FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our combined financial statements, included in the Accountants' Report in Appendix I to this Document, together with the respective accompanying notes. Our combined financial information has been prepared in accordance with HKFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this Document, including "Forward-looking Statements", "Risk Factors", "Business" and elsewhere therein.

OVERVIEW

Our Group is principally engaged in the development, sales, marketing and distribution of health and beauty supplements and products mainly in Hong Kong. We outsource the production of our products to our suppliers including manufacturers and distribute our products under our own and third-party brands primarily through the physical retail stores and online store of Mannings in Hong Kong. As at the Latest Practicable Date, our product portfolio consists of (i) 44 health supplements and products and 8 beauty supplements and products under our own brands; and (ii) 4 health supplements and products and 20 beauty supplements and products under third-party brands. Our own brands include (i) "Herb Standard (正品)"; (ii) "Tourmaline (炎痛消)"; (iii) "Organicpharm"; (iv) "Nihondou (日藥堂)"; (v) "Revive (維再生)"; and (vi) "Profix", and our third-party brands include, among others, (a) "iPro+" and (b) "Boiron". According to Frost & Sullivan, our Group, in terms of retail sales value of health and beauty supplements and products, shared a market share of approximately 1.6%, among all international and local health and beauty supplements and products providers in Hong Kong in 2024.

We have experienced remarkable growth during the three years ended 31 March 2025. Our revenue increased by approximately 153.8% from approximately HK$43.2 million for FY2023 to approximately HK$109.6 million for FY2024, and further increased by approximately 18.8% to approximately HK$130.2 million for FY2025. Our revenue decreased slightly by approximately 1.0% from approximately HK$53.0 million for 6M2025 to approximately HK$52.4 million for 6M2026. Our profit for the year increased by approximately 213.6% from approximately HK$11.3 million for FY2023 to approximately HK$35.5 million for FY2024, and further increased by approximately 2.2% to approximately HK$36.3 million for FY2025. Our profit for the period decreased by approximately 92.1% from approximately HK$12.0 million for 6M2025 to approximately HK$0.9 million for 6M2026, mainly due to the **[REDACTED]** expenses incurred for the period.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA, which collective term includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA. We have consistently adopted all those new/revised HKFRS Accounting Standards that are relevant to our operations and are effective during the Track Record Period. The adoption of those new/revised HKFRS Accounting Standards does not have any significant impact on our historical financial information. We do not anticipate that the adoption of the new or revised HKFRS Accounting Standards in future periods will have any material impact on our Group's combined financial information.

In preparation for the **[REDACTED]**, we underwent the Reorganisation, details of which are set out in the section headed "History, Reorganisation and Corporate Structure" in this Document. As part of the Reorganisation, our Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Act on 18 February 2025 and became the holding company of the companies now comprising our Group upon completion of the Reorganisation for the purpose of **[REDACTED]** with other business conducted through our operating subsidiaries in Hong Kong on 27 February 2025. As the Reorganisation did not result in any change in the ultimate control of and the resources employed by our Group's business, our Group is regarded as a continuing entity and, therefore, the Reorganisation is considered to be a restructuring of entities and business under common control unless otherwise stated.

Accordingly, our historical financial information has been prepared on a combined basis under merger accounting principles, which presents the combined financial position, combined financial performance, combined changes in equity and combined cash flows of the entities now comprising our Group as if the current structure of our Group, except for the acquisition of Herb Standard HK prior to the Track Record Period, had always been in existence throughout the Track Record Period or since their respective dates of incorporation or establishment, where applicable.

Our historical financial information has been prepared under the historical cost basis, except for the financial assets at fair value through profit or loss which are measured at fair value. The preparation of our historical financial information in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates and judgements. It also requires management to exercise its judgement in the process of applying our accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to our historical financial information are disclosed in Note 3 to the Accountants' Report included in Appendix I to this Document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, financial conditions and results of operations have been, and are expected to continue to be, materially affected by a number of factors, including the following:

Our ability to widely distribute our products based on our marketing and promotional strategy

Our Group's results of operations are directly affected by our sales, which in turn are mainly driven by, among others, market demand and our ability to widely distribute our products. We expect our future results of operations will continue to depend significantly on our ability to increase product sales based on our comprehensive marketing and promotional strategy, which involves a wide range of marketing initiatives. We aim not only to drive sales but also to build the desired brand identities and images through our marketing initiatives. We have established a dedicated marketing team tasked with activities such as market research, strategic planning, and the promotion of our brands and products over the years. Our Group places advertisements in various forms, including television, printed publications and digital channels. We have also engaged entertainers (such as actors and singers), KOLs and medical professionals. In addition, our Group usually participates in the large-scale promotional activities of Mannings. We had 49 sales promoters as at the Latest Practicable Date, who were our employees, stationed at 48 retail stores of Mannings in Hong Kong to promote our products and to receive instant feedback from end-customers. We had also set up 16 GEDs in selected stores of Mannings in Hong Kong to sell and promote our products.

During the three years ended 31 March 2025 and six months ended 30 September 2024 and 2025, our advertising and promotion expenses amounted to approximately HK$6.8 million, HK$11.2 million, HK$13.5 million, HK$7.6 million and HK$6.6 million, respectively, and our sales commission paid to our sales promoters amounted to approximately HK$4.1 million, HK$13.2 million, HK$15.1 million, HK$6.9 million and HK$7.5 million, respectively. We plan to continue and enhance our existing advertising and sales promotional initiatives, and hence it is expected that our advertising and promotion expenses and sales commission paid to our sales promoters will continue to rise in the future, which in turn will increase our selling and distribution expenses. As demand for our products may be impacted by the success of our marketing and promotional initiatives, if we are unable to increase our sales through marketing efforts, our Group's financial conditions and results of operations may be materially and adversely affected.

Relationship with Dairy Farm

During the Track Record Period and up to the Latest Practicable Date, the majority of our products are sold and distributed through the retail stores of Mannings and online channels of Mannings for onward sale of our products to the general public customers. Our Group has established a long-term and stable business relationship with Dairy Farm for about 12 years since

2013. According to Frost & Sullivan, Mannings is the largest chain retailer of health and beauty products in Hong Kong, with 306 stores in Hong Kong and 20 stores in Macau as at February 2026, accounting for a market share of approximately 34.4% in terms of the total retail sales value of health and beauty supplements and products in Hong Kong in 2024. Leveraging on the extensive retail network of Dairy Farm, we are able to effectively enhance our product visibility in Hong Kong among different consumer groups as well as tourists from the PRC and overseas who are looking to buy health and beauty supplements and products from reputable chain retailers in all districts in Hong Kong.

During the Track Record Period, Dairy Farm was our largest customer. We generated revenue of approximately HK$38.5 million, HK$84.0 million, HK$97.1 million and HK$48.2 million through products sold to Dairy Farm, representing approximately 89.1%, 76.7%, 74.5% and 91.9% of our total revenue for the Track Record Period, respectively. Dairy Farm is expected to be our largest customer in the future and our Group's business, financial conditions and results of operations will be significantly affected by our relationship with Dairy Farm.

Demand and preference of end-customers and our product mix

Our Directors consider that the demand for personalised and natural health supplements in Hong Kong is increasing. In particular, Hong Kong consumers are gravitating toward customised nutrition solutions that are tailored to factors like age, gender, or lifestyle, with a growing preference for natural and organic options, such as algae-based omega-3s. Advances in technology are enabling customised supplement formulations, and the growth of e-commerce is providing easier access to a wide variety of products. Furthermore, the integration of traditional Chinese medicine with modern health trends reflects cultural shifts that enhance this market. Overall, these trends indicate a strong future for personalised and natural health supplements and products as consumers prioritise health and wellness.

We have been proactively developing our product portfolio by offering a wide range of products, covering the needs of children, adults and the elderly, since the establishment of our Group in 2011. As at the Latest Practicable Date, our product portfolio consists of (i) 44 health supplements and products and 8 beauty supplements and products under our six own brands; and (ii) 4 health supplements and products and 20 beauty supplements and products under six third-party brands. For further details, please refer to "Business – Our Brands and Products" in this Document.

Changes in our product mix are driven by various factors, including market trend, end-customers' preference and our ability to develop and introduce new products. Our Directors believe that our future results of operations and financial conditions depend to a significant extent on our ability to develop or acquire new products that respond to changes in consumer trends and preferences and our ability to diversify our product mix.

Pricing of our products and costs of finished goods and packaging materials

Our Directors believe that a critical differentiator of our business is our ability to provide to our customers products at prices that are appealing to them, which is pivotal to the success of our business. We may face various challenges in maintaining the current selling prices as a result of the rapid increase in costs of finished goods and packaging materials for our products. In particular, we may be unable to respond to the increase in the prices for finished goods and packaging materials, and unable to pass on such price increases to our end-customers due to competitive conditions or other reasons, which will ultimately influence our profitability. Even if we are able to adjust the selling prices of our products, our profit margin may be lower than our anticipation.

Any significant increase in the selling prices of our products may also cause our sales volume to decline, and more importantly, undermine our own brand positioning and image, making us less attractive to our customers and less competitive in the market, which would adversely affect our financial conditions and results of operations.

MATERIAL ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgements relating to accounting items. The estimates and assumptions we use and the judgements we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgements based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Set forth below are discussions of the material accounting policies, estimates, assumptions and judgements that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgements used in the preparation of our financial statements. Other material accounting policies, estimates, assumptions and judgements, which are important for understanding our financial position and results of operations, are set forth in details in Note 3 to the Accountants' Report in Appendix I to this Document.

Material accounting policies

Revenue recognition

Our Group generates revenue through the following goods and services provided:

(i) sales of health and beauty supplements and products;

(ii) sales promotion service; and

(iii) management and packaging service.

Revenue is recognised when (or as) our Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

Revenue from sales of health and beauty supplements and products are recognised at a point in time at which our customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers and the title is passed.

Revenue from sales promotion service is derived from the service fee based on a percentage of our customer's sales, and the performance obligation is not satisfied until our customer's sales occur. Accordingly, revenue from sales promotion service is recognised at a point in time, generally when our customer's sales occur.

Revenue from management and packaging service is recognised over time when services are rendered.

For revenue recognised over time under HKFRS 15, provided the outcome of the performance obligation can be reasonably measured, our Group applies the output method (i.e. based on the direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract) to measure the progress towards complete satisfaction of the performance obligation because the method provides a faithful depiction of our Group's performance and reliable information is available to our Group to apply the method. Otherwise, revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

There are no transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) at the end of each reporting period.

Our Group grants certain customers with the right to return the products with defective or counterfeit, or for reasons such as a misrepresentation or misleading product description, or within the predetermined period for unconditional return. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, our Group recognises a right to returned goods asset and a corresponding adjustment to cost of sales in respect of the right to recover the product when customers exercise their right of return. With reference to its historical experience and its expectation of future returns as adjusted for current relevant information, our Group estimates the number of returns using the most-likely-amount method and assesses whether the estimated variable consideration is constrained. Any significant estimation variances will be analysed and taken into consideration in the current estimation and assessment. Typically, the estimated consideration is not constrained.

During the Track Record Period, our Group estimated and adjusted the refund liabilities to revenue from time to time and there were no significant products return from customers which is subject to refund liabilities at the end of each reporting period.

Our Group's goods return during the Track Record Period were derived from Dairy Farm and consist of (i) return products under normal circumstances including expiry or damaged packaging or product defects; (ii) unsold products after promotional campaigns; and (iii) return products under specific circumstances, including (a) product recall; (b) product upgrade for a new product; and (c) change of product packaging.

For details of product return, please also refer to the section headed "Business – Our Business Model – Goods returns by Dairy Farm and provision policy".

Our Group gives rebates to a selected customer. Our Group estimates the target rebates using the expected-value method and assesses whether the estimated variable consideration is constrained with reference to the customer's historical rebates entitlement and accumulated purchase to date. Any significant estimation variances will be analysed and taken into consideration in the current estimation and assessment. Typically, the estimated consideration is not constrained.

Revenue from other sources

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first in first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Leases

Our Group assesses whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Our Group as lessee

Our Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Our Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

Our Group accounts for each lease component within a lease contract as a lease separately. Our Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and, where applicable, the aggregate stand-alone price of the non-lease components.

Amounts payable by our Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

Our Group recognises a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost and the lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

Financial instruments

Financial assets

Financial assets are recognised when and only when our Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) our Group's contractual rights to future cash flows from the financial asset expire; or (ii) our Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset; or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If our Group retains substantially all the risks and rewards of ownership of a transferred financial asset, our Group continues to recognise the financial asset.

If our Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, our Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

Financial assets (except for trade and other receivables without a significant financing component which are initially measured at their transaction price) are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial assets. Such trade and other receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income ("**FVOCI**"); (iii) equity investment measured at FVOCI; or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on our Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless our Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first interim reporting period following the change in the business model.

Our Group's financial assets at amortised cost include trade and other receivables and cash and bank balances.

Our Group's financial assets mandatorily measured at FVPL include the unlisted investments – key management insurance contract.

Financial liabilities

Financial liabilities are recognised when and only when our Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are direct attributable to the issue of the financial liabilities.

Our Group's financial liabilities include trade and other payables and interest-bearing borrowings. All financial liabilities, except for financial liabilities at FVPL, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period.

Intangible assets with indefinite useful lives are not amortised and are tested for impairment annually either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is reviewed at the end of each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from being indefinite to finite is accounted for on a prospective basis.

Distribution network

Distribution network acquired in business combination in prior years was recognised at fair value at the acquisition date. Distribution network with indefinite useful live is stated at cost less accumulated impairment losses (if any).

Research and development costs

Research costs are expensed as incurred. Costs incurred on development activities, which involve the application of research findings to a plan or design for the production of new or substantially improved products and processes, are capitalised if the product or process is technically and commercially feasible and our Group has sufficient resources to complete the development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in profit or loss as an expense as incurred. When the asset is available for use, the capitalised development costs are amortised on a straight-line basis over their estimated useful lives.

For details of other significant accounting policies, please refer to Note 3 to the Accountants' Report in Appendix I to this Document.

Material accounting judgements and estimates

Impairment of intangible assets with indefinite useful lives and goodwill

Our Group determines whether intangible assets with indefinite useful lives and goodwill are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the intangible assets with indefinite useful lives and goodwill are allocated. Estimating the value in use requires our Group to make an estimate of the expected cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Loss allowance for expected credit losses ("ECL")

The management of our Group estimates the loss allowances for trade and other receivables by using various inputs and assumptions including risk of a default and expected loss rates. The estimation involves high degree of uncertainty which is based on our Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables.

SUMMARY OF COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth a summary of our combined statements of profit or loss and other comprehensive income for the years/periods indicated, extracted from the Accountants' Report in Appendix I to this Document:

	FY2023	FY2024	FY2025	6M2025	6M2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Revenue	43,193	109,618	130,215	52,990	52,442
Cost of goods sold	(7,952)	(23,432)	(32,528)	(13,246)	(12,251)
Gross profit	35,241	86,186	97,687	39,744	40,191
Other income	863	208	83	57	38
Selling and distribution expenses	(14,912)	(30,630)	(36,435)	(17,901)	(18,859)
Administrative and other operating expenses	(6,859)	(10,201)	(15,389)	(6,435)	(7,708)
Finance costs	(1,124)	(2,543)	(2,397)	(1,327)	(899)
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Profit before tax	13,209	43,020	43,463	14,138	2,898
Income tax expenses	(1,896)	(7,537)	(7,206)	(2,188)	(1,954)
Profit and total comprehensive income for the year/period	11,313	35,483	36,257	11,950	944

Non-HKFRS Measures

In order to supplement our combined statements of profit or loss, which are presented in accordance with HKFRS Accounting Standards, we also use adjusted profit (Non-HKFRS measure), which is not required by, or presented in accordance with HKFRS Accounting Standards. We believe this Non-HKFRS measure helps identify underlying trends in our business and therefore provide useful information to potential **[REDACTED]** in understanding and evaluating our results of operations by eliminating potential impacts of such items. We also believe that this Non-HKFRS measure provides useful information about our operating results and enhances the overall understanding of our past performance, future prospects and key metrics used by our management in its financial and operational decision-making.

We define adjusted profit (Non-HKFRS measure), as profit for the year adjusted by **[REDACTED]** expenses relating to the **[REDACTED]**. The use of adjusted profit (Non-HKFRS measure) has certain limitations as an analytical tool. When assessing our operating and financial performance, you should not consider adjusted profit (Non-HKFRS measure) in isolation from, or as a substitute for or superior to analysis of, our results of operations or financial condition as reported under HKFRS Accounting Standards. In addition, the Non-HKFRS measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

The following table sets forth a reconciliation of our Group's net profits during the Track Record Period to our adjusted profit (Non-HKFRS measure) during the Track Record Period:

	FY2023 *HK$'000*	**FY2024** *HK$'000*	**FY2025** *HK$'000*	**6M2026** *HK$'000*
Profit for the year/period	11,313	35,483	36,257	944
Adding back:				
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Less: one-off governments grants	(820)	(100)	–	–
Adjusted profit for the year/period (Non-HKFRS measure)	10,493	35,383	36,343	10,809

DESCRIPTION OF SELECTED ITEMS IN THE COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

During the Track Record Period, our revenue was mainly derived from the sales of health and beauty supplements and products under our own and third-party brands. During the Track Record Period, our total revenue increased by approximately 153.8% from approximately HK$43.2 million for FY2023 to approximately HK$109.6 million for FY2024, and further increased by approximately 18.8% to approximately HK$130.2 million for FY2025. Our revenue slightly decreased by approximately HK$0.6 million from approximately HK$53.0 million for 6M2025 to approximately HK$52.4 million for 6M2026. During the Track Record Period, nearly all of our revenue was derived from our sales in Hong Kong. In addition to the sales of health and beauty supplements and products, we also generated revenue through the provision of sales promotion service to owners or owner group of third-party brands and the provision of management and packaging service.

Revenue by business segments

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

	FY2023		FY2024		FY2025		6M2025		6M2026	
	Revenue *HK$'000*	% of total revenue *%*	Revenue *HK$'000*	% of total revenue *%*	Revenue *HK$'000*	% of total revenue *%*	Revenue *HK$'000* *(unaudited)*	% of total revenue *%*	Revenue *HK$'000*	% of total revenue *%*
Sales of health and beauty supplements and products	42,669	98.8	108,318	98.8	127,942	98.2	51,836	97.8	51,502	98.2
– Health supplements and products	35,370	81.9	85,299	77.8	93,289	71.6	38,101	71.9	40,287	76.8
– Beauty supplements and products	7,299	16.9	23,019	21.0	34,653	26.6	13,735	25.9	11,215	21.4
Sales promotion service	324	0.7	820	0.8	1,283	1.0	684	1.3	445	0.9
Management and packaging service	200	0.5	480	0.4	990	0.8	470	0.9	495	0.9
Total	43,193	100.0	109,618	100.0	130,215	100.0	52,990	100.0	52,442	100.0

During the Track Record Period, our revenue from sales of health and beauty supplements and products mainly included (i) our sales of health supplements and products, such as our best-selling deer-related health supplements under our own brand "Herb Standard (正品)"; and (ii) beauty supplements and products under our own brands and certain third-party brands. These products are principally sold through the retail stores of Mannings.

During the Track Record period, we also generated revenue from the provision of (i) sales promotion service to owners or owner group of third-party brands; and (ii) management and packaging service.

Revenue by sales channels

The majority of our products are sold and distributed through the retail stores of Mannings and on online channels of Mannings for onward sale of our products to the general public customers and we have a hybrid sales network combining retail business and wholesale business. The following table sets out a breakdown of our revenue by sales channels during the Track Record Period:

	FY2023		FY2024		FY2025		6M2025		6M2026	
	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (*unaudited*)	*%*	*HK$'000*	*%*
Wholesale business[1]	38,761	89.7	101,979	93.0	115,685	88.8	50,787	95.8	50,414	96.2
– Sales to Dairy Farm	38,493	89.1	84,044	76.7	97,071	74.5	49,680	93.7	48,170	91.9
– Sales to other wholesale customers	268	0.6	17,935	16.3	18,614	14.3	1,107	2.1	2,244	4.3
Retail business	3,908	9.1	6,339	5.8	12,257	9.4	1,049	2.0	1,088	2.0
– Offline retail sales	3,035	7.1	4,684	4.3	7,524	5.8	211	0.4	229	0.4
– Online retail sales	873	2.0	1,655	1.5	4,733	3.6	838	1.6	859	1.6
Others[2]	524	1.2	1,300	1.2	2,273	1.8	1,154	2.2	940	1.8
Total	43,193	100.0	109,618	100.0	130,215	100.0	52,990	100.0	52,442	100.0

Notes:

(1) Including the sales to Dairy Farm and other wholesale customers, which are defined as customers with purchase amounts over HK$10,000 per order.

(2) Represents revenue from sales promotion service and management and packaging service.

Revenue generated from wholesale business

In our wholesale business, we sell products mainly through the following channels: (i) sales to Mannings, the largest chain retailer of health and beauty products in Hong Kong; and (ii) sales to other wholesale customers, mainly including retailers, trading companies and parallel traders, which may further sell our products to other retailers for onward sale to end-customers. Such retailers may include, among others, health and beauty product chain or non-chain stores, drugstores/pharmacies, online shops, beauty salons, clinics and online platforms which distribute our products locally and internationally.

Our revenue generated from wholesale business amounted to approximately HK$38.8 million, HK$102.0 million, HK$115.7 million, HK$50.8 million and HK$50.4 million for the three years ended 31 March 2025 and the six months ended 30 September 2024 and 2025, respectively, accounting for approximately 89.7%, 93.0%, 88.8%, 95.8% and 96.2% of our total revenue, respectively. In particular, our revenue generated from the sales to Dairy Farm amounted to approximately HK$38.5 million, HK$84.0 million, HK$97.1 million and HK$48.2 million for the Track Record Period, respectively, accounting for approximately 89.1%, 76.7%, 74.5% and 91.9% of our total revenue, respectively.

Revenue generated from retail business

In our retail business, we sell products directly to end-customers through online and offline sales channels. Revenue generated from offline retail sales primarily represents our sales in exhibitions and trade fairs. Meanwhile, revenue generated from online retail sales are primarily generated through our own e-commerce platforms at our Company's websites, and our online stores on third-party e-commerce platforms, such as Tmall.hk (天貓國際) and Xiaohongshu (小紅書).

Our revenue generated from retail business amounted to approximately HK$3.9 million, HK$6.3 million, HK$12.3 million, HK$1.0 million and HK$1.1 million during the three years ended 31 March 2025 and the six months ended 30 September 2024 and 2025, respectively, accounting for approximately 9.1%, 5.8%, 9.4%, 2.0% and 2.0% of our total revenue, respectively.

Revenue generated from sales promotion service

During the Track Record Period, we provide sales promotion service to owners or owner group of third-party brands, under which our Group acts as their representative to assist them in selling and distributing their products in Hong Kong through our distribution channel including Dairy Farm in return for a commission based on the amount purchased by, or subsequent sales of, our distribution channel. During the three years ended 31 March 2025 and the six months ended 30 September 2024 and 2025, our revenue generated from sales promotion service amounted to approximately HK$324,000, HK$820,000, HK$1.3 million, HK$684,000 and HK$445,000, respectively, accounting for approximately 0.7%, 0.8%, 1.0%, 1.3% and 0.9% of our total revenue for each of the corresponding years/periods, respectively.

Revenue generated from management and packaging service

During the Track Record Period, our Group also generated revenue from the provision of management and packaging service to customers, under which (i) we provide value-added packaging solution services including packaging, storage and inventory management in accordance with the customers' requirements in return for a service fee; and (ii) we provide key account management and marketing service to third-party brand owners for a fixed management fee. During the three years ended 31 March 2025 and the six months ended 30 September 2024 and 2025, our revenue generated from management and packaging service amounted to approximately HK$200,000, HK$480,000, HK$990,000, HK$470,000 and HK$495,000, respectively, accounting for approximately 0.5%, 0.4%, 0.8%, 0.9% and 0.9% our total revenue for each of the corresponding years/periods, respectively.

Revenue by brands

We sell products under our own brands and third-party brands. The following table sets out a breakdown of our revenue by brands during the Track Record Period:

	FY2023		FY2024		FY2025		6M2025		6M2026	
	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000 (unaudited)*	*%*	*HK$'000*	*%*
Our own brands	42,669	98.8	107,266	97.9	113,617	87.2	46,946	88.6	47,074	89.7
– Health supplements and products	35,370	81.9	84,838	77.4	88,738	68.1	36,722	69.3	39,770	75.8
– Beauty supplements and products	7,299	16.9	22,428	20.5	24,879	19.1	10,224	19.3	7,304	13.9
Third-party brands	–	–	1,052	0.9	14,325	11.0	4,890	9.2	4,428	8.5
– Health supplements and products	–	–	461	0.4	4,551	3.5	1,379	2.6	517	1.0
– Beauty supplements and products	–	–	591	0.5	9,774	7.5	3,511	6.6	3,911	7.5
Others(1)	524	1.2	1,300	1.2	2,273	1.8	1,154	2.2	940	1.8
Total	43,193	100.0	109,618	100.0	130,215	100.0	52,990	100.0	52,442	100.0

Note:

(1) Represents revenue from sales promotion service and management and packaging service.

Revenue generated from our own brands

Since our establishment, we have been focusing on developing and fostering our own brands as our Directors believe that our brand image stems from our ongoing marketing endeavours and the continuous enhancement and expansion of our product portfolio. As at the

Latest Practicable Date, we carried a total of six own brands, namely (i) "Herb Standard（正品）"; (ii) "Tourmaline（炎痛消）"; (iii) "Organicpharm"; (iv) "Nihondou（日藥堂）"; (v) "Revive（維再生）"; and (vi) "Profix", covering the needs of children, adults and the elderly.

Our revenue generated from products under our own brands amounted to approximately HK$42.7 million, HK$107.3 million, HK$113.6 million, HK$46.9 million and HK$47.1 million during the three years ended 31 March 2025 and the six months ended 30 September 2024 and 2025, respectively, accounting for approximately 98.8%, 97.9%, 87.2%, 88.6% and 89.7% of our total revenue, respectively.

Revenue generated from third-party brands

In addition to our own-brand products, we sell and distribute third-party brands products from Supplier G and Supplier K, under which our Group purchases the relevant products from the brand owners directly and generate revenue through the sales and distribution of the products. The third-party brands products have further enriched our product portfolio to enable us to better meet the evolving needs of our end-customers.

Our revenue generated from products under third-party brands amounted to approximately nil, HK$1.1 million, HK$14.3 million, HK$4.9 million and HK$4.4 million during the three years ended 31 March 2025 and the six months ended 30 September 2024 and 2025, respectively, accounting for approximately nil, 0.9%, 11.0%, 9.2% and 8.5% of our total revenue.

Revenue by product categories and functions

The following table sets out a breakdown of our revenue by product categories and functions during the Track Record Period:

	FY2023		FY2024		FY2025		6M2025		6M2026	
	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* *(unaudited)*	*%*	*HK$'000*	*%*
Health supplements and products	**35,370**	**81.9**	**85,299**	**77.8**	**93,289**	**71.6**	**38,101**	**71.9**	**40,287**	**76.8**
– children's health	3,903	9.0	21,348	19.5	27,893	21.4	11,551	21.8	10,510	20.0
– joint and pain care	14,512	33.6	20,415	18.6	22,808	17.5	10,324	19.5	9,086	17.3
– respiratory system care	2,985	6.9	8,713	7.9	9,177	7.0	3,267	6.2	2,789	5.3
– anti-allergy	608	1.4	858	0.8	1,168	0.9	517	1.0	318	0.6
– men's health	3,627	8.4	4,942	4.5	4,504	3.5	2,014	3.8	2,197	4.2
– brain health	–	–	–	–	830	0.6	32	0.1	13	0.0
– insomnia and stress relief	1,134	2.6	1,823	1.7	2,964	2.3	1,320	2.5	990	1.9
– pain relief	3,177	7.4	5,566	5.1	6,008	4.6	2,310	4.3	2,127	4.1
– cardiovascular and liver care	2,527	5.9	9,353	8.5	9,884	7.6	3,667	6.9	6,274	12.0
– eye health	–	–	–	–	1,304	1.0	–	–	1,027	2.0
– probiotics	–	–	7,820	7.1	2,806	2.2	1,513	2.8	1,188	2.3
– yin-nourishing radiance	2,897	6.7	4,461	4.1	3,943	3.0	1,586	3.0	1,788	3.4
– women's health	–	–	–	–	–	–	–	–	493	0.9
– body weight and intestinal management	–	–	–	–	–	–	–	–	1,487	2.8
Beauty supplements and products	**7,299**	**16.9**	**23,019**	**21.0**	**34,653**	**26.6**	**13,735**	**25.9**	**11,215**	**21.4**
– anti-allergy	1,341	3.1	2,682	2.4	2,954	2.3	1,533	2.9	938	1.8
– women's health	–	–	12,803	11.7	18,898	14.5	7,319	13.8	4,522	8.6
– body weight and intestinal management	5,958	13.8	7,534	6.9	12,801	9.8	4,883	9.2	5,755	11.0
Subtotal	**42,669**	**98.8**	**108,318**	**98.8**	**127,942**	**98.2**	**51,836**	**97.8**	**51,502**	**98.2**
Others(1)	524	1.2	1,300	1.2	2,273	1.8	1,154	2.2	940	1.8
Total	**43,193**	**100.0**	**109,618**	**100.0**	**130,215**	**100.0**	**52,990**	**100.0**	**52,442**	**100.0**

Note:

(1) Represents revenue from sales promotion service and management and packaging service.

Revenue generated from health supplements and products

Our health supplements and products mainly comprise (i) nutritional and herbal supplements, which are orally consumed products typically in the form of pills, tablets, or liquids with an aim to supplement the diet and improve inner health/immune system, including heart, brain, liver, bones, eyes, promotion of sleep quality, etc.; and (ii) external analgesic products used for relieving muscle or joint pain.

Our revenue generated from health supplements and products amounted to approximately HK$35.4 million, HK$85.3 million, HK$93.3 million, HK$38.1 million and HK$40.3 million during the three years ended 31 March 2025 and the six months ended 30 September 2024 and 2025, respectively, accounting for approximately 81.9%, 77.8%, 71.6%, 71.9% and 76.8% of our total revenue, respectively.

The increase in our revenue generated from health supplements and products during the Track Record Period was mainly due to the increase in the market acceptance and recognition for our products related to children's health, joint and pain care, and cardiovascular and liver care, which represented our top three best-selling health supplements and products of FY2025 and 6M2026, contributing approximately 21.4%, 17.5% and 7.6%, and 20.0%, 17.3% and 12.0% of our total revenue for the three years ended 31 March 2025 and the six months ended 30 September 2024 and 2025, respectively.

Revenue generated from beauty supplements and products

Our beauty supplements and products mainly comprise (i) preparations which aim to improve body shape/outward appearance; and (ii) nutrients which aim to improve skin conditions, such as collagen, antiradicals and coenzymes of which the main functions include skin whitening, anti-oxidation, anti-ageing and anti-wrinkle.

Our revenue generated from beauty supplements and products amounted to approximately HK$7.3 million, HK$23.0 million, HK$34.7 million, HK$13.7 million and HK$11.2 million during the three years ended 31 March 2025 and the six months ended 30 September 2024 and 2025, respectively, accounting for approximately 16.9%, 21.0%, 26.6%, 25.9% and 21.4% of our total revenue, respectively.

The increase in our revenue generated from our beauty supplements and products during the three years ended 31 March 2025 was mainly due to (i) the increase in revenue generated from "Revive NMN（維再生NMN）" under the women's health category after we launched it in May 2023; and (ii) the increase in revenue generated from products under our third-party brands including Brand B and Brand C from Supplier G after we were appointed as exclusive distributor for these two brands in Hong Kong and Macau in December 2023 and June 2024, respectively.

The decrease in our revenue generated from our beauty supplements and products during 6M2026 was mainly attributable to the decrease in sales of our "Revive NMN（維再生NMN）", primarily due to the product upgrade from "Revive NMN（維再生NMN）" to "Revive NMN 40000+", during which the remaining inventory of "Revive NMN（維再生NMN）were returned to our Group and less orders were placed for "Revive NMN 40000+" as the new product require time to gain market acceptance, which was partially offset by the increase in sales of the products under Brand C as we offered more sales discounts to the slow moving products under Brand C during the period to increase the sales volume.

Sales volume and average selling price

The following table sets out a breakdown of our products with reference to sales volume and average selling price during the Track Record Period:

	FY2023		FY2024		FY2025		6M2025		6M2026	
	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price
	unit	*HK$*	*unit*	*HK$*	*unit*	*HK$*	*unit*	*HK$*	*unit*	*HK$*
								(unaudited)		
Health supplements and products	**185,361**	**191**	**464,187**	**184**	**521,951**	**179**	**213,350**	**179**	**215,810**	**187**
– Children's health	24,504	159	130,947	163	168,956	165	68,790	168	62,843	167
– Joint and pain care	74,037	196	107,336	190	132,632	172	58,321	177	50,611	180
– Respiratory system care	12,383	241	36,417	239	38,096	241	13,647	239	11,173	250
– Anti-allergy	3,206	190	4,871	176	6,199	188	2,811	184	1,783	178
– Men's health	18,335	198	25,030	197	22,640	199	10,106	199	11,026	199
– Brain health	–	–	–	–	3,514	236	126	254	52	250
– Insomnia and stress relief	6,562	173	10,367	176	15,088	196	7,054	187	5,806	171
– Pain relief	19,366	164	34,017	164	35,554	169	14,024	165	12,931	164
– Cardiovascular and liver care	11,980	211	47,900	195	56,698	174	21,905	167	29,681	211
– Eye health	–	–	–	–	7,846	166	–	–	5,386	191
– Probiotics	–	–	45,128	173	15,438	182	8,735	173	6,034	197
– Yin-nourishing radiance	14,988	193	22,174	201	19,290	204	7,831	203	8,764	204
– Women's health	–	–	–	–	–	–	–	–	2,258	218
– Body weight and intestinal management	–	–	–	–	–	–	–	–	7,462	199
Beauty supplements and products	**46,605**	**157**	**76,747**	**300**	**165,349**	**210**	**57,619**	**238**	**83,958**	**134**
– Anti-allergy	6,727	199	13,839	194	14,900	198	7,640	201	4,816	195
– Women's health	–	–	12,359	1,036	43,296	436	17,550	417	10,560	428
– Body weight and intestinal management	39,878	149	50,549	149	107,153	119	32,429	151	68,582	84
Total	**231,966**	**184**	**540,934**	**200**	**687,300**	**186**	**270,969**	**191**	**299,768**	**172**

During the Track Record Period, our sales volume gradually increased as a result of (i) our increased efforts on marketing and promotional activities; (ii) the increase in market acceptance and recognition for our own brand products including "Growth Calcium (生長鈣)" under children's health category and "Deer Sinew (鹿筋骨痛丸)" under joint and pain care category within our health supplements and products; (iii) the expansion of our product portfolio, including the introduction of "Revive NMN (維再生NMN)" under women's health category within our beauty supplements and products as well as our third-party brands including Brand B and Brand C from Supplier G under women's health and body weight and intestinal management category within our beauty supplements and products during the years ended 31 March 2024 and 2025; (iv) the introduction of "Revive probiotics for women V Health plus Cranberry (維再生私密雙道護益生菌蔓越)" under women's healthy category within our health supplements and products as well as "Revive probiotics for gut (維再生腸道微生態(免疫+配方))" and "Organicpharm Burn Visceral Fat (內脂殺)" under body weight and intestinal management category within our health supplements and products in 6M2026; and (v) the improvement of the local economy and the significant increase in visitor arrivals following the removal of the COVID-19 restrictions in February 2023. The fluctuation of our overall average selling price during the Track Record Period was generally affected by the change of our product mix and the various promotional activities. Set out below are the analysis of our major categories of products:

Children's health products

During the three years ended 31 March 2025, the sales volume of our children's health products increased from 24,504 units for FY2023 to 130,947 units for FY2024, and further increased to 168,956 units for FY2025. Such significant increase was mainly due to the increase in market acceptance and recognition for our own brand products, namely "Growth Calcium (生長鈣)". In 2023, we have engaged in a comprehensive information program on a major television channel for the promotion and advertisement of "Growth Calcium (生長鈣)". The marketing effect was very well received by the audience and we recorded significant increase in sales of "Growth Calcium (生長鈣)" immediately after the broadcast of the program. Since then, we have allocated significant marketing resources on promoting "Growth Calcium (生長鈣)" and this product has since then been our best selling product. In particular, we collaborated with Professor Robert Kam Ming KO in 2023 to conduct scientific studies validating that "Growth Calcium (生長鈣)" is effective in promoting bone growth during the growth period in humans. In 2024, we were awarded the "World Quality Awards-Bronze Award (品質獎項–銅獎)" by Monde Selection, an international quality institute, for three of our products including "Growth Calcium (生長鈣)". The sales volume of our children's health products decreased from 68,790 units for 6M2025 to 62,843 units for 6M2026 primarily due to products were returned in September 2025 as we changed the packaging of the products, which resulted in a temporary shortfall in orders but the orders were subsequently resumed after the new packaging was launched in October 2025.

During the three years ended 31 March 2025 and the six months ended 30 September 2024 and 2025, the average selling price of our children's health products remained relatively stable at HK$159, HK$163, HK$165, HK$168 and HK$167, respectively.

Joint and pain care products

During the three years ended 31 March 2025, the sales volume of our joint and pain care products increased from 74,037 units for FY2023 to 107,336 units for FY2024, and further increased to 132,632 units for FY2025, which was mainly due to (i) the increase in market acceptance and recognition for our own brand products, namely "Deer Sinew (鹿筋骨痛丸)"; and (ii) the increase in sales volume of a joint and pain care product under a third-party brand. In 2022, we collaborated with Professor Robert Kam Ming KO to conduct scientific studies validating that "Deer Sinew (鹿筋骨痛丸)" has beneficial effect on muscle or joint strain caused by chronic inflammation. In 2024, we were awarded the "World Quality Awards-Bronze Award (品質獎項–銅獎)" by Monde Selection, an international quality institute, for three of our products including "Deer Sinew (鹿筋骨痛丸)". During 6M2025 and 6M2026, the sales volume of our joint and pain care products amounted to 58,321 units and 50,611 units, respectively. The decrease in sales volume was mainly due to the product "Deer Sinew (鹿筋骨痛丸)" participated in the one-day special sales event of Mannings during 6M2025 and did not participate the same during 6M2026.

The average selling price of our joint and pain care products decreased from HK$196 for FY2023 to HK$190 for FY2024, and further to HK$172 for FY2025. The significant decrease in FY2025 was primarily attributable to an increase in sales volume of a joint and pain care product under a third-party brand with a lower selling price than our own brand products. The average selling price of our joint and pain care products was relatively stable at HK$177 for 6M2025 and HK$180 for 6M2026, respectively.

Respiratory system care products

The sales volume of our respiratory system care products increased from 12,383 units for FY2023 to 36,417 units for FY2024, and further to 38,096 units for FY2025, while the average selling price of our respiratory system care products remained stable at HK$241, HK$239 and HK$241 during the three years ended 31 March 2025, respectively. The increase in sales volume in FY2024 was mainly due to the increase in health awareness of the general public following COVID-19 and the increase in market acceptance and recognition for our own brand products, namely "Crocodile Pro (鱷肺補)". In 2023, we collaborated again with Professor Robert Kam Ming KO (高錦明) to conduct scientific studies validating that "Crocodile Pro (鱷肺補)" are effective in suppressing the allergic response in the human airway. In 2024, we were awarded the "World Quality Awards-Bronze Award (品質獎項–銅獎)" by Monde Selection, an international quality institute, for three of our products, including Crocodile Pro (鱷肺補)". The sales volume of our respiratory system care products decreased from 13,647 units for 6M2025 to 11,173 units for 6M2026. The average selling price increased from HK$239 for 6M2025 to HK$250 for 6M2026, respectively. The increase in average selling price and the decrease in sales volume were mainly due to decrease in sales promotion for "Crocodile Pro (鱷肺補)" and we experienced a short period of inventory shortage due to delay of shipment by our supplier during 6M2026.

Body weight and intestinal management products under beauty supplements and products

During the three years ended 31 March 2025, the sales volume of our body weight and intestinal management products category within our beauty supplements and products increased from 39,878 units for FY2023 to 50,549 units for FY2024, and further increased to 107,153 units for FY2025. The significant increase in FY2025 was mainly due to the introduction of Brand B and Brand C and launch of those third-party brand products.

The average selling price of our body weight and intestinal management products category within our beauty supplements and products decreased from approximately HK$149 for FY2023 and FY2024 to approximately HK$119 for FY2025. This decrease was primarily due to that new products under Brand B and Brand C had generally lower selling price.

During 6M2026, we further increased the sales discounts on certain slow moving products under our body weight and intestinal management products category within our beauty supplements and products, particularly, the products under Brand C. Due to also that we only commenced selling products under Brand C from June 2024, the sales volume of body weight and intestinal management products category within our beauty supplements and products increased from 32,429 units for 6M2025 to 68,582 units for 6M2026, while the average selling price of the category decreased from HK$151 for 6M2025 to HK$84 for 6M2026.

Women's health products under beauty supplements and products

The sales volume of our women's health category within our beauty supplements and products increased from 12,359 units for FY2024 to 43,296 units for FY2025. Such increase was mainly due to that we launched new products in FY2025 under brands including "Revive (維再生)" and Brand B. The sales volume of our women's health category within our beauty supplements and products for 6M2025 and 6M2026 were 17,550 units and 10,560 units, respectively, with the decrease primarily due to the product upgrade from our "Revive NMN (維再生NMN)" to "Revive NMN 40000+", such that the remaining inventory of "Revive NMN (維再生NMN) were returned to our Group in June 2025. In respect of the new product "Revive NMN 40000+", less orders were placed initially as the new product require time to gain market acceptance.

The average selling price of our women's health category within our beauty supplements and products decreased from approximately HK$1,036 for FY2024 to approximately HK$436 for FY2025. This decrease was mainly due to that in FY2024 we only had "Revive NMN (維再生NMN)" under this category, which has relatively higher selling price as compared to all other products. In FY2025, we launched other new products under this category under brands including "Revive (維再生)" and Brand B with lower selling prices. These new products contributed to approximately 26.5% of our total revenue generated from women's health category within our beauty supplements and products for FY2025. The average selling price of our women's health category within our beauty supplements and products increased from HK$417 for 6M2025 to HK$428 for 6M2026, mainly due to the change in product mix and the launch of new products, including "Revive NMN 40000+ in June 2025.

Cardiovascular and liver care products

During the Track Record Period, the sales volume of our cardiovascular and liver care products increased from 11,980 units for FY2023 to 47,900 units for FY2024, and further increased to 56,698 units for FY2025, and increased from 21,905 units for 6M2025 to 29,681 units for 6M2026, which was mainly due to (i) increased health awareness of the general public following COVID-19 and our increase in promotion and marketing of products under this category, which drove the demand of our products; and (ii) new products launched in FY2025 and 6M2026, namely "Revive Natto Vessel Clean (血暢通)" and "Revive 93+ PureMD Omega-3 Fish Oil (維再生93+OMEGA-3醫療級深海魚油)" in June 2024 and June 2025, respectively.

The average selling price of our cardiovascular and liver care products decreased from approximately HK$211 for FY2023 to approximately HK$195 for FY2024, which was mainly due to the product participated in the one-day special sales event of Mannings during Y2024. The average selling price further decreased to approximately HK$174 for FY2025, which was mainly due to we sold a product with lower selling price during FY2025. The average selling price increased from HK$167 for 6M2025 to HK$211 for 6M2026, mainly due to the cessation of sales of the product with lower selling price.

New products during the Track Record Period

In FY2024, we launched new products under various categories, including women's health within beauty supplements and products, probiotics, insomnia and stress relief, and joint and pain care. We generated revenue of approximately HK$21.1 million from such new products in FY2024, representing approximately 19.2% of our total revenue for FY2024. The sales volume and the average selling price of such new products amounted to 63,251 units and approximately HK$333 for FY2024.

In FY2025, we launched new products under various categories, including body weight and intestinal management within beauty supplements and products, brain health, cardiovascular and liver care, eye health, joint and pain care and women's health. We generated revenue of approximately HK$20.1 million from such new products in FY2025, representing approximately 15.4% of our total revenue for FY2025. The sales volume and the average selling price of such new products amounted to 144,393 units and approximately HK$139 for FY2025.

In 6M2026, we launched new products under various categories, including women's health within our both health supplements and products and beauty supplements and products, body weight and intestinal management within our health supplements and products, cardiovascular and liver care, eye health and children's health. We generated revenue of approximately HK$7.7 million from such new products in 6M2026, representing approximately 14.7% of our total revenue for 6M2026. The sales volume and the average selling price of such new products amounted to 23,203 units and approximately HK$331 for 6M2026.

Cost of goods sold

During the Track Record Period, our cost of goods sold comprised of procurement costs, packaging costs and delivery costs. During the three years ended 31 March 2025, our cost of goods sold amounted to approximately HK$8.0 million, HK$23.4 million, and HK$32.5 million, respectively. The increase in our cost of goods sold was primarily due to the increase in our revenue during the three years ended 31 March 2025. Our cost of good sold decreased by approximately HK$1.0 million from HK$13.2 million for 6M2025 to approximately HK$12.3 million for 6M2026, which was in line with the decrease in our revenue during the period.

Procurement costs constitute the majority of our cost of goods sold, which represent the cost we incurred for purchases of our products. Packaging costs mainly represent our cost for purchases of packaging materials. The table below sets forth a breakdown of our costs of sales during the Track Record Period:

	FY2023		FY2024		FY2025		6M2025		6M2026	
	Amount	**% of total cost of goods sold**	**Amount**	**% of total cost of goods sold**	**Amount**	**% of total cost of goods sold**	**Amount**	**% of total cost of goods sold**	**Amount**	**% of total cost of goods sold**
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* *(unaudited)*	*%*	*HK$'000*	*%*
Procurement costs	6,931	87.2	20,738	88.5	29,462	90.6	11,897	89.8	10,961	89.4
Packaging costs	828	10.4	2,090	8.9	2,451	7.5	1,040	7.9	902	7.4
Delivery costs	193	2.4	604	2.6	615	1.9	309	2.3	388	3.2
Total	7,952	100.0	23,432	100.0	32,528	100.0	13,246	100.0	12,251	100.0

Gross profit and gross profit margin

The following table sets forth a breakdown of our gross profit and gross profit margin by product categories and by brands during the Track Record Period:

	FY2023		FY2024		FY2025		6M2025		6M2026	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
Health supplements and products	28,803	81.4	67,971	79.7	72,593	77.8	29,814	78.2	32,314	80.2
Our own brands	28,803	81.4	67,768	79.9	70,207	79.1	29,213	79.6	32,077	80.7
Third-party brands	–	–	203	44.0	2,386	52.4	601	43.6	237	45.8
Beauty supplements and products	5,914	81.0	16,915	73.5	22,821	65.9	8,776	63.9	6,937	61.9
Our own brands	5,914	81.0	16,861	75.2	17,203	69.1	6,671	65.2	5,744	78.6
Third-party brands	–	–	54	9.1	5,618	57.5	2,105	60.0	1,193	30.5
Subtotal	34,717	81.4	84,886	78.4	95,414	74.6	38,590	74.4	39,251	76.2
Others(1)	524	100.0	1,300	100.0	2,273	100.0	1,154	100.0	940	100.0
Total	35,241	81.6	86,186	78.6	97,687	75.0	39,744	75.0	40,191	76.6

Note:

(1) The gross profit margins of sales promotion service and management and packaging service are 100%, given that the relevant costs of the service, namely the commission for our sales promoters and the warehousing staff costs are classified as selling and distribution expenses and administrative and other operating expenses, respectively.

During the the three years ended 31 March 2025 and the six months ended 30 September 2024 and 2025, our gross profit amounted to approximately HK$35.2 million, HK$86.2 million, HK$97.7 million, HK$39.7 million and HK$40.2 million, respectively, and our gross profit margin were approximately 81.6%, 78.6%, 75.0%, 75.0% and 76.6%, respectively. The decrease in our gross profit margin during the three years ended 31 March 2025 was mainly due to (i) the increase in promotional discounts for our own brand products, particularly, "Growth Calcium (生長鈣)" and Revive NMN (維再生NMN), offered to our customers with an aim to capture more market share and boost up the sales volumes; and (ii) the increase in revenue generated from products under third-party brands for which we retained a relatively lower gross profit margin as compared to those of our own brand products. Our low gross profit margin for beauty supplements and products under third-party brands in FY2024 was mainly because the only product under this category was a product we merely sourced for a wholesale customer which we did not otherwise sales or distributes, and we did not carry out any marketing and promotion for this product. In FY2025, the increase in gross profit margin for beauty supplements and products under third-party brands was mainly due to the introduction of other third-party brand products such as Brand B and Brand C from Supplier G for which we sold and distributed as our products. In 6M2026, the decrease in gross profit margin of beauty supplements and products under third-party brands was mainly attributable to the increase in promotional discounts offered to our women's health products under Brand C to boost the sales volume of certain slower selling products.

The following table sets forth a breakdown of our gross profit and gross profit margin by sales channels during the Track Record Period:

	FY2023		FY2024		FY2025		6M2025		6M2026	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* *(unaudited)*	*%*	*HK$'000*	*%*
Wholesale business	31,489	81.2	79,828	78.3	86,197	74.5	37,754	74.3	38,375	76.1
– Sales to Dairy Farm	31,267	81.2	66,551	79.2	73,860	76.1	37,366	75.2	37,997	78.9
– Sales to other wholesale customers	222	82.8	13,277	74.0	12,337	66.3	388	35.0	378	16.8
Retail business	3,228	82.6	5,058	79.8	9,217	75.2	836	79.7	876	80.5
– Offline retail sales	2,470	81.4	3,629	77.5	5,554	73.8	139	65.9	155	67.7
– Online retail sales	758	86.8	1,429	86.3	3,663	77.4	697	83.2	721	83.9
Others	524	100.0	1,300	100.0	2,273	100.0	1,154	100.0	940	100.0
Total	35,241	81.6	86,186	78.6	97,687	75.0	39,744	75.0	40,191	76.6

During the three years ended 31 March 2025, our gross profit margin from sales to our wholesale customers decreased from approximately 81.2% in FY2023 to approximately 78.3% in FY2024, and further to approximately 74.5% in FY2025, which was due to our increase in participation in promotion campaigns organised by Dairy Farm and the change in product mix participated in the promotion campaigns. During 6M2026, our gross profit margin from sales to our wholesale customers increased from approximately 74.3% for 6M2025 to approximately 76.1% for 6M2026, primarily attributable to the difference in product mix participated in promotion campaigns organised by Dairy Farm and the decrease in number of participation in the one-day special sales event of Mannings during 6M2026.

Our gross profit margin from sales to other wholesale customers decreased from approximately 82.8% for FY2023 to 74.0% for FY2024 and further to 66.3% for FY2025 mainly because during FY2024, we commenced selling products that we sourced for a wholesale customer which we did not otherwise sales or distributes, and we did not carry out any marketing and promotion for these product, and hence these products have low gross profit margin and the sales volume of these products increased in FY2025. During 6M2026, we provided larger discount for certain slower selling products we sold to a wholesale customer to increase sales volume, and hence we recorded decrease in gross profit margin to approximately 16.8%.

Our gross profit margin of offline retail sales decreased from approximately 81.4% for FY2023 to approximately 77.5% for FY2024, and further to approximately 73.8% for FY2025, which was primarily due to more promotion activities initiated by us. We recorded a lower gross profit margin of offline retail sales at approximately 65.9% for 6M2025 and 67.7% for 6M2026, mainly because we generally record offline retail sales with higher gross profit margin for products we sold in Hong Kong Brands and Products Expo (香港國際工業出品展銷會), which usually held in December and January.

Our online retail sales maintained a relatively higher gross profit margin compared to other sales channels during the Track Record Period. We recorded a decrease in gross profit margin of our online retail sales in FY2025, primarily driven by a large-scale promotion campaigns launched in February 2025 to March 2025.

Other income

Our other income primarily consisted of (i) government grants, which mainly included subsidies from Hong Kong government for (a) providing financial support to employers to retain employees who may otherwise be made redundant during the outbreak of the COVID-19; and (b) supporting local business enterprises for the purpose of encouraging business development; and (ii) fair value change on financial assets measured at fair value through profit or loss. Our key management insurance contract was accounted for as a financial asset at fair value through profit or loss in the combined financial statements.

The table below sets forth a breakdown of our other income during the Track Record Period:

	FY2023	FY2024	FY2025	6M2025	6M2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Government grants	820	100	–	–	–
Fair value gain on financial assets at FVPL	40	103	82	57	35
Bank interest income	2	4	1	–	1
Sundry income	1	1	–	–	2
Total	863	208	83	57	38

Our other income decreased from approximately HK$863,000 for FY2023 to approximately HK$208,000 for FY2024, and further decreased to approximately HK$83,000 for FY2025, which was primarily attributable to the absences of the COVID-19 related government subsidy after the easing of COVID-19 restrictions since FY2024 and the absence of the business development government subsidy since FY2025. Our other income decreased by approximately 33.3% from HK$57,000 for 6M2025 to HK$38,000 for 6M2026, primarily attributable to the decrease in the fair value gain on financial assets at FVPL of the life insurance of a director.

Selling and distribution expenses

During the Track Record Period, our selling and distribution expenses primarily consisted of (i) advertising and promotion expenses incurred for placement of online and offline advertisements and for engagement of entertainers, KOLs and medical professionals; and (ii) staff costs attributable to our sales promoters including salaries and wages, sales commission and mandatory provident fund ("**MPF**") contributions. The following table sets forth a breakdown of our selling and distribution expenses during the Track Record Period:

	FY2023	FY2024	FY2025	6M2025	6M2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Advertising and promotion expenses	6,760	11,209	13,481	7,644	6,600
Sales commission	4,081	13,232	15,117	6,904	7,469
Salaries and wages	2,959	4,727	6,284	2,666	3,674
MPF contributions	245	428	539	254	288
Exhibition fee	521	285	143	82	5
Testing fee	125	81	50	29	176
Freight and transportation	103	438	590	270	269
Sales platform charge	63	104	170	32	177
Depreciation of right-of-use assets	–	–	–	–	128
Consumable material	–	116	45	14	47
Others(1)	55	10	16	6	26
Total	14,912	30,630	36,435	17,901	18,859

Note:

(1) Including, among others, import declaration charges and sample charge expenses.

Our selling and distribution expenses represented approximately 34.5%, 27.9%, 28.0%, 33.8% and 36.0% of our total revenue during three years ended 31 March 2025 and the six months ended 30 September 2024 and 2025, respectively. During the three years ended 31 March 2025, our selling and distribution expenses increased by approximately 105.4% from approximately HK$14.9 million for FY2023 to approximately HK$30.6 million for FY2024, and further increased by approximately 19.0% to approximately HK$36.4 million for FY2025, primarily attributable to (i) the increase in advertising and promotion expenses to enhance and maintain our Group's brand recognition and reputation; and (ii) the increases in sales commission and salaries and wages, which were generally in line with the increase in our revenue during the three years ended 31 March 2025. Our selling and distribution expenses increased by approximately 5.4% from approximately HK$17.9 million for 6M2025 to HK$18.9 million for 6M2026, mainly driven by the increase in salaries and wages expenses of sales personnels and sales commission resulting from the increase in number of our promoters from 37 as at 30 September 2024 to 46 as at 30 September 2025, which was partially offset by the decrease in advertising and promotion expenses.

The following table sets forth a breakdown of our advertising and promotion expenses during the Track Record Period:

	FY2023	**FY2024**	**FY2025**	**6M2025**	**6M2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Online advertising	5,106	9,619	12,277	6,970	6,228
Offline advertising	752	201	373	289	60
Engagement of entertainers, KOLs and medical professionals	740	1,020	596	277	235
Others[(1)]	162	369	235	108	77
Total	6,760	11,209	13,481	7,644	6,600

Note:

(1) Including research fees and gift expenses, etc.

Our Group has adopted a comprehensive marketing strategy to market and promote our own brands and products by conducting various marketing activities coupled with the engagement of entertainers (such as actors and singers), KOLs and medical professionals. We conduct marketing activities through various online and offline media and channels. We regularly evaluate and adjust our allocation towards different promotional channels, considering various factors such as market trends, consumer feedback and campaign performance.

Our advertising and promotion expenses increased from approximately HK$6.8 million for FY2023 to approximately HK$11.2 million for FY2024 and further increased to approximately HK$13.5 million for FY2025, mainly attributable to the increase in our online marketing expenses. In particular, we increased our advertising and promotion expenses on the pop-up advertisements in Facebook with an aim to increase the visibility and web traffic of our Facebook page and accordingly the awareness of our Group's brand recognition. Our advertising and promotion expenses decreased from approximately HK$7.6 million for 6M2025 to approximately HK$6.6 million for 6M2026, primarily due to decrease in online advertising such as boost ads on social media platforms carried out by our Group for 6M2026.

Administrative and other operating expenses

Our administrative and other operating expenses primarily consisted of (i) salaries paid for our employees other than sales promoters; (ii) depreciation of our right-of-use assets and property, plant, and equipment; (iii) our Directors' remuneration; and (iv) MPF contributions. The following table sets forth a breakdown of our administrative and other operating expenses during the Track Record Period:

	FY2023	FY2024	FY2025	6M2025	6M2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000 (unaudited)*	*HK$'000*
Salaries	4,117	6,006	9,760	4,260	5,048
Depreciation of right-of-use assets	827	1,527	2,374	1,187	1,187
Depreciation of property, plant and equipment	99	268	320	167	113
Director's remuneration	408	408	408	189	434
MPF contributions	144	233	391	167	210
Expenses recognised under short-term leases	20	189	95	48	48
Provision for/(reversal of) ECL on trade receivables	10	170	177	(50)	(328)
Penalty in relation to late payment of tax(1)	–	108	672	2	–
Others(2)	1,234	1,292	1,192	465	996
Total	6,859	10,201	15,389	6,435	7,708

Notes:

(1) For details, please refer to "Income tax expenses" in this section.

(2) Including audit remuneration, building management fees, rent and rates, company secretary fees, valuation fees, repair and maintenance fee and utilities expenses, etc.

During the three years ended 31 March 2025, our administrative and other operating expenses increased by approximately 48.7% from approximately HK$6.9 million for FY2023 to approximately HK$10.2 million for FY2024 and further increased by approximately 50.9% to approximately HK$15.4 million for FY2025, primarily attributable to (i) the increase in salaries and MPF contributions as a result of the increase in the number of administrative staffs which was in line with our business expansion during the three years ended 31 March 2025; and (ii) the increase in depreciation of right-of-use assets as we leased two new warehouses in July 2023 and March 2024, respectively. Our administrative expenses and other operating expenses increased by approximately 19.8% from approximately HK$6.4 million for 6M2025 to approximately HK$7.7 million for 6M2026, primarily attributable to the increases in basic salaries of our administrative staff and introduction of a new director during the period. Our administrative and other operating expenses represented approximately 15.9%, 9.3%, 11.8%, 12.1% and 14.7% of our total revenue for the three years ended 31 March 2025 and the six months ended 30 September 2024 and 2025, respectively.

[REDACTED] expenses

[REDACTED] expenses represented expenses in relation to our proposed **[REDACTED]** and **[REDACTED]**. During the Track Record Period, we recorded **[REDACTED]** expenses of **[REDACTED]**, **[REDACTED]**, approximately HK$**[REDACTED]** and HK$**[REDACTED]**, respectively.

Finance costs

Our finance costs represented interest on interest-bearing borrowings and interest on lease liabilities. Our finance costs increased from approximately HK$1.1 million for FY2023 to approximately HK$2.5 million for FY2024, which was mainly due to the increase in our interest-bearing borrowings in FY2024 to support our business expansion. Our finance costs decreased to approximately HK$2.4 million for FY2025, mainly attributable to the decrease in our interest-bearing borrowings during the year. Our finance costs decreased from approximately HK$1.3 million for 6M2025 to approximately HK$0.9 million for 6M2026, mainly attributable to the decrease in our interest-bearing borrowings during the period.

Income tax expenses

During the Track Record Period, our revenue was primarily derived in Hong Kong and was therefore subject to profits tax in Hong Kong. During the Track Record Period, the assessable profits of a Hong Kong incorporated subsidiary of our Group (as elected by our management) is subject to the two-tiered profits tax rate regime that the first HK$2.0 million of assessable profits will be taxed at 8.25%, and assessable profits above HK$2.0 million will be taxed at 16.5%. The

Hong Kong profits tax of our other Group's entities established in Hong Kong is calculated at the standard tax rate of 16.5% of their respective estimated assessable profits during the Track Record Period.

During the three years ended 31 March 2025 and the six months ended 30 September 2024 and 2025, our income tax expenses amounted to approximately HK$1.9 million, HK$7.5 million, HK$7.2 million, HK$2.2 million and HK$2.0 million with the effective tax rate of approximately 14.4%, 17.5%, 16.6%, 15.5% and 67.4%, respectively. Excluding the **[REDACTED]** expenses, the effective tax rate for 6M2026 was approximately 15.3%. The increase in our effective tax rate for FY2024 was mainly due to the increase in our profit before tax which were taxed at 16.5%. Our effective tax rates for the years ended 31 March 2024 and 2025 were higher than 16.5%, which was mainly due to the tax effect on non-deductible expenses of approximately HK$628,000 and HK$216,000 for the respective years.

In February 2024, September 2024, February 2025 and May 2025, we received notices from the Inland Revenue Department for payment of tax surcharge of approximately HK$108,000, HK$2,000, HK$589,000 and HK$81,000, respectively, in relation to late payment of tax. In February 2025, we received a notice from the Inland Revenue Department for payment of tax surcharge of HK$1,200 in relation to late filing of profit tax return.

To prevent recurrence of the above non-compliance incidents, our Group has implemented a comprehensive internal financial management policy which introduces clear deadlines and responsibilities for financial reporting and tax compliance, including designated oversight by our Group's finance department and regular internal review mechanisms to ensure timely completion of tax filings and tax payments. For details, please refer to "Legal Proceedings and Compliance – Compliance – Late tax filing and payments" in this Document.

Our Directors confirmed that as at the Latest Practicable Date, our Group had fulfilled our income tax obligations in material respects and had no material unresolved income tax issues or disputes with the relevant tax authorities.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

FY2023 compared with FY2024

Revenue

Our revenue increased by approximately 153.8% from HK$43.2 million for FY2023 to approximately HK$109.6 million for FY2024, which was primarily attributable to (i) the increase in revenue generated from our brand products of "Growth Calcium (生長鈣)", "Crocodile Pro (鱷肺補)", and products under the brands of "Tourmaline (炎痛消)" and "Nihondou (日藥堂)" by approximately HK$31.0 million as a result of the increased efforts on marketing and promotional activities as well as the increase in the market acceptance and recognition for our own brand products; (ii) the revenue contribution of newly launched products under our own brands, including "Revive (維再生)" and "Profix" of approximately HK$20.0 million; and (iii) the significant increase in visitor arrivals following the removal of the COVID-19 restrictions in February 2023.

Cost of goods sold

Our cost of goods sold increased by approximately 194.7% from approximately HK$8.0 million for FY2023 to approximately HK$23.4 million for FY2024, which was generally in line with the increase in our revenue.

Gross profit and gross profit margin

Our gross profit increased by approximately 144.6% from approximately HK$35.2 million for FY2023 to approximately HK$86.2 million for FY2024, which was generally in line with our revenue growth. Meanwhile, our gross profit margin decreased from approximately 81.6% for FY2023 to approximately 78.6% for FY2024, which was primarily attributable to the increase in promotional discounts we provided for our certain products such as "Growth Calcium (生長鈣)" and new product under the brand of "Revive (維再生)" with an aim to capture more market share and increase our sales.

Other income

Our other income decreased by approximately 75.9% from approximately HK$863,000 for FY2023 to approximately HK$208,000 for FY2024, which was primarily attributable to the absence of the one-off COVID-19 related government subsidy of approximately HK$691,000 in FY2024.

Selling and distribution expenses

Our selling and distribution expenses increased by approximately 105.4% from approximately HK$14.9 million for FY2023 to approximately HK$30.6 million for FY2024, primarily attributable to (i) the increase in advertising and promotion expenses for our ongoing marketing endeavours to maximise our brand visibility and recognition; and (ii) the increase in sales commission for our sales promoters and the increase in number of our sales promoters from 21 as at 31 March 2023 to 31 as at 31 March 2024, which was generally in line with the increase in our revenue.

Administrative and other operating expenses

Our administrative and other operating expenses increased by approximately 48.7% from approximately HK$6.9 million for FY2023 to approximately HK$10.2 million for FY2024, which was mainly due to (i) the increase in depreciation of right-of-use assets as we leased a new warehouse in July 2023; and (ii) the increase in salaries and MPF contributions as a result of the increase in number of our administrative staff from 16 as at 31 March 2023 to 26 as at 31 March 2024 to support our business expansion.

Finance costs

Our finance costs increased by approximately 126.2% from approximately HK$1.1 million for FY2023 to approximately HK$2.5 million for FY2024 as a result of (i) the increase in our interest-bearing borrowings to supplement our working capital; and (ii) the increase in effective interest rates of our interest-bearing borrowings. Our bank borrowings increased by approximately 34.7% from approximately HK$28.1 million as at 31 March 2023 to approximately HK$37.8 million as at 31 March 2024. As at 31 March 2023 and 2024, our interest-bearing borrowings carried effective interest rates ranging from 2.95% to 5.25% and 3.55% to 6.65%, respectively.

Income tax expenses

Our income tax expenses increased by approximately 297.5% from approximately HK$1.9 million for FY2023 to approximately HK$7.5 million for FY2024. Meanwhile, our effective tax rate increased from approximately 14.4% for FY2023 to approximately 17.5% for FY2024, primarily attributable to the increase in profit before tax and the tax effect on non-deductible expenses of approximately HK$628,000 for FY2024.

Profit for the year

As a result of the foregoing reasons, our profit for the year increased by approximately 213.6% from approximately HK$11.3 million for FY2023 to approximately HK$35.5 million for FY2024.

FY2024 compared with FY2025

Revenue

Our revenue increased by approximately 18.8% from HK$109.6 million for FY2024 to approximately HK$130.2 million for FY2025, primarily attributable to (i) the increase in revenue generated from products under third-party brands, namely Brand B and Brand C from Supplier G, of approximately HK$11.5 million as a result of the increase in the market acceptance and recognition for these brand products after we were appointed as exclusive distributor for these two brands in Hong Kong and Macau in December 2023 and June 2024, respectively; (ii) the increase in revenue generated from our "Growth Calcium（生長鈣）" by approximately HK$7.0 million as a result of the continued increase in brand awareness and popularity of this product, which was contributed by our effective and ongoing marketing endeavours to maximise our brand visibility and recognition; and (iii) the revenue generated from our products newly launched in FY2025, such as Natto Vessel Clean（血暢通）and Ophthalmic Sight Rejuvenat（目再生）under our brand "Revive（維再生）".

Cost of goods sold

Our cost of goods sold increased by approximately 38.8% from approximately HK$23.4 million for FY2024 to approximately HK$32.5 million for FY2025, primarily attributable to the increase in procurement costs as a result of the increase in sales and procurement of products under third-party brands.

Gross profit and gross profit margin

Our gross profit increased by approximately 13.3% from approximately HK$86.2 million for FY2024 to approximately HK$97.7 million for FY2025, which was generally in line with our revenue growth. Meanwhile, our gross profit margin decreased from approximately 78.6% for FY2024 to approximately 75.0% for FY2025, primarily attributable to (i) the increase in promotional discounts for certain products such as "Growth Calcium (生長鈣)" and "Deer Sinew (鹿筋骨痛丸)" as well as the product under the brand of "Revive (維再生)" with an aim to capture more market share; and (ii) the increase in revenue generated from products under third-party brands for which we retained a relatively lower gross profit margin.

Other income

Our other income decreased by approximately 60.1% from approximately HK$208,000 for FY2024 to approximately HK$83,000 for FY2025, which was mainly due to the absence of the one-off government subsidy in FY2025 to support local business enterprises for the purpose of encouraging business development of approximately HK$100,000.

Selling and distribution expenses

Our selling and distribution expenses increased by approximately 19.0% from approximately HK$30.6 million for FY2024 to approximately HK$36.4 million for FY2025, primarily attributable to (i) the increase in advertising and promotion expenses for our ongoing marketing endeavours to maximise our brand visibility and recognition; and (ii) the increases in our sales commission and salaries and wages, which were in line with our business growth.

Administrative and other operating expenses

Our administrative and other operating expenses increased by approximately 50.9% from approximately HK$10.2 million for FY2024 to approximately HK$15.4 million for FY2025, which was mainly due to (i) the increase in depreciation of right-of-use assets as we leased a new warehouse in March 2024; and (ii) the increase in salaries and MPF contributions as a result of the increase in number of our administrative staff from 26 as at 31 March 2024 to 35 as at 31 March 2025 to support our business expansion.

Finance costs

Our finance costs decreased by approximately 5.7% from approximately HK$2.5 million for FY2024 to approximately HK$2.4 million for FY2025 as a result of the decrease in our interest-bearing borrowings. Our interest-bearing borrowings decreased from approximately HK$37.8 million as at 31 March 2024 to approximately HK$31.5 million as at 31 March 2025.

Income tax expenses

Our income tax expenses decreased by approximately 4.4% from approximately HK$7.5 million for FY2024 to approximately HK$7.2 million for FY2025. Meanwhile, our effective tax rate decreased from approximately 17.5% for FY2024 to approximately 16.6% for FY2025, primarily attributable to the decrease in tax effect on non-deductible expenses.

Profit for the year

As a result of the foregoing reasons, our profit for the year increased by approximately 2.2% from approximately HK$35.5 million for FY2024 to approximately HK$36.3 million for FY2025.

6M2025 compared with 6M2026

Revenue

Our revenue was generally stable and recorded approximately HK$53.0 million for 6M2025 and approximately HK$52.4 million for 6M2026, primarily attributable to the decrease in revenue generated from our sales of beauty supplements and products since we recorded decrease in sales of our "Revive NMN (維再生NMN)" due to the upgrade of the product such that the remaining inventory of "Revive NMN (維再生NMN) were returned to our Group in June 2025, while less orders were placed initially on the new product "Revive NMN 40000+" as the new product require time to gain market acceptance. The decrease was partially offset by the increase in sales of our health supplements and products as we launched new products during the period. During 6M2026, as we launched new health supplements and products, such as "Revive 93+ PureMD Omega-3 Fish Oil (維再生93+OMEGA-3醫療級深海魚油)" under cardiovascular and live care category, "Revive probiotics for women V Health plus Cranberry (維再生私密雙道護益生菌蔓越)" under women's health category, "Revive probiotics for gut (維再生腸道微生態(免疫+配方))" under body weight and intestinal management category, "Organicpharm Burn Visceral Fat (內脂殺)" under body weight and intestinal management category, we focused our marketing efforts on these new products during the period. On the other hand, we also provided larger promotional discounts on the third-party brands beauty supplements and products under Brand C to increase the sales volume of certain slow moving products.

Cost of goods sold

Our cost of goods sold decreased by approximately 7.5% from approximately HK$13.2 million for 6M2025 to approximately HK$12.3 million for 6M2026, primarily attributable to the decrease in procurement costs, which was generally in line with the decrease in revenue for 6M2026.

Gross profit and gross profit margin

Our gross profit increased by approximately 1.1% from approximately HK$39.7 million for 6M2025 to approximately HK$40.2 million for 6M2026 and our gross profit margin increased from approximately 75.0% for 6M2025 to approximately 76.6% for 6M2026, primarily due to we participated in less one-day special sales event of Mannings during 6M2026. Such increase was partially offset by the increase in promotional discounts on the third-party brand beauty supplements and products under Brand C during 6M2026.

Other income

Our other income decreased by approximately 33.3% from approximately HK$57,000 for 6M2025 to approximately HK$38,000 for 6M2026, mainly due to the decrease in the fair value gain on financial assets at FVPL of the life insurance of a director during 6M2026.

Selling and distribution expenses

Our selling and distribution expenses increased by approximately 5.4% from approximately HK$17.9 million for 6M2025 to approximately HK$18.9 million for 6M2026, primarily attributable the increase in salaries and wages expenses of sales personnels and sales commission resulting from the increase in number of our promoters, which was partially offset by the decrease in offline advertising and promotion activities carried out by our Group.

Administrative and other operating expenses

Our administrative and other operating expenses increased by approximately 19.8% from approximately HK$6.4 million for 6M2025 to approximately HK$7.7 million for 6M2026, which was mainly due to primarily attributable to the increase in basic salaries of our administrative staff and the director's remuneration during the period.

Finance costs

Our finance costs decreased from approximately HK$1.3 million for 6M2025 to approximately HK$0.9 million for 6M2026, mainly attributable to the decrease repayment of our fixed rate other interest-bearing borrowings during 6M2025.

Income tax expenses

Our income tax expenses decreased by approximately 10.7% from approximately HK$2.2 million for 6M2025 to approximately HK$2.0 million for 6M2026. Meanwhile, our effective tax rate increased from approximately 15.5% for 6M2025 to approximately 67.4% for 6M2026, primarily attributable to and the tax effect on non-deductible expenses, in particular the **[REDACTED]** expenses, of approximately HK$**[REDACTED]** for 6M2026.

Profit for the period

As a result of the foregoing reasons, our profit for the period decreased by approximately 92.1% from approximately HK$12.0 million for 6M2025 to approximately HK$0.9 million for 6M2026.

DISCUSSION ON KEY ITEMS OF THE COMBINED STATEMENTS OF FINANCIAL POSITION

	As at 31 March			As at 30 September	As at 31 January
	2023	**2024**	**2025**	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (*unaudited*)
Current assets					
Inventories	2,156	7,989	3,821	8,871	7,737
Trade and other receivables	19,753	44,940	47,389	53,099	87,752
Bank balances and cash	108	668	810	13,750	1,862
Total current assets	22,017	53,597	52,020	75,720	97,351
Current liabilities					
Trade and other payables	19,903	11,440	9,516	15,486	17,337
Interest-bearing borrowings	28,073	37,818	31,489	34,297	40,153
Lease liabilities	808	2,303	2,253	2,413	2,618
Income tax payable	691	5,766	13,024	1,553	–
Total current liabilities	49,475	57,327	56,282	53,749	60,108
Net current (liabilities)/ assets	(27,458)	(3,730)	(4,262)	21,971	37,243
Non-current assets	30,613	34,577	32,198	32,143	32,057
Non-current liabilities	4,912	7,289	5,036	4,870	4,293
Net (liabilities)/assets	(1,757)	23,558	22,900	49,244	65,007

Net current liabilities

Our net current liabilities decreased by approximately 86.4% from approximately HK$27.5 million as at 31 March 2023 to approximately HK$3.7 million as at 31 March 2024, primarily attributable to (i) the increase in inventories by approximately HK$5.8 million and the increase in trade and other receivables by approximately HK$25.2 million as a result of the increase in revenue in FY2024; and (ii) the decrease in trade and other payables by approximately HK$8.5 million as a result of our settlement of amounts due to the ultimate controlling party, which was partially offset by (i) the increase in interest-bearing borrowings by approximately HK$9.7 million to supplement our working capital; and (ii) the increase in income tax payable by approximately HK$5.1 million as a result of the increase in profit before tax in FY2024.

Our net current liabilities increased by approximately 14.3% from approximately HK$3.7 million as at 31 March 2024 to approximately HK$4.3 million as at 31 March 2025, primarily attributable to (i) the increase in the income tax payable by approximately HK$7.3 million; and (ii) the decrease in inventories by approximately HK$4.2 million, which was partially offset by (i) the increase in trade and other receivables by approximately HK$2.4 million as a result of the increase in revenue near year end date; and (ii) the decrease in interest-bearing borrowings by approximately HK$6.3 million, primarily due to repayment of certain interest-bearing borrowings during the year.

We recorded a turnaround from net current liabilities of approximately HK$4.3 million as at 31 March 2025 to a net current assets of approximately HK$22.0 million as at 30 September 2025, primarily attributable to (i) the increase in bank balances and cash since we have received proceeds from the Pre-**[REDACTED]** Investment; (ii) the increase in trade and other receivables as a result of the increase in amount due from ultimate controlling party, deposits paid to suppliers and rental and other deposits for the retail store; (iii) the increase in inventories resulting from more purchases made near period end date; and (iv) the decrease in income tax payable resulting from the settlement of income tax payables, which were partially offset by (i) the increase in trade and other payables for the increase in purchase and salaries payable; and (ii) the increase in interest-bearing borrowings from banks.

Our net current assets increased by approximately 69.5% from approximately HK$22.0 million as at 30 September 2025 to approximately HK$37.2 million as at 31 January 2026, primarily due to (i) the increase in trade and other receivables as a result of the increase in amount due from a director during the period, which was partially offset by (i) the decrease in the bank balances and cash; (ii) the increase in tax payable as a result of the profit before tax during the period; and (iii) the increase in trade and other payables.

We recorded net current liabilities as at 31 March 2023, 2024 and 2025 primarily due to (i) during the Track Record Period, we declared dividends of approximately HK$14.4 million, HK$10.2 million and HK$37.1 million, respectively, to Mr. Alex Cheung to set off against the current account with the ultimate controlling party; and (ii) our interest-bearing borrowings were classified as current liabilities as the related borrowing agreements contain clauses that give the lenders an unconditional right to demand repayment at any time at their own discretion.

We recorded a turnaround from net liabilities of approximately HK$1.8 million as at 31 March 2023 to net assets of approximately HK$23.6 million as at 31 March 2024, mainly attributable to the profit for the year of approximately HK$35.5 million for FY2024, which was partially offset by the dividends declared to the ultimate controlling party of approximately HK$10.2 million for FY2024. Our net assets decreased from approximately HK$23.6 million as at 31 March 2024 to approximately HK$22.9 million as at 31 March 2025, mainly attributable to the dividends declared to the ultimate controlling party of approximately HK$37.1 million for FY2025, which was partially offset by the profit for the year of approximately HK$36.3 million for FY2025.

After 31 March 2025, our Group has turnaround from its current liabilities position to net current assets after we have received proceeds from the Pre-**[REDACTED]** Investment in the amount of approximately HK$25.4 million in June 2025. Going forward, our Directors will closely monitor our net current assets position. In particular, we have adopted a dividend policy on the declaration and payment of dividends. Our Board will make recommendations regarding the payment of future dividends taking into account various factors, especially our financial results, liquidity position and cash flow situation.

Inventories

Our inventories represented our health and beauty supplements and products, which were ready for selling to our customers. Our inventories increased by approximately 270.5% from approximately HK$2.2 million as at 31 March 2023 to approximately HK$8.0 million as 31 March 2024, mainly due to the increase in our inventory level for our business growth in FY2024 and expansion of our product portfolio.

Our inventories decreased by approximately 52.2% from approximately HK$8.0 million as at 31 March 2024 to approximately HK$3.8 million as at 31 March 2025, mainly due to the increase in sales of our products before year end date as we conducted an online promotional campaign during the period from February 2025 to the end of March 2025, which reduced our inventory level as at 31 March 2025.

Our inventories increased by approximately 132.2% from approximately HK$3.8 million as at 31 March 2025 to approximately HK$8.9 million as at 30 September 2025, mainly due to the increase in our purchase near period end date in anticipation of the increase in sales as driven by the October Golden Week and the Hong Kong Brands and Products Expo (香港國際工業出品展銷會), as well as the purchases for the new products.

The following table sets forth the turnover days of our inventories during the Track Record Period:

	FY2023	**FY2024**	**FY2025**	**6M2026**
Inventory turnover days	113	79	66	94

Note: Inventory turnover days are calculated by dividing the average of the gross value of the opening and closing inventories balance by cost of goods sold for the relevant year/period and multiplied by the number of days in the relevant year/period (i.e. 365 days or 182 days for a fiscal year/period).

Our inventory turnover days decreased from approximately 113 days for FY2023 to approximately 79 days for FY2024 and further decreased to approximately 66 days for FY2025, mainly attributable to our increased sales efforts during FY2023 to FY2025 and our strict control of inventory level. Our inventory turnover days increased from approximately 66 days for FY2025 to approximately 94 days for 6M2026, mainly attributable to the increase in our inventory level as detailed in the above.

Throughout the Track Record Period, we did not experience material recoverability issues with respect to our inventories. Our inventory management system follows a carefully calibrated approach to optimise our inventory level and operational efficiency by placing orders with our manufacturers and suppliers regularly to replenish our inventory to a pre-determined level. For further details of our inventory management, please refer to "Business – Inventory and Warehousing" to this Document. We do not expect to experience any material issue in recoverability of inventories in the foreseeable future and no provision had been made with respect to our inventories during the Track Record Period in material aspects.

The following table sets forth an ageing analysis of our inventories as at the dates indicated:

	As at 31 March			**As at 30 September**
	2023	**2024**	**2025**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 90 days	480	3,222	750	5,031
91 to 180 days	1,035	3,436	2,072	3,149
181 to 365 days	583	1,203	971	623
Over one year	58	128	28	68
Total	2,156	7,989	3,821	8,871

As at the Latest Practicable Date, approximately HK$7.2 million or 81.7% of our inventories as at 30 September 2025 had been consumed or sold. Our Directors confirm that, there were no slow moving or obsolete items which would have had a material adverse impact on our business operations, financial condition or results of operations during the Track Record Period.

Trade and other receivables

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

	As at 31 March			As at 30 September
	2023	2024	2025	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	14,407	31,550	42,541	29,313
Other receivables	5,346	13,390	4,848	23,786
Total	19,753	44,940	47,389	53,099

Trade receivables

Our trade receivables were amounts due for products sold in the ordinary course of our business, primarily arising from our wholesale business. The following table sets forth a breakdown of our trade receivables as at the dates indicated:

	As at 31 March			As at 30 September
	2023	2024	2025	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	14,418	31,731	42,899	29,343
Less: loss allowances	(11)	(181)	(358)	(30)
	14,407	31,550	42,541	29,313

Our trade receivables increased by approximately 119.0% from approximately HK$14.4 million as at 31 March 2023 to approximately HK$31.6 million as at 31 March 2024, and further increased by approximately 34.8% to approximately HK$42.5 million as at 31 March 2025, which was mainly due to the increase in our revenue during these years. Our trade receivables decreased by approximately 31.1% from approximately HK$42.5 million as at 31 March 2025 to approximately HK$29.3 million as at 30 September 2025, primarily due to the decrease of sales in the last quarter of the period of 6M2026 as a result of seasonal effect. We generally grant credit terms of up to 180 days from the date of issuance of invoices and we granted a credit term of 30 or 60 days from month end to Dairy Farm. Amounts of approximately HK$13.8 million, HK$20.9 million, HK$25.8 million and HK$26.2 million included in the trade receivables were in connection with factoring arrangements at 31 March 2023, 2024, 2025 and 30 September 2025, respectively.

On 6 June 2022, Herb Standard HK entered into an invoice discounting/factoring agreement (the "**Factoring Agreement**") with a bank (the "**Bank**"), pursuant to which the Bank agreed to provide debts purchase services and Herb Standard HK was able to obtain up to 95% of the total amount of trade receivables it factored within a funding limit (the "**Funding Limit**") of HK$9.0 million. According to the offer letters issued by the Bank in relation to the Factoring Agreement, the Funding Limit was revised to HK$20.0 million on 30 May 2023 and further revised to HK$25.0 million on 12 March 2025.

Our factoring arrangements are subject to discounting charge and service charge. During the Track Record Period, the discounting charge for our factoring arrangements was 2.25% per annum over 3 months HIBOR and the service charge of our factoring arrangements was 0.35% flat on the face value of the invoice for each debt. Our factoring arrangements are secured by (i) the assignment of receivables and charge over proceeds; and (ii) personal guarantee provided by Mr. Alex Cheung, which will be fully released and replaced by the corporate guarantee given by our Group upon **[REDACTED]**. Amounts of approximately HK$13.8 million, HK$20.9 million, HK$25.8 million and HK$26.2 million in the trade receivables were in connection with factoring arrangements as at 31 March 2023, 2024 and 2025 and 30 September 2025, respectively.

The following table sets forth the turnover days of our trade receivables during the Track Record Period:

	FY2023	FY2024	FY2025	6M2026
Trade receivables turnover days	87	77	104	125

Note: Trade receivables turnover days are calculated by dividing the average of the opening and closing trade receivables balance by revenue for the relevant year/period and multiplied by the number of days in the relevant year/period (i.e. 365 days/182 days for a fiscal year/period).

Our trade receivables turnover days decreased from approximately 87 days for FY2023 to approximately 77 days for FY2024, and then increased to approximately 104 days for FY2025 and further to approximately 125 days for 6M2026, which were generally in line with the credit terms offered to our customers.

The following table sets forth an ageing analysis of our trade receivables, net of loss allowances, based on invoice date as at the dates indicated:

	As at 31 March			As at 30 September
	2023	2024	2025	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	9,914	13,488	19,925	7,729
31 to 60 days	4,243	5,297	5,775	10,083
61 to 90 days	131	12,564	16,475	11,425
Over 90 days	119	201	366	76
Total	14,407	31,550	42,541	29,313

As at the Latest Practicable Date, approximately HK$29.3 million or 100% of our trade receivables outstanding as at 30 September 2025 had been settled.

Other receivables

Our other receivables primarily consisted of (i) deposits paid to our suppliers, whose credit terms are typically payment before delivery or 50% deposit with the remaining balance settled before delivery, for the procurement of our products; (ii) rental deposits and other deposits; (iii) prepaid **[REDACTED]** expenses; (iv) amounts due from the ultimate controlling party and the ultimate holding company; and (v) other prepaid expenses, mainly including prepayments for advertising and promotion expenses, employee insurance and key management insurance contract. The following table sets forth a breakdown of our other receivables as at the dates indicated:

	As at 31 March			As at 30 September
	2023	2024	2025	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deposits paid to suppliers	4,287	1,114	2,379	3,290
Rental and deposit	304	546	546	1,076
Prepaid **[REDACTED]** expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other prepaid expenses	755	664	1,312	1,881
Due from the ultimate controlling party	–	11,066	60	16,811
Due from the ultimate holding company	–	–	12	19
Total	5,346	13,390	4,848	23,786

Our other receivables increased by approximately 150.5% from approximately HK$5.3 million as at 31 March 2023 to approximately HK$13.4 million as at 31 March 2024, which was mainly due to the increase in the amount due from the ultimate controlling party (i.e. Mr. Alex Cheung). The amount due from the ultimate controlling party, which was non-trade in nature, unsecured, interest-free and repayable on demand, amounted to nil, approximately HK$11.1 million and HK$60,000 as at 31 March 2023, 2024 and 2025, respectively. The amounts due from the ultimate holding company (i.e. Alway Success), which was non-trade in nature, unsecured, interest-free and repayable on demand, amounted to nil, nil, approximately HK$12,000 and HK$19,000 as at 31 March 2023, 2024 and 2025 and 30 September 2025, respectively. The amounts due from the ultimate controlling party and the ultimate holding company will be fully settled prior to the **[REDACTED]**.

Our other receivables decreased by approximately 63.8% from approximately HK$13.4 million as at 31 March 2024 to approximately HK$4.8 million as at 31 March 2025, which was mainly due to the decrease in the amount due from the ultimate controlling party (i.e. Mr. Alex Cheung) by approximately HK$11.0 million as a result of the dividend of approximately HK$37.1 million declared to Mr. Alex Cheung during FY2025.

Our other receivables increased by approximately 390.6% from approximately HK$4.8 million as at 31 March 2025 to approximately HK$23.8 million as at 30 September 2025, which was mainly due to the increase in the amount due from the ultimate controlling party (i.e. Mr. Alex Cheung). The amount due from the ultimate controlling party, which was non-trade in nature, unsecured, interest-free and repayable on demand, amounted to HK$16.8 million as at 30 September 2025. Such balance will be fully settled prior to the **[REDACTED]**.

The table below sets out the movements of our amounts due to/from the ultimate controlling party during the Track Record Period:

	Due from/(due to) the ultimate controlling party
	HK$'000
At 31 March 2022	**(24,902)**
Movements:	
Expenses paid on behalf of our Group	(1,479)
Declaration of dividends	(14,388)
Withdrawal of funds	17,402
Proceed from interest-bearing borrowings	12,000
Repayment of interest-bearing borrowings	(2,681)
At 31 March 2023	**(14,048)**
Movements:	
Expenses paid on behalf of our Group	(1,455)
Declaration of dividends	(10,168)
Withdrawal of funds	41,230
Repayment of interest-bearing borrowings	(4,493)
At 31 March 2024	**11,066**
Movements:	
Expenses paid on behalf of our Group	–
Declaration of dividends	(37,110)
Withdrawal of funds	32,254
Repayment of interest-bearing borrowings	(6,150)
At 31 March 2025	**60**

	Due from/(due to) the ultimate controlling party
	HK$'000
Movements:	
Withdrawal of funds	16,751
At 30 September 2025	**16,811**

According to the sale and purchase agreement in relation to the acquisition of Herb Standard HK by Mr. Alex Cheung in November 2021, Herb Standard HK's cash and the trade receivables as at 31 October 2021 were transferred back to Mr. Lau upon collection. As a result, Herb Standard HK did not have sufficient working capital at that time and Mr. Alex Cheung had provided non-trade advances to our Group for business operations, which led to our significant amounts due to the ultimate controlling party of approximately HK$24.9 million as at 31 March 2022. The movements in our balance with the ultimate controlling party during the Track Record Period represented (i) operating expenses paid by Mr. Alex Cheung on behalf of our Group; (ii) the dividends declared to Mr. Alex Cheung or the ultimate holding company; (iii) withdrawals of funds from our Group by Mr. Alex Cheung for his personal use; and (iv) our interest-bearing borrowing of HK$12.0 million received and repaid by Mr. Alex Cheung on behalf of our Group, details of which are set out in the sub-section headed "Indebtedness – Interest-bearing borrowings" in this section.

Trade and other payables

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

	As at 31 March			As at 30 September
	2023	**2024**	**2025**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	498	4,554	3,091	4,162
Other payables	19,405	6,886	6,425	11,324
Total	19,903	11,440	9,516	15,486

Trade payables

Our trade payables primarily represented procurement costs, packaging materials costs and delivery services fees paid to our suppliers and sales amounts to be settled with our sales promotion service customers. Settlement was generally made in accordance with the credit term of up to 90 days.

Our trade payables increased by 814.5% from approximately HK$498,000 as at 31 March 2023 to approximately HK$4.6 million as at 31 March 2024, primarily attributable to the increase in purchase from certain suppliers near the year end date for the expansion of our business. Our trade payables decreased by approximately 32.1% from approximately HK$4.6 million as at 31 March 2024 to approximately HK$3.1 million as at 31 March 2025, primarily attributable to the settlements of certain trade payables to suppliers before year end date. Our trade payables increased by approximately 35.1% from approximately HK$3.1 million as at 31 March 2025 to HK$4.2 million as at 30 September 2025, mainly due to the increase in the purchase from suppliers near period end date.

The following table sets forth the turnover days of our trade payables during the Track Record Period:

	FY2023	FY2024	FY2025	6M2026
Trade payables turnover days	13	39	43	54

Note: Trade payables turnover days are calculated by dividing the average of the opening and closing trade payables balance by cost of goods sold for the relevant year and multiplied by the number of days in the relevant year (i.e. 365 days or 182 days for a fiscal year/period).

Our trade payables turnover days increased from approximately 13 days for FY2023 to approximately 39 days for FY2024 and further increased to 43 days for FY2025 and to 54 days for 6M2026, which were generally in line with the credit terms offered by our suppliers.

The following table sets forth an ageing analysis of our trade payables based on invoice date as at the dates indicated:

	As at 31 March			As at 30 September
	2023	2024	2025	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	439	4,554	2,259	3,742
31 to 60 days	–	–	686	38
61 to 90 days	59	–	146	382
Total	498	4,554	3,091	4,162

As at the Latest Practicable Date, approximately HK$3.4 million or 81.6% of our trade payables outstanding as at 30 September 2025 had been settled.

Other payables

Our other payables primarily consisted of (i) amounts due to the ultimate controlling party and an associate which were unsecured, interest-free and repayable on demand; (ii) accrued employee benefits; (iii) other accruals and other payables; and (iv) accrued **[REDACTED]** expenses.

The following table sets forth a breakdown of our other payables as at the dates indicated:

	As at 31 March			As at 30 September
	2023	2024	2025	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Accrued employee benefits	2,011	4,306	5,119	5,453
Accrued **[REDACTED]** expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other accruals and other payables	644	1,359	1,110	1,715
Provision for sales rebate	254	84	91	263
Provision for long service payments	93	61	81	372
Due to the ultimate controlling party	14,048	–	–	–
Due to an associate	2,355	1,076	24	24
Total	19,405	6,886	6,425	11,324

Our other payables decreased by approximately 64.5% from approximately HK$19.4 million as at 31 March 2023 to approximately HK$6.9 million as at 31 March 2024, primarily attributable to the settlement of the amount due to the ultimate controlling party (i.e. Mr. Alex Cheung) during FY2024. Our other payables decreased by 6.7% from approximately HK$6.9 million 31 March 2024 to approximately HK$6.4 million as at 31 March 2025, primarily attributable to decrease in amount due to an associate as a result of the decrease in provision of our sales promotion service to the associate during FY2025, which was partially offset by the increase in our accrued employee benefits as a result of the increase in number of staff. Our other payables increased by approximately 76.2% from approximately HK$6.4 million as at 31 March 2025 to approximately HK$11.3 million as at 30 September 2025, primarily attributable to the increase in accrued **[REDACTED]** expenses during the period.

We had amounts due to an associate of approximately HK$2.4 million, HK$1.1 million, HK$24,000 and HK$24,000 as at 31 March 2023, 2024 and 2025 and 30 September 2025, respectively. During the Track Record Period, we provided sales promotion service to SST Healthy, an associate of our Company in which our Company indirectly holds 40% of its entire issued share capital. We assisted SST Healthy in selling and distributing its products through our distribution channel, including Dairy Farm, in return for a commission based on the sales amount through our sales promoters at our distribution channel. Our distribution channel shall make payments to our Group for the products delivered to them and our Group shall be entitled to retain such payments for deduction of the relevant commission. After the products are sold by our distribution channel, we will (i) provide the sales report to SST Healthy; and (ii) after deducting the relevant commission, pay SST Healthy within two months from the dates of their invoice. The decrease in balance during the Track Record Period was mainly due to the decrease in provision of sales promotion service to SST Healthy.

Non-current assets

	As at 31 March			As at 30 September
	2023	**2024**	**2025**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets				
Property, plant and equipment	536	544	374	315
Right-of-use assets	1,813	5,551	3,177	3,179
Intangible assets	23,453	23,453	23,453	23,453
Goodwill	2,382	2,382	2,382	2,382
Financial assets at FVPL	2,330	2,433	2,515	2,550
Deferred tax assets	99	214	297	264
Total non-current assets	30,613	34,577	32,198	32,143

Right-of-use assets

Our right-of-use assets primarily represented the lease of our office premise and warehouses. The right-of-use assets increased by approximately 206.2% from approximately HK$1.8 million as at 31 March 2023 to approximately HK$5.6 million as at 31 March 2024, as we leased two new warehouses in July 2023 and March 2024, respectively. Our right-of-use assets decreased by approximately 42.8% from HK$5.6 million as at 31 March 2024 to approximately HK$3.2 million as at 31 March 2025 as a result of the depreciation of approximately HK$2.4 million for FY2025. Our right-of-use assets remained stable at approximately HK$3.2 million as at 30 September 2025.

Intangible assets and goodwill

On 19 November 2021, Mr. Alex Cheung acquired 10,000 ordinary shares of Herb Standard HK, being the entire issued share capital of Herb Standard HK, from Mr. Lau through Aim Smart at a consideration of HK$24.8 million.

Our intangible assets primarily represented the distribution network of Herb Standard HK (the "**Distribution Network**"), the value of which remained the same at approximately HK$23.5 million as at 31 March 2023, 2024 and 2025 and 30 September 2025. To assess the value of the Distribution Network, we have engaged an independent professional valuer who adopted the multi-period excess earnings method under the income approach with reference to Herb Standard HK's revenue from Dairy Farm over a five-year period and extrapolation of cash flows beyond such period. As at the acquisition date, the Distribution Network between Herb Standard HK and Dairy Farm had been well established and achieved through track record of quality product deliveries. The Distribution Network enables our Group to have a stable source for distributing our products and provides a solid foundation for our business growth and development. The Distribution Network relates to the development and sales (including marketing, selling and distribution) of health and beauty supplements and products (the "**CGU**") is stated at cost less any impairment losses (if any). Our management is of the view that the Distribution Network has indefinite useful life as there is no foreseeable limit to the period about the cooperation with Dairy Farm and the period over which this asset is expected to generate cash flow indefinitely for our Group.

Our goodwill primarily represented the excess of the consideration paid by Mr. Alex Cheung over the fair value of net assets of Herb Standard HK as at 19 November 2021, which remained the same at approximately HK$2.4 million as at 31 March 2023, 2024 and 2025 and 30 September 2025.

The Distribution Network and the goodwill were tested for impairment as at 31 March 2023, 2024 and 2025 and 30 September 2025. Key assumptions used for the annual impairment test are as follows:

	2023	**2024**	**2025**	**6M2026**
Average growth rate	3.0%	3.0%	3.0%	3.0%
Budgeted average gross profit margin	81.0%	79.0%	78.0%	76.6%
Long-term growth rate	2.0%	2.0%	2.0%	2.0%
Discount rate (pre-tax)	17.8%	16.5%	14.1%	12.9%

The management of our Group determined the growth rates and budgeted gross profit margin based on past performance and the expectation of market development. The discount rate used is pre-tax and reflects specific risks relating to the CGU. During the Track Record Period, there was no impairment on the Distribution Network and the goodwill as the recoverable amounts were assessed by the management of our Group to be higher than their respective carrying amounts as at 31 March 2023, 2024 and 2025 and 30 September 2025.

The management of our Group considers that any reasonably possible changes in any of these assumptions would not cause the aggregate carrying amount of the CGU to exceed its aggregate recoverable amount at the end of the reporting period.

Financial assets at FVPL

Our financial assets at FVPL represented our key management insurance contract, the fair value of which remained stable at approximately HK$2.3 million, HK$2.4 million, HK$2.5 million and HK$2.6 million at 31 March 2023, 2024 and 2025 and 30 September 2025, respectively, which was pledged as collateral for our bank borrowings amounting to approximately HK$2.0 million, HK$1.7 million, HK$1.5 million and HK$1.3 million at 31 March 2023, 2024 and 2025 and 30 September 2025, respectively.

The fair value of our key management insurance contract is determined by reference to the respective surrender cash value of each insurance contract at the end of each year during the Track Record Period, which is primarily based on the performance of the underlying investment portfolio together with the guaranteed minimum returns of approximately 2% per annum and are denominated in US$.

LIQUIDITY AND CAPITAL RESOURCES

Throughout the Track Record Period, we have financed our working capital needs primarily through cash flows from operating activities and borrowings. We derived our cash flows from operating activities principally from the sales of our health and beauty supplements and products. We incurred capital expenditures mainly for purchase of property, plant and equipment and financial assets at FVPL during the Track Record Period. We monitor our working capital positions from time to time to ensure that we maintain sufficient cash resources for our daily operations and capital expenditure needs.

The table below sets forth a summary of our combined statements of cash flows during the Track Record Period:

	FY2023	**FY2024**	**FY2025**	**6M2025**	**6M2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Net cash generated from operating activities	7,160	30,305	38,281	12,891	3,758
Net cash used in investing activities	(2,804)	(272)	(149)	(150)	(53)
Net cash (used in)/generated from financing activities	(5,090)	(29,473)	(37,990)	(13,108)	9,235
Net (decrease)/increase in cash and cash equivalents	(734)	560	142	(367)	12,940
Cash and cash equivalents at the beginning of the year/period	842	108	668	668	810
Cash and cash equivalents at the end of the year/period	108	668	810	301	13,750

Net cash generated from operating activities

Our cash from operating activities primarily consisted of profit before tax, as adjusted by, among others, (i) non-cash and non-operating items such as depreciation and finance costs; and (ii) changes in working capital.

For FY2023, we had net cash generated from operating activities of approximately HK$7.2 million, which represented our profit before tax of approximately HK$13.2 million, as adjusted by (i) non-cash and non-operating items, primarily comprising depreciation of right-of-use assets of approximately HK$0.8 million and finance costs of approximately HK$1.1 million; and (ii) changes in working capital, primarily comprising an increase in trade and other receivables of approximately HK$10.8 million, which was partially offset by an increase in trade and other payables of approximately HK$4.7 million.

For FY2024, we had net cash generated from operating activities of approximately HK$30.3 million, which represented our profit before tax of approximately HK$43.0 million, as adjusted by (i) non-cash and non-operating items, primarily comprising depreciation of right-of-use assets of approximately HK$1.5 million and finance costs of approximately HK$2.5 million; and (ii) changes in working capital, primarily comprising an increase in inventories of approximately HK$5.8 million and an increase in trade and other receivables of approximately HK$14.3 million, which were partially offset by an increase in trade and other payables of approximately HK$5.6 million.

For FY2025, we had net cash generated from operating activities of approximately HK$38.3 million, which represented our profit before tax of approximately HK$43.5 million, as adjusted by (i) non-cash and non-operating items, primarily comprising depreciation of right-of-use assets of approximately HK$2.4 million and finance costs of approximately HK$2.4

million; and (ii) changes in working capital, primarily comprising a decrease in inventories of approximately HK$4.2 million, which was partially offset by an increase in trade and other receivables of approximately HK$13.6 million.

For 6M2026, we had net cash generated from operating activities of approximately HK$3.8 million, which represented our profit before tax of approximately HK$2.9 million, as adjusted by (i) non-cash and non-operating items, primarily comprising depreciation of right-of-use assets of approximately HK$1.3 million and finance costs of approximately HK$0.9 million, which was partially offset by the reversal of loss allowance for ECL on trade receivable of HK$0.3 million; and (ii) changes in working capital, primarily comprising (a) an increase in inventories of approximately HK$5.1 million and (b) the increase in income tax paid of approximately HK$13.4 million, which was partially offset by (a) a decrease in trade and other receivables of approximately HK$11.4 million; and (b) an increase in trade and other payables of approximatively of HK$6.0 million.

Net cash used in investing activities

Our cash used in investing activities primarily consisted of the purchase of property, plant and equipment and the purchase of financial assets at FVPL. Our cash generated from investing activities primarily represented bank interest income.

We had net cash used in investing activities of approximately HK$2.8 million, HK$272,000 and HK$149,000 during the Track Record Period, respectively.

For FY2023, our net cash used in investing activities mainly included our purchase of financial assets at FVPL of approximately HK$2.3 million and the purchase of property, plant and equipment of approximately HK$0.5 million.

For FY2024, our net cash used in investing activities mainly included the purchase of property, plant and equipment of approximately HK$0.3 million.

For FY2025, our net cash used in investing activities mainly included the purchase of property, plant and equipment of approximately HK$0.2 million.

For 6M2026, our net cash used in investing activities mainly included the purchase of property, plant and equipment of approximately HK$54,000.

Net cash used in or generated from financing activities

Our cash used in financing activities primarily consisted of repayment of interest-bearing borrowings, repayment of lease liabilities, advance to the ultimate controlling party (i.e. Mr. Alex Cheung) and interest paid. Our cash generated from financing activities primarily consisted of proceeds from interest-bearing borrowings and the issue of shares.

For FY2023, our net cash used in financing activities of approximately HK$5.1 million primarily represented (i) repayment of interest-bearing borrowings of approximately HK$16.1 million; (ii) advance to the ultimate controlling party of approximately HK$15.4 million; (iii) the repayment of lease liabilities of HK$0.8 million; and (iv) interest paid of approximately HK$1.1 million, which were partially offset by the proceeds from interest-bearing borrowings of approximately HK$28.3 million.

For FY2024, our net cash used in financing activities of approximately HK$29.5 million primarily represented (i) repayment of interest-bearing borrowings of approximately HK$80.3 million; (ii) advance to the ultimate controlling party of approximately HK$39.1 million; (iii) interest paid of approximately HK$2.5 million; and (iv) the repayment of lease liabilities of HK$1.4 million, which were partially offset by proceeds from interest-bearing borrowings of approximately HK$93.9 million.

For FY2025, our net cash used in financing activities of approximately HK$38.0 million primarily represented (i) repayment of interest-bearing borrowings of approximately HK$91.0 million; (ii) advance to the ultimate controlling party of approximately HK$33.2 million; (iii) the interest paid of HK$2.4 million; and (iv) the repayment of lease liabilities of HK$2.3 million, which were partially offset by the proceeds from interest-bearing borrowings of approximately HK$90.7 million.

For 6M2026, our net cash generated from financing activities of approximately HK$9.2 million primarily represented (i) repayment of interest-bearing borrowings of approximately HK$48.1 million; (ii) advance to the ultimate controlling party of approximately HK$16.8 million; (iii) the interest paid of approximately HK$0.9 million; and (iv) the repayment of lease liabilities of approximately HK$1.3 million, which were partially offset by (i) the proceeds from interest-bearing borrowings of approximately HK$50.9 million; and (ii) the proceeds from the issue of shares of HK$25.4 million.

INDEBTEDNESS

During the Track Record Period, our indebtedness primarily consisted of lease liabilities, interest-bearing borrowings and amounts due to the ultimate controlling party. The following table sets forth a breakdown of our indebtedness as at the dates indicated:

	As at 31 March			As at 30 September	As at 31 January
	2023	2024	2025	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*
Lease liabilities	1,850	5,722	3,419	3,413	3,041
Interest-bearing borrowings	28,073	37,818	31,489	34,297	40,153
Due to the ultimate controlling party	14,048	–	–	–	–
Total	43,971	43,540	34,908	37,710	43,194

We have obtained and drawdown a new facility of HK$7.3 million in January 2026. The loan carries an interest rate of HIBOR plus 2% per annum for a term of one year, and was secured by the personal guarantees provided by our Controlling Shareholder and our key management insurance contract. Our Directors confirm that the personal guarantees provided by our Controlling Shareholder will be fully released prior to the **[REDACTED]** and will be replaced with corporate guarantee given by our Group upon **[REDACTED]**. Save for the above, our Directors confirmed that there has not been any material change in our indebtedness since 31 January 2026 and up to the date of this Document. As at the Latest Practicable Date, save as disclosed in this Document, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing, nor was there any material default on our indebtedness during the Track Record Period and up to the Latest Practicable Date. Save as disclosed in this Document, as at 31 January 2026, being the latest practicable date for determining our indebtedness, we did not have any outstanding debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages and charges, debentures, finance lease obligations or material contingent liabilities or guarantees outstanding.

Lease liabilities

Our lease liabilities primarily represented our office premise and warehouses for our operations and were measured at present value of the lease payments that are not yet paid. The lease liabilities amounted to approximately HK$1.9 million, HK$5.7 million, HK$3.4 million, HK$3.4 million and HK$3.0 million at 31 March 2023, 2024 and 2025, 30 September 2025 and 31 January 2026, respectively. The increase in balance as at 31 March 2024 was mainly attributable to that we leased two new warehouses in July 2023 and March 2024, respectively. The following table sets forth the present value of our lease liabilities as at the dates indicated:

	As at 31 March			As at 30 September	As at 31 January
	2023	2024	2025	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*
Current	808	2,303	2,253	2,413	2,618
Non-current	1,042	3,419	1,166	1,000	423
Total	1,850	5,722	3,419	3,413	3,041

Amounts due to the ultimate controlling party

We had amounts due to the ultimate controlling party of approximately HK$14.0 million as at 31 March 2023, which had been fully settled in FY2024. Such amount represented the non-trade advances made by Mr. Alex Cheung to our Group for the business operations since his acquisition of Herb Standard HK in November 2021.

Interest-bearing borrowings

We had interest-bearing borrowings of approximately HK$28.1 million, HK$37.8 million, HK$31.5 million, HK$31.6 million, HK$34.3 million and HK$40.2 million as at 31 March 2023, 2024 and 2025, 30 September 2025 and 31 January 2026, respectively.

As at 31 March 2023, 2024 and 2025 and 30 September 2025 and 31 January 2026, our interest-bearing borrowings carried effective interest rates ranging from 2.95% to 5.25%, 3.55% to 6.65%, 3.44% to 6.24%, 2.89% to 5.42% and 2.96% to 5.10%, respectively.

As at 31 March 2023, 2024 and 2025, 30 September 2025 and 31 January 2026, our interest-bearing borrowings were secured by (i) personal guarantee provided by Mr. Alex Cheung, (ii) guarantee provided by the local government; (iii) corporate guarantees provided by a subsidiary of our Group; (iv) trade receivables in the amount of approximately HK$13.8 million, HK$20.9 million, HK$25.8 million and HK$26.2 million in connection with factoring arrangements at 31 March 2023, 2024 and 2025 and 30 September 2025, respectively; and/or (v) the key management insurance contract with fair value of approximately HK$2.3 million, HK$2.4 million, HK$2.5 million and HK$2.6 million, respectively. Our Directors confirmed that the personal guarantee provided by Mr. Alex Cheung will be fully released and replaced with the corporate guarantee given by our Company upon **[REDACTED]**. For details, please refer to "Relationship with our Controlling Shareholders" in this Document.

On 8 August 2022, Aim Smart entered into a loan agreement with a licensed money lender (the "**Lender**"), a subsidiary of SST Holdings Limited, pursuant to which the Lender agreed to provide to Aim Smart a loan in the amount of HK$12.0 million (the "**SST Loan**") for a term of 36 months with an interest rate of 8% per annum. The SST Loan did not constitute our related party transaction during the Track Record Period. Our finance costs in relation to the SST Loan amounted to approximately HK$567,000, HK$632,000 and HK$125,000 and nil during the Track Record Period. The SST Loan was fully repaid on 30 June 2024.

The higher interest rate of 8% as compared to our other bank borrowings with effective interest rate ranging from 2.95% to 6.65% during the Track Record Period was mainly due to that (i) our other bank borrowings mainly comprised of loans that were obtained under the SME Financing Guarantee Scheme launched by The Hong Kong Mortgage Corporation Limited, which was fully guaranteed by HKMC Insurance Limited and thus carries lower interest rate; and (ii) licensed money lenders generally charges higher interest rate than a bank as money lenders offer quick and simple loan approval processes. The SST Loan was for our operating expenses. As Aim Smart did not have a bank account, the SST Loan was received and repaid by Mr. Alex Cheung. Given that Aim Smart was wholly controlled by Mr. Alex Cheung prior to the Reorganisation and was the sole shareholder of Herb Standard HK, the shares of Herb Standard HK was pledged for the SST Loan.

As at 31 January 2026, approximately HK$2.7 million of our interest-bearing borrowings were related to loan facilities granted by the Bank and guaranteed by the local government under the 100% Personal Guarantee Scheme of the SME Financing Guarantee Scheme, which is administered by the Hong Kong Mortgage Corporation Limited. Our Directors confirm that such part of our interest-bearing borrowings will be fully repaid before **[REDACTED]** to release the guarantee provided by the local government.

Our banking facilities are subject to the fulfilment of covenants, as is commonly found in lending arrangements with financial institutions. During the Track Record Period, our banking facilities' covenants imposed on our Group included (i) maintaining minimum adjusted tangible net worth of HK$10.0 million at all times, which is calculated as tangible net worth adjusted for loans from and to group companies, directors and shareholders and excluding trade related dues and value of properties; (ii) the directors' remuneration should not more than HK$5.0 million without the consent of the Bank; (iii) not declaring or paying any dividends or other distributions to shareholders without the prior written consent of the Bank; and (iv) maintaining at least 90% of operating account via the Bank's channel. If our Group were to breach the covenants, the drawn down facilities would become repayable on demand. During the Track Record Period, Herb Standard HK breached the covenants (the "**Breaches**") in relation to bank borrowings for our daily operation with carrying amounts of approximately HK$10.2 million, HK$21.8 million, HK$22.7 million and HK$27.5 million, respectively, for maintaining the minimum amount of adjusted tangible net worth and declaring dividends to its shareholders without prior written consents (the "**Covenants**") from the Bank. As a result of distribution of dividends during the Track Record Period, Herb Standard HK failed to maintain the minimum adjusted tangible net worth of HK$10.0 million. The Breaches were due to inadvertent oversight and we did not intend to commit the Breaches.

Our Group has communicated with the Bank about the Breaches. On 23 July 2025, the Bank confirmed that (i) no further action will be taken by the Bank in relation to the Breaches; and (ii) they agreed to grant a one-off waiver on the Covenants and agreed that our Group shall rectify the breaches on or before 16 February 2026. As at the Latest Practicable Date, the Bank has confirmed that they will not request for immediate repayment in relation to the Breaches. Based on the confirmation from the Bank, our Directors considers that the Breaches would not trigger immediate demand for repayment from the Bank and there is no material adverse impact on the operation and financial performance and our credit record of our Group.

Further, the Bank has agreed that upon the **[REDACTED]**, the covenants related to (i) the directors' remuneration should not more than HK$5.0 million with the consent of the Bank; (ii) that no declaration or payment of any dividend or other distribution to its shareholders without the Bank's prior written consents; and (iii) to maintain the minimum amount of adjusted tangible net worth of HK$10.0 million, will be removed. Instead, our Group shall maintain the minimum amount of adjusted tangible net worth of HK$66.0 million upon the **[REDACTED]**. Save for the above, there is no other restrictions on dividend distribution related to the banking facilities following the **[REDACTED]**.

In view of the Breaches, our Group has implemented enhanced internal control policies to prevent the recurrence of similar incidents and to observe its compliance with the relevant restrictive bank loan covenants on an on-going basis. Our finance department will carry out an on-going monitoring process to actively monitor our Group's compliance status with the loan covenants of our bank borrowings. The finance department will prepare calculations against the requirements under the financial covenants specified in the bank loan agreements on a monthly basis. These calculations are then subject to further review and approval by our chief financial officer or chief executive officer. Through this monitoring process, our Directors believe that our Group can ensure on-going compliance with the financial covenants outlined in our bank loan agreements. As such, our Group believes these internal control policies can help our Group to fulfill the financial covenant requirements of our loans at all times.

Save for the Breaches, during the Track Record Period and up to the Latest Practicable Date, we did not breach any of the other covenants under our bank borrowings.

For further details as to the breaches of covenants, please refer to "Risk Factors – Risks Relating to Our Business Operations – Failure to comply with any restrictive covenants of our indebtedness could have an adverse effect on our cash flows and liquidity" in this Document.

Our Directors consider our Group has ability to obtain sufficient bank borrowings for our operations and no difficulties are foreseen to secure enough funds to meet its funding needs, given that (i) our Group did not have any material defaults in payment of bank borrowings, trade and non-trade payables during Track Record Period; (ii) our Group has established robust relationship with the Bank over time; and (iii) our Group has actively pursued diversification in its funding sources, reducing our reliance on a single lender.

CONTINGENT LIABILITIES

We did not have any material contingent liabilities as at 31 March 2023, 2024 and 2025, 30 September 2025 and 31 January 2026, respectively.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as at the dates/for the years/period indicated:

	For the year ended/as at 31 March			For the six months ended/ as at 30 September
	2023	2024	2025	2025
Gross profit margin[1]	81.6%	78.6%	75.0%	76.6%
Net profit margin[2]	26.2%	32.4%	27.8%	1.8%
Return on equity[3]	Not applicable[7]	150.6%	158.3%	1.9%
Return on total assets[4]	21.5%	40.2%	43.1%	0.9%
Current ratio[5]	0.4	0.9	0.9	1.4
Gearing ratio[6]	Not applicable[7]	160.5%	137.5%	69.6%

Notes:

(1) Gross profit margin is calculated by dividing the gross profit by the revenue for the respective year/period multiplied by 100%.

(2) Net profit margin is calculated by dividing the net profit by the revenue for the respective year/period multiplied by 100%.

(3) Return on equity is calculated as net profit divided by the ending balance of total equity for the respective year/period multiplied by 100%.

(4) Return on total assets is calculated as net profit divided by the ending balance of total assets for the respective year/period multiplied by 100%.

(5) Current ratio is calculated by dividing current assets by current liabilities as at the end of the respective year/period.

(6) Gearing ratio is calculated by dividing the sum of total interest-bearing borrowings by total equity as at the end of the respective year/period multiplied by 100%.

(7) We recorded net liabilities as at 31 March 2023. As such, the return on equity and the gearing ratio were not applicable for FY2023.

Gross profit margin

Our gross profit margin were approximately 81.6%, 78.6%, 75.0% and 76.6% during the Track Record Period, respectively. For details, please refer to "Description of Selected Items in the Combined Statements of Profit or Loss and Other Comprehensive Income – Gross profit and gross profit margin" in this section.

Net profit margin

Our net profit margin increased from approximately 26.2% for FY2023 to approximately 32.4% for FY2024, which was mainly due to the decrease in the proportion of selling and distribution expenses and administrative and other operating expenses to our total revenue from approximately 50.4% for FY2023 to approximately 37.2% for FY2024. Our net profit margin decreased to approximately 27.8% for FY2025, which was mainly due to the decrease in gross profit margin from approximately 78.6% for FY2024 to approximately 75.0% for FY2025. Our net profit margin decreased to approximately 1.8% for 6M2026, which was mainly due to the impact of the **[REDACTED]** expenses incurred for the period.

Return on equity

Return on equity was not applicable for FY2023 as we recorded net liabilities as at 31 March 2023. Our return on equity increased from approximately 150.6% for FY2024 to approximately 158.3% for FY2025, which was mainly due to the increase in our net profit and the distribution of dividend to Mr. Alex Cheung. Our return on equity decreased to approximately 1.9% for 6M2026, mainly due to (i) the impact of the **[REDACTED]** expenses incurred for the period; and (ii) the increase in equity base due to the issue of shares under the Subscription.

Return on total assets

Our return total assets increased from approximately 21.5% for FY2023 to approximately 40.2% for FY2024, and further to approximately 43.1% for FY2025, which was mainly due to the increase in our net profit. Our return on assets decreased to approximately 0.9% for 6M2026, which was mainly due to (i) the increase in bank balances due to the proceeds from the issue of shares under the Subscription as well as the increase in trade and other receivables; and (ii) the decrease in net profit for the period.

Current ratio

Our current ratio increased from approximately 0.4 times as at 31 March 2023 to approximately 0.9 times as at 31 March 2024, which was mainly due to the increase in our trade receivables in line with our business expansion. Our current ratio remained stable at approximately 0.9 times as at 31 March 2025 as compared to that as at 31 March 2024. Our current ratio increased to approximately 1.4 times as at 30 September 2025, mainly due to the increase in bank balances due to the proceeds from the issue of shares under the Subscription as well as the increase in trade and other receivables.

Gearing ratio

Gearing ratio was not applicable as at 31 March 2023 as we recorded net liabilities as at 31 March 2023 which was mainly due to the dividend of approximately HK$14.4 million declared to Mr. Alex Cheung during FY2023. Our gearing ratio decreased from approximately 160.5% as at 31 March 2024 to approximately 137.5% as at 31 March 2025, which was mainly due to the decrease in our interest-bearing borrowings. We recorded high gearing ratios as at 31 March 2024 and 2025 mainly because our equity base was relatively small as of the same dates as we declared dividends of approximately HK$10.2 million and HK$37.1 million for FY2024 and FY2025, respectively. Our gearing ratio as at 30 September 2025 decreased to approximately 69.6%, primarily due to the increase in equity base due to the issue of shares under the Subscription.

WORKING CAPITAL

Taking into account the financial resources available to us, including available cash and cash equivalents, bank facilities, cash flows generated from our operations, the amount due from the ultimate controlling party and the estimated net **[REDACTED]** from the **[REDACTED]**, our Directors are of the view that our Group has sufficient working capital for our present requirements and for at least the next 12 months commencing from the date of this Document.

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures primarily consisted of expenditures for the purchase of property, plant and equipment, which amounted to approximately HK$516,000, HK$276,000, HK$150,000 and HK$54,000 during the Track Record Period, respectively. We primarily funded our capital expenditure through our internal resources.

We expect our capital expenditures to increase in the future as our business continues to grow, and we expect to incur capital expenditure for purchases of property, plant and equipment when we implement our business plan relating to our expansion to Taiwan market and opening of self-operated stores in Hong Kong. We expect to fund future capital expenditures through our internal resources, bank borrowings and the estimated net **[REDACTED]** from the **[REDACTED]**.

As at the Latest Practicable Date, we did not have any significant capital commitments.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions set out in Note 26 to the Accountants’ Report in Appendix I to this Document was conducted on an arm’s-length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or make our historical results not reflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at the Latest Practicable Date, we did not have any outstanding off-balance sheet commitments and arrangements.

DIVIDENDS

A decision to declare or to pay any dividends in the future, and the amount of any dividends, will depend on, among other things, the results of our operations, cash flows, financial conditions, our Articles of Association, statutory and regulatory restrictions and other factors that it may consider relevant. There is no assurance that dividends of such amount or any amount will be declared or distributed each year or in any year. The declaration, payment and amount of any future dividends will be subject to our constitutional documents comprising the Memorandum and Articles of Association including, where necessary, the approval of our Shareholders. **[REDACTED]** should note that historical dividend distributions are not indicative of our future dividend distribution policy. During the years ended 31 March 2023, 2024 and 2025, we declared dividends of approximately HK$14.4 million, HK$10.2 million and HK$37.1 million to Mr. Alex Cheung to set off against the current account with the ultimate controlling party.

We have adopted a dividend policy of declaring and paying dividends, without a predetermined dividend payout ratio. The recommendation of the payment of dividend is subject to the discretion of our Board, and, after our **[REDACTED]**, any declaration of final dividend for the year will be subject to the approval of our Shareholders. The declaration and payment of future dividends will be subject to various factors, including but not limited to our financial results, liquidity position and cash flow situation, business conditions and strategies, future prospects and prevailing economic environment. Any declaration and payment as well as the amount of the dividend will be subject to our constitutional documents and all applicable laws and regulations.

DISTRIBUTABLE RESERVES

Our Company was incorporated in the Cayman Islands on 18 February 2025 as an investment holding company and had a reserve of HK$15.5 million which is available for distributions to our Shareholders as at 30 September 2025.

[REDACTED] EXPENSES

[REDACTED] expenses include professional fees, **[REDACTED]** commission, and other fees incurred in connection with the **[REDACTED]**. We estimate that our **[REDACTED]** expenses will be approximately HK$**[REDACTED]** (based on the mid-point of the **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**), representing approximately **[REDACTED]** of the gross **[REDACTED]** from the **[REDACTED]**. These **[REDACTED]** expenses mainly comprise (i) **[REDACTED]**-related expenses (including but not limited to commissions and fees) of approximately HK$**[REDACTED]**; and (ii) non-**[REDACTED]**-related expenses of approximately HK$**[REDACTED]**, including (a) fees and expenses of legal advisers and accountants of approximately HK$**[REDACTED]**, and (b) other fees and expenses of approximately HK$**[REDACTED]**.

During the Track Record Period, we incurred **[REDACTED]** expenses of approximately HK$**[REDACTED]** for FY2025 and HK$**[REDACTED]** for 6M2026. The balance of the remaining **[REDACTED]** expenses of approximately HK$**[REDACTED]** is expected to be (i) recognised as expenses in the combined statements of profit or loss and other comprehensive income for the years ending 31 March 2026 and 2027 as to HK$**[REDACTED]**; and (ii) recognised as a deduction in equity directly upon the **[REDACTED]** as to HK$**[REDACTED]**. The **[REDACTED]** expenses above are the latest practicable estimate for reference only, and the act amount may differ from this estimate.

FINANCIAL AND CAPITAL RISK MANAGEMENT

During our conduct of business, we are exposed to various types of market risks (including price risk, interest rate risk and foreign currency risk), credit risk and liquidity risk. Details of the risks to which we are exposed to are set out in Note 28 to the Accountants' Report in Appendix I to this Document.

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

For further details of our unaudited **[REDACTED]** adjusted combined net tangible assets, please refer to "Unaudited **[REDACTED]** Financial Information" in Appendix II to this Document.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, after performing all the due diligence work which our Directors consider appropriate, since 30 September 2025 and up to the date of this Document, (i) there has been no material adverse change in the operation or financial position or prospects of our Group; and (ii) no event has occurred that would materially and adversely affect the information shown in the Accountants' Report set out in Appendix I to this Document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.