

CONTINUING CONNECTED TRANSACTIONS

OVERVIEW

Upon the [REDACTED], transactions between us and the following connected persons in our ordinary and usual course of business disclosed in this section will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

CONNECTED PERSONS

We have entered into transactions in the ordinary and usual course of business with the following entities, which will constitute continuing connected transactions (as defined under Chapter 14A of the Listing Rules) upon the [REDACTED]:

Name of our connected person	Connected relationship
JBM Group	JBM is, and upon completion of the [REDACTED] and [REDACTED], will continue to be, our substantial Shareholder and our Controlling Shareholder
Jacobson Pharma Group	As of the Latest Practicable Date, Mr. Sum, a non-executive Director, our Chairman, our substantial Shareholder and our Controlling Shareholder, is interested in approximately 70.25% of the issued shares of Jacobson Pharma. Accordingly, Jacobson Pharma is an associate of Mr. Sum under the Listing Rules

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Nature of transaction		Applicable Listing Rules	Waiver sought	Historical amounts for the year ended March 31,			Annual caps for the year ending March 31,		
				2024	2025	2026	2027	2028	2029
				HK\$'000			HK\$'000		
A. Fully Exempt Continuing Connected Transactions									
1.	E-commerce distribution services	14A.76(1)(c)	N/A	713	314	183	350	500	650
2.	Overseas sales administrative services	14A.76(1)(a)	N/A	17	26	23	50	75	100
3.	Short-term office lease	14A.76(1)(a)	N/A	N/A	N/A	N/A	309.6	N/A	N/A
B. Partially Exempt Continuing Connected Transactions									
1.	Logistics and distribution services	14A.35, 14A.76(2)(a), 14A.105	Waiver from strict compliance with announcement requirement	2,724	3,892	3,172	5,000	6,500	8,000

CONTINUING CONNECTED TRANSACTIONS

FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. E-commerce Distribution Services

Background

During the Track Record Period, we utilized certain e-commerce distribution services of the JBM Group for the sale of some of our products in the e-shops of the JBM Group on certain e-commerce platforms (such as Tmall).

Principal terms

On [•], we entered into an e-commerce distribution services agreement (the “**E-commerce Distribution Services Agreement**”) with JBM (for itself and on behalf of the JBM Group) for a term from [the [REDACTED]] to March 31, 2029, to govern the provision of e-commerce distribution services by the JBM Group to us. Pursuant to the E-commerce Distribution Services Agreement, the JBM Group will provide certain e-commerce distribution services to us, including product listing, cataloging, inventory management, logistics, order fulfillment and payment settlement (the “**E-commerce Distribution Services**”).

Historical transaction amounts

The following table sets out the total historical fees paid by us to the JBM Group for the E-commerce Distribution Services for the periods indicated:

	For the year ended March 31,		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Historical transaction amounts	713	314	183

The historical transaction amounts represent the actual costs of services charged by the JBM Group to our Group that are attributable to our Group’s sales through the e-shops of the JBM Group.

Annual caps and basis

The maximum amounts payable by us to the JBM Group in respect of the E-commerce Distribution Services for the three years ending March 31, 2029 shall not exceed the annual caps set out below:

	For the year ending March 31,		
	2027	2028	2029
	HK\$'000	HK\$'000	HK\$'000
Annual caps	350	500	650

In determining the above annual caps, our Directors have considered the historical transaction amounts and the expected service fees payable for the E-commerce Distribution Services based on the projected sales of our products (including new products which may be introduced) via the e-shops of the JBM Group after the [REDACTED].

CONTINUING CONNECTED TRANSACTIONS

Pricing policy

Pursuant to the E-commerce Distribution Services Agreement, the service fees payable will be negotiated on arm’s length basis between us and the JBM Group and will be based on the JBM Group’s costs and expenses of providing the E-commerce Distribution Services (including product listing fees, e-commerce platform commission and service fees, and logistics fees).

Reasons for the transactions

We have historically sold certain of our products through the e-shops of the JBM Group on e-commerce platforms. Given the minimal amount of sales expected to be made by us through e-commerce sales channel, our Directors consider it to be more cost-effective for us to continue selling our products through e-shops operated by the JBM Group (as well as other Independent Third Parties) than to operate our own e-shops on such e-commerce platforms.

Listing Rules implications

As JBM will become a connected person of our Company, the transactions contemplated under the E-commerce Distribution Services Agreement will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon the [REDACTED]. Since all of the applicable percentage ratios under the Listing Rules in respect of the annual caps under the E-commerce Distribution Services Agreement are expected to be less than 5% and all the annual caps are less than HK\$3 million, the transactions contemplated under the E-commerce Distribution Services Agreement will be exempt from the reporting, annual review, announcement, circular and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

2. Overseas Sales Administrative Services

Background

During the Track Record Period, we utilized certain overseas sales administrative services of the Jacobson Pharma Group for the sale of some of our products in Macau.

Principal terms

On [•], we entered into an overseas sales administrative services agreement (the “**Overseas Sales Administrative Services Agreement**”) with Jacobson Pharma (for itself and on behalf of the Jacobson Pharma Group) for a term from [the [REDACTED]] to March 31, 2029, to govern the provision of overseas sales administrative services by the Jacobson Pharma Group to us. Pursuant to the Overseas Sales Administrative Services Agreement, the Jacobson Pharma Group will provide certain overseas sales administrative services to us, including order management, and sales and customer support (the “**Overseas Sales Administrative Services**”) in respect of our sales in Macau.

CONTINUING CONNECTED TRANSACTIONS

Historical transaction amounts

The following table sets out the total historical fees paid to the JBM Group for the Overseas Sales Administrative Services for the periods indicated:

	For the year ended March 31,		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Historical transaction amounts	17	26	23

The historical transaction amounts represent the actual costs of services charged by the Jacobson Pharma Group, which the JBM Group in turn recharged our Group based on the actual fees charged by the Jacobson Pharma Group that are attributable to our Group’s sales.

Annual caps and basis

The maximum amounts payable by us to the Jacobson Pharma Group in respect of the Overseas Sales Administrative Services for the three years ending March 31, 2029 shall not exceed the annual caps set out below:

	For the year ended March 31,		
	2027	2028	2029
	HK\$'000	HK\$'000	HK\$'000
Annual caps	50	75	100

In determining the above annual caps, our Directors have considered the historical transaction amounts, the expected service fees payable for the Overseas Sales Administrative Services based on the projected sales of our products in Macau after the [REDACTED], and the sales and marketing plans of our business in Macau.

Pricing policy

Pursuant to the Overseas Sales Administrative Services Agreement, the service fees payable will be negotiated on arm’s length basis between us and the Jacobson Pharma Group and will be based on the costs and expenses of providing the Overseas Sales Administrative Services (including salaries of staff employed and related expense, and general office and administrative expenses).

Reasons for the transactions

We have historically utilized the Overseas Sales Administrative Services provided by the Jacobson Pharma Group for our Group’s sales in Macau. Given the comparatively small volume of sales expected to be made by us in Macau, our Directors consider it to be more cost-effective for us to continue utilizing the services of the Jacobson Pharma Group rather than establishing our own dedicated local subsidiaries to perform such functions. Moreover, the Jacobson Pharma Group has local offices and employees who are familiar with our business needs, the requirements of our customers and their local practices.

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Listing Rules implications

As Jacobson Pharma will become a connected person of our Company, the transactions contemplated under the Overseas Sales Administrative Services Agreement will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon the [REDACTED]. Since all of the applicable percentage ratios under the Listing Rules in respect of the annual caps under the Overseas Sales Administrative Services Agreement are expected to be less than 0.1%, the transactions contemplated under the Overseas Sales Administrative Services Agreement will be exempt from the reporting, annual review, announcement, circular and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

3. Short-term Office Lease

Background and principal terms

On April 1, 2026, we (as lessee) entered into a lease agreement with Big Honour Limited (a member of the Jacobson Pharma Group, as lessor) for the lease of the office premises situated at Unit 807, 8/F, C-Bons International Centre, 108 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong, at an annual rent of HK\$309,600, for a term of one year, from April 1, 2026 to March 31, 2027 (the “Short-term Office Lease”). We currently have no intention to renew the Short-term Office Lease and are searching for alternative suitable office premises.

Historical transaction amounts

As this is a new lease between us and the Jacobson Pharma Group, there is no historical transaction amount.

Listing Rules implications

Under HKFRS 16, since the Short-term Office Lease is a short-term lease, the rent is recognized as our Group’s expenses. As Jacobson Pharma will become a connected person of our Company, the Short-term Office Lease will constitute a continuing connected transaction of our Company under Chapter 14A of the Listing Rules upon the [REDACTED]. Since all of the applicable percentage ratios under the Listing Rules in respect of the annual rent under the Short-term Office Lease are expected to be less than 0.1%, the transactions contemplated under the Short-term Office Lease will be exempt from the reporting, annual review, announcement, circular and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

Logistics and Distribution Services

Background

During the Track Record Period, we utilized certain logistics and distribution services of the JBM Group (which was charged based on a percentage at 6.5% of invoice value), out of which most of these logistics and distribution services were outsourced by the JBM Group to the Jacobson Pharma Group (which the JBM Group was charged by the Jacobson Pharma Group on a cost-plus basis, determined

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with reference to the costs of Jacobson Pharma Group plus a profit margin of 10%). After the [REDACTED], we will no longer utilize the logistics and distribution services of the JBM Group, and instead, will utilize the logistics and distribution services of the Jacobson Pharma Group directly.

Principal terms

On [•], we entered into a logistics and distribution services agreement (the “**Logistics and Distribution Services Agreement**”) with Jacobson Pharma (for itself and on behalf of the Jacobson Pharma Group) for a term from [the [REDACTED]] to March 31, 2029, to govern the provision of logistics and distribution services by the Jacobson Pharma Group to us. Pursuant to the Logistics and Distribution Services Agreement, the Jacobson Pharma Group will provide certain logistics and distribution services to us, including loading and unloading, local trucking, delivery and return handling of goods, storage and distribution of products, and invoicing and account receivables management and collection (the “**Logistics and Distribution Services**”).

Historical transaction amounts

Since the Logistics and Distribution Services were previously provided by the JBM Group to us (though most of these logistics and distribution services were outsourced to the Jacobson Pharma Group), the historical transaction amounts set out below represent the amounts of service fees paid by us to the JBM Group for the Logistics and Distribution Services for the periods indicated:

	For the year ended March 31,		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Historical transaction amounts	2,724	3,892	3,172

Annual caps and basis

The maximum amounts payable by us to the Jacobson Pharma Group in respect of the Logistics and Distribution Services for the three years ending March 31, 2029 shall not exceed the annual caps set out below:

	For the year ended March 31,		
	2027	2028	2029
	HK\$'000	HK\$'000	HK\$'000
Annual caps	5,000	6,500	8,000

In determining the above annual caps, our Directors have considered the historical transaction amounts, our expected demand for Logistics and Distribution Services based on the projected sales of relevant products which utilize such Logistics and Distribution Services after the [REDACTED], and the scope of logistics services to be provided by the Jacobson Pharma Group.

Pricing policy

Pursuant to the Logistics and Distribution Services Agreement, the service fees payable will be negotiated on arm’s length basis between us and the Jacobson Pharma Group, based on the costs of the Jacobson Pharma Group in providing the Logistics and Distribution Services (taking into account, among others, labor costs, trucking operations and maintenance costs and other related costs) plus a

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profit margin of 10.0%, which is comparable to that historically charged by the Jacobson Pharma Group to the JBM Group. We will make reference to quotations provided by Independent Third Party service providers to ensure that the service fees charged by the Jacobson Pharma Group will be at rates comparable to those charged by Independent Third Parties for the provision of comparable services.

Reasons for the transactions

Considering our long-term business relationship with the Jacobson Pharma Group (historically through the JBM Group), their familiarity with our operation flow, product delivery and specific logistics requirements, and that their fees will be no less favorable than those offered by Independent Third Parties, our Directors consider that utilizing the Jacobson Pharma Group's Logistics and Distribution Services will allow our ongoing operation to continue undisrupted.

Listing Rules implications

As Jacobson Pharma will become a connected person of our Company, the transactions contemplated under the Logistics and Distribution Services Agreement will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon the [REDACTED]. Since the applicable percentage ratios under the Listing Rules in respect of the annual caps under the Logistics and Distribution Services Agreement are expected to be more than 0.1% but less than 5%, the transactions contemplated under the Logistics and Distribution Services Agreement will be subject to the annual review, reporting and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

CORPORATE GOVERNANCE MEASURES

We have adopted the following internal control and corporate governance measures to ensure that our continuing connected transactions will be conducted on normal commercial terms and in accordance with the relevant agreements:

- (a) the Audit Committee of our Board will be reviewing and evaluating the terms of the agreements for the continuing connected transactions, in particular the pricing principles and annual caps, to ensure that such terms are fair and reasonable to us and compliant with the Listing Rules;
- (b) our Directors, including the independent non-executive Directors, will be able to seek independent professional advice in respect of the continuing connected transactions from external professional parties in appropriate circumstances;
- (c) our various internal departments (including but not limited to our finance and accounting department, sales and marketing department and production department) will regularly monitor the implementation of the continuing connected transactions and keep track of the aggregate transaction amounts under the relevant agreements to ensure that the pricing principles and annual caps contained therein are complied with;
- (d) we have adopted relevant reporting and record-keeping procedures to allow our independent non-executive Directors and our auditors to perform annual review of the continuing connected transactions under the agreements and provide annual confirmations in accordance with the Listing Rules; and

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- (e) we will duly disclose in our annual report the continuing connected transactions to be conducted during each financial year, together with the conclusions drawn by our independent non-executive Directors on whether the transactions are conducted in our ordinary and usual course of business, on normal commercial terms or better, and according to the relevant agreements on terms that are fair and reasonable and in the interests of our Group and our Shareholders as a whole.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) have confirmed that the partially exempt continuing connected transaction as set out above has been and will be carried out in our ordinary and usual course of business and on normal commercial terms or better, and is fair and reasonable and in the interests of our Group and our Shareholders as a whole, and the proposed annual caps for such transaction are fair and reasonable and in the interests of our Group and our Shareholders as a whole.

CONFIRMATION FROM THE SOLE SPONSOR

Having reviewed the relevant documents and information provided by us, the Sole Sponsor is of the view that the partially exempt continuing connected transaction as set out above has been and will be carried out in the ordinary and usual course of business of our Group and on normal commercial terms, and is fair and reasonable and in the interests of our Group and our Shareholders as a whole, and the proposed annual caps for such transaction are fair and reasonable and in the interests of our Group and our Shareholders as a whole.

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

As stated above, the partially exempt continuing connected transaction will be exempt from the circular and independent Shareholders’ approval requirements but subject to the annual review, reporting, and announcement requirements under Chapter 14A of the Listing Rules.

As the material terms of the partially exempt continuing connected transactions are disclosed in this document, our Directors consider that strict compliance with the announcement requirement under Chapter 14A of the Listing Rules would be impractical and unduly burdensome and, in particular, would induce unnecessary administrative costs to our Group.

As a result, our Company has applied to the Stock Exchange for[, and has been granted], a waiver under Rule 14A.105 of the Listing Rules to exempt the partially exempt continuing connected transactions from strict compliance with the announcement requirement under Rule 14A.35 of the Listing Rules for the term ending March 31, 2029.

If any material terms of the transactions contemplated under the abovementioned agreements are altered or if we enter into any new agreements with any connected persons in the future, we will fully comply with the relevant requirements unless we apply for and obtain a separate waiver from the Stock Exchange.