

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report, received from the Company’s independent reporting accountants, Forvis Mazars CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document.



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INDEPENDENT REPORTING ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION OF HERB STANDARD HOLDINGS LIMITED

The Directors
Herb Standard Holdings Limited
Rainbow Capital (HK) Limited

Introduction

We report on the historical financial information of Herb Standard Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages I-4 to I-71, which comprises the combined statements of financial position of the Group at 31 March 2023, 2024 and 2025 and 30 September 2025, the statements of financial position of the Company at 31 March 2025 and 30 September 2025, and the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the years ended 31 March 2023, 2024 and 2025 and the six months ended 30 September 2025 (the “**Relevant Periods**”) and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-4 to I-71 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the “**Document**”) issued in connection with the initial [REDACTED] of shares of the Company (the “**Initial [REDACTED]**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors’ responsibility for the Historical Financial Information

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

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Reporting accountants’ responsibility

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

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the combined financial position of the Group at 31 March 2023, 2024 and 2025 and 30 September 2025, the financial position of the Company at 31 March 2025 and 30 September 2025, and of the Group’s financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the combined statement of profit or loss and other comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the six months ended 30 September 2024 and other explanatory information (together the “**Stub Period Comparative Financial Information**”). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*” as issued by the

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HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE MAIN BOARD OF THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 12 to the Historical Financial Information which contains information about the dividends declared by entities now comprising the Group in respect of the Relevant Periods.

Preparation or audit of financial statements

At the date of this report, no statutory audited financial statements have been prepared for the Company since its date of incorporation.

Note 1 to the Historical Financial Information contains information about whether the financial statements of the members of the Group for the Relevant Periods have been audited and, if applicable, the name of the auditors.

Forvis Mazars CPA Limited

Certified Public Accountants

Hong Kong

[Date]

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HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of the Historical Financial Information

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

The combined financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were prepared by the directors of the Company in accordance with the accounting policies that conform with HKFRS Accounting Standards as issued by the HKICPA and were audited by Forvis Mazars CPA Limited, *Certified Public Accountants, Hong Kong*, in accordance with Hong Kong Standards on Auditing as issued by the HKICPA (the “**Underlying Financial Statements**”).

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

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COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 March			Six months ended 30 September	
		2023	2024	2025	2024	2025
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(unaudited)	
Revenue	5	43,193	109,618	130,215	52,990	52,442
Cost of goods sold		<u>(7,952)</u>	<u>(23,432)</u>	<u>(32,528)</u>	<u>(13,246)</u>	<u>(12,251)</u>
Gross profit		35,241	86,186	97,687	39,744	40,191
Other income	6	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	7	(1,124)	(2,543)	(2,397)	(1,327)	(899)
[REDACTED] expenses		<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Profit before tax	7	13,209	43,020	43,463	14,138	2,898
Income tax expenses	10	<u>(1,896)</u>	<u>(7,537)</u>	<u>(7,206)</u>	<u>(2,188)</u>	<u>(1,954)</u>
Profit and total comprehensive income for the year/period		<u>11,313</u>	<u>35,483</u>	<u>36,257</u>	<u>11,950</u>	<u>944</u>

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COMBINED STATEMENTS OF FINANCIAL POSITION

		At 31 March		At 30 September	
		2023	2024	2025	2025
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets					
Property, plant and equipment	13	536	544	374	315
Right-of-use assets	14	1,813	5,551	3,177	3,179
Intangible assets	15	23,453	23,453	23,453	23,453
Goodwill	16	2,382	2,382	2,382	2,382
Investment in an associate	17	–	–	–	–
Financial assets at FVPL	18	2,330	2,433	2,515	2,550
Deferred tax assets	24	99	214	297	264
		<u>30,613</u>	<u>34,577</u>	<u>32,198</u>	<u>32,143</u>
Current assets					
Inventories	19	2,156	7,989	3,821	8,871
Trade and other receivables	20	19,753	44,940	47,389	53,099
Bank balances and cash		<u>108</u>	<u>668</u>	<u>810</u>	<u>13,750</u>
		<u>22,017</u>	<u>53,597</u>	<u>52,020</u>	<u>75,720</u>
Current liabilities					
Trade and other payables	21	19,903	11,440	9,516	15,486
Interest-bearing borrowings	22	28,073	37,818	31,489	34,297
Lease liabilities	23	808	2,303	2,253	2,413
Income tax payables		<u>691</u>	<u>5,766</u>	<u>13,024</u>	<u>1,553</u>
		<u>49,475</u>	<u>57,327</u>	<u>56,282</u>	<u>53,749</u>
Net current (liabilities) assets		<u>(27,458)</u>	<u>(3,730)</u>	<u>(4,262)</u>	<u>21,971</u>
Total assets less current liabilities		<u>3,155</u>	<u>30,847</u>	<u>27,936</u>	<u>54,114</u>
Non-current liabilities					
Lease liabilities	23	1,042	3,419	1,166	1,000
Deferred tax liabilities	24	<u>3,870</u>	<u>3,870</u>	<u>3,870</u>	<u>3,870</u>
		<u>4,912</u>	<u>7,289</u>	<u>5,036</u>	<u>4,870</u>
NET (LIABILITIES) ASSETS		<u>(1,757)</u>	<u>23,558</u>	<u>22,900</u>	<u>49,244</u>
Capital and reserves					
Share capital	25(a)	–	–	195	198
Reserves		<u>(1,757)</u>	<u>23,558</u>	<u>22,705</u>	<u>49,046</u>
TOTAL (DEFICITS) EQUITY		<u>(1,757)</u>	<u>23,558</u>	<u>22,900</u>	<u>49,244</u>

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STATEMENT OF FINANCIAL POSITION OF THE COMPANY

		At 31 March 2025 HK\$'000	At 30 September 2025 HK\$'000
	Note		
Non-current asset			
Investment in a subsidiary	25(c)	—*	—*
Current assets			
Prepaid [REDACTED] expenses		[REDACTED]	[REDACTED]
Amount due from subsidiaries	25(d)	210	18,509
Bank balances		—	—*
		210	19,218
Current liability			
Accrued [REDACTED] expenses		[REDACTED]	[REDACTED]
Net current assets		210	15,721
NET ASSETS		<u>210</u>	<u>15,721</u>
Capital and reserves			
Share capital	25(a)	195	198
Reserves	25(e)	15	15,523
TOTAL EQUITY		<u>210</u>	<u>15,721</u>

* Represent amount less than HK\$1,000.

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COMBINED STATEMENTS OF CHANGES IN EQUITY

	Share capital HK\$'000 (Note 25(a))	Accumulated profits (losses) HK\$'000	Total HK\$'000
At 1 April 2022	—	1,318	1,318
Profit and total comprehensive income for the year	—	11,313	11,313
Transactions with owners <i>Contributions and distributions</i> Dividends declared to the Ultimate Controlling Party (Note 12)	—	(14,388)	(14,388)
Total transactions with owners	—	(14,388)	(14,388)
At 31 March 2023	—	(1,757)	(1,757)

	Share capital HK\$'000 (Note 25(a))	Accumulated profits (losses) HK\$'000	Total HK\$'000
At 1 April 2023	—	(1,757)	(1,757)
Profit and total comprehensive income for the year	—	35,483	35,483
Transactions with owners <i>Contributions and distributions</i> Dividends declared to the Ultimate Controlling Party (Note 12)	—	(10,168)	(10,168)
Total transactions with owners	—	(10,168)	(10,168)
At 31 March 2024	—	23,558	23,558

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	Share capital HK\$’000 (Note 25(a))	Accumulated profits HK\$’000	Total HK\$’000
At 1 April 2024	–	23,558	23,558
Profit and total comprehensive income for the year	–	36,257	36,257
Transactions with owners			
<i>Contributions and distributions</i>			
Issue of shares	195	–	195
Dividends declared to the ultimate holding company (Note 12)	–	(37,110)	(37,110)
Total transactions with owners	195	(37,110)	(36,915)
At 31 March 2025	<u>195</u>	<u>22,705</u>	<u>22,900</u>
	Share capital HK\$’000 (Note 25(a))	Accumulated profits HK\$’000	Total HK\$’000
At 1 April 2024	–	23,558	23,558
Profit and total comprehensive income for the period (unaudited)	–	11,950	11,950
At 30 September 2024 (unaudited)	<u>–</u>	<u>35,508</u>	<u>35,508</u>

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		Reserves		
	Share capital <i>HK\$'000</i> <i>(Note 25(a))</i>	Share premium <i>HK\$'000</i> <i>(Note 25(b))</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2025	195	–	22,705	22,900
Profit and total comprehensive income for the period	–	–	944	944
Transactions with owners				
<i>Contributions and distributions</i>				
Issue of shares upon share subscription <i>(Note 25(a))</i>	3	25,397	–	25,400
Total transactions with owners	3	25,397	–	25,400
At 30 September 2025	198	25,397	23,649	49,244

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COMBINED STATEMENTS OF CASH FLOWS

	Year ended 31 March			Six months ended 30 September	
	2023	2024	2025	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
OPERATING ACTIVITIES					
Profit before tax	13,209	43,020	43,463	14,138	2,898
Adjustments for:					
Bank interest income	(2)	(4)	(1)	–	(1)
Finance costs	1,124	2,543	2,397	1,327	899
Fair value gain on financial assets at FVPL	(40)	(103)	(82)	(57)	(35)
Depreciation of property, plant and equipment	99	268	320	167	113
Depreciation of right-of-use assets	827	1,527	2,374	1,187	1,315
Provision for (Reversal of) loss allowance for ECL on trade receivable	<u>10</u>	<u>170</u>	<u>177</u>	<u>(50)</u>	<u>(328)</u>
Operating cash inflows before working capital changes	<u>15,227</u>	<u>47,421</u>	<u>48,648</u>	<u>16,712</u>	<u>4,861</u>
Change in working capital:					
Inventories	591	(5,833)	4,168	(1,943)	(5,050)
Trade and other receivables	(10,786)	(14,291)	(13,632)	(5,095)	11,369
Trade and other payables	<u>4,719</u>	<u>5,585</u>	<u>(872)</u>	<u>3,248</u>	<u>5,970</u>
Cash generated from operations	9,751	32,882	38,312	12,922	17,150
Income tax paid	<u>(2,591)</u>	<u>(2,577)</u>	<u>(31)</u>	<u>(31)</u>	<u>(13,392)</u>
Net cash generated from operating activities	<u>7,160</u>	<u>30,305</u>	<u>38,281</u>	<u>12,891</u>	<u>3,758</u>

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	<i>Note</i>	Year ended 31 March			Six months ended 30 September	
		2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
					(unaudited)	
INVESTING ACTIVITIES						
Purchase of property, plant and equipment		(516)	(276)	(150)	(150)	(54)
Purchase of financial assets at FVPL		(2,290)	–	–	–	–
Interest received		<u>2</u>	<u>4</u>	<u>1</u>	<u>–</u>	<u>1</u>
Net cash used in investing activities		<u>(2,804)</u>	<u>(272)</u>	<u>(149)</u>	<u>(150)</u>	<u>(53)</u>
FINANCING ACTIVITIES						
Proceeds from interest-bearing borrowings	27(b)	28,308	93,934	90,664	42,010	50,944
Repayment of interest-bearing borrowings	27(b)	(16,121)	(80,328)	(90,968)	(43,222)	(48,136)
Repayment of lease liabilities	27(b)	(797)	(1,393)	(2,303)	(1,107)	(1,323)
Advance to the Ultimate Controlling Party		(15,356)	(39,143)	(33,181)	(9,462)	(16,751)
Issue of shares	25(a)	–	–	195	–	25,400
Interest paid		<u>(1,124)</u>	<u>(2,543)</u>	<u>(2,397)</u>	<u>(1,327)</u>	<u>(899)</u>
Net cash (used in) from financing activities		<u>(5,090)</u>	<u>(29,473)</u>	<u>(37,990)</u>	<u>(13,108)</u>	<u>9,235</u>
Net (decrease) increase in cash and cash equivalents		(734)	560	142	(367)	12,940
Cash and cash equivalents at beginning of the reporting period		<u>842</u>	<u>108</u>	<u>668</u>	<u>668</u>	<u>810</u>
Cash and cash equivalents at end of the reporting period, represented by bank balances and cash		<u>108</u>	<u>668</u>	<u>810</u>	<u>301</u>	<u>13,750</u>

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF THE GROUP

1. GENERAL INFORMATION AND REORGANISATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 February 2025. The address of the Company’s registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company’s principal place of business is situated at Flat E, 18/F., YHC Tower, 1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

The Company is an investment holding company and the principal activities of its subsidiaries (the Company and its subsidiaries are collectively referred to as the “**Group**”) are engaged in development and sales (including marketing, selling and distribution) of health and beauty supplements and products.

At the date of this report, the immediate and ultimate holding company of the Company is Alway Success Investment Holding Limited (“**Alway Success**”), which is incorporated in the British Virgin Islands (the “**BVI**”). In the opinion of the directors of the Company, the ultimate controlling party is Mr. Cheung Wan Yu (the “**Ultimate Controlling Party**”).

Pursuant to a group reorganisation (the “**Reorganisation**”), which was completed on 27 February 2025, as detailed in the paragraph headed “Reorganisation” of the section headed “History, Reorganisation and Corporate Structure” of the Document issued in connection with the Initial [REDACTED] of shares of the Company on the Main Board of The Stock Exchange, the Company became the holding company of the entities now comprising the Group.

At the date of this report, the particulars of the Company’s major subsidiaries, which are private limited liability companies, of which the Company has direct or indirect interests, are as follows:

Name of subsidiary	Place of incorporation	Date of incorporation	Issued and paid-up capital	Attributable equity interests held by the Company	Principal activities/ place of operation
<i>Directly held</i>					
Herb Standard International Limited (“ Herb Standard BVI ”) (Note (i))	The BVI	20 February 2025	United States dollars (“ US\$ ”)200	100%	Investment holding/ The BVI
<i>Indirectly held</i>					
Aim Smart Limited (“ Aim Smart ”) (Note (i))	Hong Kong	8 June 2021	HK\$1	100%	Investment holding/ Hong Kong
Herb Standard Company Limited (“ Herb Standard HK ”) (Note (i))	Hong Kong	26 April 2011	HK\$10,000	100%	Development and sales of health and beauty supplements and products/Hong Kong
Marvel Pro Limited (“ Marvel Pro ”) (Note (i))	Hong Kong	18 February 2022	HK\$10	100%	Development and sales of health and beauty supplements and products/Hong Kong
3R Pharmaceutical Limited (“ 3R Pharmaceutical ”) (Note (i))	Hong Kong	14 March 2023	HK\$100	100%	Trading of healthcare products/Hong Kong

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Set forth below is the information of the financial statements, as prepared in accordance with respective local financial reporting standards, of the Company’s major subsidiaries that have been audited and fall into the Relevant Periods.

Subsidiary	Financial period	Auditors
Aim Smart	Years ended 31 March 2023, 2024 and 2025	Wiser CPA Limited, <i>Certified Public Accountants, Hong Kong</i>
Herb Standard HK	Years ended 31 March 2023, 2024 and 2025	Wiser CPA Limited, <i>Certified Public Accountants, Hong Kong</i>
Marvel Pro	Period from 18 February 2022 (Date of incorporation) to 31 March 2023 and year ended 31 March 2024 and 2025	Wiser CPA Limited, <i>Certified Public Accountants, Hong Kong</i>
3R Pharmaceutical	Period from 14 March 2023 (Date of incorporation) to 31 March 2024 and year ended 31 March 2025	Wiser CPA Limited, <i>Certified Public Accountants, Hong Kong</i>

Note:

- (i) No statutory audited financial statements have been prepared by Herb Standard BVI for the period from the date of incorporation to the date of this report as it is not required to issue audited financial statements under relevant statutory requirements at the place of incorporation.

2. BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

Pursuant to the Reorganisation, as more fully explained in the paragraph headed “Reorganisation” of the section headed “History, Reorganisation and Corporate Structure” of the Document, the Company became the holding company of the entities now comprising the Group on 27 February 2025. Immediately prior to and after the Reorganisation, the Group’s business is mainly conducted through Herb Standard HK and Marvel Pro while the Company, Herb Standard BVI and Aim Smart are investment holding companies and other entities within the Group have not been involved in any other significant activities prior to the Reorganisation. As the Reorganisation did not result in any change in the ultimate control of and the resources employed by the Group’s business, the Group is regarded as a continuity entity and, therefore, the Reorganisation is considered to be a restructuring of entities and business under common control unless otherwise stated.

Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a combined basis under merger accounting principles, as further explained in the paragraph headed “Merger accounting under common control” in Note 3 to the Historical Financial Information, which presents the combined financial position, combined financial performance, combined changes in equity and combined cash flows of the entities now comprising the Group as if the current group structure, except for the acquisition of Herb Standard HK prior to the Relevant Periods as further explained in the paragraph headed “Acquisition method of accounting” in Note 3 to the Historical Financial Information, had always been in existence throughout the Relevant Periods or since their respective date of establishment or incorporation, where applicable.

Statement of compliance

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA, which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations as issued by the HKICPA. The Historical Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

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The HKICPA has issued a number of new/revised HKFRS Accounting Standards during the Relevant Periods. For the purpose of the preparation of the Historical Financial Information, the Group has consistently adopted all those new/revised HKFRS Accounting Standards that are relevant to its operations and are effective throughout the Relevant Periods. The adoption of those new/revised HKFRS Accounting Standards does not have any significant impact on the Historical Financial Information.

A summary of material accounting policies adopted by the Group in preparing the Historical Financial Information is set out in Note 3 to the Historical Financial Information.

3. MATERIAL ACCOUNTING POLICIES

Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis, except for the financial assets at fair value through profit or loss (“**FVPL**”), which are measured at fair value as explained in the material accounting policies set out below.

Basis of combinations

The Historical Financial Information comprises the financial statements of the Company and all its subsidiaries for the Relevant Periods. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are combined from the date on which the Group obtains control and continue to be combined until the date that such control ceases.

Changes in ownership interest

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the holding company had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

(a) Acquisition method of accounting

The acquisition method is used to account for the acquisition of subsidiaries of the Group, except for those acquisitions which qualify as business combination under common control which are accounted for using merger accounting.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair value of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

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At the acquisition date, the identifiable assets acquired, and the liabilities assumed are principally recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets and liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 and HKAS 19, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed at acquisition date. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on bargain purchase.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

(b) Merger accounting under common control

The Historical Financial Information incorporates the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the Ultimate Controlling Party.

The net assets of the combining entities or businesses are combined using the existing carrying values from the Ultimate Controlling Party’s perspective. No amount is recognised as consideration for goodwill or excess of acquirer’s interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the Ultimate Controlling Party’s interest. All differences between the cost of acquisition (fair value of consideration paid) and the amounts at which the assets and liabilities, arising from the Reorganisation, are recognised directly in equity as part of the capital reserve. The combined statements of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting are recognised as an expense in the period in which they are incurred.

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Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company’s statements of financial position, investment in a subsidiary is stated at cost less impairment loss (if any). The carrying amount of the investment is reduced to its recoverable amounts on an individual basis, if it is higher than the recoverable amount. The result of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The Group’s investment in associate is accounted for under the equity method of accounting, except when the investment or a portion thereof is classified as held for sale. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group’s share of the investee’s net assets and any impairment loss relating to the investment. Except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee, the Group discontinues recognising its share of further losses when the Group’s share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long term interests that, in substance, form part of the Group’s net investment in the investee.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the investees, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is measured at the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree (if applicable) and the fair value of any previously held equity interest in the acquiree over the acquisition date amounts of the identifiable assets acquired and the liabilities assumed of the acquired business.

Goodwill on acquisition of business is recognised as a separate asset and is carried at cost less accumulated impairment losses, which is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment test and determination of gain or loss on disposal, goodwill is allocated to cash-generating units. An impairment loss on goodwill is not reversed.

On the other hand, any excess of the acquisition date amounts of identifiable assets acquired and the liabilities assumed of the acquired business over the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree (if applicable) and the fair value of the acquirer’s previously held interest in the acquiree, if any, after reassessment, is recognised immediately in profit or loss as an income from bargain purchase.

Any resulting gain or loss arising from remeasuring the previously held equity interests in the acquiree at the acquisition-date fair value is recognised in profit or loss or other comprehensive income, as appropriate.

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Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprise its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Furniture, fixture and office equipment	5 years
Leasehold improvements	2 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

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 the 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.

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Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the 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) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the 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 the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the 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 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 the 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 the 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.

1) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVPL:

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

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

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

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2) *Financial assets measured at FVPL*

These investments include financial assets that are not measured at amortised cost or FVOCI, including financial assets held for trading, financial assets designated upon initial recognition as at FVPL, financial assets resulting from a contingent consideration arrangement in a business combination to which HKFRS 3 applies and financial assets that are otherwise required to be measured at FVPL. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which does not include any dividend or interest earned on the financial assets. Dividend or interest income is presented separately from fair value gain or loss.

A financial asset is classified as held for trading if it is:

- (i) acquired principally for the purpose of selling it in the near term;
- (ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking on initial recognition; or
- (iii) a derivative that is not a financial guarantee contract or not a designated and effective hedging instrument.

Financial assets are designated at initial recognition as at FVPL only if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

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

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the 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.

Classification and measurement

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.

The Group’s financial liabilities include trade and other payables, 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.

Impairment of financial assets

The Group recognises loss allowances for expected credit losses (“ECL”) on financial assets that are measured at amortised cost. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

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Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

- (i) past due information;
- (ii) nature of financial instruments;
- (iii) nature of collateral (if any);
- (iv) nature, size and industry of debtors;
- (v) geographical location of debtors; and
- (vi) external credit risk ratings (if available).

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial asset that meets any of the following criteria:

- (i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or
- (ii) there is a breach of financial covenants by the counterparty.

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

Assessment of significant increase in credit risk

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

- the debtor's failure to make payments of principal or interest on the due dates;

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- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and/or
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

Low credit risk

A financial instrument is determined to have low credit risk if:

- (i) it has a low risk of default;
- (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group's cash and bank balances are determined to have low credit risk.

General approach

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. However, the Group may also consider a significant increase in credit risk when internal or external information indicates that the Group is less likely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECL except for trade receivables which apply the simplified approach as detailed below.

- | | | |
|---------|---|---|
| Stage 1 | – | Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECL |
| Stage 2 | – | Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECL |
| Stage 3 | – | Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECL |

Credit-impaired financial asset

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

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice, if appropriate. Any subsequent recovery is recognised in profit or loss.

Cash equivalents

For the purpose of the combined statements of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

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Revenue recognition

Revenue from contracts with customers within HKFRS 15

Nature of goods or services

The nature of the goods or services provided by the Group is as follows:

- (i) sales of health and beauty supplements and products;
- (ii) sales promotion service; and
- (iii) management and packaging service.

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

- (a) a good or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

- (a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and
- (b) the Group’s promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

Timing of revenue recognition

Revenue is recognised when (or as) the 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.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- (b) the Group’s performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

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Revenue from sales of health and beauty supplements and products are recognised at a point in time at which the 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 the customer's sales, and the performance obligation is not satisfied until the customer's sales occur. Accordingly, revenue from sales promotion service is recognised at a point in time, generally when the 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, the 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 the Group's performance and reliable information is available to the 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.

Transaction price: significant financing components

When the contract contains a significant financing component (i.e. the customer or the Group is provided with a significant benefit of financing the transfer of goods or services to the customer), in determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money. The effect of the significant financing component is recognised as an interest income or interest expense separately from revenue from contracts with customers in profit or loss.

The Group determines the interest rate that is commensurate with the rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception by reference to, where appropriate, the interest rate implicit in the contract (i.e. the interest rate that discounts the cash selling price of the goods or services to the amount paid in advance or arrears), the prevailing market interest rates, the Group's borrowing rates and other relevant creditworthiness information of the customers of the Group.

The Group has applied the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for the effect of the significant financing component if the period of financing is one year or less.

Variable consideration

If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to a customer. The variable consideration is estimated by using either the expected-value or the most-likely-amount method whichever is better to predict the entitled amount. The estimated variable consideration is then included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised of the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(i) Refund liabilities

The 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, the 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, the Group estimates the

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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 Relevant Periods, the 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 the each reporting period.

(ii) Volume-based rebates

The Group gives rebates to a selected customer. The 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.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified goods or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for specified goods or services to be provided by the other party.

The Group is acting as a principal as the Group controls the healthcare products before the good are transferred to its customers and its performance obligation is to transfer those goods to its customers.

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.

Foreign currency translation

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “**functional currency**”). The Company and its subsidiaries have HK\$ as their functional currency. The Historical Financial Information is presented in HK\$ and rounded to the nearest thousands unless otherwise indicated, which is the Group’s presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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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.

Impairment of other assets, other than goodwill

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that the Group's property, plant and equipment, right-of-use assets, investment in an associate and the Company's investment in a subsidiary may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

Intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as income in profit or loss immediately.

The accounting policy for recognition of the impairment loss for goodwill is stated in the accounting policy for goodwill in the earlier part of this note.

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

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Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Government grants relating to compensation of expenses are deducted from the related expenses. Where the grant relates to an asset, the fair value is recognised as a deduction from the carrying amount of the relevant asset and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Leases

The 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.

The Group as lessee

The 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.

The 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.

The Group accounts for each lease component within a lease contract as a lease separately. The 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 the 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.

The 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, which comprises:

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

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the unexpired term of lease of the right-of-use asset (unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option (if any) – in which case depreciation is provided over the estimated useful life of the underlying asset) as follows:

Leased properties	Over the unexpired term of lease
Leased equipment	Over the unexpired term of lease

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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.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate;
- (c) amounts expected to be payable under residual value guarantees;
- (d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

A lease modification is accounted for as a separate lease if:

- (a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

- (a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above;
- (b) the Group determines the lease term of the modified contract;
- (c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term;

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- (d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss; and
- (e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees.

Defined contribution plans

The Group operates a defined contribution retirement benefit scheme (the “**MPF Scheme**”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance (“**MPF Ordinance**”) for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries, subject to a cap in accordance with the MPF Ordinance. Contributions are recognised as an expense in profit or loss as employees render services during the reporting period. The Group’s obligations under the MPF Scheme are limited to the fixed percentage contributions payable.

Long service payments

The Group’s net obligation in respect of long service payments under the Hong Kong Employment Ordinance is the amounts of future benefit that employees have earned in return for their services in the current and prior periods. The obligation is calculated using the projected unit credit method and discounted to its present value and after deducting the fair value of any related assets, including those retirement scheme benefits.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary difference is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising from investments in a subsidiary and an associate, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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Related parties

A related party is a person or entity that is related to the Group, that is defined as:

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a holding company of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to a holding company of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business.

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Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management of the Group in the preparation of the Historical Financial Information. They affect the application of the Group’s accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty:

(i) Impairment of intangible assets with indefinite useful lives and goodwill

The 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 the 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.

(ii) Loss allowance for ECL

The management of the 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 the 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.

Future changes in HKFRS Accounting Standards

At the date of this report, the HKICPA has issued the following new/revised HKFRS Accounting Standards that are not yet effective for the Relevant Periods, which the Group has not early adopted.

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ⁽¹⁾
Annual Improvements to HKFRS Accounting Standards	Volume 11 ⁽¹⁾
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ⁽¹⁾
HKFRS 18	Presentation and Disclosure in Financial Statements ⁽²⁾
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ⁽²⁾
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ⁽²⁾
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽³⁾

⁽¹⁾ Effective for annual periods beginning on or after 1 January 2026

⁽²⁾ Effective for annual periods beginning on or after 1 January 2027

⁽³⁾ The effective date to be determined

The management of the Group does not anticipate that the adoption of the new/revised HKFRS Accounting Standards in future periods will have any material impact on the Group’s combined financial information.

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4. SEGMENT INFORMATION

The directors of the Company have determined that the Group has only one operating and reportable segment throughout the Relevant Periods, as the Group manages its business as a whole as the development and sales (including marketing, selling and distribution) of health and beauty supplements and products and the executive directors of the Company, being the chief operating decision-makers of the Group, regularly review the internal financial reports on the same basis for the purposes of allocating resources and assessing performance of the Group.

Geographical information

(a) Revenue from external customers

The Company is an investment holding company and the Group is principally engaged in the development and sales (including marketing, selling and distribution) of health and beauty supplements and products in Hong Kong during the Relevant Periods. The Group earns substantially all of its revenue from external customers attributed to its sales/services in Hong Kong.

(b) Specified non-current assets

The Group’s non-current assets are all located in Hong Kong.

Information about major customers

Details of the customers individually accounting for 10% or more of the total revenue of the Group during the Relevant Periods are as follows:

	Year ended 31 March			Six months ended	
	2023	2024	2025	30 September 2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Sales of health and beauty supplements and products					
Customer A	38,493	84,044	97,071	49,680	48,170

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5. REVENUE

	Year ended 31 March			Six months ended 30 September	
	2023	2024	2025	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Revenue from contracts with customers within HKFRS 15					
<i>At a point in time</i>					
– Sales of health and beauty supplements and products	42,669	108,318	127,942	51,836	51,502
– Sales promotion service	324	820	1,283	684	445
	<u>42,993</u>	<u>109,138</u>	<u>129,225</u>	<u>52,520</u>	<u>51,947</u>
<i>Over time</i>					
– Management and packaging service	200	480	990	470	495
	<u>200</u>	<u>480</u>	<u>990</u>	<u>470</u>	<u>495</u>
Total revenue	<u>43,193</u>	<u>109,618</u>	<u>130,215</u>	<u>52,990</u>	<u>52,442</u>

Unsatisfied or partially unsatisfied performance obligations

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

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6. OTHER INCOME

	Year ended 31 March			Six months ended 30 September	
	2023	2024	2025	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Bank interest income	2	4	1	–	1
Fair value gain on financial assets at FVPL (Note 18)	40	103	82	57	35
Government grants (Note (i))	820	100	–	–	–
Sundry income	<u>1</u>	<u>1</u>	<u>–</u>	<u>–</u>	<u>2</u>
	<u>863</u>	<u>208</u>	<u>83</u>	<u>57</u>	<u>38</u>

Note:

- (i) The government grants mainly represent subsidies received from the local government in connection with certain financial support to local business enterprises for the purpose of encouraging business development of approximately HK\$129,000 and HK\$100,000 for the years ended 31 March 2023 and 2024, respectively.

In addition, the Group has also received the funding support from the Employment Support Scheme (“ESS”) under the Anti-epidemic Funds, set up by the Hong Kong Special Administrative Region Government of approximately HK\$691,000 for the year ended 31 March 2023. The purpose of the ESS is to provide financial support to employers to retain employees who may otherwise be made redundant. Under the terms of the grant, the Group is required not to implement redundancies during the subsidy period and to spend all the funding on payment of wages to its employees.

There are no unfulfilled conditions of the government grants.

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7. PROFIT BEFORE TAX

This is stated after charging:

	Year ended 31 March			Six months ended 30 September	
	2023	2024	2025	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Finance costs					
Interest on interest-bearing borrowings	1,077	2,390	2,180	1,204	822
Interest on lease liabilities	47	153	217	123	77
	<u>1,124</u>	<u>2,543</u>	<u>2,397</u>	<u>1,327</u>	<u>899</u>
Staff costs (including directors’ emoluments)					
Salaries, discretionary bonus, allowances and other benefits in kind	11,547	24,355	31,551	14,010	16,611
Contributions to defined contribution plans	407	679	948	430	512
	<u>11,954</u>	<u>25,034</u>	<u>32,499</u>	<u>14,440</u>	<u>17,123</u>
<i>Allocated to:</i>					
Selling and distribution expenses	7,285	18,387	21,940	9,824	11,431
Administrative and other operating expenses	4,669	6,647	10,559	4,616	5,692
	<u>11,954</u>	<u>25,034</u>	<u>32,499</u>	<u>14,440</u>	<u>17,123</u>
Other items					
Auditors’ remuneration	50	82	41	20	82
Cost of goods sold	7,952	23,432	32,528	13,246	12,251
Depreciation of property, plant and equipment (charged to “Administrative and other operating expenses”)	99	268	320	167	113
Depreciation of right-of-use assets (charged to “Selling and distribution expenses” and “Administrative and other operating expenses”)	827	1,527	2,374	1,187	1,315
Provision for (Reversal of) loss allowance for ECL on trade receivables (charged to “Administrative and other operating expenses”)	10	170	177	(50)	(328)
Advertising and promotion expenses (charged to “Selling and distribution expenses”)	6,760	11,209	13,481	7,644	6,600
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Expenses recognised under short-term leases (Note (i))	20	189	95	48	48

Note:

- (i) At 31 March 2023, 2024 and 2025 and 30 September 2025, the Group was committed to short-term leases or low-value asset leases of approximately HK\$7,000, HK\$30,000, HK\$30,000 and HK\$6,000, respectively.

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8. DIRECTORS’ REMUNERATION

The Company was incorporated in the Cayman Islands on 18 February 2025 and Mr. Cheung Wan Yu was appointed as an executive director of the Company on the same date. Ms. Sung Ting Yee was appointed as an executive director of the Company on 7 July 2025, Ms. Yu Tak Wai Winnie, Ms. Tang Manyee Jackie and Mr. Sung Hiu Fai Ronald were appointed as independent non-executive directors of the Company on [●], respectively. Certain directors of the Company received remuneration from an entity now comprising the Group during the Relevant Periods for their appointment as employee of the entity. The aggregate amounts of remuneration received and receivable by the directors of the Company during the Relevant Periods are set out below.

Year ended 31 March 2023

	Directors’ fees <i>HK\$’000</i>	Salaries, allowances and other benefits in kind <i>HK\$’000</i>	Discretionary bonus <i>HK\$’000</i>	Contributions to defined contribution plans <i>HK\$’000</i>	Total <i>HK\$’000</i>
Executive director					
Mr. Cheung Wan Yu	–	360	30	18	408

Year ended 31 March 2024

	Directors’ fees <i>HK\$’000</i>	Salaries, allowances and other benefits in kind <i>HK\$’000</i>	Discretionary bonus <i>HK\$’000</i>	Contributions to defined contribution plans <i>HK\$’000</i>	Total <i>HK\$’000</i>
Executive director					
Mr. Cheung Wan Yu	–	360	30	18	408

Year ended 31 March 2025

	Directors’ fees <i>HK\$’000</i>	Salaries, allowances and other benefits in kind <i>HK\$’000</i>	Discretionary bonus <i>HK\$’000</i>	Contributions to defined contribution plans <i>HK\$’000</i>	Total <i>HK\$’000</i>
<i>Executive director</i>					
Mr. Cheung Wan Yu	–	360	30	18	408

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Six months ended 30 September 2024 (unaudited)

	Directors’ fees HK\$’000	Salaries, allowances and other benefits in kind HK\$’000	Discretionary bonus HK\$’000	Contributions to defined contribution plans HK\$’000	Total HK\$’000
<i>Executive director</i>					
Mr. Cheung Wan Yu	–	180	–	9	189

Six months ended 30 September 2025

	Directors’ fees HK\$’000	Salaries, allowances and other benefits in kind HK\$’000	Discretionary bonus HK\$’000	Contributions to defined contribution plans HK\$’000	Total HK\$’000
<i>Executive directors</i>					
Mr. Cheung Wan Yu	–	180	–	9	189
Ms. Sung Ting Yee	–	240	–	5	245
	–	420	–	14	434

During the Relevant Periods, no remuneration was paid by the Group to any of the directors as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any emoluments during the Relevant Periods.

9. FIVE HIGHEST PAID INDIVIDUALS

No director is included in the aggregate emoluments of the five highest paid individuals during the Relevant Periods.

Details of the remuneration of the above highest paid non-director individuals are as follows:

	Year ended 31 March			Six months ended 30 September	
	2023 HK\$’000	2024 HK\$’000	2025 HK\$’000	2024 HK\$’000	2025 HK\$’000
				(unaudited)	
Salaries, discretionary bonus, allowances and other benefits in kind	3,026	6,764	7,844	3,939	3,979
Contributions to defined contribution plans	84	90	90	45	45
	3,110	6,854	7,934	3,984	4,024

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The number of these non-director individuals whose emoluments fell within the following emoluments band is as follows:

	Year ended 31 March			Six months ended 30 September	
	2023	2024	2025	2024	2025
				(unaudited)	
Nil to HK\$1,000,000	4	2	–	4	4
HK\$1,000,001 to HK\$1,500,000	1	2	3	1	1
HK\$1,500,001 to HK\$2,000,000	–	–	1	–	–
HK\$2,000,001 to HK\$2,500,000	–	–	–	–	–
HK\$2,500,001 to HK\$3,000,000	–	1	1	–	–
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

During the Relevant Periods, no remuneration was paid by the Group to any of these highest paid non-director individuals as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which any of these highest paid non-director individuals waived or has agreed to waive any emoluments during the Relevant Periods.

10. TAXATION

	Year ended 31 March			Six months ended 30 September	
	2023	2024	2025	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Current tax					
Hong Kong Profits Tax	1,941	7,652	7,289	2,186	1,921
Deferred taxation (Note 24)					
Changes in temporary differences	<u>(45)</u>	<u>(115)</u>	<u>(83)</u>	<u>2</u>	<u>33</u>
Total income tax expenses	<u>1,896</u>	<u>7,537</u>	<u>7,206</u>	<u>2,188</u>	<u>1,954</u>

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the group entities incorporated in the Cayman Islands and the BVI are not subject to any income tax.

For the years ended 31 March 2023, 2024 and 2025 and the six months ended 30 September 2025, the assessable profits of a Hong Kong incorporated subsidiary of the Group (as elected by the management of the Group) is subject to the two-tiered profits tax rates regime that the first HK\$2 million of assessable profits will be taxed at 8.25% (the “**Graduated Tax Rate**”), and assessable profits above HK\$2 million will be taxed at 16.5% (the “**Standard Tax Rate**”). The Hong Kong Profits Tax of other Group’s entities which established in Hong Kong is calculated at the Standard Tax Rate of 16.5% of their respective estimated assessable profits for the years ended 31 March 2023, 2024 and 2025 and the six months ended 30 September 2025.

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Reconciliation of income tax expenses

	Year ended 31 March			Six months ended 30 September	
	2023 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000 (unaudited)	2025 HK\$'000
Profit before tax	<u>13,209</u>	<u>43,020</u>	<u>43,463</u>	<u>14,138</u>	<u>2,898</u>
Income tax at statutory tax rate applicable in respective tax jurisdictions	2,179	7,098	7,172	2,333	478
Tax effect on Graduated Tax Rate	(165)	(165)	(165)	(165)	(165)
Tax effect on non-deductible expenses	15	628	216	33	1,647
Tax effect on tax exempt revenue	(121)	(18)	(14)	(10)	(6)
Tax effect on tax concession	<u>(12)</u>	<u>(6)</u>	<u>(3)</u>	<u>(3)</u>	<u>–</u>
Income tax expenses	<u>1,896</u>	<u>7,537</u>	<u>7,206</u>	<u>2,188</u>	<u>1,954</u>

11. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of the Historical Financial Information, is not considered meaningful.

12. DIVIDENDS

	Year ended 31 March			Six months ended 30 September	
	2023 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000 (unaudited)	2025 HK\$'000
Dividends declared to the Ultimate Controlling Party/ultimate holding company	<u>14,388</u>	<u>10,168</u>	<u>37,110</u>	<u>–</u>	<u>–</u>

No dividends per share information is presented as its inclusion, for the purpose of the Historical Financial Information, is not considered meaningful.

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13. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixture and office equipment HK\$'000	Leasehold improvements HK\$'000	Total HK\$'000
Reconciliation of carrying amount – year ended 31 March 2023			
At 1 April 2022	119	–	119
Additions	343	173	516
Depreciation	(84)	(15)	(99)
At 31 March 2023	<u>378</u>	<u>158</u>	<u>536</u>
Reconciliation of carrying amount – year ended 31 March 2024			
At 1 April 2023	378	158	536
Additions	155	121	276
Depreciation	(137)	(131)	(268)
At 31 March 2024	<u>396</u>	<u>148</u>	<u>544</u>
Reconciliation of carrying amount – year ended 31 March 2025			
At 1 April 2024	396	148	544
Additions	9	141	150
Depreciation	(117)	(203)	(320)
At 31 March 2025	<u>288</u>	<u>86</u>	<u>374</u>
Reconciliation of carrying amount – six months ended 30 September 2025			
At 1 April 2025	288	86	374
Additions	54	–	54
Depreciation	(63)	(50)	(113)
At 30 September 2025	<u>279</u>	<u>36</u>	<u>315</u>
At 31 March 2023			
Cost	566	593	1,159
Accumulated depreciation	(188)	(435)	(623)
Net carrying amount	<u>378</u>	<u>158</u>	<u>536</u>
At 31 March 2024			
Cost	578	294	872
Accumulated depreciation	(182)	(146)	(328)
Net carrying amount	<u>396</u>	<u>148</u>	<u>544</u>

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	Furniture, fixture and office equipment <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 March 2025			
Cost	587	435	1,022
Accumulated depreciation	<u>(299)</u>	<u>(349)</u>	<u>(648)</u>
Net carrying amount	<u>288</u>	<u>86</u>	<u>374</u>
At 30 September 2025			
Cost	641	435	1,076
Accumulated depreciation	<u>(362)</u>	<u>(399)</u>	<u>(761)</u>
Net carrying amount	<u>279</u>	<u>36</u>	<u>315</u>

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14. RIGHT-OF-USE ASSETS

	Leased properties <i>HK\$'000</i>	Leased equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reconciliation of carrying amount			
– year ended 31 March 2023			
At 1 April 2022	761	76	837
Additions	1,803	–	1,803
Depreciation	(809)	(18)	(827)
At 31 March 2023	<u>1,755</u>	<u>58</u>	<u>1,813</u>
Reconciliation of carrying amount			
– year ended 31 March 2024			
At 1 April 2023	1,755	58	1,813
Additions	5,265	–	5,265
Depreciation	(1,509)	(18)	(1,527)
At 31 March 2024	<u>5,511</u>	<u>40</u>	<u>5,551</u>
Reconciliation of carrying amount			
– year ended 31 March 2025			
At 1 April 2024	5,511	40	5,551
Depreciation	(2,356)	(18)	(2,374)
At 31 March 2025	<u>3,155</u>	<u>22</u>	<u>3,177</u>
Reconciliation of carrying amount –			
six months ended 30 September 2025			
At 1 April 2025	3,155	22	3,177
Additions	1,317	–	1,317
Depreciation	(1,306)	(9)	(1,315)
At 30 September 2025	<u>3,166</u>	<u>13</u>	<u>3,179</u>
At 31 March 2023			
Cost	2,921	90	3,011
Accumulated depreciation	(1,166)	(32)	(1,198)
Net carrying amount	<u>1,755</u>	<u>58</u>	<u>1,813</u>
At 31 March 2024			
Cost	8,186	90	8,276
Accumulated depreciation	(2,675)	(50)	(2,725)
Net carrying amount	<u>5,511</u>	<u>40</u>	<u>5,551</u>

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	Leased properties <i>HK\$'000</i>	Leased equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 March 2025			
Cost	8,186	90	8,276
Accumulated depreciation	<u>(5,031)</u>	<u>(68)</u>	<u>(5,099)</u>
Net carrying amount	<u>3,155</u>	<u>22</u>	<u>3,177</u>
At 30 September 2025			
Cost	9,503	90	9,593
Accumulated depreciation	<u>(6,337)</u>	<u>(77)</u>	<u>(6,414)</u>
Net carrying amount	<u>3,166</u>	<u>13</u>	<u>3,179</u>

The Group leases various properties and equipment for its daily operations with the initial lease terms range from 2 to 5 years during each of the reporting periods under the Relevant Periods.

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Extension and termination options

The certain lease contracts of leased properties contain extension or termination options. These options aim to provide flexibility to the Group in managing the leased assets. The extension option of the leased properties are normally exercised because the Group does not want to incur additional costs, such as leasehold improvements, while exercising the termination option is normally unusual unless the Group could replace the leased properties without significant costs or acquisition of new properties. The Group seldom exercises an option not previously included in its determination of the lease term, or seldom not to exercises an option previously included in its determination of the lease term.

The total lease payments amounted to approximately HK\$864,000, HK\$1,735,000, HK\$2,615,000, HK\$1,278,000 (unaudited) and HK\$1,448,000, respectively, representing the total cash outflows in relation to leases for the years ended 31 March 2023, 2024 and 2025 and the six months ended 30 September 2024 and 2025.

Restriction or covenants

Most of the leases impose a restriction that, unless approval is obtained from the lessors, the right-of-use assets can only be used by the Group and the Group is prohibited from selling or pledging the underlying assets. The Group is also required to keep those leased assets in a good state of repair and return the leased assets in their original condition at the end of the lease.

Variable lease payments

A new lease contract of a retail shop contains variable lease payment terms that are linked to sales generated from the retail shop with no variable payments made during the six months ended 30 September 2025. Variable lease payment terms are used, when possible, in newly established retail shop because it allows the Group to align lease expenses with revenue earned and reduce the business risk.

15. INTANGIBLE ASSETS

Distribution Network HK\$’000

Cost and carrying amount

At 1 April 2022, 31 March 2023, 2024 and 2025 and 30 September 2025

23,453

The distribution network (“**Distribution Network**”) arose from the acquisition of Herb Standard HK by Aim Smart from an independent third party (the “**Herb Standard Acquisition**”) in 2021. The Distribution Network was evaluated based on the valuation prepared by an independent professional valuer adopting the multi-period excess earnings method under the income approach with reference to Herb Standard HK’s revenue from a core customer over a five-year period and extrapolation of cash flows beyond such period. At the acquisition date, the Distribution Network between Herb Standard HK and its core customer has been well established and achieved through track record of quality product deliveries. The Distribution Network enables Herb Standard HK to have a stable source for distributing its products and provides a solid foundation for business growth and development.

Distribution Network relates to the Healthcare CGU (as defined in Note 16) is stated at cost less any impairment losses (if any). In the opinion of the management of the Group, the Distribution Network has indefinite useful life as there is no foreseeable limit to the period about the cooperation with the core customer and the period over which this asset is expected to generate cash flow indefinitely for the Group.

The Distribution Network is tested for impairment at the end of each reporting period and has been included in the Healthcare CGU for impairment assessment of goodwill as set out in Note 16 to the Historical Financial Information.

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16. GOODWILL

**Healthcare
CGU**
HK\$'000

Carrying amount

At 1 April 2022, 31 March 2023, 2024 and 2025 and 30 September 2025

2,382

The goodwill arising from the Herb Standard Acquisition in 2021 with a cash generating unit engaged in development and sales (including marketing, selling and distribution) of health and beauty supplements and products (the “**Healthcare CGU**”).

Impairment testing of goodwill and Distribution Network with indefinite useful lives

Goodwill and Distribution Network with indefinite useful lives acquired through business combinations are allocated to individual Healthcare CGU for annual impairment testing.

For the purpose of the annual impairment test, the recoverable amounts of the Healthcare CGU have been determined with reference to value-in-use calculations using cash flow projections based on financial estimates approved by the management of the Group covering a five-year period and extrapolation of cash flows beyond such period conducted by, an independent professional valuer, Flagship Appraisals and Consulting Limited.

Key assumptions used for value-in-use calculations are as follows:

	2023	At 31 March 2024	2025	At 30 September 2025
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 the 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 Healthcare CGU.

The management of the Group assessed the recoverable amounts of the Healthcare CGU are higher than its carrying amounts by approximately of HK\$58,170,000, HK\$303,976,000, HK\$404,629,000 and HK\$414,386,000 (“**Headroom**”) at 31 March 2023, 2024 and 2025 and 30 September 2025, respectively. Accordingly, there was no impairment on the goodwill and Distribution Network with indefinite useful lives during the years ended 31 March 2023, 2024 and 2025 and the six months ended 30 September 2025.

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

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Sensitivity of key assumptions

The following table indicates how the amounts of Headroom would have decreased if certain key assumptions used in the value-in-use calculations had changed, assuming all other assumptions remained constant:

		Headroom decreased by			At 30
		2023	At 31 March	2025	September
		2024	2024	2025	2025
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Healthcare CGU	Change				
Average growth rate	Decrease 1%	20,060	15,384	22,270	25,378
Budgeted average gross profit margin	Decrease 1%	18,246	8,201	11,325	13,275
Discount rate (pre-tax)	Increase 1%	17,999	21,886	33,728	37,123

17. INVESTMENT IN AN ASSOCIATE

	2023	At 31 March	2025	At 30
	2024	2024	2025	September
	HK\$'000	HK\$'000	HK\$'000	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Unlisted entity, share of net assets	—	—	—	—

Details of an associate at 31 March 2023, 2024 and 2025 and 30 September 2025 are as follows:

Name of associate	Principal place of business and place of incorporation	Class of shares held	Proportion of value of issued and paid-up capital held by the Company (indirectly)	Principal activities
Sau San Tong Healthy Care Product Limited (“Sau San Tong”)	Hong Kong	Ordinary	40%	Sales of health and beauty products

The above associate is a private company and there is no quoted market price available for its shares. During the year ended 31 March 2023, the Group has established Sau San Tong with an independent third party, for which the Group has invested HK\$40 as an initial investment for 40% equity interest in Sau San Tong. The associate is accounted for using equity method.

Financial information of an associate

Summarised financial information of Sau San Tong is set out below, which represents amounts shown in the associate’s financial statements prepared in accordance with HKFRS Accounting Standards and adjusted by the Group for equity accounting purposes including any differences in accounting policies and fair value adjustments.

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	At 31 March		At 30 September	
	2023	2024	2025	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Gross amount				
Current assets	3,000	2,458	2,286	2,352
Current liabilities	(3,750)	(2,775)	(2,702)	(2,689)
Net liabilities	(750)	(317)	(416)	(337)
Reconciliation				
Gross amount of equity	(750)	(317)	(416)	(337)
Group’s ownership interests	40%	40%	40%	40%
Group’s share of equity	(300)	(127)	(167)	(135)
Carrying amount of interests	–	–	–	–

	Year ended 31 March			Six months ended
	2023	2024	2025	30 September 2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Gross amount				
Revenue	2,679	4,967	785	133
(Loss) Profit	(750)	433	(99)	79
Other comprehensive income	–	–	–	–
Total comprehensive (loss) income	(750)	433	(99)	79
Group’s share of results	(300)	173	(40)	32

The Group has stopped recognising its share of loss of an associate under the equity method during the Relevant Periods. The unrecognised share of loss of an associate, both for the year and cumulatively, are set out below:

	Year ended 31 March			Six months ended
	2023	2024	2025	30 September 2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Unrecognised share of loss	300	–	40	–

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	2023 HK\$'000	At 31 March 2024 HK\$'000	2025 HK\$'000	At 30 September 2025 HK\$'000
Cumulative unrecognised share of loss up to the end of the reporting period	300	127	167	135

18. FINANCIAL ASSETS AT FVPL

	2023 HK\$'000	At 31 March 2024 HK\$'000	2025 HK\$'000	At 30 September 2025 HK\$'000
Unlisted investments – key management insurance contract	2,330	2,433	2,515	2,550

The fair value of the key management insurance contract is determined by reference to the respective surrender cash value of each insurance contract at the end of the reporting period under the Relevant Periods, 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\$.

The movement of key management insurance contract is analysed as follows:

	Year ended 31 March 2023 HK\$'000	2024 HK\$'000	2025 HK\$'000	Six months ended 30 September 2025 HK\$'000
At the beginning of the reporting period	–	2,330	2,433	2,515
Addition	2,290	–	–	–
Fair value changes recognised in profit or loss	40	103	82	35
At the end of the reporting period	2,330	2,433	2,515	2,550

The key management insurance contract is pledged as collateral for the Group’s bank borrowings amounting to approximately HK\$1,965,000, HK\$1,716,000, HK\$1,452,000 and HK\$1,300,000 at 31 March 2023, 2024 and 2025 and 30 September 2025, respectively.

19. INVENTORIES

	2023 HK\$'000	At 31 March 2024 HK\$'000	2025 HK\$'000	At 30 September 2025 HK\$'000
Finished goods	2,156	7,989	3,821	8,871

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20. TRADE AND OTHER RECEIVABLES

		At 31 March		At
		2023	2024	30 September
		2023	2024	2025
Note		HK\$'000	HK\$'000	HK\$'000
Trade receivables				
From third parties		14,418	31,731	29,343
Less: Loss allowances		(11)	(181)	(30)
(a)		14,407	31,550	29,313
Other receivables				
Deposits paid to suppliers	(b)	4,287	1,114	3,290
Rental and other deposits		304	546	1,076
Prepaid [REDACTED] expenses		[REDACTED]	[REDACTED]	[REDACTED]
Other prepaid expenses		755	664	1,881
Due from the Ultimate Controlling Party	(c)	–	11,066	16,811
Due from the ultimate holding company	(c)	–	–	19
		5,346	13,390	23,786
		19,753	44,940	53,099

(a) Trade receivables

The ageing analysis of trade receivables, net of loss allowances, based on invoice date at the end of each reporting period is as follows:

	At 31 March		At
	2023	2024	30 September
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Within 30 days	9,914	13,488	7,729
31 to 60 days	4,243	5,297	10,083
61 to 90 days	131	12,564	11,425
Over 90 days	119	201	76
	14,407	31,550	29,313

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At the end of each reporting period, the ageing analysis of the trade receivables, net of loss allowances, by due date is as follows:

	At 31 March		At 30 September	
	2023	2024	2025	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Not yet due	14,288	31,295	42,188	28,595
Past due:				
Within 30 days	27	184	259	675
31 to 60 days	57	71	2	43
61 to 90 days	35	–	–	–
Over 90 days	–	–	92	–
	119	255	353	718
	14,407	31,550	42,541	29,313

The Group normally grants credit terms up to 180 days from the date of issuance of invoices.

Amounts of approximately HK\$13,821,000, HK\$20,895,000, HK\$25,830,000 and HK\$26,150,000 included in the trade receivables were in connection with factoring arrangements (*Note 22*) at 31 March 2023, 2024 and 2025 and 30 September 2025, respectively.

(b) Deposits paid to suppliers

The balances represent the payment in advance to certain suppliers for the procurement of health and beauty supplements and products for the Group.

The balances are mainly denominated in currency other than functional currency as follows:

	At 31 March		At 30 September	
	2023	2024	2025	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
US\$	1,401	106	1,286	1,330
New Zealand Dollar (“NZD”)	918	–	906	1,525
Australia Dollar (“AUD”)	–	816	–	253
	2,319	922	2,192	3,108

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(c) **Due from the Ultimate Controlling Party/ultimate holding company**

The amounts due were non-trade in nature, unsecured, interest-free and repayable on demand.

	Year ended 31 March 2024		
	Greatest amount outstanding during the year <i>HK\$'000</i>	Balance at 31 March 2024 <i>HK\$'000</i>	Balance at 1 April 2023 <i>HK\$'000</i>
Mr. Cheung Wan Yu	<u>11,905</u>	<u>11,066</u>	<u>–</u>

	Year ended 31 March 2025		
	Greatest amount outstanding during the year <i>HK\$'000</i>	Balance at 31 March 2025 <i>HK\$'000</i>	Balance at 1 April 2024 <i>HK\$'000</i>
Mr. Cheung Wan Yu	<u>41,228</u>	<u>60</u>	<u>11,066</u>
Always Success	<u>12</u>	<u>12</u>	<u>–</u>

	Six months ended 30 September 2025		
	Greatest amount outstanding during the year <i>HK\$'000</i>	Balance at 30 September 2025 <i>HK\$'000</i>	Balance at 1 April 2025 <i>HK\$'000</i>
Mr. Cheung Wan Yu	<u>30,060</u>	<u>16,811</u>	<u>60</u>
Always Success	<u>19</u>	<u>19</u>	<u>12</u>

(d) Information about the Group’s exposures to credit risks and loss allowances for trade and other receivables are included in Note 28 to the Historical Financial Information.

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21. TRADE AND OTHER PAYABLES

			At 31 March		At 30 September
		2023	2024	2025	2025
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables					
To third parties	(a)	498	4,554	3,091	4,162
Other payables					
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	(b)	93	61	81	372
Due to the Ultimate Controlling Party	(c)	14,048	–	–	–
Due to an associate	(d)	2,355	1,076	24	24
		19,405	6,886	6,425	11,324
		19,903	11,440	9,516	15,486

(a) Trade payables

The trade payables were unsecured, interest-free and with normal credit terms up to 90 days.

At the end of each reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

		At 31 March		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
	498	4,554	3,091	4,162

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The balances of trade payables are denominated in currency other than functional currency as follows:

	At 31 March		At 30 September	
	2023	2024	2025	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
US\$	–	1,394	–	15
NZD	–	943	–	931
AUD	–	–	146	382
	–	2,337	146	1,328

(b) Provision for long service payments

The movement of provision for long service payments is as follows:

	At 31 March		At 30 September	
	2023	2024	2025	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At the beginning of the reporting period	46	93	61	81
Provision for (Reversal of) long service payments	47	(32)	20	291
At the end of the reporting period	93	61	81	372

(c) Due to the Ultimate Controlling Party

The amount due was non-trade in nature, unsecured, interest-free, and repayable on demand.

(d) Due to an associate

The amount due was trade in nature, unsecured, interest-free, and repayable on demand.

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22. INTEREST-BEARING BORROWINGS

		At 31 March		At 30 September
	2023	2024	2025	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Fixed rate of other borrowing				
– secured	9,886	6,025	–	–
Floating rate of bank borrowings				
– secured	18,187	31,793	31,489	34,297
	<u>28,073</u>	<u>37,818</u>	<u>31,489</u>	<u>34,297</u>
Fixed interest rate per annum for other borrowing	8.00%	8.00%	–	–
Effective interest rates per annum for floating rate borrowings	2.95% to 5.25%	3.55% to 6.65%	3.44% to 6.24%	2.89% to 5.42%

The interest-bearing borrowings from a financial institution and banks are wholly repayable range from 1 to 10 years since its inception and they are classified as current liabilities as the related loan agreements that contain clauses that gives a financial institution and the banks with an unconditional right to demand repayment at any time at its own discretion. Further details of the repayment schedule of the interest-bearing borrowings are set out in Note 28 to the Historical Financial Information.

The interest-bearing borrowings are secured by:

- (i) personal guarantee provided by Ultimate Controlling Party;
- (ii) guarantee provided by the local government;
- (iii) corporate guarantee provided by a subsidiary of the Group;
- (iv) amount of approximately HK\$13,821,000, HK\$20,895,000, HK\$25,830,000 and HK\$26,150,000 included in the trade receivables were in connection with factoring arrangements at 31 March 2023, 2024 and 2025 and 30 September 2025, respectively (*Note 20(a)*); and/or
- (v) the key management insurance contract with fair value of approximately HK\$2,330,000, HK\$2,433,000, HK\$2,515,000 and HK\$2,550,000, respectively (*Note 18*).

All banking facilities are subject to the fulfilment of covenants, as is commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become repayable on demand. During the years ended 31 March 2023, 2024 and 2025 and the six months ended 30 September 2025, one of the subsidiaries of the Company breached the covenants in relation to bank borrowings with carrying amounts of approximately HK\$10,222,000, HK\$21,846,000, HK\$22,702,000 and HK\$27,523,000, respectively, for maintaining the minimum amount of net tangible net worth of the subsidiary and declaring dividends to its shareholders without prior written consents (the “Covenants”) from the bank. The Group has communicated with the bank about the breaches and the bank has confirmed that no further action is taken in relation to breach of Covenants. In addition, the bank has granted the Group a one-off waiver for the breach of Covenants and agreed that the Group shall rectify the breaches on or before 16 February 2026. The directors of the Company consider the breach of the Covenants would not trigger immediate demand for repayment from the bank.

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The balances of interest-bearing borrowings are denominated in currency other than functional currency in US\$ of approximately HK\$1,965,000, HK\$1,716,000, HK\$1,452,000 and HK\$1,300,000 at 31 March 2023, 2024 and 2025 and 30 September 2025, respectively.

[The guarantee provided by the Ultimate Controlling Party is expected to be released and replaced by any corporate guarantee to be given by the Company and/or its subsidiaries upon the Initial [REDACTED] and the banks have provided their consent in this regard.]

23. LEASE LIABILITIES

	2023	At 31 March 2024	2025	At 30 September 2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current portion	808	2,303	2,253	2,413
Non-current portion	1,042	3,419	1,166	1,000
	<u>1,850</u>	<u>5,722</u>	<u>3,419</u>	<u>3,413</u>

Commitments and present value of lease liabilities:

	Lease payments			At
	2023	At 31 March 2024	2025	30 September 2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts payable:				
Within one year	871	2,520	2,355	2,509
More than 1 year but within 2 years	663	2,355	1,186	1,014
More than 2 years but within 5 years	416	1,186	—	—
	<u>1,950</u>	<u>6,061</u>	<u>3,541</u>	<u>3,523</u>
Less: future finance charges	<u>(100)</u>	<u>(339)</u>	<u>(122)</u>	<u>(110)</u>
	<u>1,850</u>	<u>5,722</u>	<u>3,419</u>	<u>3,413</u>

	Present value of lease payments			At
	2023	At 31 March 2024	2025	30 September 2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts payable:				
Within one year	808	2,303	2,253	2,413
More than 1 year but within 2 years	632	2,253	1,166	1,000
More than 2 years but within 5 years	410	1,166	—	—
	<u>1,850</u>	<u>5,722</u>	<u>3,419</u>	<u>3,413</u>
Less: future finance charges	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>1,850</u>	<u>5,722</u>	<u>3,419</u>	<u>3,413</u>

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At 31 March 2023, 2024 and 2025 and 30 September 2025, the weighted average effective interest rates of the lease liabilities of the Group were approximately 2.75%, 4.85%, 4.97% and 4.59% per annum, respectively.

24. DEFERRED TAXATION

The movements in the Group’s deferred tax assets (liabilities) for the Relevant Periods were as follows:

	Intangible assets HK\$'000	Others HK\$'000	Total HK\$'000
At 1 April 2022	(3,870)	54	(3,816)
Income tax credit	—	45	45
At 31 March 2023 and 1 April 2023	(3,870)	99	(3,771)
Income tax credit	—	115	115
At 31 March 2024 and 1 April 2024	(3,870)	214	(3,656)
Income tax credit	—	83	83
At 31 March 2025 and 1 April 2025	(3,870)	297	(3,573)
Income tax expense	—	(33)	(33)
At 30 September 2025	(3,870)	264	(3,606)

25. SHARE CAPITAL AND THE FINANCIAL INFORMATION OF THE COMPANY

(a) Share capital

Authorised:	Number of shares	Amount HK\$'000
At date of incorporation, 31 March 2025 and 30 September 2025 (<i>Note (i)</i>)	500,000,000	390

Issued and fully paid:	Number of shares in issue	Share capital HK\$'000	Share premium HK\$'000	Total HK\$'000
Issue of shares on incorporation (<i>Note (i)</i>)	250,000,000	195	—	195
At 31 March 2025 and 1 April 2025	250,000,000	195	—	195
Issue of shares upon share subscription (<i>Note (ii)</i>)	3,450,000	3	25,397	25,400
At 30 September 2025	253,450,000	198	25,397	25,595

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Notes:

- (i) The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 18 February 2025. At the date of its incorporation, the authorised share capital of US\$50,000 was divided into 500,000,000 ordinary shares with a par value of US\$0.0001 each. On the same date, 250,000,000 ordinary shares was issued and allotted at an aggregate consideration of US\$25,000 (equivalent to HK\$195,000).

Pursuant to the Reorganisation completed on 27 February 2025, the Company became the holding company of the entities now comprising the Group. Further details of the change in authorised and issued share capital of the Company since its incorporation are set out in the paragraph headed “Reorganisation” of the section headed “History, Reorganisation and Corporate Structure” of the Document.

- (ii) On 15 May 2025, BOCOM International Asset Management Limited (acting in the capacity of manager for and on behalf of its client) (“BOCOM”) entered into a subscription agreement with the Company, pursuant to which the Company agreed to issue and allot, and BOCOM agreed to subscribe for 3,450,000 ordinary shares with consideration of approximately HK\$25,400,000. For further details of the principal terms of the investment as detailed in the paragraph headed “Reorganisation” of the section headed “History, Reorganisation and Corporate Structure” of the Document.

Save as disclosed above, the Company has not commenced any significant business or operation since its incorporation.

(b) Share premium

The share premium of the Company represents the excess of any consideration received over the par value of the Company for any issuance of ordinary shares.

(c) Investment in a subsidiary

Investment in a subsidiary represents 100% of the issued share capital of Herb Standard BVI.

(d) Amounts due from subsidiaries

The amounts due were non-trade in nature, unsecured, interest-free, and repayable on demand.

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(e) Reserves of the Company

	Share premium HK\$'000 (Note 25(b))	Accumulated profits (losses) HK\$'000	Total HK\$'000
At 18 February 2025 (Date of incorporation)	—	—	—
Profit and total comprehensive income for the period	—	37,125	37,125
Transactions with owners <i>Contributions and distributions</i>			
Dividends declared to the ultimate holding company (Note 12)	—	(37,110)	(37,110)
At 31 March 2025 and 1 April 2025	—	15	15
Loss and total comprehensive loss for the period	—	(9,889)	(9,889)
Transactions with owners <i>Contributions and distributions</i>			
Issue of shares upon share subscription (Note 25(a))	25,397	—	25,397
At 30 September 2025	<u>25,397</u>	<u>(9,874)</u>	<u>15,523</u>

During the year ended 31 March 2025 and the six months ended 30 September 2025, certain corporate administrative expenses and the expenses for the Initial [REDACTED] of the Company were borne by a subsidiary of the Company without recharge.

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26. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Historical Financial Information during the Relevant Periods, information of the related party transactions is set out below.

(a) Related party transactions of the Group

Transactions between the group entities have been eliminated by combination and are not disclosed. During the Relevant Periods, the Group had the following significant transactions with related parties. In the opinion of the directors of the Company, they are under normal commercial terms that are fair and reasonable and in the best interests of the Group.

Name of the related party and relationship	Nature of transactions	Year ended 31 March			Six months ended 30 September	
		2023	2024	2025	2024	2025
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(unaudited)	
Sau San Tong, an associate of the Group	Sales promotion service	270	256	13	6	–
Superfood Lab (Asia) Limited, significant influence by a close family member of the Ultimate Controlling Party	Sales of health and beauty supplements and products	–	803	74	74	–
	Packaging service	–	–	150	150	–
Progene Biocare Limited, significant influence by a close family member of the Ultimate Controlling Party	Sales promotion service	–	–	339	181	31
	Purchase of health supplements and products	–	–	211	6	2
		<u>–</u>	<u>–</u>	<u>211</u>	<u>6</u>	<u>2</u>

(b) Remuneration for key management personnel (including the Company’s directors) of the Group:

	Year ended 31 March			Six months ended 30 September	
	2023	2024	2025	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Salaries, allowances, discretionary bonus, and other benefits in kind	390	390	390	180	420
Contributions to defined contribution plans	<u>18</u>	<u>18</u>	<u>18</u>	<u>9</u>	<u>14</u>
	<u>408</u>	<u>408</u>	<u>408</u>	<u>189</u>	<u>434</u>

Further details of the remuneration of the Company’s directors are set out in Note 8 to the Historical Financial Information.

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27. ADDITIONAL INFORMATION ON THE COMBINED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

The Group had the following major non-cash transactions:

- (i) During the years ended 31 March 2023, 2024 and 2025, dividends of approximately HK\$14,388,000, HK\$10,168,000 and HK\$37,110,000 payable to the Ultimate Controlling Party/ultimate holding company was used to set off against the current account with the Ultimate Controlling Party.
- (ii) During the year ended 31 March 2023, proceed from interest-bearing borrowings of approximately HK\$12,000,000 with fixed interest rate at 8.00% per annum which was received by the Ultimate Controlling Party and such borrowing was then fully repaid by the Ultimate Controlling Party on behalf of the Group during the years ended 31 March 2023, 2024 and 2025.

During the years ended 31 March 2023, 2024 and 2025, the Ultimate Controlling Party had repaid principal of approximately HK\$2,114,000, HK\$3,861,000 and HK\$6,025,000, respectively, and paid interest of approximately HK\$567,000, HK\$632,000 and HK\$125,000, respectively.

- (iii) During the years ended 31 March 2023 and 2024 and the six months ended 30 September 2025, lease arrangements in respect of leased properties were entered into with a total capital value at the inception of leases of approximately HK\$1,803,000, HK\$5,265,000 and HK\$1,317,000, respectively.

(b) Reconciliation of liabilities arising from financing activities

The movements during the Relevant Periods in the Group’s liabilities arising from financing activities are as follows:

	At 1 April 2022 HK\$'000	Net cash flows HK\$'000	Non-cash changes				At 31 March 2023 HK\$'000
			Declaration of dividends HK\$'000	Addition of right-of-use assets HK\$'000	Proceed from interest-bearing borrowings HK\$'000	Repayment of interest-bearing borrowings HK\$'000	
Year ended 31 March 2023							
Interest-bearing borrowings	6,000	12,187	–	–	12,000	(2,114)	28,073
Amount due to the Ultimate Controlling Party	24,902	(15,356)	14,388	–	(12,000)	2,114	14,048
Lease liabilities	844	(797)	–	1,803	–	–	1,850
	<u>31,746</u>	<u>(3,966)</u>	<u>14,388</u>	<u>1,803</u>	<u>–</u>	<u>–</u>	<u>43,971</u>

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		Non-cash changes					
At 1 April 2023 HK\$'000	Net cash flows HK\$'000	Declaration of dividends HK\$'000	Addition of right-of-use assets HK\$'000	Proceed from interest-bearing borrowings HK\$'000	Repayment of interest-bearing borrowings HK\$'000	At 31 March 2024 HK\$'000	
Year ended 31 March 2024							
Interest-bearing borrowings	28,073	13,606	–	–	(3,861)	37,818	
Amount due to (from) the Ultimate Controlling Party	14,048	(39,143)	10,168	–	3,861	(11,066)	
Lease liabilities	1,850	(1,393)	–	5,265	–	5,722	
	43,971	(26,930)	10,168	5,265	–	32,474	
		Non-cash changes					
At 1 April 2024 HK\$'000	Net cash flows HK\$'000	Declaration of dividends HK\$'000	Addition of right-of-use assets HK\$'000	Proceed from interest-bearing borrowings HK\$'000	Repayment of interest-bearing borrowings HK\$'000	At 31 March 2025 HK\$'000	
Year ended 31 March 2025							
Interest-bearing borrowings	37,818	(304)	–	–	(6,025)	31,489	
Lease liabilities	5,722	(2,303)	–	–	–	3,419	
	43,540	(2,607)	–	–	(6,025)	34,908	
		Non-cash changes					
At 1 April 2024 HK\$'000	Net cash flows HK\$'000	Declaration of dividends HK\$'000	Addition of right-of-use assets HK\$'000	Proceed from interest-bearing borrowings HK\$'000	Repayment of interest-bearing borrowings HK\$'000	At 30 September 2024 HK\$'000	
Six months ended 30 September 2024 (unaudited)							
Interest-bearing borrowings	37,818	(1,212)	–	–	(6,025)	30,581	
Lease liabilities	5,722	(1,107)	–	–	–	4,615	
	43,540	(2,319)	–	–	(6,025)	35,196	

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	At 1 April 2025 HK\$'000	Net cash flows HK\$'000	Declaration of dividends HK\$'000	Non-cash changes			At 30 September 2025 HK\$'000
				Addition of right-of-use assets HK\$'000	Proceed from interest-bearing borrowings HK\$'000	Repayment of interest-bearing borrowings HK\$'000	
Six months ended 30 September 2025							
Interest-bearing borrowings	31,489	2,808	–	–	–	–	34,297
Lease liabilities	3,419	(1,323)	–	1,317	–	–	3,413
	<u>34,908</u>	<u>1,485</u>	<u>–</u>	<u>1,317</u>	<u>–</u>	<u>–</u>	<u>37,710</u>

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise of financial assets at FVPL, bank balances and cash, interest-bearing borrowings and lease liabilities. The main purpose of these financial instruments is to raise and maintain finance for the Group’s operations. The Group has various other financial instruments such as trade and other receivables and trade and other payables, which arise directly from its business activities.

The accounting policies for financial instruments have been applied to the line items below:

	2023 HK\$'000	At 31 March 2024 HK\$'000	2025 HK\$'000	At 30 September 2025 HK\$'000
Financial assets – at fair value				
Financial assets at FVPL	<u>2,330</u>	<u>2,433</u>	<u>2,515</u>	<u>2,550</u>
Financial assets – at amortised cost				
Financial assets included in trade and other receivables	<u>14,711</u>	<u>43,162</u>	<u>43,159</u>	<u>47,219</u>
Bank balances and cash	<u>108</u>	<u>668</u>	<u>810</u>	<u>13,750</u>
	<u>14,819</u>	<u>43,830</u>	<u>43,969</u>	<u>60,969</u>
	<u>17,149</u>	<u>46,263</u>	<u>46,484</u>	<u>63,519</u>
Financial liabilities – at amortised cost				
Financial liabilities included in trade and other payables	<u>17,799</u>	<u>7,073</u>	<u>4,316</u>	<u>9,661</u>
Interest-bearing borrowings	<u>28,073</u>	<u>37,818</u>	<u>31,489</u>	<u>34,297</u>
Lease liabilities	<u>1,850</u>	<u>5,722</u>	<u>3,419</u>	<u>3,413</u>
	<u>47,722</u>	<u>50,613</u>	<u>39,224</u>	<u>47,371</u>

The main risks arising from the Group’s financial instruments are market risk (including price risk, interest rate risk and foreign currency risk), credit risk and liquidity risk. The Group generally adopts conservative strategies on the Group’s risk management and limits the Group’s exposure to these risks to a minimum. The management of the Group reviews and agrees policies for managing each of these risks and they are summarised below.

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Price risk

The Group is exposed to price risk arising from its unlisted investments in key management insurance contract which are classified as financial assets at FVPL. The fair value of the unlisted investments will fluctuate, subject to the returns which are at the discretion of the issuer of the investments. Such contracts have minimum guaranteed returns during the holding period. The management of the Group is of the opinion that the price risk arising from the contracts is not significant.

Interest rate risk

The Group’s exposure to market risk for changes in interest rates relates primarily to the Group’s interest-bearing borrowings. The Group’s interest-bearing borrowings with floating interest rates of HK\$18,187,000, HK\$31,793,000, HK\$31,489,000 and HK\$34,297,000 at 31 March 2023, 2024 and 2025 and 30 September 2025, respectively. The Group currently does not have a policy to hedge against the interest rate risk as the management of the Group does not expect any significant interest rate risk at the end of each reporting period.

At the end of each reporting period, if interest rates had been 1% higher/lower and all other variables were held constant, the Group’s pre-tax profits would decrease/increase by approximately HK\$182,000, HK\$318,000, HK\$315,000 and HK\$343,000 for the years ended 31 March 2023, 2024 and 2025 and the six months ended 30 September 2025, respectively.

The sensitivity analysis above has been determined assuming that the changes in interest rate had occurred throughout the Relevant Periods and had been applied to the exposure to interest rate risk for the closing balances of interest-bearing borrowings in existence at the end of each reporting period. The stated changes represent management’s assessment of a reasonably possible change in interest rates over the Relevant Periods.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent interest rate risk because the exposure at the end of each reporting period does not reflect the exposure during the Relevant Periods.

Foreign currency risk

The Group’s transactions are mainly denominated HK\$, US\$, NZD and AUD.

Certain financial assets and financial liabilities of the Group are denominated in currencies other than the functional currency of the respective group entities and therefore exposed to foreign currency risk. The carrying amounts of those financial assets and liabilities are analysed as follows:

	Financial assets			At
	2023	At 31 March 2024	2025	30 September 2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
US\$	3,731	2,539	3,801	3,881
NZD	918	–	906	1,525
AUD	–	816	–	253
	<u>4,649</u>	<u>3,355</u>	<u>4,707</u>	<u>5,659</u>

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	Financial liabilities			At
	2023	At 31 March 2024	2025	30 September 2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
US\$	1,965	3,110	1,452	1,315
NZD	–	943	–	931
AUD	–	–	146	382
	<u>1,965</u>	<u>4,053</u>	<u>1,598</u>	<u>2,628</u>

As HK\$ is pegged to US\$, the Group considers the risk of movements in exchange rates between HK\$ and US\$ to be insignificant for transactions denominated in US\$. The following table indicates the approximate change in the Group’s pre-tax results if exchange rates of NZD and AUD had changed against the functional currencies of the respective group entities by 10% for each of reporting period and all other variables were held constant at the end of the reporting period.

	At 31 March			At
	2023	2024	2025	30 September 2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
NZD	92	(94)	91	59
AUD	–	82	(15)	(13)
	<u>92</u>	<u>(12)</u>	<u>76</u>	<u>46</u>

The sensitivity analysis has been determined assuming that the changes in foreign exchange rates had occurred at the end of the reporting period and had been applied to the Group’s exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The stated changes represent management’s assessment of reasonably possible changes in foreign exchange rates over the year until the end of the next reporting period.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the reporting period.

Credit risk

The carrying amount of financial assets recognised on the Historical Financial Information, which is net of loss allowances, represents the Group’s exposure to credit risk on these financial assets without taking into account the credit enhancements.

Trade receivables

The Group trades only with recognised, creditworthy customers. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures and periodic credit evaluations are performed on these customers. The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 180 days.

The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry in which customers operate also has an influence on credit risk but to a lesser extent. Credit quality of a customer is assessed based on an extensive credit rating and individual credit limit assessment which is mainly based on the Group’s own trading records.

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At 31 March 2023, 2024 and 2025 and 30 September 2025, the Group had a concentration of credit risk as approximately 98.9%, 71.6%, 64.5% and 95.6%, respectively, of the total trade receivables was due from the Group’s largest trade debtor and approximately 100.0%, 99.7%, 89.8% and 99.8%, respectively, of the total trade receivables was due from the Group’s five largest trade debtors.

The Group has applied the general approach in HKFRS 9 to measure ECL. The following table details the risk profile of trade receivables at 31 March 2023, 2024 and 2025 and 30 September 2025.

At 31 March 2023

	Stage 1	Stage 2	Stage 3
	12m	Lifetime	
	ECL	ECL not	Lifetime ECL
		credit-impaired	credit-impaired
Total gross carrying amount (<i>HK\$’000</i>)	14,418	–	–
Weighted average ECL rate (approximately)	0.08%	–	–
Total ECL (<i>HK\$’000</i>)	11	–	–

At 31 March 2024

	Stage 1	Stage 2	Stage 3
	12m	Lifetime	
	ECL	ECL not	Lifetime ECL
		credit-impaired	credit-impaired
Total gross carrying amount (<i>HK\$’000</i>)	31,731	–	–
Weighted average ECL rate (approximately)	0.57%	–	–
Total ECL (<i>HK\$’000</i>)	181	–	–

At 31 March 2025

	Stage 1	Stage 2	Stage 3
	12m	Lifetime	
	ECL	ECL not	Lifetime ECL
		credit-impaired	credit-impaired
Total gross carrying amount (<i>HK\$’000</i>)	42,659	–	240
Weighted average ECL rate (approximately)	0.49%	–	61.67%
Total ECL (<i>HK\$’000</i>)	210	–	148

At 30 September 2025

	Stage 1	Stage 2	Stage 3
	12m	Lifetime	
	ECL	ECL not	Lifetime ECL
		credit-impaired	credit-impaired
Total gross carrying amount (<i>HK\$’000</i>)	29,343	–	–
Weighted average ECL rate (approximately)	0.10%	–	–
Total ECL (<i>HK\$’000</i>)	30	–	–

Amounts of approximately HK\$13,821,000, HK\$20,895,000, HK\$25,830,000 and HK\$26,150,000 included in the trade receivables were in connection with factoring arrangements (*Note 22*) at 31 March 2023, 2024 and 2025 and 30 September 2025, respectively.

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The Group recognised loss allowances of approximately HK\$11,000, HK\$181,000, HK\$358,000 and HK\$30,000 on the trade receivables at 31 March 2023, 2024 and 2025 and 30 September 2025, respectively. The movements in loss allowances for trade receivables during the Relevant Periods are summarised below.

	Year ended 31 March			Six months ended 30 September	
	2023	2024	2025	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
At the beginning of the reporting period	1	11	181	181	358
Provision for (Reversal of) loss allowances, net	10	170	177	(50)	(328)
At the end of the reporting period	<u>11</u>	<u>181</u>	<u>358</u>	<u>131</u>	<u>30</u>

None of the trade receivables were written off during the Relevant Periods.

The following significant changes in the gross carrying amounts of trade receivables contributed to the increase in the loss allowance:

- (a) changes because of financial instruments originated, acquired and derecognised (including those that were written-off, if any) during the period; and
- (b) modification of contractual cash flows on trade receivables that do not result in the derecognition of those trade receivables.

Bank balances and cash

The Group’s bank balances and cash include cash on hand, at banks and assets with similar nature as cash, of which cash at banks are deposited in major financial institutions located in Hong Kong and assets with similar nature as cash are deposited in high creditworthy financial institutions located in Hong Kong, which are of high credit rating. The management of the Group does not expect any losses arising from non-performance by these counterparties.

Other receivables

The management of the Group considers that the other receivables have low credit risk based on the borrowers’ strong capacity to meet its contractual cash flow obligations in the near term and low risk of default. Loss allowances on other receivables is measured on 12-month ECL and reflects the short maturities of the exposures.

In estimating the ECL, the management of the Group has taken into account the historical actual credit loss experience over the past years, past collection history, current creditworthiness, adjusted for forward-looking factors that are specific to the counterparties and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. The management of the Group considers the ECL of other receivables to be negligible after taking into account the financial position, credit quality and past settlement records of the counterparties. There was no change in the estimation techniques or significant assumptions made during the Relevant Periods.

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Liquidity risk

The Group’s objective is to maintain a balance between continuity of funding and flexibility. The Group has no specific policy for managing its liquidity. The undiscounted contractual maturity profile of the Group’s financial liabilities at the end of each reporting period, based on the contractual undiscounted payments, is summarised below:

	Total carrying amount HK\$’000	Total contractual undiscounted cash flow HK\$’000	On demand or less than 1 year HK\$’000	1 to 2 years HK\$’000	2 to 5 years HK\$’000	Over 5 years HK\$’000
At 31 March 2023						
Trade and other payables	17,799	17,799	17,799	–	–	–
Interest-bearing borrowings (<i>Note</i>)	28,073	31,811	31,811	–	–	–
Lease liabilities	1,850	1,950	871	663	416	–
	<u>47,722</u>	<u>51,560</u>	<u>50,481</u>	<u>663</u>	<u>416</u>	<u>–</u>
At 31 March 2024						
Trade and other payables	7,073	7,073	7,073	–	–	–
Interest-bearing borrowings (<i>Note</i>)	37,818	42,330	42,330	–	–	–
Lease liabilities	5,722	6,061	2,520	2,355	1,186	–
	<u>50,613</u>	<u>55,464</u>	<u>51,923</u>	<u>2,355</u>	<u>1,186</u>	<u>–</u>
At 31 March 2025						
Trade and other payables	4,316	4,316	4,316	–	–	–
Interest-bearing borrowings (<i>Note</i>)	31,489	34,708	34,708	–	–	–
Lease liabilities	3,419	3,541	2,355	1,186	–	–
	<u>39,224</u>	<u>42,565</u>	<u>41,379</u>	<u>1,186</u>	<u>–</u>	<u>–</u>
At 30 September 2025						
Trade and other payables	9,661	9,661	9,661	–	–	–
Interest-bearing borrowings (<i>Note</i>)	34,297	37,290	37,290	–	–	–
Lease liabilities	3,413	3,523	2,509	1,014	–	–
	<u>47,371</u>	<u>50,474</u>	<u>49,460</u>	<u>1,014</u>	<u>–</u>	<u>–</u>

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Note: The amounts repayable under loan agreements that includes a clause that gives the lenders unconditional right to call the loans at any time are classified under the “on demand or less than 1 year” bracket. In this regard, interest-bearing borrowings of HK\$18,187,000, HK\$31,793,000, HK\$31,489,000 and HK\$34,297,000 at the end of the each reporting periods under the Relevant Periods have been so classified even though the directors of the Company do not expect that the lenders would exercise their rights to demand repayment and thus these borrowings would be repaid according to the following schedule as set out in the loan agreements:

	2023	At 31 March 2024	2025	At 30 September 2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Fixed rate of other borrowing contains a repayable on demand clause are repayable:				
– within one year	3,861	4,182	–	–
– more than 1 year but within 2 years	4,182	1,843	–	–
– more than 2 years but within 5 years	1,843	–	–	–
	<u>9,886</u>	<u>6,025</u>	<u>–</u>	<u>–</u>
 Floating rate of bank borrowings contains a repayable on demand clause are payable:				
– within one year	11,240	23,008	24,121	27,676
– more than 1 year but within 2 years	1,066	1,419	1,470	1,498
– more than 2 years but within 5 years	3,488	4,565	4,577	3,980
– over 5 years	2,393	2,801	1,321	1,143
	<u>18,187</u>	<u>31,793</u>	<u>31,489</u>	<u>34,297</u>
	<u>28,073</u>	<u>37,818</u>	<u>31,489</u>	<u>34,297</u>

29. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in the consolidated financial statements on a recurring basis across the three levels of the fair value hierarchy defined in HKFRS 13 “Fair Value Measurement” with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

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(a) Assets and liabilities measured at fair value

	At 31 March			At 30 September
	2023	2024	2025	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Level 3	Level 3	Level 3	Level 3
<i>Assets measured at fair value</i>				
Financial assets at FVPL				
Unlisted investment – key management insurance contract (<i>Note 18</i>)	2,330	2,433	2,515	2,550

During the years ended 31 March 2023, 2024 and 2025 and the six months ended 30 September 2025, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

	Year ended 31 March			Six months ended 30 September
	2023	2024	2025	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total unrealised gain recognised in profit or loss	40	103	82	35

The fair value of the key management insurance contract is determined by reference to the surrender cash value, which is primarily based on the performance of the underlying investment portfolio, reported by the bank on a regular basis.

The unobservable input of the key management insurance contract is the surrender cash value reported by the bank. When the surrender cash value is higher, the fair value of the key management insurance contract will be higher.

(b) Assets and liabilities measured with fair value disclosure, but not measured at fair value

All other financial assets and liabilities are carried at amounts not materially different from their fair value at 31 March 2023, 2024 and 2025 and 30 September 2025.

30. CAPITAL MANAGEMENT

The objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern and to provide returns for equity owners. The Group manages its capital structure and makes adjustments, including payment of dividend, call for additional capital from equity owners or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the Relevant Periods.

31. COMMITMENTS

Capital expenditure commitments

	At 31 March			At 30 September
	2023	2024	2025	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Contracted by not provided	–	–	–	191

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32. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 30 September 2025, the Group has the following subsequent events:

- (i) [As disclosed in Note 20 to the Historical Financial Statements, the amount due from the Ultimate Controlling Party and the ultimate holding company has been fully settled prior to the [REDACTED].]
- (ii) On 24 December 2025, the Group established 爵玥品牌管理(深圳)有限公司 Jueyue Brand Management (Shenzhen) Co., Ltd.* (“**Jueyue Brand Management**”), an indirect wholly-owned subsidiary, in the People’s Republic of China (the “**PRC**”) and is intending to conduct marketing activities for the Group in the PRC. Up to date of this report, the Jueyue Brand Management had not yet commenced any business operations.
- (iii) On 13 February 2026, the Group established Puzzles Global Limited (“**Puzzles Global**”) with an independent third party, for which the Group has invested HK\$30 as an initial investment for 30% equity interest in Puzzles Global. Up to date of this report, the Puzzles Global had not yet commenced any business operations.

* *for identification purpose only.*

33. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared in accordance with HKFRS Accounting Standards and/or other applicable financial reporting standards for the Company or any of its subsidiaries in respect of any period subsequent to 30 September 2025.