sales

Our cost of sales increased by HK\$140.6 million or 42.0% from HK\$334.3 million for 1QFY2025 to HK\$474.9 million for 1QFY2026, primarily due to the increase in cost of inventories sold mainly attributable to the increase in quantity sold resulting from the increase in demand from our customers and the number of retail stores.

#### Gross profit and gross profit margin

Our gross profit increased by HK\$67.3 million or 43.4% from HK\$155.2 million for 1QFY2025 to HK\$222.5 million for 1QFY2026. Such increase in gross profit was mainly contributed by the increase in revenue. Our gross profit margin remained relatively stable at 31.7% for 1QFY2025 and 31.9% for 1QFY2026.

#### Other income

Our other income decreased by HK\$1.2 million or 17.1% from HK\$7.0 million for 1QFY2025 to HK\$5.8 million for 1QFY2026. The decrease was primarily due to decrease in interest income on amounts due from related parties of HK\$1.2 million resulting from the decrease in average balance of the interest-bearing portion of amounts due from related parties.

## FINANCIAL INFORMATION

### Other gains and losses

Our other gains and losses increased from HK\$0.1 million for 1QFY2025 to HK\$0.8 million for 1QFY2026. The increase was primarily due to increase in net foreign exchange losses of HK\$0.6 million resulting from the fluctuation of JPY and KRW against HKD.

### Selling and distribution expenses

Our selling and distribution expenses increased by HK\$42.8 million or 47.3% from HK\$90.4 million for 1QFY2025 to HK\$133.2 million for 1QFY2026. The increase was attributable to the increase in (i) employee benefit expenses of HK\$20.5 million, primarily due to the increase in number of selling staff resulting from the increase in number of our retail stores for the period; (ii) depreciation of right-of-use assets of HK\$11.1 million resulting from the addition of retail stores during the period.

### Administrative expenses

Our administrative expenses increased by HK\$1.0 million or 7.8% from HK\$12.8 million for 1QFY2025 to HK\$13.8 million for 1QFY2026. The increase in administrative expenses was primarily attributable to the increase in employee benefit expenses of HK\$1.3 million resulting from the increase in administrative personnel.

### Finance costs

Our finance costs decreased by HK\$2.4 million or 17.7% from HK\$13.3 million for 1QFY2025 to HK\$10.9 million for 1QFY2026. The decrease in finance costs was primarily attributable to the decrease in interest on bank borrowings of HK\$2.1 million resulting from the decrease in average bank borrowings balances.

### Income tax expenses

Our income tax expenses increased by HK\$4.8 million or 65.6% from HK\$7.4 million for 1QFY2025 to HK\$12.2 million for 1QFY2026. The increase in income tax expense was primarily attributable to the increase in profit before tax. Our effective tax rate decreased from 26.2% for 1QFY2025 to 20.3% for 1QFY2026 primarily due to the decrease in expenses not deductible for tax purpose in 1QFY2026 mainly arising from the decrease in fair value of investment properties.

### Profit for the period

As a result of the foregoing, our profit for the period increased by HK\$27.1 million or 130.7% from HK\$20.7 million for 1QFY2025 to HK\$47.8 million for 1QFY2026. The net profit margin increased from 4.2% for 1QFY2025 to 6.8% for 1QFY2026 primarily due to the decrease in fair value of investment properties.

## FINANCIAL INFORMATION

### NET CURRENT LIABILITIES

We recorded net current liabilities of HK\$793.9 million, HK\$673.6 million, HK\$643.7 million, HK\$331.6 million and HK\$264.1 million as at 31 March 2023, 2024 and 2025, 30 June 2025 and 30 September 2025, respectively. The table below sets out selected information for our current assets and current liabilities as at the dates indicated, respectively:

	As at 31 March			As at 30 June 2025	As at 30 September 2025
	2023 HK\$'000	2024 HK\$'000	2025 HK\$'000	HK\$'000	HK\$'000 (Unaudited)
<b>Current Assets</b>					
Inventories	176,016	225,394	336,038	384,453	386,237
Trade and other receivables	16,170	31,092	23,996	27,759	38,890
Amounts due from related parties	52,880	75,131	15,381	288,961	274,472
Cash and cash equivalents	<u>43,137</u>	<u>61,408</u>	<u>61,182</u>	<u>33,608</u>	<u>89,887</u>
	<u>288,203</u>	<u>393,025</u>	<u>436,597</u>	<u>734,781</u>	<u>789,486</u>
<b>Current Liabilities</b>					
Trade and other payables	101,522	114,482	154,992	138,116	164,642
Amounts due to related parties	50,223	48,141	12,836	14,105	11,366
Tax payable	1,345	3,861	20,699	25,853	37,641
Bank borrowings	680,428	669,279	651,523	625,261	629,852
Lease liabilities	102,126	106,378	135,034	141,989	128,858
Contract liabilities	2,725	781	126	173	627
Bank overdrafts	<u>143,685</u>	<u>123,699</u>	<u>105,049</u>	<u>120,922</u>	<u>80,634</u>
	<u>1,082,054</u>	<u>1,066,621</u>	<u>1,080,259</u>	<u>1,066,419</u>	<u>1,053,620</u>
<b>Net Current Liabilities</b>	<u>(793,851)</u>	<u>(673,596)</u>	<u>(643,662)</u>	<u>(331,638)</u>	<u>(264,134)</u>

## FINANCIAL INFORMATION

Our net current liabilities decreased from HK\$793.9 million as at 31 March 2023 to HK\$673.6 million as at 31 March 2024. The decrease in net current liabilities was primarily due to the (i) increase in inventories of HK\$49.4 million mainly for replenishment of inventories in our retail stores; (ii) increase in amounts due from related parties of HK\$22.3 million; and (iii) decrease in bank overdrafts of HK\$20.0 million.

Our net current liabilities then decreased to HK\$643.7 million as at 31 March 2025. The decrease in net current liabilities was primarily due to the (i) increase in inventories of HK\$110.6 million mainly for replenishment of inventories in our retail stores; and (ii) decrease in amounts due to related parties of HK\$35.3 million resulting from repayment. The decrease in net current liabilities was partially offset by the (i) decrease in amounts due from related parties of HK\$59.8 million; and (ii) increase in trade and other payables of HK\$40.5 million.

Our net current liabilities then decreased to HK\$331.6 million as at 30 June 2025. The decrease in net current liabilities was primarily due to the increase in (i) current portion of amounts due from related parties of HK\$273.6 million following the expected repayment timeline; and (ii) inventories of HK\$48.4 million mainly for replenishment of inventories in our retail stores.

Our net current liabilities then decreased to HK\$264.1 million as at 30 September 2025. The decrease in net current liabilities was primarily due to the increase in cash and cash equivalent of HK\$56.3 million mainly from our operations.

Our net current liabilities during the Track Record Period was primarily due to the current portion of bank borrowings, which was mainly for our cost of operations as well as the additions of property, plant and equipment for our expansion of retail networks which are non-current. Going forward, we will consider the following measures and intend to reduce the net current liabilities by:

- enhancing our revenue scale by expanding our retail networks. We believe with the increase in revenue in total scale, we are able to enjoy economies of scales as we expect our revenue growth after the payback period, which was reflected by the increase in cash inflows from operating activities from FY2023 to FY2025; and
- monitoring and controlling our bank borrowing level. Given the appropriate terms and conditions offered by the banks and our financing policies, we may consider to explore our bank borrowings options with longer repayment terms, and hence, reduce the short-term portion of our bank borrowings in the future. Further, we intend to repay our outstanding loans of HK\$[REDACTED] million by our of our [REDACTED] from the [REDACTED]. See “Future Plans and Use of [REDACTED] — Use of [REDACTED]” for details.

### Working Capital Sufficiency

After taking into consideration of the financial resources presently available to us, including our cash and bank balances, the available banking facilities to our Group, the operating cash flow and the estimated [REDACTED] from the [REDACTED], our Directors are of the view that we have sufficient working capital to meet our present requirements and for at least 12 months from the date of this document.

Save as disclosed in this document, our Directors are not aware of any other factors that would have a material impact on our liquidity.

## FINANCIAL INFORMATION

### DESCRIPTION OF CERTAIN ITEMS OF COMBINED STATEMENTS OF FINANCIAL POSITION

#### Property, plant and equipment

During the Track Record Period, our property, plant and equipment mainly consisted of leasehold improvements, furniture and fixtures, computer equipment and motor vehicles. Our property, plant and equipment amounted to HK\$22.0 million, HK\$35.2 million, HK\$73.1 million and HK\$105.2 million, respectively, as at 31 March 2023, 2024 and 2025 and 30 June 2025.

The following table sets forth our breakdown on property, plant and equipment as at the date indicated:

	As at 31 March			As at
	2023	2024	2025	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Owned properties	—	—	—	27,376
Leasehold improvements	15,142	16,545	29,196	30,628
Furniture and fixtures	3,096	9,769	25,917	27,732
Computer equipment	3,573	6,102	13,538	14,408
Motor vehicles	<u>156</u>	<u>2,801</u>	<u>4,433</u>	<u>5,050</u>
 Total	 <u>21,967</u>	 <u>35,217</u>	 <u>73,084</u>	 <u>105,194</u>

Our property, plant and equipment increased from HK\$22.0 million as at 31 March 2023 to HK\$35.2 million as at 31 March 2024 mainly resulting from opening of three new stores during the financial year ended 31 March 2024. The property, plant and equipment further increased to HK\$73.1 million as at 31 March 2025 mainly due to the opening of nine new stores during the financial year ended 31 March 2024. Our property, plant and equipment increased to HK\$105.2 million as at 30 June 2025 primarily due to the transfer of owned properties of HK\$27.4 million from investment properties because we utilised such property for our own pop-up store since June 2025.

#### Investment properties

During the Track Record Period, we leased out retail shop units and residential units under operating leases with rentals payable monthly. Our investment properties amounted to HK\$257.3 million, HK\$242.1 million, HK\$189.5 million and HK\$152.4 million as at 31 March 2023, 2024 and 2025 and 30 June 2025, respectively. The decrease in fair value of our investment properties as at 31 March 2023 to 31 March 2025 was primarily due to the decrease in fair value. The decrease for 31 March 2025 to 30 June 2025 was primarily due to the transfer to property, plant and equipment because we utilised such property for our own pop-up store since June 2025. The leases typically run for an initial period of 3 years, 3 years, 2 years to 3 years and 1 year to 3 years during FY2023, FY2024, FY2025 and 1QFY2026.

## FINANCIAL INFORMATION

The fair values have been arrived at based on a valuation carried out by AVISTA Valuation Advisory Limited, independent valuers not connected with the Group. See “Appendix III — Property Valuation” for details for selected property interests that forms part of our property activities with a carrying amount of 1% or more of total assets.

Retail shop units and residential units located in Hong Kong with aggregate fair values of HK\$232.0 million, HK\$222.3 million, HK\$173.2 million and HK\$136.1 million as at March 31, 2023, 2024 and 2025 and June 30, 2025, respectively, are determined based on the income capitalization approach, where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for the same types of properties.

Residential units located in Hong Kong with aggregate fair values of HK\$25.3 million, HK\$19.8 million, HK\$16.3 million and HK\$16.3 million as at March 31, 2023, 2024 and 2025 and June 30, 2025, respectively, are determined based on the direct comparison approach, which reflects recent transaction prices for similar properties adjusted for differences in the nature, location and condition of the properties under review.

### Right-of-use assets

During the Track Record Period, our right-of-use assets mainly consisted of lease arrangement of retail stores, warehouses and office premises and staff quarters. Our right-of-use assets amounted to HK\$185.0 million, HK\$216.2 million, HK\$261.4 million and HK\$254.4 million, respectively, as at 31 March 2023, 2024 and 2025 and 30 June 2025.

The following table sets forth our breakdown on right-of-use assets as at the date indicated:

	As at 31 March			As at
	2023	2024	2025	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2025</i> <i>HK\$'000</i>
Office premises and staff quarters	6,469	965	1,939	6,910
Warehouses	4,821	1,154	4,084	7,506
Retail stores	<u>173,686</u>	<u>214,064</u>	<u>255,343</u>	<u>239,959</u>
	<u>184,976</u>	<u>216,183</u>	<u>261,366</u>	<u>254,375</u>

Our right-of-use assets increased from HK\$185.0 million as at 31 March 2023 to HK\$216.2 million as at 31 March 2024 primarily attributable to the three new leases for our retail stores. Our right-of-use asset further increased to HK\$261.4 million as at 31 March 2025 primarily due to the nine new leases for our retail stores. Our right-of-use assets then decreased to HK\$254.4 million as at 30 June 2025, primarily due to the depreciation during the period.

### Inventories

Our inventories consisted of products sold in our retail stores, online platforms and to our wholesale customers, which included various items of (i) pharmaceutical products; (ii) health products; (iii) beauty products; and (iv) other consumer products.

## FINANCIAL INFORMATION

Our inventories amounted to HK\$176.0 million, HK\$225.4 million, HK\$336.0 million and HK\$384.5 million as at 31 March 2023, 2024 and 2025 and 30 June 2025, primarily attributable to the increase in purchase of a greater variety of products in preparation for the opening of additional retail stores and for replenishment of stock in our existing retail stores. The following table sets forth the ageing analysis of our inventories as at the dates indicated:

	As at 31 March			As at
	2023	2024	2025	30 June
	HK\$'000	HK\$'000	HK\$'000	2025 HK\$'000
1–3 months	156,469	188,168	292,080	333,533
3–6 months	9,795	22,855	24,500	28,698
6–12 months	2,656	8,769	11,466	12,139
Over 1 year	<u>7,096</u>	<u>5,602</u>	<u>7,992</u>	<u>10,083</u>
	<u>176,016</u>	<u>225,394</u>	<u>336,038</u>	<u>384,453</u>

As at 31 March 2023, 2024 and 2025 and 30 June 2025, 96.0%, 97.5%, 97.6% and 97.4% of our inventories were aged within 1 year. We monitor our inventory levels, turnover days and sales performance of individual SKU in order to identify slow-moving items. Specific inventory allowances are made at the SKU level based on an assessment of net realisable value taking into account historical sales records, ageing analysis, marketing and promotion plans and subsequent selling prices of the inventories.

The following table sets forth the turnover days of our inventories for the years/period indicated.

	FY2023	FY2024	FY2025	1QFY2026
Average turnover days of inventories <sup>(Note)</sup>	<u>63</u>	<u>51</u>	<u>61</u>	<u>68</u>

*Note:* Average turnover days of inventories for FY2023, FY2024 and FY2025 and 1QFY2026 is derived by dividing the arithmetic mean of the opening and closing balances of inventories for the relevant period by cost of sale and multiplying by 365/90 days.

Our average turnover days of inventories decreased from 63 days for FY2023 to 51 days for FY2024 primarily due to the increase in cost of sales recorded for FY2024. The average turnover days of inventories increased to 61 days for FY2025 and further to 68 days for 1QFY2026, primarily due to the increase in inventory balance mentioned previously.

As at 30 September 2025, HK\$341.0 million or 88.7% of our inventories as at 30 June 2025 had been sold or utilised.

## FINANCIAL INFORMATION

### Trade and other receivables

The following table sets forth the breakdown of our trade and other receivables as at the dates indicated:

	As at 31 March			As at
	2023	2024	2025	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables from contracts with customers	3,948	17,332	8,193	8,512
Rental, utilities and other deposits	29,167	45,679	52,960	63,287
Other receivables	928	585	954	517
Prepayments to suppliers	4,354	3,436	3,498	9,052
Prepaid expenses	6,940	9,739	11,351	9,678
Sub-total for deposits, prepayments and other receivables	41,389	59,439	68,763	82,534
Total	45,337	76,771	76,956	91,046

### *Trade receivables*

Our trade receivables primarily arise from (i) amounts receivable from electronic payment service providers and online platform providers; and (ii) our wholesale sales. Our trade receivables increased from HK\$3.9 million as at 31 March 2023 to HK\$17.3 million as at 31 March 2024 and was relatively higher primarily due to the accumulation of the receivables from electronic payment service providers resulting from public holidays shortly before 31 March 2024. Our trade receivable then decreased to HK\$8.2 million and HK\$8.5 million, as at 31 March 2025 and 30 June 2025, respectively.

Retail sales made through retail stores are settled by cash or electronic payments. Retail sales made through online platforms are settled by electronic payments. Trade receivables arising from retail sales represent amounts receivable from electronic payment service providers and online platform providers who generally settle the amounts with our Group within 2 days and 1 month, respectively, after the sales; while our sales with our wholesale customers are generally on credit, with general trading terms of 60 days after the month of the relevant sale.

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The following table sets forth the ageing analysis of the trade receivable based on the invoice dates as at the dates indicated:

	As at 31 March			As at
	2023	2024	2025	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2025</i> <i>HK\$'000</i>
Within 30 days	3,029	16,709	7,379	7,494
31–60 days	99	108	552	100
61–90 days	640	90	82	86
Over 90 days	<u>180</u>	<u>425</u>	<u>180</u>	<u>832</u>
	<u>3,948</u>	<u>17,332</u>	<u>8,193</u>	<u>8,512</u>

We perform impairment assessment under expected credit losses (“ECL”) model on trade receivables and has applied the simplified approach to measure the loss allowance at lifetime ECL. Trade receivables arising from retail sales have been assessed for ECL individually based on external credit rating. Trade receivables from wholesale customers are assessed for ECL collectively based on internal credit rating. No significant lifetime ECL is recognized on the Group’s trade receivables considering their external credit rating (if available), repayment history and historical default experience of the counterparties. As at 31 March 2023, 2024 and 2025 and 30 June 2025, no allowance on trade receivables was made.

The table below sets forth a summary of average turnover days of trade receivables for the years/period indicated:

	FY2023	FY2024	FY2025	1QFY2026
Average turnover days of trade receivables <sup>(Note)</sup>	<u>1.3</u>	<u>1.9</u>	<u>1.9</u>	<u>1.1</u>

(1) Average turnover days of trade receivables for FY2023, FY2024 and FY2025 and 1QFY2026 is derived by dividing the arithmetic mean of the opening and closing balances of trade receivables for the relevant period by revenue and multiplying by 365/90 days.

Due to the focus of retail business, our relatively low balance of trade receivables was relatively low as at each year/period end. Accordingly, our average turnover days of trade receivables remained relatively low of below 2 days throughout the Track Record Period.

As at 30 September 2025, HK\$8.5 million or 99.8% of our trade receivables outstanding as at 30 June 2025 were settled.

## FINANCIAL INFORMATION

### *Rental, utilities and other deposits*

Our rental, utilities and other deposits mainly represented rental deposits for our retail stores and utilities deposits for our retail stores and offices.

Our rental, utilities and other deposits increased from HK\$29.2 million as at 31 March 2023 to HK\$45.7 million as at 31 March 2024, primarily due to the increase in number of stores from 13 stores as at 31 March 2023 to 16 stores as at 31 March 2024. Our rental, utilities and other deposits then increased to HK\$53.0 million as at 31 March 2025 due to the increase of stores to 25 stores as at 31 March 2025. Our rental, utilities and other deposits further increased to HK\$63.3 million as at 30 June 2025 resulting from the increase in number of retail stores.

### *Prepayments to suppliers*

Our prepayments to suppliers mainly consisted prepayment for procurement of inventories.

Our prepayments to suppliers remained relatively stable at HK\$4.4 million, HK\$3.4 million and HK\$3.5 million as at 31 March 2023, 2024 and 2025, respectively. Our prepayments to suppliers increased to HK\$9.1 million as at 30 June 2025, primarily due to the increase in procurement for a greater variety of products in preparation for the opening of additional retail stores and for replenishment of stock in our existing retail stores.

### **Amounts due from related parties**

The following table sets forth a breakdown of our amounts due from related parties as at the dates indicated:

	<b>As at 31 March</b>			<b>As at</b>
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>30 June</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amount due from a Director	42,113	55,459	12,252	9,173
Amount due from related parties	<u>366,235</u>	<u>412,310</u>	<u>276,825</u>	<u>279,788</u>
	<u>408,348</u>	<u>467,769</u>	<u>289,077</u>	<u>288,961</u>
Non-current	355,468	392,638	273,696	—
Current	<u>52,880</u>	<u>75,131</u>	<u>15,381</u>	<u>288,961</u>
	<u>408,348</u>	<u>467,769</u>	<u>289,077</u>	<u>288,961</u>

We had amount due from Mr. Tse of HK\$42.1 million, HK\$55.5 million, HK\$12.3 million and HK\$9.2 million as at 31 March 2023, 2024 and 2025 and 30 June 2025, respectively. The amounts were non-trade in nature, unsecured, interest-free and repayable on demand.

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We had amounts due from related parties which represented the entities controlled by Mr. Tse of HK\$366.2 million, HK\$412.3 million, HK\$276.8 million and HK\$279.8 million as at 31 March 2023, 2024 and 2025 and 30 June 2025, respectively. The amounts were non-trade in nature, unsecured and repayable on demand. Other than aggregate amounts of HK\$355.5 million, HK\$392.6 million, HK\$273.7 million and HK\$275.3 million as at 31 March 2023, 2024 and 2025 and 30 June 2025, respectively, which carry interest at 3.5% per annum, other amounts are interest-free.

All the amounts due from related parties will be settled before/upon the [REDACTED].

### Trade and other payables

The following table sets forth our breakdown on trade and other payables as at the date indicated:

	As at 31 March			As at
	2023	2024	2025	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	<u>81,389</u>	<u>86,480</u>	<u>108,598</u>	<u>97,376</u>
Other payables	6,166	6,557	16,895	5,430
Accrued expenses	3,276	4,462	5,767	6,058
Accrued staff costs	<u>10,691</u>	<u>16,983</u>	<u>23,732</u>	<u>29,252</u>
Subtotal for other payables, accruals and accrued staff costs	<u>20,133</u>	<u>28,002</u>	<u>46,394</u>	<u>40,740</u>
Total	<u><u>101,522</u></u>	<u><u>114,482</u></u>	<u><u>154,992</u></u>	<u><u>138,116</u></u>

### *Trade payables*

Our trade payables are primarily derived from payables relating to payment to our suppliers in relation to procurement of inventories. The normal credit period for trade payables generally ranges from 0 to 30 days.

Trade payables remained relatively stable at HK\$81.4 million as at 31 March 2023 and HK\$86.5 million as at 31 March 2024. The trade payables increased to HK\$108.6 million as at 31 March 2025 mainly due to increase in number of stores which led to the increase in procurement of inventories resulting in higher level of trade payables as at 31 March 2025. Our trade payables then decreased to HK\$97.4 million as at 30 June 2025 due to the repayment to our suppliers.

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The table below sets forth the ageing analysis of our trade payables as at the date indicated:

	As at 31 March			As at
	2023	2024	2025	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	54,749	55,054	79,740	67,841
31–60 days	12,580	12,514	11,731	13,266
61–90 days	5,210	8,113	6,426	5,883
Over 90 days	8,850	10,799	10,701	10,386
	81,389	86,480	108,598	97,376

The following table sets out the average trade payables turnover days for the years/period indicated:

	FY2023	FY2024	FY2025	1QFY2026
Average turnover days of trade payables <i>(Note)</i>	23	21	21	20

- (1) Average turnover days of trade payables for FY2023, FY2024 and FY2025 and 1QFY2026 is derived by dividing the arithmetic mean of the opening and closing balances of trade payables for the relevant period by cost of sales and multiplying by 365/90 days.

Our average turnover days of trade payables increased remained relatively stable at 23 days, 21 days, 21 days and 20 days for FY2023, FY2024 and FY2025 and 1QFY2026, respectively, which was in line with the increase in our trade payables balances and within the credit period granted by our suppliers.

As at 30 September 2025, HK\$84.2 million or 86.4% of our trade payables outstanding as at 30 June 2025 were settled.

### ***Other payables, accrued expenses and accrued staff costs***

Our other payables, accrued expenses and accrued staff costs mainly consisted (i) other payables; (ii) accrued expenses for utilities of our stores and office premises; and (iii) accrued staff costs.

Our other payables, accrued expenses and accrued staff costs increased from HK\$20.1 million as at 31 March 2023 to HK\$28.0 million as at 31 March 2024 primarily due to the increase in accrued staff costs of HK\$6.3 million resulting from the increase in staff mainly for our addition of retail stores, which was in line with our strategy to expand our retail network. The other payables, accrued expenses and accrued staff costs then increased to HK\$46.4 million as at 31 March 2025 mainly due to the (i) increase in other payables of HK\$10.3 million mainly attributable to the increase in payables for acquisition of property, plant and equipment for our opening of stores; and (ii) the increase in accrued staff costs of HK\$6.3 million resulting from the increase in staff mainly for our addition of retail stores, which was in line with our strategy to expand our retail network. Our other payables, accrued expenses

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and accrued staff costs then decreased to HK\$40.7 million as at 30 June 2025 primarily due to decrease in other payables of HK\$11.5 million mainly attributable to the repayment of payables for acquisition of property, plant and equipment, partially offset by the increase in accrued staff costs of HK\$5.5 million resulting from the increase in number of staff for on addition of retail stores.

### Contract liabilities

Our contract liabilities generally represented the deposits received from our wholesale customers in advance of delivery. The fluctuation of our contract liabilities was generally affected by the timing of deposits received from our customers and the timing of deliver of inventories. Our contract liabilities decreased from HK\$2.7 million as at 31 March 2023 to HK\$0.8 million as at 31 March 2024 and further to HK\$0.1 million as at 31 March 2025, mainly due to the delivery of inventories in the beginning of the next financial year. Our contract liabilities remained relatively stable at HK\$0.2 million as at 30 June 2025.

### Provisions

During the Track Record Period, we had provision made in relation to the restoration costs for our retail stores which amounted to HK\$18.9 million, HK\$22.0 million, HK\$31.0 million and HK\$33.5 million as at 31 March 2023, 2024 and 2025 and 30 June 2025, respectively. Our provision for restoration costs experienced an increasing trend primarily due to the increase in number of retails stores throughout the Track Record Period, being 13, 16, 25 and 27 stores in operations as at 31 March 2023, 2024 and 2025 and 30 June 2025, respectively.

## LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash have been, and are expected to continue to be, procurement of raw materials, funding our operating costs and other general corporate needs. Historically, we financed our operation and other capital requirements primarily using cash generated from our operations, bank borrowings and amounts due to related parties.

Upon completion of the [REDACTED], we currently expect that there will not be any material change in the sources and uses of cash of our Group in the future, except that we would have additional funds from [REDACTED] of the [REDACTED] for implementing our future plans as detailed under the section headed “Future Plans and Use of [REDACTED]” in this document. Any significant decrease in demand for, or pricing of, our products, or a significant decrease in the availability of bank loans or other financing may adversely impact our liquidity.

As at 31 December 2023, 2024 and 2025 and 30 June 2025, we had cash and cash equivalents of HK\$43.1 million, HK\$61.4 million, HK\$61.2 million and HK\$33.6 million, respectively, and bank overdraft of HK\$143.7 million, HK\$123.7 million, HK\$105.0 million and HK\$120.9 million respectively.

We currently expect that there will not be any material change in the sources and uses of cash of our Group, except that we would have additional cash outflow for payment of [REDACTED], and additional funds from [REDACTED] of the [REDACTED] for implementing our future plans as detailed in “Use of [REDACTED]” in this document.

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**Cash Flow**

The following table summarises, for the periods indicated, our combined statements of cash flows:

	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>	<b>1QFY2025</b>	<b>1QFY2026</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(Unaudited)	
Net cash from operating activities	716,180	1,233,920	1,462,415	292,799	344,633
Net cash used in investing activities	(17,854)	(89,785)	(93,548)	(27,941)	(7,792)
Net cash used in financing activities	<u>(631,732)</u>	<u>(1,105,870)</u>	<u>(1,350,431)</u>	<u>(306,722)</u>	<u>(380,286)</u>
Net increase (decrease) in cash and cash equivalents	66,594	38,265	18,436	(41,864)	(43,445)
Cash and cash equivalents at beginning of year/period	(167,062)	(100,548)	(62,291)	(62,291)	(43,867)
Effect of foreign exchange rate changes	<u>(80)</u>	<u>(18)</u>	<u>(12)</u>	<u>(10)</u>	<u>(2)</u>
Total cash and cash equivalents at end of year/period	<u>(100,548)</u>	<u>(62,291)</u>	<u>(43,867)</u>	<u>(104,165)</u>	<u>(87,314)</u>
<b>REPRESENTED BY:</b>					
Cash and cash equivalents	43,137	61,408	61,182	16,510	33,608
Bank overdrafts	<u>(143,685)</u>	<u>(123,699)</u>	<u>(105,049)</u>	<u>(120,675)</u>	<u>(120,922)</u>
	<u>(100,548)</u>	<u>(62,291)</u>	<u>(43,867)</u>	<u>(104,165)</u>	<u>(87,314)</u>

***Operating activities***

During our Track Record Period, our cash inflow from operating activities was principally from the receipt of proceeds from our sales of products. Our cash outflow used in operating activities was principally for purchase of inventories, employee benefit expenses and other operating expenses.

For FY2023, we had net cash from operating activities of HK\$716.2 million, as adjusted for non-cash and non-operating items, which primarily include (i) depreciation of right-of-use assets of HK\$115.7 million; and (ii) finance costs of HK\$32.5 million. The amount was further adjusted by movements in working capital, interest paid on bank overdrafts of HK\$5.0 million and net income tax paid of HK\$0.2 million. The movements in working capital primarily included the (i) increase in trade and other payables of HK\$637.4 million; (ii) increase in inventories of HK\$67.8 million; and (iii) decrease in trade and other receivables of HK\$11.3 million.

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For FY2024, we had net cash from operating activities of HK\$1,233.9 million, as adjusted for non-cash and non-operating items, which primarily include (i) depreciation of right-of-use assets of HK\$121.6 million; and (ii) finance costs of HK\$52.7 million. The amount was further adjusted by movements in working capital, interest paid on bank overdraft of HK\$6.4 million and net income tax paid of HK\$1.3 million. The movements in working capital primarily included the (i) increase in trade and other payables of HK\$937.7 million; and (ii) increase in inventories of HK\$49.4 million.

For FY2025, we had net cash from operating activities of HK\$1,462.4 million, as adjusted for non-cash and non-operating items, which primarily include (i) depreciation of right-of-use assets of HK\$157.4 million; and (ii) finance costs of HK\$51.6 million. The amount was further adjusted by movements in working capital, interest paid on bank overdraft of HK\$4.3 million and net income tax paid of HK\$22.5 million. The movements in working capital primarily included the (i) increase in trade and other payables of HK\$1,110.2 million; and (ii) increase in inventories of HK\$110.6 million.

For 1QFY2026, we had net cash from operating activities of HK\$344.6 million, as adjusted for non-cash and non-operating items, which primarily include (i) depreciation of right-of-use assets of HK\$45.6 million; and (ii) finance costs of HK\$10.9 million. The amount was further adjusted by movements in working capital and net income tax paid of HK\$6.7 million. The movements in working capital primarily included the (i) increase in trade and other payables of HK\$285.7 million; and (ii) increase in inventories of HK\$49.6 million.

### *Investing activities*

During the Track Record Period, our cash inflow from investing activities was principally repayments from related parties. Our cash outflow used in investing activities was principally for advances to related parties and purchase of property, plant and equipment.

For FY2023, we had net cash used in investing activities of HK\$17.9 million primarily attributable to (i) payments for rental deposits of HK\$10.8 million; and (ii) purchase of property, plant and equipment of HK\$10.8 million.

For FY2024, we had net cash used in investing activities of HK\$89.8 million primarily attributable to (i) net advances to related parties of HK\$46.0 million; (ii) purchase of property, plant and equipment of HK\$26.0 million.

For FY2025, we had net cash used in investing activities of HK\$93.5 million primarily attributable to (i) purchase of property, plant and equipment of HK\$54.9 million; and (ii) net advances to related parties of HK\$28.6 million.

For 1QFY2026, we had net cash used in investing activities of HK\$7.8 million primarily attributable to (i) purchase of property, plant and equipment of HK\$10.3 million; partially offset by net repayment to related parties of HK\$2.2 million.

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### *Financing activities*

During the Track Record Period, our cash inflow from financing activities was principally proceeds from bank borrowings and advances from related parties. Our cash outflow used in financing activities was principally for repayment of lease liabilities, repayments of bank borrowings and to related parties and payment of interest.

For FY2023, we had net cash used in financing activities of HK\$631.7 million primarily attributable to the (i) net repayment of bank borrowings of HK\$519.5 million; (ii) repayment of lease liabilities of HK\$86.9 million; and (iii) interest paid on bank borrowings of HK\$20.7 million. The cash outflow was partially offset by the net advance from related parties of HK\$2.1 million.

For FY2024, we had net cash used in financing activities of HK\$1,105.9 million primarily attributable to the (i) net repayment of bank borrowings of HK\$937.9 million; (ii) repayment of lease liabilities of HK\$119.7 million; and (iii) interest paid on bank borrowings of HK\$34.4 million.

For FY2025, we had net cash used in financing activities of HK\$1,350.4 million primarily attributable to the (i) net repayment of bank borrowings of HK\$1,088.4 million; (ii) repayment of lease liabilities of HK\$146.6 million; and (iii) net repayment to related parties of HK\$68.3 million.

For 1QFY2026, we had net cash used in financing activities of HK\$380.3 million primarily attributable to the (i) net repayment of bank borrowings of HK\$328.7 million; and (ii) repayment of lease liabilities of HK\$42.7 million.

### **INDEBTEDNESS**

The following table sets forth the breakdown of our total indebtedness as at the dates indicated:

	<b>As at 31 March</b>			<b>As at 30 June</b>	<b>As at 30 September</b>
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2025</b>	<b>2025</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
					(unaudited)
Bank borrowings	680,428	669,279	651,523	625,261	629,852
Bank overdrafts	143,685	123,699	105,049	120,922	80,634
Lease liabilities	194,299	221,259	265,267	258,298	231,790
Amounts due to related parties	<u>50,223</u>	<u>48,141</u>	<u>12,836</u>	<u>14,105</u>	<u>11,366</u>
<b>Total</b>	<u><u>1,068,635</u></u>	<u><u>1,062,378</u></u>	<u><u>1,034,675</u></u>	<u><u>1,018,586</u></u>	<u><u>953,642</u></u>

## FINANCIAL INFORMATION

### Bank borrowings

The following table sets forth a breakdown of our bank borrowings as at the dates indicated:

	As at 31 March			As at	As at
	2023	2024	2025	30 June	30 September
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2025</i>	<i>2025</i>
				<i>HK\$'000</i>	<i>HK\$'000</i>
					(unaudited)
Mortgage loans	143,343	134,253	110,556	107,956	105,343
Bank loans under supplier finance arrangement	200,911	237,009	287,111	293,580	292,347
Term loans under the Small and Medium Enterprises (“SME”) Financing Guarantee Scheme	124,017	108,886	91,059	86,485	81,943
Other loans	<u>212,157</u>	<u>189,131</u>	<u>162,797</u>	<u>137,240</u>	<u>150,219</u>
	<u>680,428</u>	<u>669,279</u>	<u>651,523</u>	<u>625,261</u>	<u>629,852</u>
Secured	556,411	560,393	560,464	538,776	547,909
Unsecured	<u>124,017</u>	<u>108,886</u>	<u>91,059</u>	<u>86,485</u>	<u>81,943</u>
	<u>680,428</u>	<u>669,279</u>	<u>651,523</u>	<u>625,261</u>	<u>629,852</u>
Guaranteed	680,428	666,590	647,623	620,907	625,902
Unguaranteed	<u>—</u>	<u>2,689</u>	<u>3,900</u>	<u>4,354</u>	<u>3,950</u>
	<u>680,428</u>	<u>669,279</u>	<u>651,523</u>	<u>625,261</u>	<u>629,852</u>

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The carrying amounts of the above borrowings are analyzed based on contractual repayment date as follows:

	As at 31 March			As at	As at
	2023	2024	2025	30 June	30 September
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2025</i>	<i>2025</i>
				<i>HK\$'000</i>	<i>HK\$'000</i> (unaudited)
The carrying amounts of borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:					
Within one year	423,288	443,382	461,539	446,538	461,783
Within a period of more than one year but not exceeding two years	42,436	48,330	41,461	36,949	33,411
Within a period of more than two years but not exceeding five years	94,357	81,615	71,247	69,040	66,498
Within a period of more than five years	<u>120,347</u>	<u>95,952</u>	<u>77,276</u>	<u>72,734</u>	<u>68,160</u>
	<u><u>680,428</u></u>	<u><u>669,279</u></u>	<u><u>651,523</u></u>	<u><u>625,261</u></u>	<u><u>629,852</u></u>

The exposure of the Group’s borrowings is as follows:

	As at 31 March			As at	As at
	2023	2024	2025	30 June	30 September
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2025</i>	<i>2025</i>
				<i>HK\$'000</i>	<i>HK\$'000</i> (unaudited)
Fixed-rate borrowings	200,911	239,698	291,011	297,934	296,297
Variable-rate borrowings	<u>479,517</u>	<u>429,581</u>	<u>360,512</u>	<u>327,327</u>	<u>333,555</u>
	<u><u>680,428</u></u>	<u><u>669,279</u></u>	<u><u>651,523</u></u>	<u><u>625,261</u></u>	<u><u>629,852</u></u>

## FINANCIAL INFORMATION

The ranges of effective interest rates on our borrowings are as follows:

	As at 31 March		2025	As at 30 June 2025	As at 30 September 2025 (unaudited)
	2023	2024			
Effective interest rates:					
— Fixed-rate borrowings	2.99% to 5.77%	2.75% to 6.34%	2.75% to 6.74%	1.38% to 5.38%	1.58% to 5.26%
— Variable-rate borrowings	2.01% to <u>4.97%</u>	2.61% to <u>6.85%</u>	2.42% to <u>6.32%</u>	2.05% to <u>4.80%</u>	2.05% to <u>4.8%</u>

Our bank borrowings remained relatively stable at HK\$680.4 million, HK\$669.3 million, HK\$651.5 million, HK\$625.3 million and HK\$629.9 million as at 31 March 2023, 2024 and 2025, 30 June 2025 and 30 September 2025, respectively.

Our bank borrowings comprise the following:

- (i) Mortgage loans are secured, interest-bearing ranging from 2.43% to 3.08%, 2.68% to 3.33%, 2.05% to 2.71% and 2.05% to 2.64% per annum as at 31 March 2023, 2024 and 2025 and 30 June 2025, respectively, guaranteed by Mr. Tse, Mrs. Tse and related parties which are entities controlled by Mr. Tse, including Lung Fung International Trading Limited, Full Group Corporation Limited, Max Profit Investment (Holdings) Limited and/or Huge Max (Hong Kong) Limited, and repayable on demand.
  
- (ii) The Group enters into certain supplier finance arrangements with banks. Under these arrangements, the banks pay suppliers the amounts owed by the Group before original due dates. The Group’s obligations to suppliers are legally extinguished on settlement by the relevant banks. The Group then settles with the banks between 90 and 120 days after settlement by the banks with interest ranging from 2.99% to 5.77%, 4.23% to 6.34%, 3.60% to 6.74% and 1.38% to 5.83% per annum as at 31 March 2023, 2024 and 2025 and 30 June 2025, respectively. Such bank loans are secured, guaranteed by Mr. Tse, Mrs. Tse, and related parties which are entities controlled by Mr. Tse, including Lung Fung International Trading Limited, Full Group Corporation Limited, Max Profit Investment (Holdings) Limited, Dragon Grace Corporation Limited and/or Huge Max (Hong Kong) Limited, and repayable on demand. These arrangements have extended the payment terms, which may be extended beyond the original due dates of respective invoices. The interest rates are consistent with the Group’s short-term borrowing rates.

## FINANCIAL INFORMATION

- (iii) Term loans under the SME Financing Guarantee Scheme are unsecured, interest-bearing ranging from 3.05% to 3.38%, 3.24% to 3.74%, 2.63% to 3.00% and 2.90% to 3.10% as at 31 March 2023, 2024 and 2025 and 30 June 2025, respectively, guaranteed by Mr. Tse, Mrs. Tse, Mr. Tam Shu Wing and Mr. Wong Sze Chun (Who are shareholders of certain entities now comprising the Group holding shares on trust for the benefit of Mr. Tse), and/or HKMC Insurance Limited, and repayable on demand.
- (iv) Other loans represent revolving loans, term loans and other borrowings. The loans are secured, interest-bearing ranging from 2.75% to 5.87%, 2.75% to 6.70%, 2.75% to 5.92% and 2.75% to 6.74% as at 31 March 2023, 2024 and 2025 and 30 June 2025, respectively and repayable on demand. Other than other borrowings of HK\$2,689,000, HK\$3,900,000 and HK\$4,354,000 as at 31 March 2024 and 2025 and 30 June 2025 which are unguaranteed, the remaining amounts are guaranteed by Mr. Tse, Mrs. Tse, and related parties which are entities controlled by Mr. Tse, including Lung Fung International Trading Limited, Full Group Corporation Limited, Max Profit Investment (Holdings) Limited, Dragon Grace Corporation Limited and/or Huge Max (Hong Kong) Limited.

In respect of bank loans and bank overdrafts with carrying amounts of HK\$284.9 million, HK\$337.4 million, HK\$303.9 million and HK\$314.1 million as at 31 March 2023, 2024 and 2025 and 30 June 2025, we breached certain terms of the relevant bank facilities. As the carrying amounts of such bank loans and bank overdraft have already been classified under current liabilities as at 31 March 2023, 2024 and 2025 and 30 June 2025 as a result of the repayable on demand clause of the relevant bank facilities, the breach has not resulted in a change in the classification of the bank loans and bank overdrafts. Up to the date of the historical financial information, the relevant bank has agreed to waive its right to demand immediate repayment of the outstanding loans and bank overdrafts.

As at 30 September 2025, being the latest practicable date for the purpose of indebtedness statement, we had aggregate banking facilities of HK\$820.5 million, of which HK\$190.7 million was unutilised. We are not committed to draw down the unutilised amount.

During the Track Record Period, Mr. Tse provided guarantees and granted mortgages over his properties as security (the “**Founder’s Guarantees**”) for certain loans lent to our Group (the “**Founder’s Guaranteed Loans**”) with maturity dates up to July 2040. The Founder’s Guaranteed Loans were utilised in our ordinary course of business. As at 30 September 2025, the amount of the Founder’s Guaranteed Loans was approximately HK\$625.9 million. The Founder’s Guarantees are on normal commercial terms and are not secured by any assets of our Group, therefore they are fully exempted connected transactions in accordance with rule 14A.90 of the Listing Rules. For details of these Founder’s Guarantees, see “Relationship with Our Controlling Shareholder — Financial independence”.

During the Track Record Period, our Directors confirmed that we did not experience any delay or default in repayment of bank borrowings nor experience any difficulty in obtaining banking facilities with terms that are commercially acceptable to us. As at the date of this document, we did not have any plan for material external debt financing.

## FINANCIAL INFORMATION

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, our Group did not have outstanding as at Latest Practicable Date any loan capital issued and outstanding or agreed to be issued, or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, material covenants, or other material contingent liabilities.

### Bank overdrafts

Bank overdrafts carry interest at market rates which range from 3.48% to 5.88%, 3.73% to 6.60%, 3.10% to 5.81%, and 2.02% to 5.50% as at 31 March 2023, 2024 and 2025 and 30 June 2025, respectively. We had bank overdrafts of HK\$143.7 million, HK\$123.7 million, HK\$105.0 million and HK\$120.9 million as at 31 March 2023, 2024 and 2025 and 30 September 2025, respectively, primarily for our operations.

### Lease liabilities

Our lease liabilities increased from HK\$194.3 million as at 31 March 2023 to HK\$221.3 million as at 31 March 2024 and further to HK\$265.3 million as at 31 March 2025, due to the increase in number of stores leased resulting from the further expansion of our business. Our lease liabilities decreased to HK\$258.3 million as at 30 June 2025, primarily due to the payment of rent during the period. Our lease liabilities then decreased to HK\$231.8 million as at 30 September 2025, primarily due to the payment of rent during the period.

### Amounts due to related parties

The following table sets forth a breakdown of our amounts due to related parties as at the dates indicated:

	As at 31 March			As at 30 June	As at 30 September
	2023	2024	2025	2025	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
					(unaudited)
Amount due to Mr. Tse	14,496	16,894	10,928	10,928	10,928
Amount due to related parties	35,727	31,247	1,908	3,177	438
	50,223	48,141	12,836	14,105	11,366

## FINANCIAL INFORMATION

We had amount due to Mr. Tse of HK\$14.5 million, HK\$16.9 million, HK\$10.9 million, HK\$10.9 million and HK\$10.9 million as at 31 March 2023, 2024 and 2025, 30 June 2025 and 30 September 2025, respectively. The amounts were non-trade in nature, unsecured, interest-free and repayable on demand.

We had amount due to related parties, which represented entities controlled by Mr. Tse, of HK\$35.7 million, HK\$31.2 million, HK\$1.9 million, HK\$3.2 million and HK\$0.4 million as at 31 March 2023, 2024 and 2025, 30 June 2025 and 30 September 2025, respectively. The amounts were non-trade in nature, unsecured, interest-free and repayable on demand.

All the amounts due to related parties will be settled before/upon the [REDACTED].

### TRANSACTIONS WITH RELATED PARTIES

With respect to the related party transactions set forth in the Accountants’ Report in Appendix I to this document, our Directors confirm that these transactions were conducted on normal commercial terms or such terms that were no less favourable to our Group than those available to Independent Third Parties and were fair and reasonable and in the interest of our Shareholders as a whole.

### CAPITAL EXPENDITURES

Our capital expenditures have principally consisted of expenditures on additions of property, plant and equipment and investment properties. For FY2023, FY2024, FY2025 and 1QFY2026, our Group incurred capital expenditures of HK\$10.8 million, HK\$27.4 million, HK\$55.7 million and HK\$10.3 million, respectively.

We expect that our capital expenditures in the remainder of the financial year of 2026 will primarily consist of purchase of property and equipment. We intend to fund our future capital expenditures with our existing cash balance, cash generated from operating activities, proceeds from borrowings and [REDACTED] received from the [REDACTED]. We may reallocate the fund to be utilized on capital expenditure and long-term investments based on our ongoing business needs. We believe that these sources of funding will be sufficient to finance our contractual commitments and capital expenditure needs for the next 12 months.

Our projected capital expenditures are subject to revision based upon any future changes in our business plan, market conditions, and economic and regulatory environment. Please refer to the section headed “Future plans and use of [REDACTED]” in this document for further information.

## FINANCIAL INFORMATION

### PROPERTY VALUATION

Avista Valuation Advisory Limited, an independent property valuer, has valued certain of our properties as at 30 September 2025 and is of the opinion that the total market value in existing state as at such date was in aggregate HK\$179.1 million. The full text of the letter, summary of valuation and valuation certificates with regard to such property interests are set out in Appendix III to this document. A reconciliation of the carrying value of our properties under property valuation as at 30 June 2025 to their fair value as at 30 September 2025 as stated in the property valuation report set out in “Property Valuation Report” in Appendix III to this document is set out below:

	<i>HK\$'000</i>
Properties under property valuation as at 30 June 2025	178,336
Less: Depreciation during the period from 1 July 2025 to 30 September 2025	<u>(312)</u>
Net book value as at 30 September 2025	178,024
Net valuation surplus	<u>1,076</u>
Valuation of properties owned by our Group as at 30 September 2025 as set out in the property valuation report in Appendix III to this document	<u><u>179,100</u></u>

### KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as at each of the dates indicated:

	For the financial year ended/ as at 31 March			For the three months ended/as at 30 June
	2023	2024	2025	2025
	Gross Profit Margin (%) <sup>(1)</sup>	24.9	29.3	31.6
Net (Loss)/Profit Margin (%) <sup>(2)</sup>	(2.5)	7.2	6.9	6.8
Return on equity (%) <sup>(3)</sup>	N/A	111.6	384.0	N/A
Return on total assets (%) <sup>(4)</sup>	N/A	10.8	13.2	N/A
Interest coverage (times) <sup>(5)</sup>	N/A	4.4	5.2	6.5
Current ratio (times) <sup>(6)</sup>	0.3	0.4	0.4	0.7
Quick ratio (times) <sup>(7)</sup>	0.1	0.2	0.1	0.3
Gearing ratio (%) <sup>(8)</sup>	N/A	612.2	1,704.7	809.4

## FINANCIAL INFORMATION

### Notes:

- (1) Gross profit margin for FY2023, FY2024, FY2025 and 1QFY2026 was calculated on gross profit divided by revenue for the respective year/period. See the paragraph headed “Review of Historical Results of Operation” in this section for more details on our gross profit margins.
- (2) Net profit margin for FY2023, FY2024, FY2025 and 1QFY2026 was calculated on profit for the year divided by revenue for the respective year/period. See the paragraph headed “Review of Historical Results of Operation” in this section for more details on our net profit margins.
- (3) Return on equity for FY2023, FY2024, FY2025 was calculated based on the profit for the year for the respective year divided by the total equity as at the respective year and multiplied by 100%. The return on equity for 1QFY2026 is not included for the purpose of comparison as we believe it is not meaningful to compare the ratio for 1QFY2026 with the ratio for FY2025.
- (4) Return on total assets for FY2023, FY2024, FY2025 was calculated based on the net profit for the respective years divided by the total assets of the respective years and multiplied by 100%. The return on total assets for 1QFY2026 is not included for the purpose of comparison as we believe it is not meaningful to compare the ratio for the three months ended 30 June 2025 with the ratio for FY2025.
- (5) Interest coverage is calculated based on the profit before interest and tax for the year/period and period divided by interest expenses for the year and period.
- (6) Current ratios as at 31 March 2023, 2024 and 2025 and 30 June 2025 were calculated based on the total current assets as at the respective dates divided by the total current liabilities as at the respective dates.
- (7) Quick ratio was calculated by dividing total current assets minus inventory 31 March 2023, 2024 and 2025 and 30 June 2025 by total current liabilities as at the respective date.
- (8) Gearing ratios was calculated by total interest-bearing borrowings, including bank borrowings and bank overdraft, divided by total equity as at the end of the year/period multiplied by 100%.

### Return on equity

We had loss for FY2023. Our return on equity increased from 111.6% for FY2024 to 384.0% for FY2025, primarily due to the increase in profit for FY2025.

### Return on total assets

We had loss for FY2023. Our return on total assets increased from 10.8% for FY2024 to 13.2% for FY2025, primarily due to the increase in profit for FY2025.

### Interest coverage

We had loss for FY2023. Our interest coverage increased from 4.4 times for FY2024 to 5.2 times for FY2025, primarily due to the increase in profit for FY2025. Our interest coverage further increased to 6.5 times for 1QFY2026, primarily due to the decrease in finance costs incurred for 1QFY2026 as a result of the decrease in average interest-bearing borrowings.

### Current ratio

Our current ratio remained relatively stable at 0.3 times, 0.4 times and 0.4 times as at 31 March 2023, 2024 and 2025, respectively. Our current ratio then increased to 0.7 times as at 30 June 2025 primarily due to the increase in current portion of amounts due from related parties.

## FINANCIAL INFORMATION

### Quick ratio

Our quick ratio remained relatively stable at 0.1 times, 0.2 times and 0.1 times as at 31 March 2023, 2024 and 2025 respectively. Our quick ratio then increased to 0.3 times as at 30 June 2025 primarily due to the increase in current portion of amounts due from related parties.

### Gearing ratio

Our gearing ratio increased from 612.2% as at the financial year ended 31 March 2024 to 1,704.7% as at 31 March 2025, primarily due to the decrease in total equity mainly resulting from dividends recognised as distributions of HK\$255.0 million for FY2025 partially offset by the increase in profit for the year. Our gearing ratio decreased to 809.4% as at 30 June 2025, primarily due to the increase in profit for the period and increase in total equity resulting from the accumulation of profit.

### PLEDGE OF ASSETS

The Group’s borrowings had been secured by the pledge of the Group’s assets and the carrying amounts of the respective assets are as follows:

	As at 31 March			As at 30 June
	2023	2024	2025	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Investment properties	256,500	239,730	187,920	150,960
Property, plant and equipment	—	2,789	4,432	32,406
	256,500	242,519	192,352	183,366

### CONTINGENT LIABILITIES

As at the Latest Practicable Date, we did not have any material contingent liabilities, guarantees or any litigation or claims of material importance, pending or threatened against us. Our Directors have confirmed that there has not been any material change in our contingent liabilities since the Latest Practicable Date and up to the date of this document.

### OFF-BALANCE SHEET ARRANGEMENT

As at the Latest Practicable Date, we had not entered into any off-balance sheet transaction.

### QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to a variety of financial risk, such as market risk, including currency risk, interest rate risk, credit risk and liquidity risk.

Details of the risk to which we are exposed are set out in note 31 to the Accountants’ Report, the text of which is set out in Appendix I to this document.

## FINANCIAL INFORMATION

### DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, there were no circumstances that would give rise to the disclosure requirements under Rules 13.13 to 13.19 of the Hong Kong Listing Rules.

[REDACTED]

[REDACTED] represent professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED]. We estimate that our [REDACTED] will be approximately HK\$[REDACTED] million (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the [REDACTED] of the indicative [REDACTED]) and no exercise of the [REDACTED]), of which approximately HK\$[REDACTED] million is directly attributable to the issue of our [REDACTED] and will be deducted from equity, no [REDACTED] has been expensed in our combined statements of profit or loss during the Track Record Period and approximately HK\$[REDACTED] million is expected to be expensed after the Track Record Period. Our estimated [REDACTED] include: (i) [REDACTED]-related expenses, representing [REDACTED] and fees of approximately HK\$[REDACTED] million; (ii) Sponsor fee of approximately HK\$[3.6] million; and (iii) non-[REDACTED]-related expenses, comprising professional fees to the legal advisors, Reporting Accountants and other professionals of approximately HK\$[REDACTED] million for their services rendered in relation to the [REDACTED] and the Listing, and other fees and expenses of approximately HK\$[REDACTED] million. The [REDACTED] above are the best estimate as of the Latest Practicable Date and for reference only and the actual amount may differ from this estimate.

### DIVIDEND POLICY

During the Track Record Period, no dividend has been paid or declared by the Company since its date of incorporation. During the year ended 31 March 2023, Dragon Mind Creation Limited declared dividends of HK\$13.0 million to its shareholder. During the year ended 31 March 2025, LFP, Top Harvest Pharmaceuticals Company Limited and Pearl Lake Global Limited declared dividends of HK\$200.0 million, HK\$33.0 million and HK\$22.0 million, respectively, to their respective shareholders. The declaration of dividends is subject to the discretion of our Board and the approval of our Shareholders. Our Directors may recommend a payment of dividends in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders’ interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to our constitutional documents and the Cayman Islands Companies Law, including the approval of our Shareholders. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors.

Any dividends declared will be in Hong Kong dollars with respect to our Shares on a per share basis, and our Company will pay such dividends in Hong Kong dollars.

Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations.

## **FINANCIAL INFORMATION**

### **DISTRIBUTABLE RESERVES**

Our Company was incorporated on 3 October 2025, and we had no distributable reserves as at 30 June 2025.

### **UNAUDITED [REDACTED] ADJUSTED COMBINED NET TANGIBLE ASSETS**

Please see the section “Unaudited [REDACTED] Financial Information” in Appendix II for our unaudited [REDACTED] adjusted net tangible assets.

### **RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE**

Please see the section headed “Summary — Recent Developments” of this document for details.