

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-[●] to I-[●], received from the Company’s reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF LUNG FUNG GROUP HOLDINGS LIMITED AND DBS ASIA CAPITAL LIMITED

Introduction

We report on the historical financial information of Lung Fung Group Holdings Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-[●] to I-[●], which comprises the combined statements of financial position of the Group as at 31 March 2023, 2024 and 2025 and 30 June 2025, and the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the three years ended 31 March 2023, 2024 and 2025 and the three months ended 30 June 2025 (the “**Track Record Period**”) and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the “**Document**”) in connection with the initial [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

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Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

[In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the Group’s financial position as at 31 March 2023, 2024 and 2025 and 30 June 2025 and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.]

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the combined statement of profit or loss and other comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the three months ended 30 June 2024 and other explanatory information (the “**Stub Period Comparative Financial Information**”). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

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Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

[In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[●] have been made.]

Dividends

We refer to note 14 to the Historical Financial Information which contains information about the dividends declared and paid by the Company's subsidiaries in respect of the Track Record Period and states that no dividend was declared or paid by the Company since its incorporation.

[No historical financial statements for the Company]

No financial statements have been prepared for the Company since its date of incorporation.]

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong
[REDACTED]

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HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

[The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with HKFRS Accounting Standards issued by the HKICPA and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “**Underlying Financial Statements**”).]

The Historical Financial Information is presented in HK dollars (“**HK\$**”) and all values are rounded to the nearest thousand (“**HK\$’000**”) except when otherwise indicated.

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COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR EACH OF THE THREE YEARS ENDED 31 MARCH 2023, 2024 AND 2025 AND THE THREE MONTHS ENDED 30 JUNE 2025

	Notes	Year ended 31 March			Three months ended 30 June	
		2023 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000
Revenue	6	1,094,011	2,020,731	2,460,478	489,482	697,394
Cost of sales		<u>(821,802)</u>	<u>(1,427,915)</u>	<u>(1,682,861)</u>	<u>(334,293)</u>	<u>(474,859)</u>
Gross profit		272,209	592,816	777,617	155,189	222,535
Other income	7	26,345	26,629	30,326	7,043	5,837
Other gains and losses	8	7	(471)	(700)	(133)	(827)
Decrease in fair value of investment properties		(17,690)	(16,596)	(53,482)	(17,482)	(9,630)
Selling and distribution expenses		(232,462)	(321,738)	(431,606)	(90,448)	(133,221)
Administrative expenses		(41,110)	(47,067)	(52,584)	(12,821)	(13,825)
Finance costs	9	<u>(32,506)</u>	<u>(52,716)</u>	<u>(51,550)</u>	<u>(13,292)</u>	<u>(10,937)</u>
(Loss) profit before tax		(25,207)	180,857	218,021	28,056	59,932
Income tax expense	10	<u>(1,933)</u>	<u>(36,321)</u>	<u>(47,589)</u>	<u>(7,350)</u>	<u>(12,168)</u>
(Loss) profit for the year/period	11	<u>(27,140)</u>	<u>144,536</u>	<u>170,432</u>	<u>20,706</u>	<u>47,764</u>
Other comprehensive income (expense) for the year/period						
<i>Item that will not be reclassified to profit or loss:</i>						
Remeasurement of defined benefit plan		<u>236</u>	<u>128</u>	<u>(557)</u>	<u>—</u>	<u>—</u>
<i>Item that may be reclassified subsequently to profit or loss:</i>						
Exchange differences arising on translation of foreign operations		<u>(15)</u>	<u>(92)</u>	<u>(13)</u>	<u>18</u>	<u>38</u>
Other comprehensive income (expense) for the year/period		<u>221</u>	<u>36</u>	<u>(570)</u>	<u>18</u>	<u>38</u>
Total comprehensive (expense) income for the year/period		<u><u>(26,919)</u></u>	<u><u>144,572</u></u>	<u><u>169,862</u></u>	<u><u>20,724</u></u>	<u><u>47,802</u></u>

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**COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2023, 2024 AND 2025 AND 30 JUNE 2025**

		As at 31 March			As at 30 June
	Notes	2023	2024	2025	2025
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets					
Property, plant and equipment	15	21,967	35,217	73,084	105,194
Investment properties	16	257,320	242,140	189,470	152,360
Right-of-use assets	17	184,976	216,183	261,366	254,375
Deposits	19	29,167	45,679	52,960	63,287
Amounts due from related parties	20	355,468	392,638	273,696	—
Deferred tax assets	26	42,573	10,079	1,798	1,491
		<u>891,471</u>	<u>941,936</u>	<u>852,374</u>	<u>576,707</u>
Current assets					
Inventories	18	176,016	225,394	336,038	384,453
Trade and other receivables	19	16,170	31,092	23,996	27,759
Amounts due from related parties	20	52,880	75,131	15,381	288,961
Cash and cash equivalents	21	43,137	61,408	61,182	33,608
		<u>288,203</u>	<u>393,025</u>	<u>436,597</u>	<u>734,781</u>
Current liabilities					
Trade and other payables	22	101,522	114,482	154,992	138,116
Amounts due to related parties	20	50,223	48,141	12,836	14,105
Tax payable		1,345	3,861	20,699	25,853
Bank borrowings	23	680,428	669,279	651,523	625,261
Lease liabilities	24	102,126	106,378	135,034	141,989
Contract liabilities	25	2,725	781	126	173
Bank overdrafts	21	143,685	123,699	105,049	120,922
		<u>1,082,054</u>	<u>1,066,621</u>	<u>1,080,259</u>	<u>1,066,419</u>
Net current liabilities		<u>(793,851)</u>	<u>(673,596)</u>	<u>(643,662)</u>	<u>(331,638)</u>
Total assets less current liabilities		<u>97,620</u>	<u>268,340</u>	<u>208,712</u>	<u>245,069</u>

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	<i>Notes</i>	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>
Non-current liabilities					
Lease liabilities	24	92,173	114,881	130,233	116,309
Provisions	27	18,852	21,978	31,038	33,517
Retirement benefit obligations	28	<u>1,647</u>	<u>1,961</u>	<u>3,059</u>	<u>3,059</u>
		<u>112,672</u>	<u>138,820</u>	<u>164,330</u>	<u>152,885</u>
Net (liabilities) assets		<u>(15,052)</u>	<u>129,520</u>	<u>44,382</u>	<u>92,184</u>
Capital and reserves					
Capital	29	137,023	137,023	137,023	137,023
Reserves		<u>(152,075)</u>	<u>(7,503)</u>	<u>(92,641)</u>	<u>(44,839)</u>
Total equity		<u>(15,052)</u>	<u>129,520</u>	<u>44,382</u>	<u>92,184</u>

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**COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR EACH OF THE THREE YEARS ENDED 31 MARCH 2023, 2024 AND 2025 AND THE
THREE MONTHS ENDED 30 JUNE 2025**

	Share capital <i>HK\$’000</i>	Exchange reserve <i>HK\$’000</i>	(Accumulated losses) retained earnings <i>HK\$’000</i>	Total <i>HK\$’000</i>
At 1 April 2022	<u>23</u>	<u>248</u>	<u>(112,404)</u>	<u>(112,133)</u>
Loss for the year	—	—	(27,140)	(27,140)
Remeasurement of defined benefit plan	—	—	236	236
Exchange differences arising on translation of foreign operations	<u>—</u>	<u>(15)</u>	<u>—</u>	<u>(15)</u>
Total comprehensive expense for the year	<u>—</u>	<u>(15)</u>	<u>(26,904)</u>	<u>(26,919)</u>
Issue and allotment of shares (<i>note 29</i>)	137,000	—	—	137,000
Dividends recognized as distributions (<i>note 14</i>)	<u>—</u>	<u>—</u>	<u>(13,000)</u>	<u>(13,000)</u>
At 31 March 2023	<u>137,023</u>	<u>233</u>	<u>(152,308)</u>	<u>(15,052)</u>
Profit for the year	—	—	144,536	144,536
Remeasurement of defined benefit plan	—	—	128	128
Exchange differences arising on translation of foreign operations	<u>—</u>	<u>(92)</u>	<u>—</u>	<u>(92)</u>
Total comprehensive (expense) income for the year	<u>—</u>	<u>(92)</u>	<u>144,664</u>	<u>144,572</u>
At 31 March 2024	<u>137,023</u>	<u>141</u>	<u>(7,644)</u>	<u>129,520</u>

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	Share capital <i>HK\$’000</i>	Exchange reserve <i>HK\$’000</i>	(Accumulated losses) retained earnings <i>HK\$’000</i>	Total <i>HK\$’000</i>
Profit for the year	—	—	170,432	170,432
Remeasurement of defined benefit plan	—	—	(557)	(557)
Exchange differences arising on translation of foreign operations	—	(13)	—	(13)
Total comprehensive income for the year	—	(13)	169,875	169,862
Dividends recognized as distributions (<i>note 14</i>)	—	—	(255,000)	(255,000)
At 31 March 2025	<u>137,023</u>	<u>128</u>	<u>(92,769)</u>	<u>44,382</u>
Profit for the period	—	—	47,764	47,764
Exchange differences arising on translation of foreign operations	—	38	—	38
Total comprehensive income for the period	—	38	47,764	47,802
At 30 June 2025	<u><u>137,023</u></u>	<u><u>166</u></u>	<u><u>(45,005)</u></u>	<u><u>92,184</u></u>
For the three months ended 30 June 2024 (unaudited)				
At 1 April 2024	<u>137,023</u>	<u>141</u>	<u>(7,644)</u>	<u>129,520</u>
Profit for the period	—	—	20,706	20,706
Exchange differences arising on translation of foreign operations	—	18	—	18
Total comprehensive income for the period	—	18	20,706	20,724
At 30 June 2024	<u><u>137,023</u></u>	<u><u>159</u></u>	<u><u>13,062</u></u>	<u><u>150,244</u></u>

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**COMBINED STATEMENTS OF CASH FLOWS
FOR EACH OF THE THREE YEARS ENDED 31 MARCH 2023, 2024 AND 2025 AND THE
THREE MONTHS ENDED 30 JUNE 2025**

	Year ended 31 March			Three months ended 30 June	
	2023	2024	2025	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
OPERATING ACTIVITIES					
(Loss) profit before tax	(25,207)	180,857	218,021	28,056	59,932
Adjustments for:					
Finance costs	32,506	52,716	51,550	13,292	10,937
Interest income	(14,415)	(14,530)	(16,157)	(3,574)	(2,609)
Depreciation of property, plant and equipment	12,433	12,597	16,922	3,615	5,570
Depreciation of right-of-use assets	115,664	121,603	157,420	34,348	45,640
Decrease in fair value of investment properties	17,690	16,596	53,482	17,482	9,630
Net loss on disposal/write-off of property, plant and equipment	68	149	79	—	88
Operating cash flows before movements in working capital	138,739	369,988	481,317	93,219	129,188
Increase in inventories	(67,780)	(49,372)	(110,643)	(30,015)	(48,416)
Decrease (increase) in trade and other receivables	11,336	(16,983)	7,318	263	(14,290)
Increase in trade and other payables	637,440	937,721	1,110,204	231,108	285,656
Increase in retirement benefit obligations	1,607	255	1,015	—	—
Cash generated from operations	721,342	1,241,609	1,489,211	294,575	352,138
Interests paid on bank overdrafts	(5,002)	(6,376)	(4,326)	(1,604)	(798)
Income tax paid	(160)	(1,313)	(22,470)	(172)	(6,707)
NET CASH FROM OPERATING ACTIVITIES	716,180	1,233,920	1,462,415	292,799	344,633
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	(10,760)	(25,999)	(54,870)	(8,931)	(10,288)
Addition of investment property	—	(1,416)	—	—	—
Payments for rental deposits	(10,823)	(16,838)	(22,710)	(6,223)	—
Refund of rental deposits	2,572	421	12,568	6,584	—
Advances to related parties	(74,221)	(122,641)	(141,883)	(47,728)	(8,668)
Repayments from related parties	75,377	76,661	113,282	28,325	10,901
Interests received	1	27	65	32	263
NET CASH USED IN INVESTING ACTIVITIES	(17,854)	(89,785)	(93,548)	(27,941)	(7,792)

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	Year ended 31 March			Three months ended 30 June	
	2023	2024	2025	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
FINANCING ACTIVITIES					
New bank borrowings raised	458,167	389,226	311,594	91,908	57,943
Repayments of bank borrowings	(977,684)	(1,327,083)	(1,400,013)	(352,169)	(386,686)
Interests paid on bank borrowings	(20,686)	(34,359)	(29,073)	(7,520)	(5,421)
Repayments of lease liabilities	(86,891)	(119,650)	(146,566)	(33,979)	(42,673)
Interests paid on lease liabilities	(6,778)	(11,922)	(18,068)	(4,168)	(4,718)
Advances from related parties	23,508	10,047	7,769	1,842	3,328
Repayments to related parties	(21,368)	(12,129)	(76,074)	(2,636)	(2,059)
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 THE YEAR/PERIOD	(167,062)	(100,548)	(62,291)	(62,291)	(43,867)
Effect of foreign exchange rate changes	(80)	(8)	(12)	(10)	(2)
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>
REPRESENTED BY:					
Cash and cash equivalents	43,137	61,408	61,182	16,510	33,608
Bank overdrafts	(143,685)	(123,699)	(105,049)	(120,675)	(120,922)
	<u>(100,548)</u>	<u>(62,291)</u>	<u>(43,867)</u>	<u>(104,165)</u>	<u>(87,314)</u>

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE THREE YEARS ENDED 31 MARCH 2023, 2024 AND 2025 AND THE THREE MONTHS ENDED 30 JUNE 2025

1. GENERAL INFORMATION

Lung Fung Group Holdings Limited (the “**Company**”) was incorporated on 3 October 2025 as an exempted company with limited liability under the laws of the Cayman Islands. The addresses of the Company’s registered office and principal place of business are disclosed in the section headed “Corporate Information” in the Document.

The Company’s ultimate and immediate holding company is TTK Holding Limited (“**TTK Holding**”), a company incorporated under the laws of the British Virgin Islands (the “**BVI**”) with limited liability on 25 September 2025, which is owned as to 97.29%, 2.70% and 0.01% by Mr. Tse Siu Hoi (“**Mr. Tse**”), Ms. Chan Yuen Fong Shirley (“**Mrs. Tse**”), the spouse of Mr. Tse, and Ms. Tse Chui Ying, the daughter of Mr. Tse and Mrs. Tse (“**Ms. Tse**”), respectively. Mr. Tse, Mrs. Tse and Ms. Tse have been acting in concert historically and throughout the Track Record Period and collectively exercised their control over the entities now comprising the Group, and are collectively the ultimate controlling shareholders (the “**Controlling Shareholders**”) of the Company and its subsidiaries (together referred to as the “**Group**”).

The Company is an investment holding company. Prior to the incorporation of the Company and the completion of the group reorganization as set out in note 2, the entities now comprising the Group are principally engaged in the sales of pharmaceutical products, health products, beauty products and other consumer products. Details of the entities now comprising the Group are disclosed in note 37.

The Historical Financial Information is presented in HK\$, which is the same as the Company’s functional currency.

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies which conform with HKFRS Accounting Standards and the principle of merger accounting under Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the HKICPA.

In preparation for the proposed [REDACTED] of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “[REDACTED]”), the entities now comprising the Group underwent a group reorganization (referred to as the “**Reorganization**”) as follows:

(a) Incorporation of the Company

The Company was incorporated on 3 October 2025 as an exempted company with limited liability under the laws of the Cayman Islands, with an authorised share capital of HK\$390,000 divided into 3,900,000,000 ordinary shares with a par value of HK\$0.0001 each. Upon the Company’s incorporation, one fully-paid subscriber’s share was immediately transferred to TTK Holding at par.

(b) Incorporation of LF Retail Holding Limited, TH Wholesale Holding Limited, PL Beautie Limited and LF Consultancy Limited

On 9 October 2025, each of LF Retail Holding Limited, TH Wholesale Holding Limited, PL Beautie Limited and LF Consultancy Limited was incorporated in the BVI with an authorized share capital of US\$10,000 divided into 10,000 ordinary shares of a single class with par value of US\$1.00 each. Upon the incorporation of these companies, one share (being 100% of the issued share capital of each of LF Retail Holding Limited, TH Wholesale Holding Limited, PL Beautie Limited and LF Consultancy Limited) was issued and allotted to the Company at par. Upon completion of such issuance, each of LF Retail Holding Limited, TH Wholesale Holding Limited, PL Beautie Limited and LF Consultancy Limited became a direct wholly-owned subsidiary of the Company.

(c) Acquisition of the Retail Companies (as defined in note 37), San Fung Health Limited and Fancy Mind Corporation Limited

Prior to the Reorganization, each of the Retail Companies, San Fung Health Limited and Fancy Mind Corporation Limited was, either directly or indirectly, wholly-owned by Mr. Tse or Ms. Tse.

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On 20 October 2025, the Company, via LF Retail Holding Limited as the purchaser’s nominee, acquired all shares of the Retail Companies, San Fung Health Limited and Fancy Mind Corporation Limited from their respective legal and beneficial owner(s).

The consideration for the transfer of share(s) in five of the Retail Companies was settled by the allotment and issue of an aggregate of 73 shares in the Company, all credited as fully paid, free from all encumbrances and together with the benefit of all rights and profits attaching thereto to TTK Holding. The determination of the consideration for these five Retail Companies was based on the net asset value of these Retail Companies as at the reference date. For the transfer of share(s) in each of the rest of the Retail Companies, San Fung Health Limited and Fancy Mind Corporation Limited, the consideration is HK\$1 and was settled in cash.

In consideration of the nomination by the Company of LF Retail Holding Limited to take up the relevant shares in those five Retail Companies and San Fung Health Limited and Fancy Mind Corporation Limited, LF Retail Holding Limited allotted and issued five shares to the Company.

Upon completion of the above, all Retail Companies, San Fung Health Limited and Fancy Mind Corporation Limited became indirectly wholly-owned subsidiaries of the Company.

(d) Allotment of shares and capital reduction in Lung Fung Pharmaceutical (Group) Limited (“LFP”)

Prior to the Reorganization, LFP was directly wholly-owned by Mr. Tse.

On 16 October 2025, LF Retail Holding Limited subscribed for 100,000 shares in LFP. Upon completion of the shares subscription in LFP, LFP was owned as to 99% by LF Retail Holding Limited and 1% by Mr. Tse. In consideration of the Company paying the cash consideration of HK\$10 for the 100,000 new shares in LFP issued to LF Retail Holding Limited, LF Retail Holding Limited allotted and issued one share, credited as fully paid, to the Company.

On 22 October 2025, LFP passed a shareholder’s resolution in relation to a reduction of its registered capital by repaying HK\$137,000,000 paid up share capital comprising 1,000 ordinary shares to Mr. Tse, through the offsetting of HK\$137,000,000 due from an entity indirectly wholly-owned by Mr. Tse.

In consideration of Mr. Tse agreeing to have his shares in LFP cancelled, Mr. Tse directed TTK Holding to receive 935,079 new shares as his nominee, all credited as fully paid, to be issued by the Company.

(e) Acquisition of the Wholesale Companies (as defined in note 37)

Prior to the Reorganization, each of the Wholesale Companies was, directly or indirectly, wholly owned by Mr. Tse and/or Mrs. Tse.

On 20 October 2025, the Company, via TH Wholesale Holding Limited as the purchaser’s nominee, acquired all shares in the Wholesale Companies from their respective legal and beneficial owner(s).

The consideration for the transfer of shares in two of the Wholesale Companies was settled by the allotment and issue of an aggregate of 34,043 shares in the Company, all credited as fully paid, free from all encumbrances and together with the benefit of all rights and profits attaching thereto, to TTK Holding. The determination of the consideration was based on the net asset value of these Wholesale Companies as at the reference date. For the transfer of share in each of the rest of the Wholesale Companies, the consideration is HK\$1 and was settled in cash.

In consideration of the nomination by the Company of TH Wholesale Holding Limited to take up the relevant shares in those two Wholesale Companies, TH Wholesale Holding Limited allotted and issued two shares to the Company.

Upon completion of the above, all Wholesale Companies became indirectly wholly-owned subsidiaries of the Company.

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(f) Acquisition of Pearl Lake Global Limited, Lung Fung Investment (China) Limited and Lung Fung Investment (Japan) Limited

Prior to the Reorganization, each of Pearl Lake Global Limited, Lung Fung Investment (China) Limited and Lung Fung Investment (Japan) Limited was, directly or indirectly, wholly owned by Mr. Tse.

On 20 October 2025, the Company, via PL Beautie Limited as its nominee, acquired all shares in each of Pearl Lake Global Limited, Lung Fung Investment (China) Limited and Lung Fung Investment (Japan) Limited from Mr. Tse.

The consideration for the transfer of share in Pearl Lake Global Limited was settled by the allotment and issue of an aggregate of 30,592 shares in the Company, all credited as fully paid, free from all encumbrances and together with the benefit of all rights and profits attaching thereto, to TTK Holding. The determination of the consideration was based on the net asset value of Pearl Lake Global Limited. For the transfer of share in each of Lung Fung Investment (China) Limited and Lung Fung Investment (Japan) Limited, the consideration is HK\$1 and was settled in cash.

In consideration of the nomination by the Company of PL Beautie Limited to take up the shares in the Pearl Lake Global Limited, PL Beautie Limited allotted and issued one share to the Company.

Upon completion of the above, each of Pearl Lake Global Limited, Lung Fung Investment (China) Limited and Lung Fung Investment (Japan) Limited became an indirectly wholly-owned subsidiary of the Company.

(g) Acquisition of Dragon Mind Creation Limited

Prior to the Reorganization, Dragon Mind Creation Limited was directly wholly owned by Mr. Tse.

On 20 October 2025, the Company, via LF Consultancy Limited as its nominee, acquired all shares of Dragon Mind Creation Limited from Mr. Tse, who was the sole legal and beneficial owner of Dragon Mind Creation Limited.

The consideration for the transfer of share in Dragon Mind Creation Limited was settled by the allotment and issue of an aggregate of 212 shares in the Company, all credited as fully paid, free from all encumbrances and together with the benefit of all rights and profits attaching thereto, to TTK Holding. The determination of the consideration was based on the net asset value of Dragon Mind Creation Limited as at the reference date.

In consideration of the nomination by the Company of LF Consultancy Limited to take up the shares in Pearl Lake Global Limited, LF Consultancy Limited allotted and issued one share to the Company.

Upon completion of the above, Dragon Mind Creation Limited became an indirectly wholly-owned subsidiary of the Company.

Pursuant to the Reorganization, the Company became the holding company of the entities now comprising the Group subsequent to the end of the Track Record Period on [Date].

The combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows which include the results, changes in equity and cash flows of the entities now comprising the Group for the Track Record Period, have been prepared as if the Company had always been the holding company of the Group and the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation, where this is a shorter period.

The combined statements of financial position of the Group as at 31 March 2023, 2024 and 2025 and 30 June 2025 have been prepared to present the assets and liabilities of the entities now comprising the Group as if the current group structure had been in existence at those dates, taking into account the respective date of incorporation, where applicable.

No statutory financial statements of the Company have been prepared since its date of incorporation as it is incorporated in the jurisdiction where there are no statutory audit requirements.

Going concern assessment

The Historical Financial Information has been prepared on the going concern basis.

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As at 30 June 2025, the Group has net current liabilities of HK\$331,638,000. The directors of the Company have prepared a cash flow forecast covering a period of not less than twelve months from the date of this report. Based on this forecast, which takes into account expected operating cash inflows and available banking facilities, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due and to sustain its operations for the next twelve months from the date of this report. Accordingly, the directors of the Company consider it appropriate to prepare the Historical Financial Information on a going concern basis.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with HKFRS Accounting Standards, which are effective for the accounting period beginning on 1 April 2025 throughout the Track Record Period.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

At the date of this report, the following new and amendments to HKFRS Accounting Standards have been issued but are not yet effective:

HKFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 ²

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all amendments to HKFRS Accounting Standards will have no material impact on the Group’s future consolidated financial statements.

HKFRS 18 “Presentation and Disclosure in Financial Statements” (“HKFRS 18”)

HKFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 “Presentation of Financial Statements” (“HKAS 1”). This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” and HKFRS 7 “Financial Instruments: Disclosures”. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The directors of the Company anticipate that the application of HKFRS 18 will have no material impact on the Group’s financial position and performance in the future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of combination

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

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- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Combination of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the combined statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

Merger accounting for combination involving entities under common control

The Historical Financial Information incorporates the financial statements items of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities are combined using the existing book values from the controlling party’s perspective. No amount is recognized in respect of goodwill or bargain purchase gain at the time of common control combination.

Expenditure incurred in relation to a common control combination that is to be accounted for by using merger accounting is recognized as an expense in the period in which it is incurred.

The combined statements of profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period.

Revenue from contracts with customers

Information about the Group’s accounting policies relating to revenue from contracts with customers is provided in note 6.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional leases or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Right-of-use assets

The cost of right-of-use assets includes:

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- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the combined statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognized as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment;
- the lease payments change due to changes in market rental rates following a market rent review, in which case the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate; and
- a lease contract is modified and the lease modification is not accounted for as a separate lease.

The Group presents lease liabilities as a separate line item on the combined statements of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

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- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease.

Allocation of consideration to components of a contract

When a contract includes both lease and non-lease components, the Group applies HKFRS 15 “Revenue from Contracts with Customers” to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from leases components on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 “Financial Instruments” and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as a deduction from the carrying amount of the relevant asset in the combined statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the relevant assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period they become receivable. Such grants are presented under “other income”.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plan (representing the Mandatory Provident Fund (“MPF”) Scheme) are recognized as an expense when employees have rendered service entitling them to the contributions.

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For defined benefit retirement benefit plan (representing the Long Service Payment (“LSP”) under the Hong Kong Employment Ordinance), the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. In determining the present value of the Group’s defined benefit obligations and related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan’s benefit formula.

Remeasurement, comprising actuarial gains and losses, is reflected immediately in the combined statements of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained profits and will not be reclassified to profit or loss.

Interest is calculated by applying the discount rate at the beginning of the period to the defined benefit liability.

Defined benefit costs are categorised as follows:

- service cost (including current service cost and past service cost);
- interest expense; and
- remeasurement.

The retirement benefit obligation recognized in the combined statements of financial position represents the actual deficit in the Group’s defined benefit plans.

For LSP obligation, the Group accounts for the employer MPF contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of paragraph 93(a) of HKAS 19 “Employee Benefits” and it is measured on a net basis. The estimated amount of LSP obligation is determined after deducting the negative service cost arising from the accrued benefits (being projected and attributed to periods of service) derived from the Group’s MPF contributions that have been vested with employees and would be used to offset the employee’s LSP benefits, which are deemed to be contributions from the relevant employees.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another HKFRS Accounting Standards requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees after deducting any amount already paid.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit or loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

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The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the combined statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the combined statements of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties also include leased properties which are being recognized as right-of-use assets and subleased by the Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

If a property becomes an owner-occupied property because its use has been changed as evidenced by commencement of owner-occupation, the carrying amount of the property at the date of change in use is considered as the deemed cost for subsequent accounting.

Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the combined statements of financial position include:

- cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

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- cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the combined statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Provisions for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognized at the date of inception of the lease at the directors’ best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 “Revenue from Contracts with Customers” (“**HKFRS 15**”). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit losses (“ECL”) model on financial assets (including trade receivables, other receivables and deposits, amounts due from related parties and bank balances) and financial guarantee contracts which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;

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- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

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(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognized through a loss allowance account.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

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Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, amounts due to related parties and bank borrowings and bank overdrafts are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognized less, where appropriate, cumulative amortisation recognized over the guarantee period.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the key assumption concerning the future, and other key sources of estimation uncertainty at the end of each of the reporting periods that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated allowances for inventories

The Group monitors inventory levels, turnover days and sales performance of individual stock-keeping units (“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 identification of slow-moving inventories and the estimation of related allowances involve significant management judgement and the use of estimates. Changes in these estimates may affect the carrying amount of inventories and the recognized allowances in the periods in which revisions are made.

As at 31 March 2023, 2024 and 2025 and 30 June 2025, the carrying amounts of inventories are HK\$176,016,000, HK\$225,394,000, HK\$336,038,000 and HK\$384,453,000, respectively.

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Fair values of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuer. The determination of the fair value involves certain assumptions of market conditions which are set out in note 16.

In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group’s investment properties and the corresponding adjustments to the amount of gain or loss reported in the combined statements of profit or loss and other comprehensive income.

As at 31 March 2023, 2024 and 2025 and 30 June 2025, the carrying amount of the Group’s investment properties amounted to HK\$257,320,000, HK\$242,140,000, HK\$189,470,000 and HK\$152,360,000, respectively.

6. REVENUE AND SEGMENT INFORMATION

Revenue

Disaggregation of revenue from contracts with customers

	Year ended 31 March			Three months ended 30 June	
	2023 HK\$’000	2024 HK\$’000	2025 HK\$’000	2024 HK\$’000 (Unaudited)	2025 HK\$’000
Sales channels					
Retail sales through retail stores	1,027,169	1,958,982	2,391,643	474,237	684,233
Retail sales through online platforms	44,637	38,160	42,682	9,702	11,472
Wholesale sales	22,205	23,589	26,153	5,543	1,689
	<u>1,094,011</u>	<u>2,020,731</u>	<u>2,460,478</u>	<u>489,482</u>	<u>697,394</u>
Product categories					
Pharmaceutical products	246,529	398,219	473,105	103,624	122,321
Health products	174,752	357,656	433,752	84,306	131,813
Beauty products	306,014	668,228	818,044	158,744	221,877
Other consumer products	366,716	596,628	735,577	142,808	221,383
	<u>1,094,011</u>	<u>2,020,731</u>	<u>2,460,478</u>	<u>489,482</u>	<u>697,394</u>
Geographical markets					
Hong Kong	1,042,634	1,978,086	2,412,855	478,522	685,186
Chinese Mainland	51,377	42,645	47,623	10,960	12,208
	<u>1,094,011</u>	<u>2,020,731</u>	<u>2,460,478</u>	<u>489,482</u>	<u>697,394</u>

Performance obligations for contracts with customers and revenue recognition policies

The Group is engaged in the sales of pharmaceutical products, health products, beauty products and other consumer products through its own retail stores, online platforms and wholesale channels.

For sales of products to customers through the Group’s retail stores, revenue is recognized at a point in time when control of the goods has been transferred, being at the point the customer purchases the goods at the retail store. Payment of the transaction price is due immediately at the point the customer purchases the goods.

For sales of products through online platforms, revenue is recognized at a point in time when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer’s specific location. When the customer initially purchases the goods online, the payment for transaction is due immediately.

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For sales of products to wholesale customers, revenue is recognized at a point in time when control of the goods has been transferred, being when the goods have been delivered to the customer’s specific location. Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities. The credit term is generally 60 days upon delivery.

Under the Group’s standard contract terms, customers have a right to exchange only for products with quality issues within 7 days from the date of purchase. The directors of the Company determine that, based on historical experience of the Group, the amount of assurance-type warranty provision is not significant.

The Group operates a customer loyalty program for sales through which retail customers accumulate points on purchases of products at the Group’s retail stores that entitle them to discounts on future purchases. The membership points expire at the end of each calendar year. Customers can redeem the membership points any time before expiry. The directors of the Company consider that the amount of unsatisfied performance obligations arising from unutilized membership points at the end of each of the reporting periods is not significant.

Transaction price allocated to the remaining performance obligation for contracts with customers

During the Track Record Period, contracts with customers with unsatisfied performance obligations, including the customer loyalty program, have durations of one year or less. As permitted under HKFRS 15, the transaction prices allocated to these unsatisfied contracts or the customer loyalty program are not disclosed.

Segment information

Information reported to Mr. Tse, being the chief operating decision maker, for the purposes of resources allocation and performance assessment focuses on revenue analysis as disclosed above. No other discrete financial information is provided other than the Group’s overall results and financial as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

Geographical information

The geographical information of the Group’s revenue based on the location of the goods delivered is disclosed above. The Group’s non-current assets are all located in Hong Kong.

Information about major customers

None of the Group’s customers contributed over 10% of the Group’s total revenue during the Track Record Period.

7. OTHER INCOME

	Year ended 31 March			Three months ended 30 June	
	2023	2024	2025	2024	2025
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Interest income:				(Unaudited)	
— 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 (<i>Note</i>)	2,463	384	—	—	—
Others	1,509	2,960	5,815	1,358	1,266
	<u>26,345</u>	<u>26,629</u>	<u>30,326</u>	<u>7,043</u>	<u>5,837</u>

Note: During the year ended 31 March 2023, the Group recognized government grants of approximately HK\$2,400,000 in respect of the Employment Support Scheme launched by the Hong Kong government.

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8. OTHER GAINS AND LOSSES

	Year ended 31 March			Three months ended 30 June	
	2023 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000
				(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	—	—	380	—	—
	<u>7</u>	<u>(471)</u>	<u>(700)</u>	<u>(133)</u>	<u>(827)</u>

9. FINANCE COSTS

	Year ended 31 March			Three months ended 30 June	
	2023 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 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	—	—
	<u>32,506</u>	<u>52,716</u>	<u>51,550</u>	<u>13,292</u>	<u>10,937</u>

10. INCOME TAX EXPENSE

	Year ended 31 March			Three months ended 30 June	
	2023 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000
				(Unaudited)	
Current tax					
— Hong Kong Profits Tax	1,030	3,827	39,308	962	11,861
Deferred tax charge (note 26)	<u>903</u>	<u>32,494</u>	<u>8,281</u>	<u>6,388</u>	<u>307</u>
	<u>1,933</u>	<u>36,321</u>	<u>47,589</u>	<u>7,350</u>	<u>12,168</u>

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.

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The income tax expense for the years ended 31 March 2023, 2024 and 2025 and the three months ended 30 June 2024 and 2025 can be reconciled to the (loss) profit before tax per the combined statements of profit or loss and other comprehensive income as follows:

	Year ended 31 March			Three months ended 30 June	
	2023 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000 (Unaudited)	2025 HK\$'000
(Loss) profit before tax	<u>(25,207)</u>	<u>180,857</u>	<u>218,021</u>	<u>28,056</u>	<u>59,932</u>
Tax at the Hong Kong Profits Tax rate of 16.5%	(4,159)	29,841	35,973	4,629	9,889
Tax effect of expenses not deductible for tax purpose	4,994	5,324	10,212	2,410	1,905
Tax effect of income not taxable for tax purpose	(583)	(667)	(442)	(112)	(18)
Tax effect of tax losses not recognized	833	820	770	199	193
Utilization of tax losses previously not recognized	(347)	(39)	(29)	—	(42)
Tax effect of deductible temporary differences not recognized	1,119	1,066	1,098	229	228
Effect of different tax rate applicable to a PRC subsidiary	<u>76</u>	<u>(24)</u>	<u>7</u>	<u>(5)</u>	<u>13</u>
Income tax expense	<u>1,933</u>	<u>36,321</u>	<u>47,589</u>	<u>7,350</u>	<u>12,168</u>

11. (LOSS) PROFIT FOR THE YEAR/PERIOD

	Year ended 31 March			Three months ended 30 June	
	2023 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000 (Unaudited)	2025 HK\$'000
(Loss) profit for the year/period has been arrived at after charging:					
Directors’ emoluments (<i>note 12</i>)	1,097	1,292	1,362	301	338
Other staff costs (excluding the directors’ emoluments)					
— Salaries, allowances and other benefits	98,117	165,496	212,575	44,955	65,876
— Retirement benefits	<u>5,959</u>	<u>7,226</u>	<u>9,481</u>	<u>1,899</u>	<u>2,733</u>
Total staff costs	<u>105,173</u>	<u>174,014</u>	<u>223,418</u>	<u>47,155</u>	<u>68,947</u>
Depreciation of property, plant and equipment	12,433	12,597	16,922	3,615	5,570
Depreciation of right-of-use assets	115,664	121,603	157,420	34,348	45,640
Auditor’s remuneration	334	366	380	118	92
Cost of inventories recognized as an expense	<u>811,191</u>	<u>1,421,849</u>	<u>1,675,086</u>	<u>332,383</u>	<u>472,751</u>

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12. DIRECTORS’ AND CHIEF EXECUTIVE’S EMOLUMENTS

(a) Directors’ and the Chief Executive’s emoluments

Mr. Tse was appointed as a Director in October 2025 and re-designated as an Executive Director of the Company in November 2025. He is the chairman of the Board of Directors and the Chief Executive Officer of the Company.

Ms. Tse was appointed as a Director of the Company in October 2025 and re-designated as an Executive Director of the Company in November 2025.

Mr. Chu Woon Ming, Mr. Yau Sheung Yu and Ms. Woo Pui Yan Joyce were appointed as the Independent Non-executive Directors of the Company in November 2025.

The Directors’ and Chief Executive’s remuneration (including emoluments for services as directors/employees of entities now comprising the Group) disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance is as follows:

	Fee <i>HK\$’000</i>	Salaries, allowances and benefits <i>HK\$’000</i>	Retirement benefits <i>HK\$’000</i>	Total <i>HK\$’000</i>
For the year ended 31 March 2023				
<i>Executive Directors</i>				
Mr. Tse	—	839	20	859
Ms. Tse	—	226	12	238
	<u>—</u>	<u>1,065</u>	<u>32</u>	<u>1,097</u>
For the year ended 31 March 2024				
<i>Executive Directors</i>				
Mr. Tse	—	936	21	957
Ms. Tse	—	320	15	335
	<u>—</u>	<u>1,256</u>	<u>36</u>	<u>1,292</u>
For the year ended 31 March 2025				
<i>Executive Directors</i>				
Mr. Tse	—	932	21	953
Ms. Tse	—	390	19	409
	<u>—</u>	<u>1,322</u>	<u>40</u>	<u>1,362</u>
For the three months ended 30 June 2024 (unaudited)				
<i>Executive Directors</i>				
Mr. Tse	—	201	5	206
Ms. Tse	—	90	5	95
	<u>—</u>	<u>291</u>	<u>10</u>	<u>301</u>
For the three months ended 30 June 2025				
<i>Executive Directors</i>				
Mr. Tse	—	218	5	223
Ms. Tse	—	110	5	115
	<u>—</u>	<u>328</u>	<u>10</u>	<u>338</u>

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In addition, the Group provided accommodation leased from third parties to Mr. Tse for use by him and his family members at no charge during the Track Record Period. The estimated money value of the benefit in kind amounted to HK\$658,000, HK\$658,000, HK\$569,000, HK\$164,000 (unaudited) and HK\$120,000 for the years ended 31 March 2023, 2024 and 2025 and the three months ended 30 June 2024 and 2025, respectively.

The directors’ emoluments shown above were for their services in connection with the management of the affairs of the Group.

No emoluments were paid to the Company’s independent non-executive directors during the Track Record Period.

There was no compensation for loss of office and/or inducement for joining the Group paid/payable to the directors of the Company during the Track Record Period.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Track Record Period.

(b) Five highest paid individuals

The five highest paid employees included 1, 1, 1, 1 (unaudited) and 1 director for the years ended 31 March 2023, 2024 and 2025 and the three months ended 30 June 2024 and 2025, respectively, details of whose remuneration are set out in (a) above.

Details of the remuneration of the remaining 4, 4, 4, 4 (unaudited) and 4 highest paid employees who are neither a director nor chief executive of the Company for the years ended 31 March 2023, 2024 and 2025 and the three months ended 30 June 2024 and 2025, respectively, are as follows:

	Year ended 31 March			Three months ended 30 June	
	2023	2024	2025	2024	2025
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000
				(Unaudited)	
Salaries allowances and other benefits	3,100	3,884	4,011	985	893
Retirement benefits	<u>78</u>	<u>81</u>	<u>81</u>	<u>18</u>	<u>18</u>
	<u>3,178</u>	<u>3,965</u>	<u>4,092</u>	<u>1,003</u>	<u>911</u>

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	Year ended 31 March			Three months ended 30 June	
	2023	2024	2025	2024	2025
				(Unaudited)	
Nil to HK\$1,000,000	3	3	3	4	4
HK\$1,000,001 to HK\$1,500,000	<u>1</u>	<u>1</u>	<u>1</u>	<u>—</u>	<u>—</u>
	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

During the Track Record Period, no remuneration was paid by the Group to the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

13. (LOSS) EARNINGS PER SHARE

No (loss) earnings per share information is presented for the purpose of this report as its inclusion is not considered meaningful having regard to the Reorganization of the Group and the result of the Group for the Track Record Period that is prepared on a combined basis as set out in note 2.

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14. DIVIDENDS

During the year ended 31 March 2023, Dragon Mind Creation Limited declared dividends of HK\$13,000,000 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\$200,000,000, HK\$33,000,000 and HK\$22,000,000 respectively to their respective shareholders.

The rate of dividends and number of shares ranking for the dividends are not presented as such information is not considered meaningful having regard to the purpose of this report.

No dividend was declared or paid by the Company since its incorporation.

15. PROPERTY, PLANT AND EQUIPMENT

	Owned properties <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST						
At 1 April 2022	—	50,646	12,247	11,693	3,228	77,814
Additions	—	6,989	1,175	2,596	—	10,760
Disposals/write-off	—	(4,083)	(500)	(561)	—	(5,144)
Exchange realignment	—	—	—	(30)	—	(30)
At 31 March 2023	—	53,552	12,922	13,698	3,228	83,400
Additions	—	9,536	9,130	4,320	3,013	25,999
Disposals/write-off	—	—	(448)	—	(850)	(1,298)
Exchange realignment	—	—	—	(23)	—	(23)
At 31 March 2024	—	63,088	21,604	17,995	5,391	108,078
Additions	—	21,332	20,812	10,146	2,580	54,870
Disposals/write-off	—	(1,981)	(371)	(245)	—	(2,597)
Exchange realignment	—	—	—	(5)	—	(5)
At 31 March 2025	—	82,439	42,045	27,891	7,971	160,346
Additions	—	3,820	3,640	1,884	944	10,288
Transfer from investment properties	27,480	—	—	—	—	27,480
Disposals/write-off	—	(315)	(945)	—	—	(1,260)
Exchange realignment	—	—	—	11	—	11
At 30 June 2025	<u>27,480</u>	<u>85,944</u>	<u>44,740</u>	<u>29,786</u>	<u>8,915</u>	<u>196,865</u>
DEPRECIATION						
At 1 April 2022	—	33,957	8,365	8,846	2,928	54,096
Provided for the year	—	8,530	1,945	1,814	144	12,433
Eliminated on disposals/ write-off	—	(4,077)	(484)	(515)	—	(5,076)
Exchange realignment	—	—	—	(20)	—	(20)

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	Owned properties <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 March 2023	—	38,410	9,826	10,125	3,072	61,433
Provided for the year	—	8,133	2,308	1,788	368	12,597
Eliminated on disposals/ write-off	—	—	(299)	—	(850)	(1,149)
Exchange realignment	—	—	—	(20)	—	(20)
At 31 March 2024	—	46,543	11,835	11,893	2,590	72,861
Provided for the year	—	8,610	4,654	2,710	948	16,922
Eliminated on disposals/ write-off	—	(1,910)	(361)	(247)	—	(2,518)
Exchange realignment	—	—	—	(3)	—	(3)
At 31 March 2025	—	53,243	16,128	14,353	3,538	87,262
Provided for the period	104	2,297	1,828	1,014	327	5,570
Eliminated on disposals/ write-off	—	(224)	(948)	—	—	(1,172)
Exchange realignment	—	—	—	11	—	11
At 30 June 2025	<u>104</u>	<u>55,316</u>	<u>17,008</u>	<u>15,378</u>	<u>3,865</u>	<u>91,671</u>
CARRYING AMOUNTS						
At 31 March 2023	<u>—</u>	<u>15,142</u>	<u>3,096</u>	<u>3,573</u>	<u>156</u>	<u>21,967</u>
At 31 March 2024	<u>—</u>	<u>16,545</u>	<u>9,769</u>	<u>6,102</u>	<u>2,801</u>	<u>35,217</u>
At 31 March 2025	<u>—</u>	<u>29,196</u>	<u>25,917</u>	<u>13,538</u>	<u>4,433</u>	<u>73,084</u>
At 30 June 2025	<u>27,376</u>	<u>30,628</u>	<u>27,732</u>	<u>14,408</u>	<u>5,050</u>	<u>105,194</u>

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Owned properties	4.5%
Leasehold improvements	Over the shorter of lease terms of the properties or 5 years
Furniture and fixtures	20%
Computer equipment	20%
Motor vehicles	20%

The Group pledged motor vehicles with carrying amounts of HK\$2,789,000, HK\$4,432,000 and HK\$5,030,000 as at 31 March 2024 and 2025 and 30 June 2025 and owned properties with carrying amount of HK\$27,376,000 as at 30 June 2025 to secure bank facilities granted to the Group.

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16. INVESTMENT PROPERTIES

	<i>HK\$’000</i>
FAIR VALUE	
At 1 April 2022	275,010
Decrease in fair value recognized in profit or loss, unrealized	<u>(17,690)</u>
At 31 March 2023	257,320
Additions	1,416
Decrease in fair value recognized in profit or loss, unrealized	<u>(16,596)</u>
At 31 March 2024	242,140
Additions	812
Decrease in fair value recognized in profit or loss, unrealized	<u>(53,482)</u>
At 31 March 2025	189,470
Transfer to property, plant and equipment	(27,480)
Decrease in fair value recognized in profit or loss, unrealized	<u>(9,630)</u>
At 30 June 2025	<u><u>152,360</u></u>

The Group leases out retail shop units and residential units located in Hong Kong under operating leases with rentals payable monthly. 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 the years ended 31 March 2023, 2024 and 2025 and the three months ended 30 June 2025.

The total cash outflow for leases amounted to HK\$892,000, HK\$952,000, HK\$1,056,000, HK\$227,000 (unaudited) and HK\$227,000, including HK\$333,000, HK\$345,000, HK\$391,000, HK\$92,000 (unaudited) and HK\$105,000 paid for leased properties under subleases, for the three years ended 31 March 2023, 2024 and 2025 and the three months ended 30 June 2024 and 2025, respectively.

The fair values of the Group’s investment properties as at 31 March 2023, 2024 and 2025 and 30 June 2025 have been arrived at on the basis of a valuation carried out on the respective dates by Messrs AVISTA Valuation Advisory Limited, located at Suites 2401–06, 24/F, Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong, independent qualified professional valuer not connected to the Group.

Retail shop units and residential units located in Hong Kong with aggregate fair values of HK\$232,040,000, HK\$222,330,000, HK\$173,170,000 and HK\$136,090,000 as at 31 March 2023, 2024 and 2025 and 30 June 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\$25,280,000, HK\$19,810,000, HK\$16,300,000 and HK\$16,270,000 as at 31 March 2023, 2024 and 2025 and 30 June 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.

In determining the fair value of the relevant properties, the management of the Group would determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

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The following table shows the valuation techniques used in the determination of fair values for investment properties and unobservable inputs used in the valuation models.

	Valuation technique(s)	Significant unobservable input(s)	Range of significant unobservable input(s)	Relationship of unobservable inputs to fair value
Retail shop units located in Hong Kong	Income capitalization approach	Capitalization rate, taking into account the capitalization of rental income potential, nature of the property and prevailing market condition.	31 March 2023: 2.45% to 2.70%. 31 March 2024: 2.65% to 2.90%. 31 March 2025: 3.05% to 3.30%. 30 June 2025: 3.25% to 3.50%.	An increase in the capitalization rate used would result in a decrease in fair value, and vice versa.
31 March 2023: HK\$231,220,000				
31 March 2024: HK\$219,920,000				
31 March 2025: HK\$171,620,000				
30 June 2025: HK\$134,690,000				
		Monthly market rent, taking into account the differences in location, and individual factors, such as frontage and size, between the comparables and the property	31 March 2023: HK\$103 to HK\$127 per square foot. 31 March 2024: HK\$105 to HK\$129 per square foot. 31 March 2025: HK\$94 to HK\$116 per square foot. 30 June 2025: HK\$94 to HK\$116 per square foot.	An increase in the market rent used would result in an increase in fair value, and vice versa.
Residential units located in Hong Kong	Direct comparison approach	Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property	31 March 2023: HK\$5,844 to HK\$6,430 per square foot. 31 March 2024: HK\$4,580 to HK\$5,038 per square foot. 31 March 2025: HK\$3,768 to HK\$4,146 per square foot. 30 June 2025: HK\$3,762 to HK\$4,139 per square foot.	An increase in the market unit rate used would result in an increase in fair value, and vice versa.
31 March 2023: HK\$25,280,000				
31 March 2024: HK\$19,810,000				
31 March 2025: HK\$16,300,000				
30 June 2025: HK\$16,270,000				

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	Valuation technique(s)	Significant unobservable input(s)	Range of significant unobservable input(s)	Relationship of unobservable inputs to fair value
Residential units located in Hong Kong	Income capitalization approach	Capitalization rate, taking into account the capitalization of rental income potential, nature of the property and prevailing market condition.	31 March 2023: 3.05% to 3.30%. 31 March 2024: 3.55% to 3.80%. 31 March 2025: 3.95% to 4.20%. 30 June 2025: 3.95% to 4.20%.	An increase in the capitalization rate used would result in a decrease in fair value, and vice versa.
31 March 2023: HK\$820,000 31 March 2024: HK\$2,410,000 31 March 2025: HK\$1,550,000 30 June 2025: HK\$1,400,000				
		Monthly market rent, taking into account the differences in location, and individual factors, such as frontage and size, between the comparables and the property	31 March 2023: HK\$24 to HK\$25 per square foot. 31 March 2024: HK\$24 to HK\$25 per square foot. 31 March 2025: HK\$23 to HK\$24 per square foot. 30 June 2025: HK\$24 per square foot.	An increase in the market rent used would result in an increase in fair value, and vice versa.

The fair value measurement is categorized into Level 3 fair value hierarchy. There were no transfers into or out of Level 3 during the Track Record Period.

As at 31 March 2023, 2024 and 2025 and 30 June 2025, investment properties amounting to HK\$256,500,000, HK\$239,730,000, HK\$187,920,000 and HK\$150,960,000 respectively have been pledged to secure bank facilities granted to the Group.

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17. RIGHT-OF-USE ASSETS

	Office premises and staff quarters	Warehouses	Retail stores	Total	
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	
CARRYING AMOUNT					
At 1 April 2022	<u>2,375</u>	<u>—</u>	<u>168,285</u>	<u>170,660</u>	
At 31 March 2023	<u>6,469</u>	<u>4,821</u>	<u>173,686</u>	<u>184,976</u>	
At 31 March 2024	<u>965</u>	<u>1,154</u>	<u>214,064</u>	<u>216,183</u>	
At 31 March 2025	<u>1,939</u>	<u>4,084</u>	<u>255,343</u>	<u>261,366</u>	
At 30 June 2025	<u><u>6,910</u></u>	<u><u>7,506</u></u>	<u><u>239,959</u></u>	<u><u>254,375</u></u>	
DEPRECIATION					
For the year ended 31 March 2023	<u>8,173</u>	<u>4,260</u>	<u>103,231</u>	<u>115,664</u>	
For the year ended 31 March 2024	<u>6,009</u>	<u>3,668</u>	<u>111,926</u>	<u>121,603</u>	
For the year ended 31 March 2025	<u>6,842</u>	<u>6,758</u>	<u>143,820</u>	<u>157,420</u>	
For the three months ended 30 June 2024 (unaudited)	<u>1,514</u>	<u>1,040</u>	<u>31,794</u>	<u>34,348</u>	
For the three months ended 30 June 2025	<u><u>2,174</u></u>	<u><u>1,927</u></u>	<u><u>41,539</u></u>	<u><u>45,640</u></u>	
	Year ended 31 March		Three months ended 30 June		
	2023	2024	2025	2024	2025
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
				(Unaudited)	
Expenses relating to leases of low value assets	18	59	26	24	40
Variable lease payments not included in the measurement of lease liabilities	26	1,841	4,549	705	412
Total cash outflow for leases	92,821	132,520	168,153	38,649	47,616
Additions to right-of-use assets (including adjustments on lease modifications)	<u><u>129,980</u></u>	<u><u>152,809</u></u>	<u><u>202,961</u></u>	<u><u>64,474</u></u>	<u><u>38,649</u></u>

The Group leases various offices premises and staff quarters, warehouses and retail stores for its operations. Lease contracts are entered into for fixed term of 1 year to 12 years, 1 year to 12 years, 1 year to 12 years and 1 year to 12 years for the years ended 31 March 2023, 2024 and 2025 and the three months ended 30 June 2025, respectively. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Leases of retail stores are either with only fixed lease payments or contain variable lease payments that are based on 3% to 6% of sales and minimum annual lease payment that are fixed over the lease term. Some variable payment terms include cap clauses. The payment terms are common in retail stores in Hong Kong where the Group operates.

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Restrictions or covenants on leases

In addition, lease liabilities of HK\$193,505,000, HK\$220,464,000, HK\$264,472,000, and HK\$257,503,000 are recognized with related right-of-use assets of HK\$184,976,000, HK\$216,183,000, HK\$261,366,000 and HK\$254,375,000 as at 31 March 2023, 2024 and 2025 and 30 June 2025, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Lease committed

As at 31 March 2023 and 2025 and 30 June 2025, the Group entered into new leases for several retail stores that have not yet commenced, with average non-cancellable period ranging from 1 to 3 years, 1 to 3 years and 1 to 2 years respectively, and the total future undiscounted cash flows over the non-cancellable period amounted to HK\$10,800,000, HK\$30,437,000 and HK\$19,440,000, respectively. There was no lease committed as at 31 March 2024.

18. INVENTORIES

	As at 31 March			As at 30 June
	2023	2024	2025	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Finished goods	<u>176,016</u>	<u>225,394</u>	<u>336,038</u>	<u>384,453</u>

19. TRADE AND OTHER RECEIVABLES

	As at 31 March			As at 30 June
	2023	2024	2025	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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	<u>6,940</u>	<u>9,739</u>	<u>11,351</u>	<u>9,678</u>
	<u>45,337</u>	<u>76,771</u>	<u>76,956</u>	<u>91,046</u>
Analyzed for reporting purposes as:				
Deposits under non-current assets	29,167	45,679	52,960	63,287
Trade and other receivables under current assets	<u>16,170</u>	<u>31,092</u>	<u>23,996</u>	<u>27,759</u>
	<u>45,337</u>	<u>76,771</u>	<u>76,956</u>	<u>91,046</u>

As at 1 April 2022, trade receivables from contracts with customers amounted to HK\$3,561,000.

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 the Group within 2 days and 1 month respectively after the sales.

For trade receivables arising from wholesale sales, the Group generally grants credit terms of 60 days to its wholesale customers after the month of the relevant sale.

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The following is an aged analysis of trade receivables presented based on the invoice dates at the end of each of the reporting periods is as follows:

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

Details of impairment assessment of trade and other receivables are set out in note 32(b).

20. AMOUNTS DUE FROM (TO) RELATED PARTIES

	Maximum amounts outstanding									
	As at 1 April 2022 HK\$'000	As at 31 March			As at 30 June 2025 HK\$'000	Year ended 31 March			Three months ended	
	2023 HK\$'000	2024 HK\$'000	2025 HK\$'000	2025 HK\$'000	2023 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	(Unaudited)
Amount due from a director (Note i)										
Amount due from Mr. Tse	34,701	42,113	55,459	12,252	9,173	46,910	55,459	69,891	60,408	14,324
Amounts due from related parties (Note ii)										
Best Earn International Development Limited	1	1	1	8	8	1	1	8	8	8
China Harvest Creation Limited	—	—	394	247	—	—	394	394	394	—
CHK Duty Free Group Limited	16	21	21	21	21	21	21	21	21	21
Click Limited	65	178	178	178	178	178	178	178	178	178
Dragon Grace Corporation Limited	108,074	111,307	114,391	—	—	111,307	114,391	115,145	115,145	—
Express Harvest Limited	6	6	3	3	3	6	6	3	3	3
Full Group Corporation Limited	—	5,337	6,002	20,674	20,564	5,337	6,002	24,305	24,305	20,674
Great Dragon International Development Limited	18,170	19,172	20,634	22,346	22,772	19,173	20,634	22,427	20,986	22,772
Huge Max Development Limited	5,017	5,136	4,745	561	—	5,138	5,255	73,833	4,787	73,373
Huge Max (Hong Kong) Limited	185,546	184,445	209,091	224,501	227,243	218,489	209,091	224,501	209,091	227,243
Luck Dragon International Development Limited	281	281	281	281	281	281	281	281	281	281
Lung Fung Charitable Foundation Limited	15	15	15	—	—	15	15	15	15	—
Lung Fung Dispensary Limited	3,341	3,341	3,340	—	—	3,341	3,341	3,347	3,347	—
Lung Fung Group Co., Limited	5,575	5,575	5,619	—	—	5,575	5,619	5,627	5,619	—
Lung Fung International Trading Limited	233	11,805	14,464	5,351	5,481	11,805	15,063	14,965	14,655	15,156
Max Profit Investment (Holdings) Limited	—	18,983	24,204	1,979	1,966	18,983	24,204	24,378	24,378	22,370
Most Harvest (HK) Limited	—	—	—	—	579	—	—	—	—	579
Power Max (Hong Kong) Limited	35	35	35	35	35	35	35	35	35	35
Prospects Group Limited	382	382	470	470	487	382	967	470	470	487
Sky Harvest Medicine Company Limited	—	—	—	52	52	—	—	52	52	52
Sunny Rich Holdings Limited	32	59	45	51	51	59	85	51	45	51
Tse's Pharmaceutical Factory (HK) Limited	54	58	65	67	67	58	65	67	65	67
World Step (China) Limited	—	—	8,312	—	—	—	8,312	8,337	8,327	8,340
新龍豐(深圳)購物資訊有限公司	90	98	—	—	—	98	98	—	—	—
	<u>326,933</u>	<u>366,235</u>	<u>412,310</u>	<u>276,825</u>	<u>279,788</u>					
	<u>361,634</u>	<u>408,348</u>	<u>467,769</u>	<u>289,077</u>	<u>288,961</u>					
Analyzed for reporting purposes as:										
Non-current		355,468	392,638	273,696	—					
Current		52,880	75,131	15,381	288,961					
		<u>408,348</u>	<u>467,769</u>	<u>289,077</u>	<u>288,961</u>					

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	As at 1 April 2022 HK\$'000	As at 31 March 2023 HK\$'000	2024 HK\$'000	2025 HK\$'000	As at 30 June 2025 HK\$'000
Amount due to a director (Note i)					
Amount due to Mr. Tse	16,378	14,496	16,894	10,928	10,928
Amounts due to related parties (Note iii)					
China Harvest Creation Limited	7,243	6,631	—	—	280
Dragon Grace Corporation Limited	—	—	—	979	1,373
Easy Hill International Limited	9	17	17	17	17
Full Group Corporation Limited	57,128	—	—	—	—
Harbour Harvest Medicine Company Limited	178	178	179	172	172
Huge Max Development Limited	—	—	—	—	637
Lung Fung International Trading Limited	5,468	—	—	—	—
Max Profit Investment (Holdings) Limited	22,205	—	—	—	—
Most Harvest (HK) Limited	28,167	28,164	30,158	—	—
Power Harvest Corporation Limited	724	717	893	737	698
Sunny Rich Holdings Limited	—	20	—	—	—
World Step (China) Limited	—	—	—	3	—
	<u>121,122</u>	<u>35,727</u>	<u>31,247</u>	<u>1,908</u>	<u>3,177</u>
	<u>137,500</u>	<u>50,223</u>	<u>48,141</u>	<u>12,836</u>	<u>14,105</u>

Notes:

- (i) The amount due from (to) Mr. Tse is non-trade in nature, unsecured, interest-free and repayable on demand.
- (ii) The amounts due from entities controlled by Mr. Tse are non-trade in nature, unsecured and repayable on demand. Other than aggregate amounts of HK\$355,468,000, HK\$392,638,000, HK\$273,696,000 and HK\$275,318,000 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.

In the opinion of the directors of the Company, other than amounts due from related parties amounting to HK\$355,468,000, HK\$392,638,000 and HK\$273,696,000 as at 31 March 2023, 2024 and 2025 respectively which are not expected to be repaid within one year from the end of each of the reporting period and classified as non-current, the remaining amounts are expected to be repaid within one year from the end of each of the reporting periods and are classified as current.

- (iii) The amounts due to entities controlled by Mr. Tse are non-trade in nature, unsecured, interest-free and repayable on demand.

[In preparation for the [REDACTED], all outstanding balances with related parties will be settled in full prior to the [REDACTED].]

21. CASH AND CASH EQUIVALENTS/BANK OVERDRAFTS

Cash and cash equivalents

Cash and cash equivalents include demand deposits and short-term deposits for the purpose of meeting the Group’s short term cash commitments, which carry interest at market rates range from 0.001% to 0.126%, 0.001% to 5.1%, 0.001% to 0.126% and 0.001% to 0.126% per annum as at 31 March 2023, 2024 and 2025 and 30 June 2025.

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Details of impairment assessment of bank balances as at 31 March 2023, 2024 and 2025 and 30 June 2025 are set out in note 32(b).

Bank balances and cash denominated in currencies other than the functional currency of the relevant entities now comprising the Group are set out below:

	As at 31 March			As at
	2023	2024	2025	30 June
	HK\$'000	HK\$'000	HK\$'000	2025
Japanese Yen (“JPY”)	425	719	202	171
Renminbi (“RMB”)	253	889	678	1,502

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% per annum as at 31 March 2023, 2024 and 2025 and 30 June 2025, respectively.

22. TRADE AND OTHER PAYABLES

	As at 31 March			As at
	2023	2024	2025	30 June
	HK\$'000	HK\$'000	HK\$'000	2025
Trade payables	81,389	86,480	108,598	97,376
Other payables	6,166	6,557	16,895	5,430
Accrued expenses	3,276	4,462	5,767	6,058
Accrued staff costs	10,691	16,983	23,732	29,252
	<u>101,522</u>	<u>114,482</u>	<u>154,992</u>	<u>138,116</u>

The credit period granted by suppliers ranged from 0 to 30 days. The following is an aged analysis of trade payables presented based on the invoice date at the end of each of the reporting periods:

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

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Trade payables denominated in currencies other than the functional currency of the relevant entities now comprising the Group are set out below:

	As at 31 March			As at
	2023	2024	2025	30 June
	HK\$'000	HK\$'000	HK\$'000	2025
				HK\$'000
US dollars (“US\$”)	1,718	2,021	3,306	3,124
JPY	2,016	1,172	787	1,016
RMB	808	808	808	808
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

23. BANK BORROWINGS

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

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

	As at 31 March			As at
	2023	2024	2025	30 June
	HK\$'000	HK\$'000	HK\$'000	2025
				HK\$'000
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
Within a period of more than one year but not exceeding two years	42,436	48,330	41,461	36,949
Within a period of more than two years but not exceeding five years	94,357	81,615	71,247	69,040
Within a period of more than five years	120,347	95,952	77,276	72,734
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>680,428</u>	<u>669,279</u>	<u>651,523</u>	<u>625,261</u>

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

	As at 31 March			As at
	2023	2024	2025	30 June
	HK\$’000	HK\$’000	HK\$’000	2025
Fixed-rate borrowings	200,911	239,698	291,011	297,934
Variable-rate borrowings	<u>479,517</u>	<u>429,581</u>	<u>360,512</u>	<u>327,327</u>
	<u>680,428</u>	<u>669,279</u>	<u>651,523</u>	<u>625,261</u>

The ranges of effective interest rates on the Group’s borrowings are as follows:

	As at 31 March			As at 30 June
	2023	2024	2025	2025
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%
— Variable-rate borrowings	<u>2.01% to 4.97%</u>	<u>2.68% to 6.85%</u>	<u>2.05% to 6.32%</u>	<u>2.05% to 4.80%</u>

Notes:

- (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. Information of the Group’s supplier finance arrangements is set out in note 32(b).
- (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.

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In respect of bank loans and bank overdrafts from a bank with carrying amounts of HK\$284,936,000, HK\$337,447,000, HK\$303,913,000 and HK\$314,076,000 as at 31 March 2023, 2024 and 2025 and 30 June 2025, the Group breached certain terms of the relevant bank facilities. As the carrying amounts of such bank loans and bank overdrafts 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 bank loans and bank overdrafts.

24. LEASE LIABILITIES

	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>
Lease liabilities payable				
Within one year	102,126	106,378	135,034	141,989
Within a period of more than one year but not more than two years	59,910	74,548	99,510	78,907
Within a period of more than two years but not more than five years	27,270	36,013	27,128	33,259
Within a period of more than five years	<u>4,993</u>	<u>4,320</u>	<u>3,595</u>	<u>4,143</u>
	194,299	221,259	265,267	258,298
Less: Amount due for settlement within 12 months shown under current liabilities	<u>(102,126)</u>	<u>(106,378)</u>	<u>(135,034)</u>	<u>(141,989)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>92,173</u>	<u>114,881</u>	<u>130,233</u>	<u>116,309</u>

The weighted average incremental borrowing rate applied to lease liabilities is 4.10%, 5.28%, 5.86% and 5.73% as at 31 March 2023, 2024 and 2025 and 30 June 2025.

25. CONTRACT LIABILITIES

	As at 31 March			As at
	2023	2024	2025	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	2025
	<i>HK\$'000</i>			
Deposits received in advance of delivery	<u>2,725</u>	<u>781</u>	<u>126</u>	<u>173</u>

As at 1 April 2022, contract liabilities amounted to HK\$1,066,000.

The Group receives deposits from mainly wholesale customers and recognizes contract liabilities for the amounts received in advance. The contract liabilities will be recognized as revenue when control of the goods are transferred to the customers upon delivery of the goods.

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The following table shows how much of the revenue recognized relates to carried-forward contract liabilities:

	As at 31 March			As at
	2023	2024	2025	30 June
	HK\$'000	HK\$'000	HK\$'000	2025
				HK\$'000
Revenue that was included in the contract liability balance at the beginning of the year/period	1,066	2,725	781	126

26. DEFERRED TAXATION

The followings are the major deferred tax assets (liabilities) recognized and movements thereon during the Track Record Period:

	Accelerated tax depreciation	Tax losses	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 April 2022	2,432	40,956	88	43,476
Credit (charge) to profit or loss	791	(1,685)	(9)	(903)
As at 31 March 2023	3,223	39,271	79	42,573
(Charge) credit to profit or loss	(225)	(32,667)	398	(32,494)
As at 31 March 2024	2,998	6,604	477	10,079
(Charge) credit to profit or loss	(1,856)	(6,604)	179	(8,281)
As at 31 March 2025	1,142	—	656	1,798
Credit (charge) to profit or loss	8	—	(315)	(307)
As at 30 June 2025	1,150	—	341	1,491

As at 31 March 2023 and 2024, the Group has unused tax losses of approximately HK\$245,728,000 and HK\$52,391,000 available for offset against future profits. A deferred tax asset has been recognized in respect of approximately HK\$238,009,000 and HK\$40,024,000 as at 31 March 2023 and 2024. No deferred tax asset has been recognized in respect of the remaining tax losses of approximately HK\$7,719,000 and HK\$12,367,000 due to the unpredictability of future profits streams.

As at 31 March 2025 and 30 June 2025, the Group has unused tax losses of approximately HK\$16,913,000 and HK\$17,911,000. No deferred tax asset has been recognized in respect of such tax losses due to the unpredictability of future profits streams.

Other than tax losses arising from the PRC subsidiary of approximately HK\$2,433,000, HK\$2,602,000, HK\$2,487,000 and HK\$2,317,000 as at 31 March 2023, 2024 and 2025 and 30 June 2025 which will expire after 5 years from the year such loss arises, other tax losses may be carried forward indefinitely.

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27. PROVISIONS

	Provision for restoration costs
	<i>HK\$’000</i>
At 1 April 2022	13,572
Additional provision in the year	5,704
Utilisation of provision	<u>(424)</u>
At 31 March 2023	18,852
Additional provision in the year	<u>3,126</u>
At 31 March 2024	21,978
Additional provision in the year	9,408
Utilisation of provision	<u>(348)</u>
At 31 March 2025	31,038
Additional provision in the period	<u>2,479</u>
At 30 June 2025	<u><u>33,517</u></u>

28. RETIREMENT BENEFIT PLANS

Defined contribution plans

The Group participates in a Mandatory Provident Fund Scheme (the “**MPF Scheme**”) established under the Mandatory Provident Fund Schemes Ordinance in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees.

For members of the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a monthly cap of HK\$1,500.

The total expenses recognized in profit or loss of HK\$5,728,000, HK\$6,861,000, HK\$8,966,000, HK\$1,909,000 (unaudited) and HK\$2,743,000 for the years ended 31 March 2023, 2024 and 2025 and the three months ended 30 June 2024 and 2025, respectively, represent contributions paid/payable to the MPF Scheme by the Group at the rate specified in the rules of the plan.

Defined benefit plan

Obligation to pay LSP under Hong Kong Employment Ordinance (Chapter 57)

For entities now comprising the Group which operate in Hong Kong, pursuant to the Hong Kong Employment Ordinance Chapter 57, the Group has the obligation to pay LSP to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period, based on the following formula:

$$\text{Last monthly wages (before termination of employment)} \times 2/3 \times \text{Years of service}$$

Last monthly wages are capped at HK\$22,500 while the amount of long service payment shall not exceed HK\$390,000. This obligation is accounted for as a post-employment defined benefit plan.

Meanwhile, the Group has made mandatory MPF contributions under the MPF Scheme to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. The Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group’s mandatory MPF contributions, plus/minus any positive/negative returns thereof, for the purpose of offsetting LSP payable to an employee (the “**Offsetting Arrangement**”).

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On 17 June 2022, the Government of the Hong Kong Special Administrative Region gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”) which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset the LSP (the “**Abolition**”). The Abolition will officially take effect on 1 May 2025 (the “**Transition Date**”).

Under the Amendment Ordinance, the Group’s mandatory MPF contributions, plus/minus any positive/negative returns, after the Transition Date can continue to be applied to offset the pre-Transition Date LSP obligation but are not eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligation before the Transition Date will be grandfathered and calculated based on the last monthly wages immediately preceding the Transition Date and the years of service up to that date. The Amendment Ordinance has impact on the Group’s LSP obligation with respect to employees that participate in MPF Scheme and the Group has accounted for the LSP obligation, taking into account the Abolition, in accordance with the accounting policies disclosed in note 4.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from the abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively for the year ended 31 March 2023.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee’s LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA’s guidance, as a result of the Abolition, these contributions are no longer considered “linked solely to the employee’s service in that period” since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as “independent of the number of years of service” and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19. Accordingly, the Group has recognized a cumulative catch-up adjustment of HK\$1,580,000 in profit or loss for the service cost, interest expense and remeasurement effect from changes in actuarial assumptions for the year ended 31 March 2023, with corresponding adjustment to the LSP obligation. The cumulative catch-up adjustment is calculated as the difference at the enactment date (16 June 2022) between the carrying amount of the LSP liability calculated under paragraph 93(b) of HKAS 19 before the Abolition and the carrying amount of the LSP liability calculated under paragraph 93(a) of HKAS 19 after the Abolition.

Movements in the present value of LSP obligation for the Track Record Period were as follows:

	As at 31 March			As at
	2023	2024	2025	30 June
	HK\$’000	HK\$’000	HK\$’000	2025
				HK\$’000
Opening LSP obligation	—	1,647	1,961	3,059
Cumulative catch-up adjustment upon enactment of the Amendment Ordinance	1,580	—	—	—
Current service cost	263	401	555	—
Interest cost	40	59	83	—
Remeasurements recognized in other comprehensive income				
— Actuarial (gains) losses arising from changes in financial assumptions	(58)	(230)	310	—
— Actuarial (gains) losses arising from experience adjustments	(178)	102	247	—
Benefits paid	—	(18)	(97)	—
Closing LSP obligation	<u>1,647</u>	<u>1,961</u>	<u>3,059</u>	<u>3,059</u>

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	Year ended 31 March			Three months ended 30 June	
	2023	2024	2025	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
The service cost is recognized within:					
Selling and distribution expenses	202	302	447	—	—
Administrative expenses	<u>61</u>	<u>99</u>	<u>108</u>	<u>—</u>	<u>—</u>
	<u>263</u>	<u>401</u>	<u>555</u>	<u>—</u>	<u>—</u>

The average duration of the benefit obligation is 17.7, 16.2, 16.1 and 16.1 years as at 31 March 2023, 2024 and 2025 and 30 June 2025, respectively.

Significant actuarial assumptions for the determination of the LSP obligation are discount rates of 3.6%, 4.3%, 3.6% and 3.6% and expected salary increase of 3.0%, 3.0%, 3.0% and 3.0% as at 31 March 2023, 2024 and 2025 and 30 June 2025, respectively.

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 25 basis points higher (lower), the LSP obligation would decrease by HK\$69,000, HK\$74,000, HK\$116,000 and HK\$116,000 (increase by HK\$72,000, HK\$78,000, HK\$123,000 and HK\$123,000) as at 31 March 2023, 2024 and 2025 and 30 June 2025.
- If the expected salary increases (decreases) by 0.25%, the LSP obligation would increase by HK\$8,000, HK\$10,000, HK\$21,000 and HK\$21,000 (decrease by HK\$9,000, HK\$12,000, HK\$23,000, HK\$23,000) as at 31 March 2023, 2024 and 2025 and 30 June 2025.

The sensitivity analysis presented above may not be representative of the actual change in the LSP obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

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29. CAPITAL

The Group’s combined capital as at 1 April 2022, 31 March 2023, 2024 and 2025 and 30 June 2025 represents the aggregate issued share capital/registered capital of entities now comprising the Group as follows:

	As at 1 April 2022 HK\$	As at 31 March			As at 30 June 2025 HK\$
	2022 HK\$	2023 HK\$	2024 HK\$	2025 HK\$	2025 HK\$
Able Harvest Asia Investment Limited	1	1	1	1	1
Access Holdings Limited	—	—	—	1	1
Allied Way International Investment Limited	100	100	100	100	100
Best Harvest Enterprises Limited	100	100	100	100	100
China Smart Capital Investment Limited	10,000	10,000	10,000	10,000	10,000
Dai Ching Holdings Company Limited	100	100	100	100	100
Dragon Mind Creation Limited	100	100	100	100	100
Fancy Mind Corporation Limited	1	1	1	1	1
Forever Rising Worldwide Limited	1,000	1,000	1,000	1,000	1,000
Full Honest Asia Limited	1	1	1	1	1
Full Well International Enterprise Limited	1	1	1	1	1
Gain Ocean International Limited	100	100	100	100	100
Golden Period Management Limited	1	1	1	1	1
Great Dragon Industrial Limited	1	1	1	1	1
Great Harvest Asia Investment Limited	1	1	1	1	1
Great Harvest Enterprise Limited	1	1	1	1	1
Harvest Concept International Limited	—	—	—	1	1
Huge Harvest Trading Limited	100	100	100	100	100
Leader Harvest Asia Pacific Limited	100	100	—	—	—
Lucky Talent Corporation Limited	1	1	1	1	1
Lung Fung Dispensary (3rd Store) Limited	100	100	100	100	100
Lung Fung Dispensary (Main Store) Limited	100	100	100	100	100
Lung Fung Investment (China) Limited	100	100	100	100	100
Lung Fung Investment (Japan) Limited	100	100	100	100	100
Lung Fung Pharmaceutical (Group) Limited	100	137,000,000	137,000,000	137,000,000	137,000,000
Man Fung Dispensary Limited	100	100	100	100	100
Man Wah Dispensary Limited	100	100	100	100	100
Max Dragon Capital Investment Limited	10,000	10,000	10,000	10,000	10,000
Max Great Corporation Limited	1	1	1	1	1
Pearl Lake Global Limited	8	8	8	8	8
Rich More Investment Limited	—	—	—	1	1
Rich Stand Limited	—	—	—	1	1
Robust Harvest Asia Limited	100	100	100	100	100
San Fung Health Limited	1	1	1	1	1
Success Power Industrial Limited	1	1	1	1	1
Tai Fung Medicine Company Limited	100	100	100	100	100
Tai Tak Pharmacy Limited	100	100	100	100	100
Top Harvest Pharmaceuticals Company Limited	100	100	100	100	100
True Harvest Dispensary Company Limited	100	100	100	100	100
Well Harvest (China) Limited	100	100	100	100	100
	<u>23,020</u>	<u>137,022,920</u>	<u>137,022,820</u>	<u>137,022,824</u>	<u>137,022,824</u>

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The movements in capital during the Track Record Period are as follows:

	<i>HK\$</i>
At 1 April 2022	23,020
Issue of shares — Lung Fung Pharmaceutical (Group) Limited	<u>136,999,900</u>
At 31 March 2023	137,022,920
Release upon deregistration — Leader Harvest Asia Pacific Limited	<u>(100)</u>
At 31 March 2024	137,022,820
Issue of shares:	
— Access Holdings Limited	1
— Rich More Investment Limited	1
— Rich Stand Limited	1
— Harvest Concept Investment Limited	<u>1</u>
At 31 March 2025 and 30 June 2025	<u><u>137,022,824</u></u>

30. OPERATING LEASING ARRANGEMENTS

The Group as lessor

All of the properties held by the Group for rental purposes have committed lessees for the next 3 years, 3 years, 3 years and 3 years as at 31 March 2023, 2024, 2025 and 30 June 2025 respectively. The lessee does not have an option to purchase the property at the expiry of the lease period.

Undiscounted lease payments receivable on leases are as follows:

	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 one year	5,765	6,073	5,759	5,291
In the second year	5,533	5,212	2,154	1,508
In the third year	<u>4,672</u>	<u>2,053</u>	<u>648</u>	<u>324</u>
	<u><u>15,970</u></u>	<u><u>13,338</u></u>	<u><u>8,561</u></u>	<u><u>7,123</u></u>

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group’s overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes amounts due to related parties, bank borrowings and lease liabilities disclosed in notes 20, 23 and 24 respectively, net of cash and cash equivalents and equity of the Group, comprising capital and reserves.

The management reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with the capital. Based on recommendations of the management, the Group will balance its overall capital structure through new share issues, the payment of dividends and the issue of new debt or the redemption of existing debt.

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32. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 March			As at
	2023	2024	2025	30 June
	HK\$'000	HK\$'000	HK\$'000	2025
Financial assets				
At amortized cost	<u>485,528</u>	<u>592,773</u>	<u>412,366</u>	<u>394,885</u>
Financial liabilities				
At amortized cost	<u>961,891</u>	<u>934,156</u>	<u>894,901</u>	<u>863,094</u>

(b) Financial risk management objectives and policies

The Group’s financial instruments include trade and other receivables, amounts due from (to) related parties, cash and cash equivalents, trade and other payables, bank borrowings and bank overdrafts. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Group has foreign currency purchases which expose the Group to foreign currency risk.

The carrying amounts of the Group’s significant foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets				Liabilities			
	As at 31 March			As at	As at 31 March			As at
	2023	2024	2025	30 June	2023	2024	2025	30 June
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
US\$	—	—	—	—	1,718	2,021	3,306	3,124
JPY	425	719	202	171	2,016	1,172	787	1,016
RMB	<u>253</u>	<u>889</u>	<u>678</u>	<u>1,502</u>	<u>808</u>	<u>808</u>	<u>808</u>	<u>808</u>

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

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Sensitivity analysis

The following table details the Group’s sensitivity to a 5% increase and decrease in HK\$ against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of each of the reporting periods for a 5% change in foreign currency rates. A positive number below indicates a decrease in post-tax loss for the year ended 31 March 2023 and an increase in post-tax profit for the years ended 31 March 2024 and 2025 and the three months ended 30 June 2025, where the HK\$ strengthens against the relevant currency. For a 5% weakening of HK\$ against the relevant currency, there would be an equal and opposite impact on profit or loss and the amounts below would be negative.

	As at 31 March			As at
	2023	2024	2025	30 June
	HK\$’000	HK\$’000	HK\$’000	2025
				HK\$’000
Impact on profit or loss				
US\$	72	84	138	130
JPY	66	19	24	35
RMB	23	(3)	5	(29)

In management’s opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year/period end exposure does not reflect the exposure during the relevant year/period.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate amounts due from related parties, bank borrowings and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances, bank borrowings and bank overdrafts. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and Hongkong Interbank Offered Rate arising from the Group’s Hong Kong dollar denominated bank borrowings. The Group aims at keeping borrowings at variable rates. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management reviews the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

Total interest income from financial assets that are measured at amortized cost and total expense from financial liabilities that are measured at amortized cost are as follows:

	Year ended 31 March			Three months ended 30 June	
	2023	2024	2025	2024	2025
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000
				(Unaudited)	
Interest income on financial assets at amortized cost	14,415	14,530	16,157	3,574	2,609
Interest expenses on financial liabilities at amortized cost	25,688	40,735	33,399	9,124	6,219

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Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of each of the reporting periods. The analysis is prepared assuming the financial instruments outstanding at the end of each of the reporting periods were outstanding for the whole year/period. A 100 basis point increase or decrease in variable-rate bank borrowings and bank overdrafts are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the management of the Group considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 March 2023 would increase/decrease by HK\$5,204,000, and the Group's post-tax profit for the years ended 31 March 2024 and 2025 and the three months ended 30 June 2025 would decrease/increase by HK\$4,620,000, HK\$3,887,000 and HK\$3,743,000, respectively, which is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings and bank overdrafts.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, other receivables and deposits, amounts due from related parties, bank balances and financial guarantee contracts. The Group does not hold any collateral or other credit enhancements to cover the credit risk associated with their financial assets and financial guarantee contracts.

Trade receivables arising from contracts with customers

Trade receivables arising from retail sales represent amounts receivable from electronic payment service providers and online platforms which are mainly banks and other financial institutions and online platform providers and who have high credit ratings assigned by international credit rating agencies. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For trade receivables arising from wholesale sales, in order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group assesses the credit quality of each potential customer and defines a credit rating and limit for each customer which are reviewed regularly by the management. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the management considers that the Group's credit risk is significantly reduced.

The Group performs impairment assessment under 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.

Other receivables, deposits and amounts due from related parties

For other receivables and deposits and amounts due from related parties, the management makes periodic individual assessment on the recoverability of other receivables, deposits and amounts due from related parties based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

As there is no significant change in the credit profile of the counterparties, the management of the Group considers that there are no significant increases in credit risk of these amounts since initial recognition. As such, the Group assesses the amounts for impairment based on 12m ECL under the ECL model. No significant 12m ECL is recognized considering the financial background, repayment history and historical default experience of the counterparties.

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Bank balances

Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assesses 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. No significant 12m ECL is recognized based on the low average loss rates of the counterparties.

Financial guarantee contracts

For financial guarantee contracts, the amount of bank facilities utilised by a related party in respect of which financial guarantee contracts have been issued to banks by the Group amounted to HK\$128,599,000, HK\$106,154,000, HK\$92,409,000 and HK\$89,158,000 as at 31 March 2023, 2024 and 2025 and 30 June 2025 respectively. The fair value of these financial guarantee, as at dates of initial recognition, were considered insignificant. At the end of the reporting period, the management of the Group has performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12m ECL. No loss allowance was recognized in the profit or loss as the amount of the loss allowance was not significant.

The Group is not subject to significant concentration of credit risk.

The Group’s internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL — not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

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The tables below detail the credit risk exposures of the Group’s financial assets and financial guarantee contracts, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amounts			As at
					As at 31 March		30 June	
					2023	2024	2025	2025
					HK\$’000	HK\$’000	HK\$’000	HK\$’000
Financial assets at amortised cost								
Trade receivables	19	P-1	N/A	Lifetime ECL (individual assessment)	3,198	15,094	5,229	5,864
		N/A	Low risk	Lifetime ECL (individual assessment)	750	2,238	2,964	2,648
					3,948	17,332	8,193	8,512
Other receivables and deposits	19	N/A	Low risk	12m ECL	30,095	46,264	53,914	63,804
Amounts due from related parties	20	N/A	Low risk	12m ECL	408,348	467,769	289,077	288,961
Bank balances	21	P-1	N/A	12m ECL	38,827	54,109	55,967	28,747
Other item								
Financial guarantee contracts	Note	N/A	Low risk	12m ECL	128,599	106,154	92,409	89,158

Note: For financial guarantee contracts, the gross carrying amount represents the maximum amount the Group has guaranteed under the respective contracts.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group’s operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings and bank overdrafts as a significant source of liquidity. As at 31 March 2023, 2024, 2025 and 30 June 2025, the Group has available unutilised overdraft and short-term loan facilities of HK\$82,175,000, HK\$112,161,000, HK\$185,309,000 and HK\$188,108,000, respectively.

The Group entered into supplier finance arrangement to ease access to credit for its suppliers. A substantial portion of the Group’s trade payables is subject to supplier finance arrangement with a few banks. This results in the Group having obligation of settlement concentrated in that party. The facility for borrowings under supplier finance arrangement is entered into for a period of 3 months. As at 31 March 2023, 2024 and 2025 and 30 June 2025, the Group has available unutilised facility for such supplier finance arrangements of HK\$244,685,000, HK\$235,292,000, HK\$224,694,000 and HK\$198,498,000, respectively. Details of the arrangements are set out in note 23.

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Details of the going concern assessment are set out in note 2.

The following table details the Group’s remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are variable rate, the undiscounted amount is derived based on management’s best estimates at the end of the reporting period, taking into consideration interest rate curve, if available.

Liquidity tables

	Weighted average effective interest rate	On demand or less than 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000
As at 31 March 2023								
Trade and other payables	—	87,555	—	—	—	—	87,555	87,555
Amounts due to related parties	—	50,223	—	—	—	—	50,223	50,223
Bank borrowings								
— fixed-rate	5.06	200,911	—	—	—	—	200,911	200,911
— variable-rate	3.96	479,517	—	—	—	—	479,517	479,517
Lease liabilities	4.10	11,006	18,200	74,356	95,465	6,148	205,175	194,299
Bank overdrafts	3.84	143,685	—	—	—	—	143,685	143,685
		<u>972,897</u>	<u>18,200</u>	<u>74,356</u>	<u>95,465</u>	<u>6,148</u>	<u>1,167,066</u>	<u>1,156,190</u>
Financial guarantee contracts	—	128,599	—	—	—	—	128,599	—

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	Weighted average effective interest rate %	On demand or less than 1 month HK\$'000	1 month to 3 months HK\$'000	3 months to 1 year HK\$'000	1 year to 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
As at 31 March 2024								
Trade and other payables	—	93,037	—	—	—	—	93,037	93,037
Amounts due to related parties	—	48,141	—	—	—	—	48,141	48,141
Bank borrowings								
— fixed-rate	5.95	239,698	—	—	—	—	239,698	239,698
— variable-rate	4.58	429,581	—	—	—	—	429,581	429,581
Lease liabilities	5.28	10,271	22,090	86,667	120,708	5,134	244,870	221,259
Bank overdrafts	5.45	123,699	—	—	—	—	123,699	123,699
		<u>944,427</u>	<u>22,090</u>	<u>86,667</u>	<u>120,708</u>	<u>5,134</u>	<u>1,179,026</u>	<u>1,155,415</u>
Financial guarantee contracts	—	<u>106,154</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>106,154</u>	<u>—</u>
As at 31 March 2025								
Trade and other payables	—	125,493	—	—	—	—	125,493	125,493
Amounts due to related parties	—	12,836	—	—	—	—	12,836	12,836
Bank borrowings								
— fixed-rate	5.48	291,011	—	—	—	—	291,011	291,011
— variable-rate	3.84	360,512	—	—	—	—	360,512	360,512
Lease liabilities	5.86	13,865	28,549	109,976	135,682	4,119	292,191	265,267
Bank overdrafts	4.26	105,049	—	—	—	—	105,049	105,049
		<u>908,766</u>	<u>28,549</u>	<u>109,976</u>	<u>135,682</u>	<u>4,119</u>	<u>1,187,092</u>	<u>1,160,168</u>
Financial guarantee contracts	—	<u>92,409</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>92,409</u>	<u>—</u>
As at 30 June 2025								
Trade and other payables	—	102,806	—	—	—	—	102,806	102,806
Amounts due to related parties	—	14,105	—	—	—	—	14,105	14,105
Bank borrowings								
— fixed-rate	3.04	297,934	—	—	—	—	297,934	297,934
— variable-rate	2.89	327,327	—	—	—	—	327,327	327,327
Lease liabilities	5.73	15,771	33,255	112,827	120,012	4,880	286,745	258,298
Bank overdrafts	2.26	120,922	—	—	—	—	120,922	120,922
		<u>878,865</u>	<u>33,255</u>	<u>112,827</u>	<u>120,012</u>	<u>4,880</u>	<u>1,149,839</u>	<u>1,121,392</u>
Financial guarantee contracts	—	<u>89,158</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>89,158</u>	<u>—</u>

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Bank loans with a repayment on demand clause are included in the “on demand or less than 1 month” time band in the above maturity analysis. Taking into account the Group’s financial position, the management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management of the Group believes that such bank loans will be repaid after the end of each of the reporting periods in accordance with the scheduled repayment dates set out in the loan agreements. Details are set out in the table below:

	Less than 1 year <i>HK\$’000</i>	1 year to 2 years <i>HK\$’000</i>	2 years to 5 years <i>HK\$’000</i>	Over 5 years <i>HK\$’000</i>	Total undiscounted cash flows <i>HK\$’000</i>	Carrying amount <i>HK\$’000</i>
As at 31 March 2023	437,499	49,791	107,275	193,582	788,147	680,428
As at 31 March 2024	464,544	53,490	90,838	103,590	712,462	669,279
As at 31 March 2025	472,666	46,068	79,820	84,490	683,044	651,523
As at 30 June 2025	<u>448,969</u>	<u>41,240</u>	<u>77,160</u>	<u>79,593</u>	<u>646,962</u>	<u>625,261</u>

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of each of the reporting periods, the management considers that it is more likely that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of each of the reporting periods.

(c) Fair value measurements of financial instruments

The directors of the Company consider that the Group’s carrying amounts of financial assets and financial liabilities recorded at amortized cost in the Historical Financial Information approximate to their fair values.

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33. NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group’s liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group’s combined statements of cash flows as cash flows from financing activities.

	Amounts due to related parties	Lease liabilities	Bank borrowings	Total
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
At 1 April 2022	137,500	157,645	598,180	893,325
Financing cash flows	2,140	(93,669)	(540,203)	(631,732)
Borrowings raised under supplier finance arrangement	—	—	601,765	601,765
New leases entered/leases modified	—	123,545	—	123,545
Interest expenses	—	6,778	20,686	27,464
Settlement of issue of shares (<i>note 34</i>)	(89,417)	—	—	(89,417)
At 31 March 2023	50,223	194,299	680,428	924,950
Financing cash flows	(2,082)	(131,572)	(972,216)	(1,105,870)
Borrowings raised under supplier finance arrangement	—	—	926,708	926,708
New leases entered/leases modified	—	146,610	—	146,610
Interest expenses	—	11,922	34,359	46,281
At 31 March 2024	48,141	221,259	669,279	938,679
Financing cash flows	(68,305)	(164,634)	(1,117,492)	(1,350,431)
Borrowings raised under supplier finance arrangement	—	—	1,070,663	1,070,663
New leases entered/leases modified	—	190,574	—	190,574
Interest expenses	—	18,068	29,073	47,141
Dividends declared	33,000	—	—	33,000
At 31 March 2025	12,836	265,267	651,523	929,626
Financing cash flows	1,269	(47,391)	(334,164)	(380,286)
Borrowings raised under supplier finance arrangement	—	—	302,481	302,481
New leases entered/leases modified	—	35,704	—	35,704
Interest expenses	—	4,718	5,421	10,139
At 30 June 2025	<u>14,105</u>	<u>258,298</u>	<u>625,261</u>	<u>897,664</u>
For the three months ended 30 June 2024 (unaudited)				
At 1 April 2024	48,141	221,259	669,279	938,679
Financing cash flows	(794)	(38,147)	(267,781)	(306,722)
Borrowings raised under supplier finance arrangement	—	—	228,555	228,555
New leases entered/leases modified	—	62,838	—	62,838
Interest expenses	—	4,168	7,520	11,688
At 30 June 2024	<u>47,347</u>	<u>250,118</u>	<u>637,573</u>	<u>935,038</u>

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(b) Information of supplier finance arrangements

	As at 31 March		As at 30 June	
	2023	2024	2025	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Carrying amount of the financial liabilities that are subject to supplier finance arrangements				
— Presented as part of “bank borrowings” (note 23)	200,911	237,009	287,111	293,580
— Of which suppliers have already received payment from the finance provider	200,911	237,009	287,111	293,580
	As at 31 March		As at 30 June	
	2023	2024	2025	2025
	Days	Days	Days	Days
Range of payment due dates				
For liabilities presented as part of “bank borrowings”:				
— Liabilities that are part of supplier finance arrangements	90 to 120	90 to 120	90 to 120	90 to 120
— Comparable trade payables that are not part of supplier finance arrangements	0 to 60	0 to 60	0 to 60	0 to 60

Changes in liabilities that are subject to supplier finance arrangements are primarily attributable to additions resulting from purchases of goods and subsequent cash settlements. During the years ended 31 March 2023, 2024 and 2025 and the three months ended 30 June 2024 and 2025, borrowings under supplier finance arrangement of HK\$601,765,000, HK\$926,708,000, HK\$1,070,663,000, HK\$228,555,000 (unaudited) and HK\$302,481,000, respectively, represent the payments to the suppliers by the relevant banks directly. There were no other material non-cash changes in these liabilities.

34. MAJOR NON-CASH TRANSACTIONS

During the Track Record Period, the Group entered into the following major non-cash transactions:

- During the years ended 31 March 2023, 2024 and 2025 and the three months ended 30 June 2024 and 2025, the Group entered into new lease agreements and modified existing lease agreements for the use of leased properties and recognized right-of-use assets of HK\$129,980,000, HK\$152,809,000, HK\$202,961,000, HK\$64,474,000 (unaudited) HK\$38,649,000, and lease liabilities of HK\$123,545,000, HK\$146,610,000, HK\$190,574,000 and HK\$62,838,000 (unaudited) and HK\$35,704,000 respectively on the lease commencement/modification.
- Dividends declared by Dragon Mind Creation Limited of HK\$13,000,000 during the year ended 31 March 2023 were charged to amounts due to related parties. Dividends declared by LFP, Top Harvest Pharmaceuticals Company Limited and Pearl Lake Global Limited of HK\$200,000,000, HK\$33,000,000 and HK\$22,000,000 respectively during the year ended 31 March 2025 were settled through amounts due from related parties as to HK\$222,000,000 and charged to amounts due to related parties as to HK\$33,000,000.
- During the year ended 31 March 2023, share capital issued by LFP of HK\$137,000,000 was settled through the amounts due from related parties as to HK\$47,583,000 and charged to amounts due to related parties as to HK\$89,417,000.

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35. RELATED PARTY DISCLOSURES

(a) Related party transactions

Other than as disclosed elsewhere in the Historical Financial Information, the Group has following transactions with related parties which are entities controlled by Mr. Tse:

	Year ended 31 March			Three months ended 30 June	
	2023	2024	2025	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Management fee income	1,974	1,974	1,974	495	495
Interest income	13,287	13,441	14,707	3,309	2,117
Building management expenses	<u>1,110</u>	<u>1,360</u>	<u>1,818</u>	<u>363</u>	<u>554</u>

- (b) The Group entered into lease agreements with related parties (which are entities controlled by Mr. Tse) for the use of office premises, warehouses and retail stores. The lease terms range from 0.5 to 5 years, from 1.5 to 5 years, from 2 to 5 years, 2 to 5 years (unaudited) and from 2 to 5 years for the years ended 31 March 2023, 2024 and 2025 and the three months ended 30 June 2024 and 2025 respectively. The related lease liabilities as at 31 March 2023, 2024 and 2025 and 30 June 2025 amounted to HK\$14,204,000, HK\$6,143,000, HK\$11,317,000 and HK\$21,882,000, respectively.

Further information about the Group’s leases with related parties for the years ended 31 March 2023, 2024 and 2025 and the three months ended 30 June 2025 is as follows:

	Year ended 31 March			Three months ended 30 June	
	2023	2024	2025	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Adjustments to right-of-use assets and lease liabilities upon lease modification	25,601	3,815	22,710	6,421	16,875
Interest expenses on lease liabilities	550	492	540	150	381
Lease payments	<u>13,331</u>	<u>12,368</u>	<u>14,696</u>	<u>3,148</u>	<u>5,708</u>

(c) Related party balances

Details of the Group’s balances with related parties are set out in the combined statements of financial position and note 20.

- (d) As disclosed in note 23, Mr. Tse and Mrs. Tse provided personal guarantees to an unlimited extent to banks for bank facilities granted to the Group for the years ended 31 March 2023, 2024 and 2025 and the three months ended 30 June 2025.
- (e) As disclosed in note 23, related parties which are entities controlled by Mr. Tse provided corporate guarantees to banks to an unlimited extent for bank facilities granted to the Group for the three years ended 31 March 2023, 2024 and 2025 and the three months ended 30 June 2025.
- (f) As disclosed in note 23, bank borrowings of HK\$556,411,000, HK\$557,704,000, HK\$556,564,000 and HK\$534,422,000 as at 31 March 2023, 2024, 2025 and 30 June 2025 are secured by pledge of properties held by related parties which are entities controlled by Mr. Tse.

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(g) The Group provided a corporate guarantee to an unlimited extent to a bank for banking facilities granted to a related party. As at 31 March 2023, 2024 and 2025 and 30 June 2025, bank facilities utilised by the related party amounted to HK\$128,599,000, HK\$106,154,000, HK\$92,409,000 and HK\$89,158,000 respectively.

(h) **Compensation of key management personnel**

The remuneration of directors and other members of key management during the Track Record Period was as follows:

	Year ended 31 March			Three months ended 30 June	
	2023 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000 (Unaudited)	2025 HK\$'000
Short-term employee benefits	4,697	5,502	5,957	1,338	1,248
Post-employment benefits	<u>119</u>	<u>123</u>	<u>126</u>	<u>32</u>	<u>32</u>
	<u>4,816</u>	<u>5,625</u>	<u>6,083</u>	<u>1,370</u>	<u>1,280</u>

36. 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
	2023 HK\$'000	2024 HK\$'000	2025 HK\$'000	30 June 2025 HK\$'000
Investment properties	256,500	239,730	187,920	150,960
Property, plant and equipment	<u>—</u>	<u>2,789</u>	<u>4,432</u>	<u>32,406</u>
	<u>256,500</u>	<u>242,519</u>	<u>192,352</u>	<u>183,366</u>

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37. PARTICULAR OF SUBSIDIARIES

During the Track Record Period and as at the date of this report, the Company has direct and indirect shareholding/equity interests in the following subsidiaries:

Name of subsidiary	Place the date of incorporation/ establishment	Issued and fully paid capital/ registered capital	Shareholding/equity interests attributable to the Group			As at 30 June 2025	As at date of this report	Principal activities	Notes
			As at 31 March 2023	2024	2025				
Directly held									
LF Retail Holding Limited	BVI 9 October 2025	US\$1	N/A	N/A	N/A	N/A	100%	Investment holding	(a)
TH Wholesale Holding Limited	BVI 9 October 2025	US\$1	N/A	N/A	N/A	N/A	100%	Investment holding	(a)
PL Beautie Limited	BVI 9 October 2025	US\$1	N/A	N/A	N/A	N/A	100%	Investment holding	(a)
LF Consultancy Limited	BVI 9 October 2025	US\$1	N/A	N/A	N/A	N/A	100%	Investment holding	(a)
Indirectly held									
Able Harvest Asia Investment Limited*	Hong Kong 7 March 2013	HK\$1	100%	100%	100%	100%	100%	Operation of retail stores	(d)
Access Holdings Limited*	Hong Kong 10 January 2025	HK\$1	N/A	N/A	100%	100%	100%	Operation of retail stores	(d)
Allied Way International Investment Limited*	Hong Kong 17 June 2016	HK\$100	N/A	N/A	100%	100%	100%	Operation of retail stores	(d)
Best Harvest Enterprises Limited*	Hong Kong 13 January 2009	HK\$100	100%	100%	100%	100%	100%	Operation of retail stores	(d)
China Smart Capital Investment Limited*	Hong Kong 1 November 2016	HK\$10,000	100%	100%	100%	100%	100%	Operation of retail stores	(d)
Dai Ching Holdings Company Limited [#]	Hong Kong 10 June 2009	HK\$100	100%	100%	100%	100%	100%	Wholesale	(d)
Dragon Mind Creation Limited	Hong Kong 3 August 2015	HK\$100	100%	100%	100%	100%	100%	Advertising and promotion agency	(c)
Fancy Mind Corporation Limited	Hong Kong 4 January 2019	HK\$1	100%	100%	100%	100%	100%	Inactive	(d)
Forever Rising Worldwide Limited*	Hong Kong 30 October 2009	HK\$1,000	100%	100%	100%	100%	100%	Operation of retail stores	(d)
Full Honest Asia Limited*	Hong Kong 18 January 2018	HK\$1	100%	100%	100%	100%	100%	Operation of retail stores	(d)
Full Well International Enterprise Limited*	Hong Kong 18 October 2019	HK\$1	100%	100%	100%	100%	100%	Operation of retail stores	(d)
Gain Ocean International Limited*	Hong Kong 23 July 2009	HK\$100	100%	100%	100%	100%	100%	Operation of retail stores	(d)
Golden Period Management Limited*	Hong Kong 28 June 2023	HK\$1	100%	100%	100%	100%	100%	Operation of retail stores	(d)
Grand Harvest Worldwide Limited	Hong Kong 3 November 2010	HK\$100	N/A	100%	100%	100%	100%	Lease management	(d)

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Name of subsidiary	Place the date of incorporation/ establishment	Issued and fully paid capital/ registered capital	Shareholding/equity interests attributable to the Group			As at 30 June 2025	As at date of this report	Principal activities	Notes
			As at 31 March						
			2023	2024	2025				
Great Dragon Industrial Limited*	Hong Kong 17 January 2013	HK\$1	100%	100%	100%	100%	100%	Operation of retail stores	(d)
Great Harvest Asia Investment Limited*	Hong Kong 23 May 2018	HK\$1	100%	100%	100%	100%	100%	Operation of retail stores	(d)
Great Harvest Enterprise Limited*	Hong Kong 5 June 2006	HK\$1	100%	100%	100%	100%	100%	Operation of retail stores	(d)
Harvest Concept International Limited*	Hong Kong 15 October 2024	HK\$1	N/A	N/A	100%	100%	100%	Operation of retail stores	(d)
Harvest Smart Holdings Limited	Hong Kong 12 January 2018	HK\$1	100%	100%	100%	100%	100%	Property holding	(b)
Huge Harvest Trading Limited [#]	Hong Kong 16 November 2006	HK\$100	100%	100%	100%	100%	100%	Wholesale	(b)
Kidbrooke Group Limited	Samoa 16 September 1997	US\$1	100%	100%	100%	100%	100%	Property holding	(a)
Leader Harvest Asia Pacific Limited	Hong Kong 15 November 2018	(Note e)	60%	N/A	N/A	N/A	N/A	N/A	(e)
Lucky Talent Corporation Limited [#]	Hong Kong 13 October 2016	HK\$1	100%	100%	100%	100%	100%	Wholesale	(d)
Lung Fung Dispensary (3rd Store) Limited*	Hong Kong 15 October 2007	HK\$100	100%	100%	100%	100%	100%	Operation of retail stores	(d)
Lung Fung Dispensary (Main Store) Limited*	Hong Kong 2 June 2004	HK\$100	100%	100%	100%	100%	100%	Operation of retail stores	(d)
Lung Fung Investment (China) Limited	Hong Kong 3 August 2018	HK\$100	100%	100%	100%	100%	100%	Investment holding	(d)
Lung Fung Investment (Japan) Limited	Hong Kong 22 May 2018	HK\$100	100%	100%	100%	100%	100%	Overseas sourcing	(b)
Lung Fung Pharmaceutical (Group) Limited	Hong Kong 8 June 2007	(Note f)	100%	100%	100%	100%	100%	Retail, wholesale and investment holding	(c)
Man Fung Dispensary Limited*	Hong Kong 3 August 2011	HK\$100	100%	100%	100%	100%	100%	Operation of retail stores	(d)
Man Wah Dispensary Limited*	Hong Kong 7 June 2011	HK\$100	100%	100%	100%	100%	100%	Operation of retail stores	(d)
Master Grand Investment Limited*	Hong Kong 8 April 2025	HK\$1	N/A	N/A	N/A	100%	100%	Operation of retail stores	(d)
Max Dragon Capital Investment Limited*	Hong Kong 1 November 2016	HK\$10,000	100%	100%	100%	100%	100%	Operation of retail stores	(d)
Max Great Corporation Limited*	Hong Kong 31 August 2018	HK\$1	100%	100%	100%	100%	100%	Operation of retail stores	(d)
Pearl Lake (Hong Kong) Limited	Hong Kong 24 October 2016	HK\$1	100%	100%	100%	100%	100%	Private label business	(d)
Pearl Lake Global Limited	BVI 23 October 2019	US\$1	100%	100%	100%	100%	100%	Investment holding	(a)

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Name of subsidiary	Place the date of incorporation/ establishment	Issued and fully paid capital/ registered capital	Shareholding/equity interests attributable to the Group			As at 30 June 2025	As at date of this report	Principal activities	Notes
			As at 31 March 2023	2024	2025				
Rich More Investment Limited*	Hong Kong 12 July 2024	HK\$1	N/A	N/A	100%	100%	100%	Operation of retail stores	(d)
Rich Stand Limited*	Hong Kong 10 May 2024	HK\$1	N/A	N/A	100%	100%	100%	Operation of retail stores	(d)
Robust Harvest Asia Limited*	Hong Kong 17 April 2008	HK\$100	100%	100%	100%	100%	100%	Operation of retail stores	(d)
San Fung Health Limited	Hong Kong 30 April 2005	HK\$1	100%	100%	100%	100%	100%	Inactive	(d)
Success Power Industrial Limited*	Hong Kong 2 January 2018	HK\$1	100%	100%	100%	100%	100%	Operation of retail stores	(d)
Tai Fung Medicine Company Limited*	Hong Kong 4 June 2010	HK\$100	100%	100%	100%	100%	100%	Operation of retail stores	(d)
Tai Tak Pharmacy Limited*	Hong Kong 16 October 2009	HK\$100	100%	100%	100%	100%	100%	Operation of retail stores	(d)
Tak Fung International Trading Development (Guangzhou) Co., Limited 德豐國際貿易發展(廣州)有限公司	PRC 12 March 2021	RMB6,400,000	100%	100%	100%	100%	100%	Wholesale	(d)
Top Harvest Pharmaceuticals Company Limited [#]	Hong Kong 26 April 2002	HK\$100	100%	100%	100%	100%	100%	Wholesale	(c)
True Harvest Dispensary Company Limited*	Hong Kong 12 August 2010	HK\$100	100%	100%	100%	100%	100%	Operation of retail stores	(d)
Well Harvest (China) Limited*	Hong Kong 1 September 2015	HK\$100	100%	100%	100%	100%	100%	Operation of retail stores	(d)

* For the purpose of the Reorganization as set out in note 2, these entities are collectively referred to as the “Retail Companies”

For the purpose of the Reorganization as set out in note 2, these entities are collectively referred to as the “Wholesale Companies”

All entities now comprising the Group are limited liability companies. Other than Tak Fung International Trading Development (Guangzhou) Co., Limited which was established in the PRC and has a financial year end date of 31 December, all other entities now comprising the Group have adopted 31 March as their financial year end date.

Notes:

- (a) No audited financial statements for these companies have been prepared since their respective dates of incorporation as they are incorporated in the jurisdiction where there are no statutory audit requirements.
- (b) The statutory financial statements for these entities for the year ended 31 March 2023 was prepared in accordance with HKFRS Accounting Standards for Private Entities as issued by the HKICPA and were audited by World Link CPA Limited, Certified Public Accountants registered in Hong Kong. No statutory audited financial statements have been prepared for each of the years ended 31 March 2024 [and 2025].
- (c) The statutory financial statements for these entities for each of the years ended 31 March 2023 and 2024 were prepared in accordance with HKFRS Accounting Standards for Private Entities as issued by the HKICPA and were audited by World Link CPA Limited, Certified Public Accountants registered in Hong Kong. [No statutory audited financial statements have been prepared for the year ended 31 March 2025.]

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- (d) No statutory audited financial statements have been prepared for these entities for each of years ended 31 March 2023, 2024 [and 2025].
- (e) The issued share capital of Leader Harvest Asia Pacific Limited as at 31 March 2023 amounted to HK\$100. Leader Harvest Asia Pacific Limited was deregistered on 8 September 2023.
- (f) The issued and fully paid-up share capital of LFP as at 31 March 2023, 2024 and 2025 and 30 June 2025 amounted to HK\$137,000,000. [As disclosed in note 2, as part of the Reorganization, LFP issued and allotted 100,000 new shares to LF Retail Holding Limited at a total consideration of HK\$10; and 1,000 existing shares amounting to HK\$137,000,000 were cancelled and repaid through the offsetting of HK\$137,000,000 due from an entity indirectly wholly-owned by Mr. Tse. Accordingly, the share capital of LFP as at the date of this report amounted to HK\$10.]

38. SUBSEQUENT EVENTS

Saved as disclosed in the report, subsequent to the end of the Track Record Period, the following significant events took place:

- On [●], the Reorganization as detailed in the section headed “History, Reorganization and Corporate Structure” in the Document was duly completed.

39. SUBSEQUENT FINANCIAL STATEMENTS

[No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to the end of the Track Record Period.]