
RISK FACTORS

You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an [REDACTED] in our Shares. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks and uncertainties. The [REDACTED] of our Shares could decline due to any of these risks, and you may lose all or part of your [REDACTED].

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business is subject to changing consumer preferences and perception

Sales of branded PCM products constituted a significant percentage of our revenue during the Track Record Period. We believe that the branded PCM product market is highly dependent on consumer perception regarding the safety, efficacy, level of side effects and quality of branded PCM products. Any failure to adapt our product offering to respond to changes in consumer preferences may result in a decline in our sales, put pressure on pricing, or lead to increased levels of selling and advertising expenses. Consumer demand may shift away from our products due to a number of factors, including consumer preferences, confidence, income, perception of the safety and quality of our products and changes in economic and social conditions. Consumer perception of our branded PCM products can also be significantly influenced by scientific research or findings, media attention and other publicity regarding related Chinese medicine products. We cannot guarantee that future scientific research, findings, or publicity will be favorable to any of our branded PCM products, or consistent with existing research or findings that are favorable to our products. Future research reports, findings, or publicity that are perceived as less favorable to our branded PCM products could have a negative impact on the demand for our products, and consequently our business, financial condition and results of operations could be materially and adversely affected.

Furthermore, scientific research reports, findings, or media coverage regarding the safety or quality of, or diet or health issues relating to, branded PCM products or the raw materials, ingredients, or processes involved in their manufacturing, may also affect consumer confidence in us and our products and lead consumers to switch to competing products, even if such issues are unfounded. Any changes in consumer preferences and perceptions at any time may affect the demand for our products, which could negatively impact our profitability and materially and adversely affect our financial condition and results of operations.

Brand erosion for one or more of our products could materially and adversely affect our business, financial condition and results of operations

We market and sell branded PCM products and our success is attributable to the well-established brands of our products and our ability to manage the brands effectively. Branded PCM product sales accounted for 91.4% of our total revenue for the year ended March 31, 2026. We have devoted significant resources in brand marketing, promotion and management to enhance their appeal and recognition. For the years ended March 31, 2024, 2025 and 2026, our advertising and promotion expenses amounted to HK\$21.0 million, HK\$27.9 million and HK\$36.9 million, or 6.2%, 7.7% and 8.0% of our total revenue, respectively.

However, our marketing and promotional initiatives may not always be successful. If a major advertising campaign fails to yield the desired sales results, our profitability may be materially and adversely affected. In addition, the success of a brand could be affected if our marketing and

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promotional initiatives do not have the desired impact on the brand’s image or its ability to attract consumers. Furthermore, our business could be negatively impacted if any of our products suffers substantial harm to its brand reputation due to a product recall, product-related litigation, defects or impurities in the product, product misuse, changing consumer perceptions of the product or its ingredients, allegations of product tampering or the impact of counterfeit products. In addition, negative or inaccurate reports, postings, or comments on social media or websites about any of the product brands, about our Company and its affiliates or celebrity ambassadors could generate negative publicity that could damage the reputation of our product brands or our Group. If we are unable to effectively manage our product brands or address actual or perceived issues that could result in brand erosion, we could experience a decline in demand for our products and our business, financial condition and results of operations could be materially and adversely affected.

We face intense market competition for the sale of branded PCM products

The branded PCM product market is highly competitive and rapidly evolving, driven by frequent introduction of new brands and products, and high consumer expectations on product quality and value. We face intense competition from existing competitors and new entrants, including manufacturers and distributors of products that have competing market positioning or similar efficacies that can be used as substitutes for our products.

The competitiveness of our products depends on a number of factors, including product quality, brand positioning, price, effectiveness of our marketing activities, breadth and depth of our distribution and sales networks and other factors. Some of our existing and potential competitors may have greater business resources, financial resources, or experience in developing and marketing branded PCM products than we do. In addition, such competitors may have greater brand recognition, more established or extensive distribution networks, or more extensive knowledge of our target consumers and target markets.

There is no assurance that our competitors will not introduce products that are or are perceived to be comparable or superior to those of ours, or adapt more quickly than us to changes in industry trends, market preferences and requirements, or consumer behaviors and habits. It is also unpredictable whether our competitors will substantially increase their advertising expenditures and promotional activities or engage in irrational or predatory pricing behavior, or whether there will be consolidation or cooperative arrangements among our competitors that could negatively affect our competitive position. If we are unable to compete effectively or otherwise respond to competitive pressure promptly or adequately, our product prices and sales may be hampered, which could result in lower profitability and materially and adversely affect our financial condition and results of operations.

Defective products may expose us to liability and damage our reputation

The nature of our business exposes us to the risk of product liability, personal injury, or wrongful death claims that are inherent in the development, manufacture and sales of our products. Manufacturers or vendors of defective products could be subject to civil liability for loss or physical injury to any affected person. In Hong Kong, manufacturers of defective products could also be subject to criminal liability and have their business licenses revoked.

In the event a lawsuit is brought against us, we may have to incur substantial costs to defend the lawsuit or be held liable for significant damages, and we may be unable to seek full indemnification from our suppliers, third-party manufacturers, or third-party brand owners, or be fully covered by our

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insurance for our liability and costs. Lawsuits could also divert management attention from the development and implementation of our business strategies. In addition, the brand image or reputation of us and our branded PCM products could be harmed if our products are found or perceived to be defective, and any negative publicity drawn from such lawsuits and litigation. As a result, any of the foregoing could materially and adversely affect our business, financial position and results of operations.

Our insurance coverage may not completely cover the risks related to our business and operations

We maintain limited insurance coverage such as material damage insurance, product liability insurance, public liability insurance, marine cargo insurance, money insurance, motor insurance, employees’ compensation insurance, employees’ life insurance, loss of profit insurance and director insurance. If any claims for injury or damage are brought against us, or if we experience any business disruption, litigation, or natural disaster, we might incur substantial costs and diversion of resources, which may not be fully covered by insurance.

For example, we may face product liability claims on the grounds that the use of our branded PCM products has resulted in bodily injuries, property damage, or other losses. While we maintain product liability insurance covering, among others, bodily injury, property damage, advertising injury, personal injury, and financial injury that happens within specified territories in connection with our business, damages awarded in a product liability action could be substantial and may require us to pay significant monetary damages should our product liability insurance limit be inadequate. Furthermore, although we may have legal recourse against our suppliers, third-party manufacturers, or third-party brand owners, an attempt to enforce our rights against any of them may be expensive, time-consuming and ultimately futile.

In addition, there are certain types of losses, such as from war, acts of terrorism and certain natural disasters, for which we cannot obtain insurance at a reasonable cost, or at all. Should an uninsured loss or a loss in excess of insured limits occur, we could suffer financial losses, as well as damage to our reputation, and lose all or a portion of our production capacity, as well as future revenue anticipated to be derived from the manufacturing activities conducted at that property. Any material uninsured loss could have a material adverse effect on our business, financial position and results of operations.

Our brand-building and management efforts may not yield the desired results

A cornerstone of our success lies in our capability in brand management and marketing. For our heritage household brands, we strive to rejuvenate their brand positioning to adapt to the changing demographics and consumer behaviors.

Brand-building and management can be time-consuming, expensive and may divert attention away from our daily operations. We may not be able to successfully popularize a brand due to reasons beyond our control, including a sufficient amount of retail demand for our products, correct brand positioning, or the popularity of competing brands and products. There is no assurance that any brand-building and management activities conducted by us will succeed or will be completed within the anticipated time frame or that the costs of such activities can be fully or partially recovered. If our brand-building and management activities do not yield the desired results, our business, financial position and results of operations could be materially and adversely affected.

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We conduct our business in the strictly regulated Chinese medicine industry and are subject to ongoing compliance costs

We conduct our business in the strictly regulated Chinese medicine industry and are subject to ongoing compliance costs. Our operations are subject to various laws and regulations in Hong Kong, which mainly cover (i) registration of Chinese medicine practitioners, licensing of traders in Chinese medicines, and registration of PCM; (ii) manufacture, registration, labeling, distribution, dispensing, supply, and sale of pharmaceutical products and medicines; (iii) safety of food and drugs, and food importation and distribution; (iv) control of dangerous goods and dangerous drugs; (v) waste disposal, including chemical waste; (vi) fire safety; (vii) import and export controls; (viii) trade descriptions and intellectual property; (ix) business registration; (x) competition law; (xi) employment matters, including employees’ compensation and mandatory provident fund schemes; and (xii) occupational safety and health. See the section headed “Regulatory Overview” for details of the laws and regulations to which we are subject. If we cannot meet relevant requirements under the evolving laws and regulations or interpretations of the laws and regulations that regulate our industry, we could be subject to disciplinary warnings or administrative penalties. In particular, Chinese medicine practitioners practicing at our clinics are required to be duly registered under the Chinese Medicine Ordinance. Meanwhile, the operation of our clinics is subject to compliance with the requirements of the Chinese Medicine Ordinance and other applicable legislation, including periodic inspections by the relevant government authorities such as the CMCHK. If Chinese medicine practitioners practicing at our clinics become unregistered or have their registration suspended or canceled at any time during their practice, or if we fail to comply with any material regulatory requirement requisite for our operations, we may face disciplinary orders, fines, suspension of operations or even criminal prosecution, depending on the nature of the incidents, which could adversely affect our business, financial condition and results of operations. If we fail to obtain or maintain the requisite registrations, licenses, permits or approvals for our newly commenced or acquired clinics, we may be subject to corresponding regulatory actions, including suspension of operations under the worst-case scenario.

The registration and renewal of our branded PCM products may be challenging in different markets

Product registration is generally required for our branded PCM products before they can be sold and supplied in Hong Kong, China and selected overseas markets. This may include certain product line extensions that we seek to commercialize in the future. The registration requirements for these products vary by jurisdiction. Complying with these product registration and product license requirements for the requisite existing and new products may require sophisticated facilities and significant initial investments and on-going costs. In addition, regulatory regimes and their implementations are becoming increasingly stringent and there is no assurance that we can continue to comply with such requirements.

In particular, the State Administration for Market Regulation and the NMPA have imposed certain requirements for the renewal of drug licenses. For example, the Measures for the Administration of Drug Registrations promulgated by the NMPA stipulate that a drug license cannot be renewed if the applicant (i) fails to apply for the renewal before the drug license expires; (ii) fails to continuously inspect the quality, efficacy and adverse reaction of the drug; (iii) fails to complete the research work required by the drug approval document and the drug regulatory authority within the prescribed time limit without reasonable reasons; or (iv) applies for renewal of drug license for a drug that is classified as having inaccurate curative effect, large adverse reaction or endangering human health due to other reasons in post-market evaluation. If the drug license holder files a supplementary application simultaneously with the renewal application, the renewal process could involve, for example, (i) new

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quality specifications for active ingredients and poisonous substances that require more quantitative analysis, and (ii) additional stability testing based on the quality specifications. Meeting these requirements may require the performance of additional quantitative analytical tests.

As of March 31, 2026, we had five branded PCM products registered with the NMPA, due to expire between April 5, 2027 and August 16, 2029. There is no assurance of the successful or timely renewal of these licenses when we apply for renewal in the future. If we fail to successfully renew these registrations and licenses or if we experience significant delays in such renewals, our business, financial condition and results of operations could be materially and adversely affected.

Owner of our third-party brand CCMG products could early terminate our distribution rights with cause or refuse to renew our distribution agreement upon expiration

We have entered into a distribution agreement with the owner of our third-party brand CCMG products, under which we are granted the right to sell their CCMG products in the relevant geographic markets for an agreed term of five years, subject to renewal. This agreement, however, provides that the brand owner may early terminate our distribution rights in the event of our breach of certain material obligations. Poor sales performance in a certain geographic market may affect our ability to maintain the right to distribute the products in other authorized territories granted to us under the same agreement. If the third-party brand owner terminates its agreement with us for cause or otherwise, if we fail to renew the agreement upon expiration of a term, or if the third-party brand owner discontinues any of the products that are under distributorship arrangement with us, we will cease to sell the relevant products, and there is no assurance that we will be able to source other products of comparable or better quality or popularity, or on comparable or better commercial terms, or at all. The distribution rights of the relevant products may also fall into the hands of our competitors, or a third-party brand owner may deem the engagement of brand operators like us to be redundant in light of the growing popularity of online retail and e-commerce, which provides a viable channel for direct sales by brand owners. If any of these events occur, the sales of our existing or replacement products, our business, financial condition and results of operations could be materially and adversely affected.

Our e-commerce efforts may not yield desired results

We sell select branded PCM products through e-commerce channels. For further details, see the section headed “Business — Sales and Distribution.” The e-commerce market in Hong Kong and China is highly competitive with a large number of online stores selling branded PCM products. Some of our competitors may have been involved in e-commerce channels longer than we have, be more adequately staffed with employees with relevant experience and know-how and may have substantially more financial, marketing and other resources than we do. Competing online stores may also have higher visibility and heavier web traffic that can capture a wider customer base. If we fail to cater to the development of online retail and e-commerce, or cannot compete effectively against current and future competitors, our market share may decrease and our results of operations may be adversely affected.

Furthermore, our e-commerce sales are subject to various risks, many of which are beyond our control, including changes in policy and regulations, weakening of general market conditions, popularity of the third-party e-commerce platforms among end consumers, and the ability of the e-commerce platforms, logistics service providers or third-party payment service providers we rely on for our cross-border e-commerce initiatives to maintain the requisite approvals or licenses as required

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by relevant laws and regulations. Our e-commerce efforts may divert the attention of our management from our business operations, may not always be successful and may fail to yield the desired sales results, which could materially and adversely affect our profitability.

Our product development efforts may not result in the successful development and commercialization of new products

We believe that product development is key to maintaining competitive product offerings, as well as to adapting to new and evolving consumer demands and regulatory requirements. Tailored to the characteristics of our product portfolio, we focus our product development efforts on product line extensions, formulation variations and formulation refinements for penetration into existing markets and expansion into new overseas markets, and our future growth and prospects are dependent on our ability to successfully develop our portfolio.

However, our research and development efforts may not lead to successful outcomes due to reasons beyond our control, including failure to meet safety, efficacy, or other standards and requirements during testing, or failure to obtain regulatory approvals in the targeted geographical market on a timely basis or at all. The process of obtaining regulatory approval from the relevant government authorities in various markets can also be lengthy and expensive, and the regulatory authorities may impose certain standards on safety, manufacturing, packaging and distribution of new products. Complying with such standards may be time-consuming and expensive, and could result in difficulties and delays in obtaining regulatory approval. Such approval may be subject to certain conditions or limitations, which could lower the profitability of the relevant products.

There is no assurance that any product development activities conducted or commissioned by us will succeed or will be completed within the anticipated time frame or that the costs of such product development activities can be fully or partially recovered. Our product development activities may not yield products that can pass regulatory hurdles. Pursuit of some of our product development activities may require purchasing specialized equipment or additional costs. If our product development activities do not result in the successful development of new product extensions or varied or refined product formulations, we will need to write off the relevant capitalized development costs relating to that product. Furthermore, there is no assurance that we will be able to successfully commercialize our self-developed products. If any of our self-developed products fail to achieve market acceptance after gaining regulatory approval, or if the market size and market demand for our self-developed products remain limited after product launch, our business, financial position and results of operations could be materially and adversely affected.

Failure to maintain the quality of our products could materially and adversely affect the level of market recognition of and trust in our products

We place great emphasis on product quality and adherence to stringent quality assurance and control measures. See the section headed “Business — Quality Management” for more details. Failure to maintain an effective quality assurance and control system may result in quality issues in our products, which could result in a decrease in demand for our products, product return, cancellation, or loss of purchase orders from our customers. If we are unable to obtain or renew our quality standards certifications, we may suffer a decrease in market recognition of our products. In addition, in the event of allegations that any of our products have quality issues or severe adverse side effects or are otherwise harmful, we may need to recall our products from the market, the process of which may involve substantial costs to us. For further details, see the section headed “Business — Sales and

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Distribution — Product Returns, Recalls and Warranties.” Any negative publicity or adverse associations with our products, including with respect to their efficacy or side effects, may negatively affect our reputation. Furthermore, the discovery of severe side effects of products manufactured or sold by other companies may also dampen the sales of our products that have the same active ingredients. Any of the foregoing could materially and adversely affect our business, financial position and results of operations.

Failure to maintain stable relationships with our distributors may have a material adverse effect on our business, financial position and results of operations

We sell selected products through third-party distributors who then on-sells our products to their customers, mainly retail chain stores, pharmacies, and end consumers through e-commerce platforms. Outside of Hong Kong, we generally engage one to two overseas distributors per country or region for the distribution of our selected products. For the years ended March 31, 2024, 2025 and 2026, sales to distributors accounted for 18.3%, 21.1% and 34.8% of our revenue, respectively.

Our relationships with our distributors depend on our ability to deliver on their purchase requests in a timely manner and in accordance with their pricing, quality and other requirements. To the extent that we cannot meet their requirements or effectively monitor their performance, we may damage or lose our relationships with these distributors. In cases where agreements with our distributors are terminated, we may need to incur additional costs to increase our sales and marketing footprint and we may need to look for appropriate alternative or replacement distributors to distribute and on-sell our products. Finding appropriate alternative distributors involves a significant investment of time and resources, and such replacements may not be as effective and capable in on-selling our products in their respective local regions, which in turn would reflect negatively on the demand and accordingly the volume of product purchases from us. As a result, our failure to maintain stable relationships with our distributors could have a material adverse effect on our business, financial position and results of operations.

We may be unable to effectively manage our network of distributors

We may not be able to manage the activities of our distributors, who are independent from us. Our distributors may fail to comply with or breach the terms of our distribution agreements, or engage in activities that, while not restricted by our agreed terms, nonetheless result in competing interests with us, including, among other things:

- failing to meet minimum sales targets;
- selling our products outside their designated territories or channels in violation of any requisite agreed terms;
- failing to adequately promote our products;
- selling products that compete with ours;
- failing to comply with regulatory requirements when selling our products; or
- violating applicable laws or otherwise engaging in illegal practices in relation to their sales and marketing of our products.

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Identifying underperforming distributors and finding appropriate alternative distributors involves a significant investment of time and resources, and there is no assurance that replacement distributors will comply with the terms of our distribution agreements or generate a satisfactory level of sales or refrain from engaging in activities that we consider as having competing interests with us. Failure to adequately manage our network of distributors could harm our corporate reputation and disrupt our sales and consequently have a material adverse effect on our revenue, profitability, business, financial position and results of operations.

The actions of our distributors and trading company customers may adversely impact our business, financial condition and results of operations

We sell our products to distributors and trading company customers, which then on-sell our products to their customers. We generally do not impose any control over their on-selling activities or their respective downstream customers and have limited control over the ultimate retail sales of our products. We only monitor the sales and inventory of our distributors and trading company customers by communicating with them regularly or reviewing the sales and inventory reports of our distributors and their sales targets, as applicable. We cannot guarantee that the downstream customers of our distributors and trading company customers will not compete with each other for market share in respect of our products. If any of them carry out actions which are inconsistent with our business strategy, it may affect our brand and reputation, and consumers’ perception of our products may also be tarnished, which may in turn hamper our sales and our business, financial condition and results of operations may be materially and adversely affected.

The existence of products sold by sellers without proper authorization from us in our markets may negatively affect our sales

Some of our products may be available in our markets for various reasons beyond our control, such as the illegal importation from countries where market dynamics result in lower prices, from trading companies that have procured or imported such products without proper authorization from us, or from other sellers who have procured such products through e-commerce channels and resell them at lower prices. Any of these unauthorized sales may have quality or service issues that may give rise to negative publicity in respect of our products and consequently damage the reputation of our products in the market in general. In addition, such unauthorized sellers may sell the products at lower prices than us and exert pricing pressure on our sales. Regardless, sales of our products by unauthorized sellers in our markets could materially and adversely affect our business, financial condition and results of operations.

We may be negatively impacted by quality and supply issues with products manufactured by third-party manufacturers or sourced from third-party brands

As we are not involved in the manufacture of certain own brand products manufactured by third-party manufacturers and third-party brand CCMG products, we cannot guarantee that there will not be any unexpected interruption of their supply of products to us or any increase in the manufacturing costs for any reason beyond our control or expectation, such as introduction of new regulatory requirements, import restrictions, loss of their certifications or licenses, power interruptions, fires or other events. If any of these events occur, in particular to any of our major suppliers, this could result in disruption to our supply of products and generate negative publicity that could damage our reputation and cause consumers to switch to competing products, which could have a material adverse impact on our business operations and profitability.

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In addition, we have limited control over the manufacturing process of third-party manufacturers and third-party brand owners, and we cannot guarantee that the products manufactured by third-party manufacturers or third-party brand CCMG products are free from defects or other quality issues. The risks of such products not being produced in accordance with our manufacturing or product specifications, in the necessary volume, or at the appropriate quality levels are higher than if we manufacture these products ourselves. In addition, third-party manufacturers and third-party brand owners may fail to maintain the necessary licenses, permits and certificates to carry out the manufacture of our products, breach their obligations to manufacture and deliver our products on a timely basis, or fail to abide by the requisite manufacturing protocols or our quality control requirements. Quality issues related to products that our third-party manufacturers manufacture for third parties may also be imputed to the products they manufacture for us and adversely affect our reputation. We are also exposed to the risks of increased pricing for our outsourced manufacturing, and we may be unable to appoint or re-appoint third-party manufacturers in commercially acceptable terms. Any of the above situations could negatively impact our business operations, profitability and reputation.

We may encounter unstable or inadequate supply or oversupply if we fail to accurately project demand for our products

Our distributors and customers typically order our products on an order-by-order basis. We project demand for our products based on, among other things, our marketing plan, sales targets as agreed with our distributors (if any), our sales reports and our internal database of historical customer orders. We may fail to accurately forecast demand and coordinate our procurement and production to meet demand on a timely basis. Even where our demand forecasts are reasonably accurate, we may experience instability in our supply chain due to factors beyond our control, such as fluctuations in raw material availability, changes in supplier capacity, logistical disruptions, or shifts in market conditions, which could result in unstable or unpredictable supply of our products. Any of the foregoing could lead to insufficient raw materials for manufacturing our own branded PCM products, or insufficient inventory of third-party brand CCMG products to meet the demand and capture the sales. If we overestimate such demand, we may purchase more raw materials or source more products than required, or we may have resolved and incurred substantial costs and efforts in developing new product extensions or varied or refined product formulations or expanding the production capacity for a product that will not provide the anticipated returns. Our inability to accurately predict market demand and to timely meet such demand could materially and adversely affect our business, financial position and results of operations.

If our products and inventories become obsolete, our business, financial position and results of operations will be materially and adversely affected

We believe that the branded PCM product industry is characterized by evolving consumer preferences, continuous product innovation, regulatory developments and increasing market competition. Changes in consumer demand, market trends, regulatory requirements and competitive dynamics, including the introduction of new or enhanced products by competitors, may adversely affect the demand for our products. Consequently, this may affect the viability of our products and render our existing products obsolete. Our products and inventories, including our raw materials, packaging materials and finished goods, may also become obsolete as a result of adverse changes in demand and consumer preference or overstock due to overestimation of demand. If we fail to respond to these changes by adjusting our product portfolio, procurement, or production amount, or manage our inventory effectively in a timely fashion, or if future products we carry do not achieve adequate market acceptance, we may be subject to a heightened risk of inventory obsolescence, a decline in inventory

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values, and significant inventory write-downs or write-offs. In addition, we may be required to lower sale prices in order to reduce inventory levels, which may lead to lower gross margins. High inventory levels may also require us to commit substantial capital resources, preventing us from using that capital for other important purposes. Any of the above may materially and adversely affect our business, financial condition and results of operations.

We may have difficulty managing our manufacturing operations or our production capacity, and our manufacturing facilities are exposed to risks of substantial disruption

Our manufacturing operations are an important part of our business. Any damage or malfunction to our manufacturing equipment may affect our ability to fulfill product orders. In addition, the operation of our manufacturing equipment requires employees with experience, technical know-how and qualifications. Any failure to effectively manage our manufacturing operations due to loss of employees or otherwise could have a material adverse effect on our business, financial position and results of operations.

Management of production capacity is also critical to our manufacturing operations and results of operations. If our production capacity is insufficient for satisfying all sales orders, our customer relationships and reputation could be materially and adversely affected. If we do not have sufficient demand for our products, we may suffer from underutilization of our capacity and, accordingly, a higher average cost of production. We cannot guarantee that our forecasted or anticipated product demand will materialize. If our manufacturing facilities are underutilized, we may suffer a decrease in profitability and our results of operations could be materially and adversely affected.

Our manufacturing operations are also subject to a number of risks, such as fire, theft, machinery breakdowns, sub-standard performance of our manufacturing equipment, raw material contamination, natural disasters, power outages, or water shortages. The occurrence of any of these may severely disrupt our manufacturing operations. Our manufacturing facilities may also be subject to repairs, upgrades, refurbishments, or modifications from time to time, which may require suspension of operations. For further details, see the section headed “Business — In-House Manufacturing — Manufacturing facilities — Adjustments and upgrades of manufacturing facility.” In addition, the operations of a manufacturing facility can be substantially interrupted due to a suspension or loss of licenses, certifications, or permits, or changes in governmental planning for the land underlying these facilities and regulatory changes. If the operation of our manufacturing facilities is substantially disrupted, we may not be able to replace or repair the damaged equipment or facilities, or use a different facility to continue our production in a timely and cost-effective manner, or at all. As a result, we may fail to fulfill contractual obligations or meet market demands for our products, and our business, financial condition and results of operations could be adversely affected.

Failure to obtain a steady supply of raw materials and packaging materials of our required quality could materially and adversely affect our business, financial position and results of operations

For the years ended March 31, 2024, 2025 and 2026, our five largest suppliers accounted for 84.8%, 85.9% and 84.5% of our total purchases, respectively. There is no assurance that we will be able to maintain our relationships with our suppliers. In addition, to the extent that suppliers of our raw materials face quality issues, we may need to discard and write off any inventory from those suppliers. Meanwhile, importation of certain of our raw materials is subject to import approval, and there is no assurance that we will be able to obtain such approval. Failure to obtain approval may limit our ability

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to access these raw materials. The supplies and prices of raw materials and packaging materials may also be impacted, which may affect our cost of sales and services. In particular, our branded PCM products contain Chinese medicinal materials and other natural ingredients, which originate from raw materials of a suitable quality whose properties are related to the regions and climatic conditions in which they are grown. In addition, there have been historical instances in the branded PCM product industry of raw materials being adulterated or contaminated, causing harm to the persons consuming them. The quality, availability and prices of these natural ingredients are dependent on and are closely affected by weather conditions and other seasonal factors, which may have an impact on the yields of such natural ingredients each year.

Furthermore, notwithstanding our strict quality control system for the procurement of our raw materials and packaging materials, it cannot be assured that our suppliers will not inadvertently contaminate the raw materials or provide us with substandard raw materials or packaging materials that would adversely impact the quality of our products. If we experience any quality or safety problems in relation to our raw materials, our reputation and business may suffer, which could materially and adversely affect our financial position and results of operations.

Any increase in the prices of raw materials and packaging materials may have a negative impact on our business and profitability

We are exposed to the risk of price increases in raw materials and packaging materials. For the years ended March 31, 2024, 2025 and 2026, our cost of raw materials and packaging materials accounted for 12.6%, 17.9% and 17.4% of our cost of sales and services, respectively. The availability and prices of raw materials and packaging materials required for the production of our products may be impacted by factors such as general market conditions, including increased demand or reduced supply of such materials within a specific period, weather conditions and the occurrence of natural disasters, many of which are beyond our control. We may also be unable to respond to increases in the prices for raw materials and packaging materials, and unable to pass on such price increases to our customers due to competitive conditions or other reasons. Increases in the prices of raw materials and packaging materials could therefore result in lower margins for our products. In the event that we are unable to obtain a supply of the raw materials and packaging materials necessary for the production of our products at commercially acceptable prices, we may be forced to reduce, suspend, or cease production or sale of certain of our products, as a result of which our business operations and financial results could be adversely affected.

We are dependent on a limited number of suppliers, and in particular our largest supplier, for a significant portion of our purchases

We source a significant portion of our raw materials and products from a limited number of suppliers. For the years ended March 31, 2024, 2025 and 2026, our five largest suppliers accounted for 84.8%, 85.9% and 84.5% of our total purchases, respectively, and our single largest supplier accounted for 61.5%, 62.2% and 63.0% of our total purchases for the same periods. There is no assurance that we will be able to maintain stable and favorable relationships with our major suppliers, including our largest supplier. If any of our major suppliers were to terminate its relationship with us, significantly reduce or delay supply, or experience operational, financial or regulatory difficulties, we may be unable to secure adequate supplies on commercially acceptable terms, or at all. Our high level of dependence on a single supplier means that any disruption in supply from this supplier could have an immediate and material impact on our ability to meet production schedules and fulfill customer orders, leading to loss of sales, damage to customer relationships and erosion of market position.

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Our supplier concentration may also limit our bargaining power and expose us to pricing pressure. Identifying and qualifying alternative suppliers may be time-consuming, costly and may not be successful, and may require regulatory approvals resulting in further delays. Alternative suppliers may not provide raw materials or products of comparable quality, in sufficient quantities, or at commercially acceptable prices. In addition, our major suppliers may face their own challenges, including, among others, operational, financial, regulatory or compliance difficulties, or may be affected by factors beyond our control such as natural disasters, changes in laws and regulations, labor disputes or supply chain disruptions, any of which could adversely affect the quality, availability or cost of the raw materials or products we source. Any negative publicity concerning our suppliers could negatively affect consumer confidence in our products and damage our reputation. If any of the foregoing risks materializes, our business, financial condition and results of operations could be materially and adversely affected.

We are exposed to increases in compliance costs and uncertainties due to GMP requirements

Our two manufacturing facilities for branded PCM products in Tai Po, Hong Kong, are GMP-accredited. We are required to comply with the respective standards when manufacturing products in these facilities, which contain minimum requirements for the quality controls used in manufacturing, processing, and packaging of our branded PCM products. Complying with these standards is a costly, time-consuming and highly technical process. Furthermore, regulatory changes may require us to upgrade our facilities and modify our manufacturing process, resulting in increases in compliance costs. A determination that we are in violation of or not in compliance with GMP standards or other regulations could lead to an interruption of our production output and the imposition of civil penalties, including fines, contractual damages, product recalls, or product seizures and criminal sanctions. Any such instances may result in import bans, regulatory proceedings and criminal lawsuits, all of which will require us to devote significant resources and attention to address, and will materially and adversely affect our business, reputation, financial position and results of operations.

We are exposed to risks relating to commercial real estate rental market

A majority of our office, warehouse, and Chinese medicine clinic operation facilities are situated on leased properties as set forth in the section headed “Business — Properties — Leased or Licensed Properties.” If we are unable to reach an agreement with our landlords for the renewal of these lease agreements upon their expiration on terms and conditions acceptable to us, we may have to relocate. Relocation involves a significant investment of time and resources and, in the case of Chinese medicine clinics, may lead to temporary suspension of services, which may result in a material negative impact on our financial condition and results of operations.

Delays, losses or damages in delivery by logistics providers may adversely affect our reputation

We rely on a number of logistics providers for the transportation and delivery of products. The services provided by these logistics providers could be interrupted by various reasons beyond our control, such as poor handling provided by these logistics service providers, natural disasters, pandemics, adverse weather conditions, social unrest, labor strikes and mishandling of products. Any delays, losses or damages in delivery may result in loss of customers, sales and turnover, which may materially and adversely affect our reputation, business, financial condition and results of operations.

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We may not be able to successfully identify, consummate and integrate future acquisitions

We have historically experienced significant growth through a series of strategic acquisitions and we intend to continue to pursue suitable opportunities in key markets. However, acquisition of any large target would require significant financial resources, resulting in significant cash outflow, increased debt financing, or all of the above. Acquisitions may also increase our indebtedness through existing indebtedness of the acquired company, which could significantly reduce or eliminate the headroom under existing bank loans or facilities and make it more difficult for us to incur additional indebtedness.

Acquisitions involve various risks, including:

- we may not be able to identify suitable targets or acquire companies on favorable terms;
- we compete with other companies that may have stronger financial positions and may therefore not be able to win over them in the acquisition of target product lines or companies;
- we may not be able to obtain the necessary financing, on favorable terms or at all, to finance any of our potential transactions;
- we may not be able to obtain the necessary regulatory approvals, including the approval of antitrust regulatory bodies, in any of the countries in which we may seek to consummate potential transactions;
- we may ultimately fail to complete a transaction after we announce that we plan to acquire a product line or a company;
- we may not succeed in integrating the acquired assets and businesses into our existing platform, or managing these assets and businesses to draw benefits and synergies from them;
- the acquired businesses or assets may not perform as expected or incur losses, or may subsequently be found to be over-valued;
- transactions may require significant management resources and divert attention away from our daily operations, result in the loss of key customers and personnel, and expose us to unanticipated liabilities; and
- we may be adversely affected by any negative publicity that is associated with the companies, businesses, or products we have acquired or may acquire in the future.

Any of the above could materially and adversely affect our business, financial position and results of operations.

Our planned expansion of the Chinese medicine clinic network may not yield the desired results

We intend to establish new Chinese medicine clinics. However, there is no assurance that our expansion plans will yield the desired results. Our ability to successfully open and operate new clinics depends on factors beyond our control, including identifying suitable sites in strategically attractive locations, obtaining necessary regulatory approvals, recruiting qualified Chinese medicine practitioners,

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competing effectively with established healthcare providers, and attracting sufficient patient volume to achieve profitability. We may also experience cost overruns or delays in construction and renovation. If our clinic expansion does not proceed as planned or newly established clinics underperform, our business, financial condition and results of operations could be materially and adversely affected.

Changes in Hong Kong’s regulatory regime for the Chinese medicine clinic services industry could materially affect our business operations and future expansion

Hong Kong’s regulatory regime for the Chinese medicine clinic services industry continues to develop, which may affect the way we operate our Chinese medicine clinics. New regulations may be promulgated, and the current applicable laws and regulations may be amended or replaced to implement strengthened or additional supervision and more stringent management requirements. For instance, the CMCHK may, from time to time, update or revise the codes of practice, guidelines or standards applicable to Chinese medicine practitioners and Chinese medicine clinics, including standards relating to diagnosis and treatment service offerings, establishment of internal policies and systems of medical records, and continuing professional development requirements. In addition, the laws and regulations may also be subject to further interpretation and enforcement and are evolving.

Any such developments could require us to obtain additional registrations, licenses, permits, or approvals, broaden the scope of liabilities relating to medical incidents, increase our operating costs and expenses, or even result in the invalidation of our existing registrations, licenses, permits, or approvals. Moreover, our business operations and future expansion could be materially affected by governmental policies, which may be subject to further amendments and changes. If we are found to be non-compliant with any of the applicable rules, laws, or regulations, we may face disciplinary orders, fines, suspension of operations, or even criminal prosecution, depending on the nature of the findings, any of which could materially and adversely affect our business, results of operations and financial condition. Additionally, future regulatory changes may reduce coverage or reimbursement rates or extend the payment processing cycle under public healthcare programs, or implement additional pricing controls on Chinese medicine clinic services and products, which could have an adverse impact on our business, results of operations and financial condition.

We may be exposed to liability arising from medical negligence or professional misconduct by Chinese medicine practitioners at our Chinese medicine clinics, which could also damage our reputation

Chinese medicine practitioners practicing at our clinics may be subject to claims of medical negligence, professional misconduct, or substandard care, whether or not such claims are substantiated or have any merit. Any such claims could result in civil liability, disciplinary proceedings before the Chinese Medicine Practitioners Board, or regulatory action by the CMCHK. Any such incidents, allegations, or claims, even if ultimately determined to be groundless, could expose us to legal claims, require us to incur defense costs, increase our operating costs, and damage our reputation and the credibility of our clinic network. In addition, adverse publicity arising from complaints, disciplinary findings, or patient disputes involving practitioners at our clinics could negatively affect patient confidence and our ability to attract and retain both patients and qualified practitioners, which could materially and adversely affect our business, financial condition and results of operations.

RISK FACTORS

Our business may be affected by therapeutic changes or by shifts in Chinese medicine practitioners’ or patients’ preferences for other treatments

New services and equipment may arise in the Chinese medicine clinic services industry in Hong Kong with continuous technological advances, which could cause variation in Chinese medicine practitioners’ or patients’ preferences and the competitive landscape. As a Chinese medicine clinic services provider, we are required to remain familiar with modern technologies and apply new services and equipment in our daily operations to the extent necessary. If our Chinese medicine clinics are unable to adapt to therapeutic changes more successfully than competitors or fail to obtain access to new treatment methods in a timely manner, we may lose attractiveness to potential patients, and our ability to compete could be strained. Even if we timely identified and applied new services and equipment, there can be no assurance that we will be able to recover the relevant expenditure or compete successfully with our competitors in integrating the newly introduced services or equipment into the existing business. In addition, rapid technological improvements could, at times, lead to earlier-than-planned obsolescence or redundancy of equipment and result in impairment charges, which may adversely affect our results of operations.

We recorded net current liabilities during the Track Record Period

We recorded net current liabilities of HK\$281.0 million, HK\$336.6 million and HK\$506.8 million as of March 31, 2024, 2025 and 2026, respectively. These net current liabilities were primarily due to large trade and other payables and contract liabilities, in particular, amounts due to intermediate holding company and amounts due to fellow subsidiaries, mainly representing balances owed to the JBM Group under a centralized cash management arrangement. Net current liabilities expose us to liquidity risk. Payment of trade and other payables, our capital expenditure plans and the repayment of our outstanding debt obligations as and when they become due will primarily depend on our ability to maintain adequate cash generated from operating activities and adequate external financing. In addition, if we encounter any liquidity issues in the future, we may curtail or defer our business expansion plans based on the availability of sufficient funds. If we continue to have net current liabilities in the future, our working capital for operations or business expansion plans could be limited and our business, financial position and results of operations could be materially and adversely affected.

We are exposed to risks relating to the recoverability of trade receivables

Trade receivables comprise the outstanding amounts due from our customers for the purchase of our products. Payment terms granted to our customers generally range from prepayment or partial deposits to credit terms of 30 to 180 days upon delivery, depending on the product type and the type and credit worthiness of the customers. As of March 31, 2024, 2025 and 2026, trade receivables amounted to HK\$54.6 million, HK\$63.3 million and HK\$98.4 million, respectively. For the years ended March 31, 2024, 2025 and 2026, our average trade receivables turnover days were 55 days, 60 days, and 64 days, respectively. For further details of our trade receivables, see the section headed “Financial Information — Principal Consolidated Statements of Financial Position Items — Trade and Other Receivables.” We cannot guarantee that we will be able to recover our trade receivables in a timely manner or in full. Any default or delay in payment by our customers or our failure to collect trade receivables from them may cause allowance for impairment loss on trade receivables to be made in the future. All of these may result in untimely and significant cash flow shortcomings in the future and adversely affect our cash position and results of operations.

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The carrying amount of our intangible assets is substantial and is subject to potential impairment

We have a substantial amount of intangible assets. As of March 31, 2026, the carrying amount of our intangible assets was HK\$545.9 million, which represented 52.1% of our total assets, while we had net assets attributable to equity shareholders of our Company of HK\$57.3 million, as a result of which our net tangible liabilities attributable to equity shareholders of our Company was HK\$481.3 million. Intangible assets consisted of HK\$159.1 million of goodwill, HK\$305.5 million of trademarks, HK\$14.1 million of unpatented drugs and HK\$67.2 million of customer relationships as of March 31, 2026. In particular, goodwill and trademarks related to our cash-generating units of branded PCM products and Chinese medicine clinic services, totaling HK\$226.6 million, HK\$226.6 million, and HK\$464.6 million as of March 31, 2024, 2025 and 2026, respectively.

Intangible assets are reviewed and tested for impairment either individually or at the cash-generating unit level in accordance with the relevant accounting standards. An impairment loss is recognized in profit or loss if the carrying amount of the intangible asset or the relevant cash-generating unit exceeds its recoverable amount. The recoverable amount of a cash-generating unit is determined by using cash flow projections of that cash-generating unit based on financial forecasts of five years prepared by our management, and involves substantial management judgments, estimates and assumptions. When making these forecasts and projections, our management would typically take into account our historical and forecast financial performance indicators, particularly revenue, cost of sales and services, advertising and promotion costs, staff costs and other expenses, which could be affected by general market conditions, our brand management and sales capabilities, cost of materials and labor, and other factors beyond our control. Consequently, any material decline in our actual performance may negatively impact our forecasts and projections (which we apply to determine the recoverable amounts of our intangible assets for impairment testing), which in turn may lead to a decline in our assessed recoverable amount to below the carrying amount of our intangible assets and result in impairment. These forecasts and projections may also be materially different from the actual results, and our periodic assessment of the impairment of our intangible assets may turn out to be inaccurate. During the Track Record Period, we did not record any impairment losses on our intangible assets. However, there is no guarantee that we will not incur impairment losses in the future. Any significant impairment losses could materially and adversely affect our profitability and result in net liabilities.

Potential increase in finance costs may impact our cash flows and profitability and burden our future financial performance

We incurred finance costs of HK\$1.1 million, HK\$1.2 million and HK\$4.2 million for the years ended March 31, 2024, 2025 and 2026, respectively, which consisted of interest on bank loans, interest expense on amounts due to a fellow subsidiary and interest on lease liabilities. Our finance costs may increase in the future due to a variety of factors, including increases in prevailing interest rates, additional borrowings to fund our business operations or strategic initiatives, or changes in the credit environment. Any significant increase in interest rates, adverse change in the credit environment or any failure in satisfactorily managing our liquidity and business performance, therefore, could materially and adversely affect our cash flows and profitability and cause a significant burden on our business, financial condition and results of operations.

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We may need additional capital to meet our operating cash requirements, and financing may not be available on terms acceptable to us, or at all

We believe our current cash and cash equivalents will be sufficient to meet our anticipated cash needs for the next 12 months. We may, however, require additional cash resources to meet our continued operating cash requirements further in the future, such as to finance the expansion of existing business or develop new businesses through business collaborations, licensing arrangements, other forms of organic growth, or mergers and acquisitions. If the financial resources available to us after the [REDACTED] are insufficient to satisfy our cash requirements, we may seek additional funding through equity offerings and debt financings. It is uncertain whether financing will be available in amounts or on terms acceptable to us, if at all. If we were not able to obtain additional capital to meet our cash requirements in the future, our ability to expand may be constrained, and our business, financial condition, results of operations and prospects could be materially and adversely affected.

Our business depends on the continuing efforts of our executive Directors and our key personnel

We believe that our success largely depends on the continued contributions and our ability to retain the services of our key personnel, including our executive Directors, manufacturing staff and for our Chinese medicine clinic services, our registered Chinese medicine practitioners. Our executive Directors possess expertise and experience in our industry, operations and business that are difficult to replace. We also depend on other members of our management team, our product development personnel and other key personnel. Failure to retain our product development personnel could increase our product development costs, delay the product development process and reduce our efficiency to commercialize potential new products.

If one or more of our executive Directors or key personnel are unable or unwilling to continue in their present positions, and we are not able to find suitable replacements or maintain a sufficient number of registered Chinese medicine practitioners, our business may be severely disrupted and we may incur additional expenses to recruit and retain replacements. In addition, if any of our executive Directors or key personnel leave and join a competitor or form a competing company, we may lose some of our customers or other business partners, which could materially and adversely affect our business, financial position and results of operations. There is no assurance that the services of our executive Directors and our key personnel will continue to be available to us or that we will be able to replace any executive Director or key personnel with persons who have similar knowledge or experience. The loss of our executive Directors’ or key personnel’s services without suitable replacement, or which is not covered or sufficiently covered by our insurance coverage, would have a material adverse effect on our business, financial position and results of operations.

We are exposed to fluctuations in foreign currency exchange rates

Our functional currency is the Hong Kong dollar and a majority of our sales are made in Hong Kong dollars. We procure certain raw materials from suppliers in China and engage select third-party manufacturers in China for the manufacturing of our own brand CCMG products. We pay Renminbi for a large amount of our purchases and are therefore exposed to fluctuations in the exchange rates of Renminbi. For further details of our exposure to currency risk and its sensitivity, see note 26 to the Accountants’ Report set forth in Appendix I to this document. Accordingly, fluctuations in any of these foreign currencies against the Hong Kong dollar may affect our cost of sales and services and consequently our profit margin and our results of operations.

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We are unable to prevent or detect all incidents of wrongdoings committed by our employees, Chinese medicine practitioners at our clinics or other third parties

Employee wrongdoings at different operational levels could reduce the operational efficiency and business performance and may even result in violations of laws, third-party claims and regulatory actions against us, causing reputational or financial damage to us. We cannot guarantee that all our employees and Chinese medicine practitioners will conduct their duties at all times in good faith and in a manner which is in full compliance with the laws and our policies. In addition, we have limited ability to thoroughly investigate the backgrounds of our business partners, such as third-party brand owners, suppliers, marketing and advertising agencies, distributors and landlords, or monitor their conduct. We are unable to prevent or detect all incidents of wrongdoings, including corruption, violations of relevant laws and regulations (such as non-compliance with building orders) or other improper conduct, committed by such third parties. If any of our employees, Chinese medicine practitioners or other third parties with whom we have business dealings are engaged or alleged to have engaged in any such activities, our business, financial position, results of operations and reputation could be materially and adversely affected.

We may be involved in claims, disputes and legal proceedings in our ordinary course of business

From time to time, we may be involved in claims, disputes and legal proceedings in our ordinary course of business. These may concern issues relating to, among others, breach of contract, employment or labor disputes, antitrust, and environmental matters. Any claims, disputes or legal proceedings initiated by us, or brought against us, with or without merit, may result in substantial costs and diversion of resources and may materially harm our reputation. If we fail in defending against any such claims, we may be subject to substantial damages to compensate the claimants. Furthermore, claims, disputes or legal proceedings against us may be due to defective supplies sold to us by our suppliers, who may not be able to indemnify us in a timely manner, or at all, for any costs that we incur as a result of such claims, disputes and legal proceedings.

We may be exposed to infringement claims, which may lead to monetary damages, the forfeiture of intellectual property and disruptions to our business

In the course of developing new products, we may be unaware that some third parties have patented similar processes or obtained regulatory protection of similar products and, as a result, unknowingly infringe on some third-party proprietary or intellectual property rights. We may also enter into agreements with third parties to acquire or use their technologies or methods for the production of new products. We may be exposed to infringement claims by third parties in our business pursuits. We also purchase active ingredients, or other raw materials from third parties for our manufacturing operations and undertake the sales and distribution of third-party brand products. If such active ingredients, raw materials, or third-party brand CCMG products infringe on the intellectual property rights of other third parties, we could also be exposed to infringement claims. A competitor commenced proceedings against us in Hong Kong and China in December 2024 and March 2026, respectively, relating to, among others, trademark infringement and unfair competition allegations in respect of the packaging of two medicated oil products in aggregate. Our Directors, based on Hong Kong and PRC legal advice, consider that such proceedings are not expected to have a material adverse effect on our financial position or results of operations, nonetheless relevant provisions have been made. If we are subject to claims relating to infringement of intellectual property rights or wrongful use or disclosure of trade secrets, with or without merit, we would need to defend ourselves and could become involved in litigation. Even if we are successful in defending against these claims, litigation could result in

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substantial costs and divert the attention of our management from our business operations and may draw negative publicity or negatively impact our reputation and industry standing. If we fail to defend such claims, we may pay monetary damages or lose valuable intellectual property rights. Any of these could adversely affect our business, financial position and results of operations.

We may not be able to adequately protect our intellectual property rights and prevent the existence of counterfeit products on the market

Our success depends in part on our ability to protect our intellectual property rights. We rely primarily on trademarks, unpatented proprietary processes and know-how, and other contractual provisions to protect our intellectual property rights. However, these may not be adequate to protect our rights to our existing products as well as those products under development. In addition, we may not be able to successfully register or otherwise secure protection for certain intellectual property we seek to protect, whether due to prior registrations by third parties, regulatory requirements, or other factors beyond our control.

Our third-party manufacturers or other third parties could imitate or use our intellectual property rights without authorization, or register our trademarks in jurisdictions where we have not done so, and policing such uses of intellectual property can be difficult, time consuming and expensive. Third parties may also develop or market products that are sufficiently similar to ours but sufficiently different to avoid a successful infringement claim, in which case we may have limited or no legal recourse against such competitors. In addition, when our employees leave our company, they may take with them certain trade secrets, know-how, or other intellectual property. If they provide such information to a competitor, our business may be less competitive as a result. Our third-party manufacturers, competitors, or other third parties may also independently develop proprietary technologies similar to ours, introduce counterfeits of our products, misappropriate our proprietary information or infringe on our brand names or trademarks. Counterfeit branded PCM products are generally sold at lower prices than their authentic counterparts due to their low manufacturing costs and may cause confusion to our customers because, in some cases, they have a very similar appearance and use very similar packaging as authentic ones.

Although government authorities have generally intensified their efforts to combat counterfeit branded PCM products, effective regulatory oversight and enforcement mechanisms against counterfeiting remain limited in any of our key markets. The proliferation of counterfeit branded PCM products has grown in recent years and may continue to grow in the future. Any increase in the sales and production of counterfeit products or the technological capabilities of the counterfeiters could negatively impact our business, financial position and results of operations. In addition, any misappropriation of our intellectual property rights may impair the pricing for our products and materially and adversely affect our brand and reputation. Our efforts to protect our intellectual property may not be adequate and we may not be able to identify any unauthorized use of our intellectual property or to take appropriate steps to enforce our rights on a timely basis. The resulting diversion of financial and management resources to enforce our intellectual property rights or the proliferation of counterfeit products could have a material adverse effect on our business, financial position and results of operations.

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Our operations are subject to environmental and fire safety regulations and may be exposed to liability and potential costs associated with compliance

We operate manufacturing facilities for the manufacture of certain of our branded PCM products, which are subject to various environmental and fire safety regulations in Hong Kong. These include regulations concerning the discharge of general waste during our manufacturing processes, the controlled use, storage, handling and disposal of hazardous materials and chemicals, and compliance with fire safety requirements. See the section headed “Regulatory Overview — Laws and Regulations Relating to Our Business Operations in Hong Kong.” Any violation of these regulations may result in substantial fines, criminal sanctions, revocations of operating permits, shutdown of our facilities and obligations to take corrective measures. Furthermore, the cost of complying with current and future environmental protection and fire safety laws, rules and regulations and the liabilities which may potentially arise from meeting various requirements, may increase our costs significantly and lower our profitability.

Our internal control system may not fully protect us against various risks inherent in our business and financial reporting

Internal controls are essential to the integrity of our business and financial results. Effective internal control is necessary for us to produce reliable financial reports and prevent fraud. However, due to the inherent limitations in the design and implementation of any internal control system, we cannot guarantee that our internal control system will be able to identify, prevent and manage all risks arising from our business and financial reporting, or that we will be able to timely and effectively refine or enhance our internal control systems to adapt to evolving business and operational environments. Our management may need to invest significant time and we may incur additional costs if we identify any deficiency in the implementation of our internal control procedures. Failure to address such a deficiency in a timely and effective manner may undermine the effectiveness of our internal control system and may cause [REDACTED] to lose confidence in the reliability of our financial statements, which in turn may materially and adversely affect our business, financial position, results of operations and reputation.

Our information systems may experience failure or breakdown and cause interruptions to our business

We use our information systems in the daily operations of our business. Our information systems record various operational data, including but not limited to sales information, payment records as well as inventory records, which allow us to analyze our business performance and make timely business and financial decisions. Any system setback or failure, or other damage from unforeseen events, which causes delays or interruptions to the input, retrieval and transmission of data, could disrupt our operations. We cannot guarantee that our information system recovery plan can effectively resolve all system failures, or that we will be able to restore our operational capacity in a timely manner to avoid disrupting our business. In addition, if the capacity of our information systems fails to meet the increasing needs of our expanding operations, our ability to expand may be constrained, or we may need to invest substantial financial and human resources to upgrade and expand our information systems capacity. The occurrence of any of these events could have a material adverse effect on our business, financial condition and results of operations.

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We may be liable for our consumers’ or patients’ privacy being compromised which may materially and adversely affect our reputation and business

We collect, receive, store and process personal information and other data from users of our own online e-shops and patients of our Chinese medicine clinics. For example, visitors may register for an account on our online e-shops and we also collect our online consumers’ personal details, such as address for the delivery of products. In addition, our Chinese medicine clinics collect and maintain patient records, including personal details, medical histories, diagnostic information and treatment records. Our information technology system monitors visitors’ activities on our webpages so as to collect certain data relating to consumer preferences and website usage patterns. Our privacy policy is stated on our online e-shops and our internal control procedure aims to ensure compliance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) or other applicable laws in relation to the proper collection, use and storage of the personal data we collect.

Despite our efforts to employ security features to safeguard user and patient information, there is no guarantee that we can successfully keep our users and patients free from inappropriate behavior, offensive contact, or other acts of third parties that violate their privacy. Similar to other providers of Internet content services and operators of Internet platforms, we are subject to risks of hacking. Unauthorized users may gain access to or control of other users’ personal accounts and their personal data for malicious purposes. Patient data at our Chinese medicine clinics could also be subject to unauthorized access or disclosure. Any failure or perceived failure by us to (i) prevent our users’ or patients’ exposure to such infiltration and (ii) comply with our privacy policies, our privacy-related obligations to users or other third parties, or any privacy laws or regulations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or users’ or patients’ personal data, may result in governmental enforcement actions, litigation or public statements against us by our users, patients, consumer advocacy groups or others, which could detrimentally affect our reputation, and materially and adversely affect our business.

Unexpected business interruptions resulting from epidemics, natural disasters, social unrest, or terrorist acts could materially adversely affect our business, financial position and results of operations

Our business may be adversely affected by the occurrence of typhoons, severe storms, earthquakes, floods, fires or other natural disasters or similar events especially in the areas where we operate. In addition, any outbreak of a contagious disease, such as severe acute respiratory syndrome (SARS), Middle East respiratory syndrome, avian influenza or novel coronavirus disease (COVID-19), could disrupt our operations with respect to our supply chain, production, delivery and sales. Such events could decrease the demand for our products, impact the productivity of our workforce, make it difficult or impossible for us to manufacture and deliver products to our customers in a timely manner, or to receive materials and equipment from our suppliers. Should major public health emergencies, including pandemics, arise, we could be adversely affected by more stringent employee travel restrictions, additional requirements in freight, relevant policies affecting the movement of products between regions, delays in the ramp-up of the production capacity and disruptions in the operations of our suppliers. In the event of a natural disaster, we could incur significant losses, which could require substantial recovery time and result in significant expenditures in order to resume operations.

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RISKS RELATING TO OUR GEOGRAPHIC MARKETS

We generate the majority of our revenue in Hong Kong and thus are susceptible to changes in the economic, political and other policies of Hong Kong

Our operations are based in Hong Kong and we generate the majority of our revenue in Hong Kong. During the Track Record Period, sales in Hong Kong accounted for 86.8%, 81.6% and 86.0% of our revenue for the years ended March 31, 2024, 2025 and 2026, respectively. As a result, our business, financial condition, results of operations and prospects are substantially affected by political, economic and legal developments in Hong Kong. Economic growth in Hong Kong has been uneven, and there can be no assurance that the local economy will continue to grow at a pace favorable to our business. In addition, the overall economic environment in Hong Kong is influenced by government regulations and policies. Any changes in these regulations and policies could affect the business environment in Hong Kong, thus impacting our business and its growth prospects.

Changes in the political environment could also increase our costs, heighten our exposure to legal and business risks, disrupt our operations and affect our results of operations. Hong Kong’s economy and business environment are closely linked to the economic and political conditions of China and the broader geopolitical landscape. Developments such as changes in the relationship between China and other major economies, shifts in trade policies, or heightened geopolitical tensions could indirectly affect economic sentiment and business conditions in Hong Kong, which could in turn have a material adverse effect on our business prospects and results of operations.

Failure to comply with overseas regulatory requirements could materially and adversely affect our business, financial condition and results of operations

Our manufacturing facilities are required to have precise and reliable controls in line with Hong Kong, China, Macau and other applicable overseas regulations (depending on sales of our products to these jurisdictions). Such jurisdictions have imposed regulatory requirements and compliance obligations on manufacturers of branded PCM products. For example, all facilities and manufacturing process used for the manufacture of certain branded PCM products must be operated in conformity with these standards, and manufacturing facilities may be subject to periodic announced and unannounced inspections by the Department of Health, the NMPA, and other regulatory authorities. Complying with such regulatory requirements and obligations may result in increased costs or delays in our manufacturing operations. Any determination that we have failed to comply with such regulatory requirements and obligations could result in the loss of relevant licenses to conduct manufacturing activities, which may halt or restrict operations at our manufacturing facilities or prohibit sales of our products to such relevant regions, which would have a material adverse effect on our business, financial position and results of operations.

Geographical expansion may be costly, time-consuming and difficult, and our entry into overseas markets may expose us to certain risks

An increasing portion of our revenue may be generated from outbound sales in the longer run. For the years ended March 31, 2024, 2025 and 2026, sales outside Hong Kong accounted for 13.2%, 18.4%, and 14.0% of our revenue, respectively. It is one of our business strategies to grow our business through overseas expansion. We intend to enter new geographical markets by cultivating new distributor relationships in select markets. In expanding our business geographically, we have entered and intend to continue to enter markets in which we have limited or no experience and in which our company may

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not be recognized. Our target countries may withhold approval for the sale of our products due to differences in regulatory standards or protectionist trade policies. We may be unable to attract a sufficient number of distributors or at all in such markets, and our selected distributors may not be suitable for selling our products. Furthermore, we may fail to anticipate competitive conditions in markets that are different from those in our home market. These competitive conditions may make it difficult or impossible for us to effectively operate in these markets. If our expansion efforts in existing and new markets are unsuccessful, our profitability and prospects will be materially and adversely affected.

In addition, we are exposed to other risks associated with businesses involving outbound markets, including but not limited to:

- compliance with foreign laws, regulatory requirements and local industry standards, in particular, those related to branded PCM products;
- poor financial condition, expertise and performance of local distributors in these regions;
- difficulty in collecting accounts receivable;
- exposure to increased litigation risks;
- social, political, regulatory and economic instabilities;
- imposition of restrictions on imports or other trade barriers by overseas countries to which we export our products;
- unauthorized re-export of our products;
- unfamiliarity with local operating and market conditions;
- competition from local companies;
- potentially adverse tax consequences;
- inability to effectively enforce contractual or legal rights;
- environment, safety and labor regulatory compliance;
- unfamiliarity with overseas labor markets and difficulty in attracting local talents; and
- potential disputes and difficulty in managing relationships with local customers and distributors in these regions.

Any of the foregoing and other risks and uncertainties could adversely affect our sales and operations in these regions, which in turn could adversely affect our financial condition and results of operations.

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Changes in the economic, political or social conditions or government policies in the countries and regions in which we operate or from which we generate revenue could affect our business, financial condition and results of operations.

Revenue generated from outside of Hong Kong accounted for 13.2%, 18.4%, and 14.0% of our revenue for the years ended March 31, 2024, 2025, and 2026, respectively. Accordingly, our business, financial condition and results of operations could also be influenced by political, economic and social conditions in these markets. Economic growth in each of our geographic markets has been uneven, both geographically and among various sectors within any one of the relevant economies. Any economic downturn, whether actual or perceived, further decrease in economic growth rates or an otherwise uncertain economic outlook in our geographic markets or any other market in which we may operate could affect our business, financial condition and results of operations. Changes in the economic or political environment could increase our costs, increase our exposure to legal and business risks, disrupt our operations and affect our results of operations.

Developments in the legal system and relevant rules, guidelines, laws or regulations of certain geographic markets in which we operate or from which we generate revenue could materially and adversely affect us.

Legal systems of the geographic markets in which we operate or from which we generate revenue vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value.

The legal systems of some geographic markets in which we operate or from which we generate revenue are consistently evolving. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses is not settled. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets in which we operate or from which we generate revenue. Local courts may have discretion to reject enforcement of foreign awards or arbitration awards. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats in attempt to extract payments or benefits from us.

Furthermore, many of the legal systems in the geographic markets in which we operate or from which we generate revenue are based in part on their respective government policies and internal interpretations, some of which are not published on a timely basis or at all and may have retroactive effects. There are other circumstances where key regulatory definitions are unclear, imprecise or missing, or where interpretations that are adopted by regulators are inconsistent with interpretations adopted by a court in analogous cases. As a result, we may not be aware of our violation of certain policies or rules until sometime after the violation. In addition, administrative and court proceedings in certain of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention.

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It is possible that a number of laws and regulations may be adopted or construed to be applicable to us in our geographic markets and elsewhere that could affect our businesses and operations. Scrutiny and regulations of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing these regulations. Changes in current rules, guidelines, laws or regulations or the imposition of new rules, guidelines, laws and regulations in our geographic markets may slow the growth of our industries and affect our business, financial condition and results of operations.

RISKS RELATING TO THE [REDACTED]

An active [REDACTED] market in our Shares may not develop

Prior to the [REDACTED], there has been no [REDACTED] for our Shares. The [REDACTED] [REDACTED] for our Shares was the result of negotiations between us and the [REDACTED] (for itself and on behalf of the [REDACTED]), and the [REDACTED] may differ significantly from the [REDACTED] for our Shares following the [REDACTED].

We have applied for [REDACTED] of, and permission to [REDACTED] in, our Shares on the Stock Exchange. A [REDACTED] on the Stock Exchange, however, does not guarantee that an active and liquid [REDACTED] market for our Shares will develop, or if it does develop, that it will be sustained following the [REDACTED] or that the [REDACTED] of our Shares will not decline following the [REDACTED]. You may not be able to [REDACTED] your Shares at a price that is attractive to you, or at all.

The [REDACTED] and [REDACTED] of our Shares may be volatile, which may result in substantial losses for [REDACTED] in our Shares

The [REDACTED] of our Shares may be volatile. The market price of our Shares may fluctuate significantly and rapidly as a result of the following factors, among others, some of which are beyond our control:

- actual or anticipated changes in our results of operations, earnings and cash flows;
- changes in competitive landscapes of our industries, including strategic alliances, acquisitions or joint ventures by us or our competitors;
- changes in securities analysts’ estimates or market perception of our financial performance;
- changes in general economic or market conditions affecting us or our industries;
- regulatory developments, and our inability to obtain or renew necessary licenses and permits;
- fluctuations in [REDACTED] volume or the release of lock-up or other transfer restrictions on our outstanding Shares or [REDACTED] or perceived [REDACTED] of additional Shares by us or other Shareholders;
- changes in our senior management or other key personnel;

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- fluctuations of the general stock market, particularly fluctuations in stock prices of other companies in our industry that are listed on the Stock Exchange; and
- potential or material litigation or regulatory investigations affecting us or our senior management.

Moreover, the capital market has from time-to-time experienced significant price and [REDACTED] volume fluctuations that were unrelated or not directly related to the operating performance of the underlying companies in the market. These broad market and industry fluctuations may have a material and adverse effect on the [REDACTED] and [REDACTED] of our Shares.

Our Controlling Shareholders have substantial influence over our Company and their interests may not be aligned with the interests of other Shareholders

Upon the completion of the [REDACTED], our Controlling Shareholders will in aggregate be interested in [REDACTED]% of the issued share capital of our Company (assuming that the [REDACTED] is not exercised).

After the completion of the [REDACTED], our Controlling Shareholders will continue to have significant influence on us on various important corporate actions requiring the approval of Shareholders, such as mergers, disposal of assets, election of Directors, and timing and amount of dividends and other distributions. There may be a conflict between our Controlling Shareholders’ interests and your interests. If our Controlling Shareholders cause us to pursue strategic objectives that would conflict with your interests, your interests in our Company may be materially and adversely affected.

Future sales or major divestment of our Shares by any of our Controlling Shareholders could materially and adversely affect the prevailing [REDACTED] of our Shares

The [REDACTED] of our Shares may be materially and adversely affected by future [REDACTED] of a significant number of our Shares in the [REDACTED] after the [REDACTED], or the possibility of such sales, by our Controlling Shareholders.

Furthermore, all our Controlling Shareholders are subject to a 12-month lock-up period commencing from the [REDACTED] during which they will not, inter alia, directly or indirectly dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any Shares. After the restrictions of the lock-up arrangements expire, our Controlling Shareholders may dispose of our Shares. Any major disposal of our Shares by any of such Controlling Shareholders upon expiry of the relevant lock-up period (or the perception that these disposals may occur) may cause the prevailing [REDACTED] of our Shares to fall which could materially and adversely affect our ability to raise equity capital in the future.

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Our future financing may cause dilution of your shareholding or place restrictions on our operations

In order to raise capital and expand our business, we may consider [REDACTED] and issuing additional Shares or other securities convertible into or exchangeable for our Shares in the future other than on a pro rata basis to our then existing Shareholders. As a result, the shareholdings of those Shareholders may experience dilution in net asset value per Share. If additional funds are to be raised through debt financing, certain restrictions may be imposed on our operations, which may:

- further limit our ability or discretion to pay dividends;
- increase our risks in adverse economic conditions;
- adversely affect our cash flows; or
- limit our flexibility in business development and strategic plans.

We may not be able to pay any dividends on our Shares

We cannot guarantee when and in what form dividends will be paid on our Shares following the [REDACTED]. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, including without limitation, our business and financial performance, capital and regulatory requirements, and general business conditions. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable.

Certain facts, forecasts, information and statistics contained in this document are obtained from third party reports and publicly available official sources, and may not be accurate, reliable or complete

We have derived certain information and statistics in this document, particularly the section headed “Industry Overview,” the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications provided by various governments, industry associations, independent research institutes and other third-party sources. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect.

The information from official government sources has not been independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of their respective directors and advisers, or any other persons or parties involved in the [REDACTED], and, therefore, we cannot assure you as to the accuracy and reliability of such information and statistics, which may not be consistent with other information compiled inside or outside Hong Kong. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable with statistics produced for other economies, and you should not place undue reliance on them. Furthermore, we cannot assure you that they are stated or

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compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to or place on such information or statistics.

Forward-looking statements contained in this document are subject to risks and uncertainties

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as “anticipate,” “believe,” “could,” “going forward,” “intend,” “plan,” “project,” “seek,” “expect,” “may,” “ought to,” “should,” “would” or “will” and similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend to update publicly or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

You should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us and the [REDACTED]

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the [REDACTED]. Prior to the publication of this document, there may have been press and media coverage regarding us and the [REDACTED]. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and you should not rely on such information.