

FINANCIAL INFORMATION

You should read this section in conjunction with our combined financial information, including the notes thereto, as set out in "Appendix I – Accountants' Report" to this document. The combined financial information has been prepared in accordance with HKFRS Accounting Standards.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include those discussed in the section headed "Risk Factors" in this document.

OVERVIEW

We are a Hong Kong-based pain management and function enhancement services provider in pain management and functional enhancement, under our "ANKH" brand. ANKH, stands for "A New Key to Health".

We offer a range of non-surgical, non-invasive and non-pharmacological pain management therapies, functional enhancement therapies, as well as topical use and dietary supplement health products to our customers. Our services aim to eliminate pain points, invigorate blood circulation, enhance the body's detoxification function, strengthen muscles and joints and improve overall functionality. We provide our pain management and function enhancement services through service centres located in commercial buildings in Tsim Sha Tsui, Causeway Bay and Sha Tin. In addition to our pain management treatment services, we offer various types of over-the-counter topical use products, including creams, moisturisers and ointments, as well as dietary supplement products at our service centres and through the online shop on our website.

For each of FY2024, FY2025 and FY2026, our total revenue was approximately HK\$319.2 million, HK\$311.9 million and HK\$367.5 million, respectively, representing a CAGR of approximately 7.3% from FY2024 to FY2026. We recorded profits of approximately HK\$79.8 million, HK\$33.9 million and HK\$37.8 million for FY2024, FY2025 and FY2026 respectively, representing a decrease of approximately 57.5% in FY2025 and an increase of approximately 11.5% in FY2026.

BASIS OF PRESENTATION

The financial information has been prepared by our Directors based on accounting policies which conform with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants, on the basis of preparation and presentation as set out in note 2 to the historical financial information in the Accountants' Report contained in Appendix I to this document, and no adjustments have been made in preparing the financial information.

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As at 30 June 2026, our Group had net current liabilities of approximately HK\$34.0 million. Our Directors have prepared a cash flow forecast covering a period of not less than twelve months from the date of this document. Based on this forecast, which takes into account the expected operating cash inflows and available banking facilities, our Directors are of the opinion that our Group will have sufficient working capital to meet its financial obligations as and when they fall due and to sustain our operations for the next twelve months from the date of this document. Accordingly, our Directors consider it appropriate to prepare the financial information on a going concern basis.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been and will continue to be affected by a number of factors, among which, the primary factors include:

Revenue from prepaid packages and treatment procedures

Our revenue from pain management treatment services is primarily driven by the number of prepaid packages purchased and redeemed and average spending per customer. The redemption volume is influenced by a range of factors, including market demand, the scale of our service centre network and the effectiveness of our promotional activities. With an ageing population more susceptible to chronic pain conditions, we expect sustained demand growth for our services. At the same time, by delivering reliable and tailored care through our trained therapists, we strive to raise customer awareness around preventive health and early intervention for pain-related issues. Average spending per customer is shaped primarily by our service mix, customer spending behavior and pricing approach. During the Track Record Period, we planned to broaden our treatment offerings and invested in advanced therapeutic technology, and we believe that staying at the forefront of technological developments in pain management and functional enhancement will support further upside in average spending per customer.

Prepaid packages, which are pre-purchased bundles of treatment procedures, play an important role in driving both the redemption volume and customer spending. Customers who commit to prepaid packages tend to undergo a series of treatments over time, which in turn boosts both procedure counts and overall service income. During the Track Record Period, cash received from prepaid packages sold amounted to approximately HK\$259.6 million, HK\$307.6 million and HK\$415.3 million for FY2024, FY2025 and FY2026, respectively. The numbers of customers who used at least 12 treatments during FY2024, FY2025 and FY2026 were 1,615, 1,799 and 2,001, which we consider an approximate indicator of once-per-month average usage.

Expansion of service centres

Our expanding service centre network is important in supporting our business growth and enhancing our service capacity. During the Track Record Period, our centre in Causeway Bay relocated in 2025, expanding from an area of approximately 7,156 sq. ft. to approximately 17,130 sq. ft. with total treatment rooms increasing from 30 to 60. Our Tsim Sha Tsui service centre was also in the process of relocating to new premises during the Track Record Period, and the move was completed in February 2026, increasing its gross floor area from approximately 7,614 sq. ft. to approximately 18,579 sq. ft. with total treatment rooms increasing from 17 to 48. At the operational level, we actively manage resource utilisation by allocating manpower and equipment across our service centres based on factors such as centre size, location, customer base, prepaid package sales volume and historical booking patterns, ensuring that we can effectively scale our capacity in line with customer demand.

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Consumer spending on pain management services in Hong Kong

Our ability to expand and grow revenue is closely tied to the increasing consumer expenditure on pain management services in Hong Kong. Our target customers are generally mid to high income individuals. According to the Ipsos Report, Hong Kong has experienced continued population ageing, with the population aged 40 and above increased from approximately 4.40 million in 2020 to approximately 4.78 million in 2025, representing a CAGR of approximately 1.65%. In particular, the number of persons with chronic musculoskeletal pain in Hong Kong also increased steadily from approximately 2.35 million in 2020 to 2.87 million in 2025. Moreover, healthcare spending per person in Hong Kong continued to rise steadily from approximately HK\$11,178.6 to HK\$16,249.1 over the same period, reflecting the ongoing growth in healthcare utilisation and demand for healthcare services.

The population is expected to increase from approximately 7.54 million in 2026 to approximately 7.69 million in 2030. Consequently, the population aged 40 and above is also expected to increase during this period, growing from approximately 4.47 million in 2026 to approximately 4.97 million in 2030F, or a CAGR of approximately 1.16% according to the Ipsos Report. The number of persons with chronic musculoskeletal pain is also projected to reach around 3.35 million by 2030, representing a CAGR of 3.3% from 2026 to 2030. The growth is consistent on a year-on-year basis, with annual increases of roughly 70,000 to 120,000 individuals. In the meantime, healthcare spending per person is projected to increase further to approximately HK\$19,728.7 by 2030, representing a CAGR of approximately 4.0% between 2026 and 2030. Please refer to the section headed "Industry Overview – Overview of Hong Kong Macro-Economic Environment" of this document for further details.

These favourable demographic and spending trends are expected to drive continued demand for pain management services in Hong Kong. With over 18 years of established presence and large service centres strategically located in prime districts such as Causeway Bay and Tsim Sha Tsui, we are well-positioned to capture this growing market opportunity. In particular, our non-invasive, non-surgical and drug-free approach offers customers a more pleasant treatment experience with minimal discomfort and no downtime, which we believe will further enhance our competitiveness and support our revenue growth in the coming years.

Our reputation and marketing strategies

We believe that service providers in Hong Kong's non-pharmacological pain management industry significantly rely on reputation, and thus any dissatisfaction from the customers in connection with the results of services provided may result in potential lawsuits or negative publicity against the service providers.

Our business depends on customers trusting the safety and effectiveness of our energy-based treatments, which we deliver using our "RDS+" (Restore, Detox and Strengthen) approach based on meridian system of Traditional Chinese Medicine. Unfavourable scientific findings, media reports, regulatory attention or litigation concerning energy-based treatment, alternative medicine, Traditional Chinese Medicine or our specific devices and products, whether or not directed at us, can quickly change how the public views our services.

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In order to enhance public recognition of our brands and services and to attract new customers, we advertise through various marketing channels, among others, social media platforms, online search engines, billboards and traditional media. We also leverage reputable spokespersons to strengthen our brand image and credibility. We continuously evaluate and optimise our marketing channel mix to improve the cost-effectiveness of our customer acquisition efforts.

Development in therapeutic technology

We operate in a field where technology is constantly evolving; this is why we continue to refine our treatment methodology. Our pain management and function enhancement services are delivered using a range of energy-based treatment devices sourced from manufacturers in Germany, the Republic of Korea and Japan. As at the Latest Practicable Date, we had approximately 300 treatment devices duly certified under internationally recognised standards. In late March 2026, we have introduced a new energy-based treatment device. This device is intended to assist in the recovery of soft tissues (including muscles, ligaments, tendons, and fascia); soothe stiff muscles; unclog meridians to promote the flow of Qi and blood; boost the body's detoxification process; ease tense joints; and increase the elasticity of tissues. This device is equipped with a centralised control system linked to our booking system and allows treatment parameters to be pre-configured and assigned centrally. This reduces manual input and minimises variations in treatment delivery, thereby contributing to greater consistency in our treatment delivery. We believe this integrated model, which combines TCM principles with advanced energy-based devices, represents a key competitive advantage, as it requires deep expertise in both medical traditions as well as substantial experience in applying such devices.

The pain management sector in Hong Kong is highly competitive and technology driven. We face competition from a wide range of providers, including hospitals, physiotherapy and Chinese medicine clinics, and other wellness centres. Some of our competitors have greater financial and marketing resources, and advancements in technology could enable them to offer comparable or superior treatments. As a result, we remain focused on continuously improve our service offerings. Please refer to the section headed "Industry Overview" and "Business – Competition" for further details.

MATERIAL ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENT

We have identified certain accounting policies that are material to the preparation of our Group's financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. When reviewing our financial statements, you should consider (i) our selection of critical accounting policies; (ii) the judgments and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. Our material accounting policies, estimates and judgements, are set out in the note 3 in "Appendix I – Accountants' Report" for details.

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RESULTS OF OPERATIONS

The following table summarises the combined statements of profit or loss and other comprehensive income during the Track Record Period, details of which are set out in the Accountants' Report in Appendix I to this document.

	FY2024		FY2025		FY2026	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Revenue	319,217	100.0	311,892	100.0	367,543	100.0
Cost of consumables and inventories	(3,176)	(1.0)	(2,909)	(0.9)	(3,598)	(1.0)
Other income	483	0.2	831	0.3	823	0.2
Advertising and marketing expenses	(33,693)	(10.6)	(35,846)	(11.5)	(48,371)	(13.2)
Staff costs	(133,089)	(41.7)	(171,159)	(54.9)	(200,386)	(54.5)
Depreciation	(24,731)	(7.7)	(26,319)	(8.4)	(39,601)	(10.8)
Finance costs	(2,540)	(0.8)	(2,536)	(0.8)	(3,823)	(1.0)
Other operating expenses	(18,146)	(5.7)	(22,521)	(7.2)	(25,681)	(7.0)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Profit before taxes	97,370	30.5	42,262	13.7	45,252	12.2
Income tax expenses	(17,610)	(5.5)	(8,323)	(2.7)	(7,477)	(2.0)
Profit and total comprehensive income for the year	79,760	25.0	33,939	11.0	37,775	10.2

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DESCRIPTION OF SELECTED ITEMS IN COMBINED STATEMENTS OF PROFIT OR LOSS

Revenue

By service

During the Track Record Period, we generated revenue from provision of various services and sales of products, which can be categorised as (i) pain management and function enhancement services income, including pain management treatments, wellness services and weight management; (ii) healthcare product sales income; and (iii) forfeiture income. The following table summarises the breakdown of our revenue by categories of services and products for the years indicated:

	FY2024		FY2025		FY2026	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Pain management and function enhancement services income						
– Pain management	102,394	32.1	101,036	32.4	118,913	32.3
– Wellness services	124,139	38.9	101,599	32.6	124,889	34.0
– Weight management	46,961	14.7	60,755	19.5	65,429	17.8
Sub total	273,494	85.7	263,390	84.5	309,231	84.1
Healthcare product sales income	408	0.1	364	0.1	394	0.1
Forfeiture income	45,315	14.2	48,138	15.4	57,918	15.8
Total	319,217	100.0	311,892	100.0	367,543	100.0

During the Track Record Period, approximately 85% of our revenue was generated from the provision of pain management and function enhancement services, which include pain management treatments, treatments for wellness and weight management treatments. These service categories are classified by the types of treatments offered, among which, pain management represents treatments in relation to RDS+, such as to relieve inflammation and soreness, wellness services are used to strengthen the body and unblock the body's meridians, and weight management represents services to support healthy weight maintenance. Please refer to the section headed "BUSINESS – OUR SERVICES AND PRODUCTS – Our Key Treatments" of this document for further details.

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Revenue from pain management treatments remained relatively stable at approximately HK\$102.4 million, HK\$101.0 million and HK\$118.9 million for FY2024, FY2025 and FY2026, respectively. Revenue from wellness services decreased from approximately HK\$124.1 million for FY2024 to HK\$101.6 million for FY2025, and then increased to HK\$124.9 million for FY2026. Revenue from weight management increased from approximately HK\$47.0 million for FY2024 to HK\$60.8 million for FY2025, and further increased to HK\$65.4 million for FY2026. In aggregate, this segment accounted for approximately 85.7%, 84.5% and 84.1% of our total revenue for FY2024, FY2025 and FY2026, respectively. Revenue from this segment decreased slightly from approximately HK\$273.5 million for FY2024 to approximately HK\$263.4 million for FY2025, and improved to HK\$309.2 million for FY2026. Healthcare product sales contributed approximately 0.1% of our total revenue in each of the three years, remaining relatively stable at approximately HK\$0.4 million annually. Forfeiture income, which arose from expired prepaid packages, accounted for 14.2%, 15.4% and 15.8% of our total revenue for FY2024, FY2025 and FY2026, respectively.

Our services are offered on a prepaid basis that revenue is recognised either when the pre-purchased services are actually rendered to the customer, or upon the expiry of the prepaid package's service period, which generally one to two years depending on the customer's purchase plan. In certain circumstances, such as the COVID-19 pandemic, we have the discretion to extend the validity period of the prepaid packages. Further details on the operation of our prepaid packages are set out in the section headed "Business – CUSTOMERS – Prepaid packages". Forfeiture income increased from approximately HK\$45.3 million for FY2024 to HK\$57.9 million for FY2026, which was in line with the growing trend of sales of prepaid packages from approximately HK\$259.6 million for FY2024 to approximately HK\$415.3 million for FY2026.

By geographical locations

During the Track Record Period, we generated revenue from our service centres located in Tsim Sha Tsui, Causeway Bay and Sha Tin. The following table sets forth the breakdown of our revenue by location for the years indicated:

	FY2024		FY2025		FY2026	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Tsim Sha Tsui	173,179	54.3	151,948	48.7	155,904	42.4
Causeway Bay	89,154	27.9	93,092	29.9	112,381	30.6
Sha Tin	56,884	17.8	66,852	21.4	99,258	27.0
Total	319,217	100.0	311,892	100.0	367,543	100.0

Our revenue was primarily generated from our centres in Tsim Sha Tsui, which accounted for approximately 54.3%, 48.7% and 42.4% of our total revenue for FY2024, FY2025 and FY2026, respectively. Revenue from centres in Tsim Sha Tsui decreased from approximately HK\$173.2 million in FY2024 to HK\$151.9 million for FY2025, and further to HK\$155.9 million for FY2026.

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Our centres in Causeway Bay contributed approximately 27.9%, 29.9% and 30.6% of our total revenue for FY2024, FY2025 and FY2026 respectively, with revenue increasing from approximately HK\$89.2 million for FY2024 to HK\$93.1 million for FY2025, and further to HK\$112.4 million for FY2026. The growth in Causeway Bay was mainly attributable to the opening of our Causeway Bay Service Centre II in the area in early 2025, which is approximately 17,130 sq. ft. in size and is larger than Causeway Bay Service Centre I.

Our centres in Sha Tin contributed approximately 17.8%, 21.4% and 27.0% of our total revenue in FY2024, FY2025 and FY2026, respectively, with revenue increasing from approximately HK\$56.9 million for FY2024 to HK\$66.9 million for FY2025, and further to HK\$99.3 million for FY2026.

Cost of consumables and inventories

During the Track Record Period, our purchase comprised (i) consumables and others; and (ii) purchase of products. The following table sets forth the breakdown of purchase by category for the years indicated:

	FY2024		FY2025		FY2026	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Purchase of consumables	2,600	81.9	2,085	71.7	2,908	80.8
Purchase of inventories	576	18.1	824	28.3	690	19.2
Total	3,176	100.0	2,909	100.0	3,598	100.0

Our purchase amounted to approximately HK\$3.2 million, HK\$2.9 million and HK\$3.6 million for FY2024, FY2025 and FY2026 respectively, representing approximately 1.0%, 0.9% and 1.0% of our revenue during the respective years. Between the two categories, purchase of consumables, which were used for provision of treatments accounted for the majority of the purchase, representing approximately 81.9%, 71.7% and 80.8% of our total cost of services for FY2024, FY2025 and FY2026 respectively, and this is in line with the revenue segments that healthcare products sales income only accounted for approximately 0.1% of our revenue during the Track Record Period.

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Other income

During the Track Record Period, our other income mainly comprised (i) bank interest income; (ii) government grants; and (iii) others. The following table sets forth the breakdown of our other income by category for the years indicated:

	FY2024		FY2025		FY2026	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Bank interest income	233	48.2	725	87.3	807	98.1
Government grants	126	26.1	104	12.5	15	1.8
Others	124	25.7	2	0.2	1	0.1
Total	483	100.0	831	100.0	823	100.0

Our other income increased from approximately HK\$0.5 million for FY2024 to approximately HK\$0.8 million for FY2025, and remained relatively stable at approximately HK\$0.8 million for FY2026. The increase from FY2024 to FY2025 was primarily attributable to higher interest income, which accounted for approximately 48.2%, 87.3% and 98.1% of our other income for FY2024, FY2025 and FY2026, respectively. Government grants, which were the reimbursement received under the Maternity Leave Pay Scheme, decreased from approximately HK\$0.1 million for FY2024 to approximately HK\$15,000 for FY2026.

Staff costs

During the Track Record Period, our staff costs mainly related to (i) internal staff costs; and (ii) manpower service expenses in relation to external health advisors under consultancy services arrangement. The following table sets forth the breakdown of our staff costs by category for the years indicated:

	FY2024		FY2025		FY2026	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Internal staff costs						
Salaries, allowances, discretionary bonus and other benefits in kind (including long service payment provision)	110,045	82.7	144,251	84.3	162,174	80.9
Contribution to defined contribution plans	3,054	2.3	3,444	2.0	4,172	2.1
Subtotal	113,099	85.0	147,695	86.3	166,346	83.0
Manpower service expenses	19,990	15.0	23,464	13.7	34,040	17.0
Total	133,089	100.0	171,159	100.0	200,386	100.0

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Internal staff costs increased from approximately HK\$113.1 million for FY2024 to approximately HK\$147.7 million for FY2025, and further to HK\$166.3 million for FY2026, representing a CAGR of approximately 21.4% during the Track Record Period. Internal staff costs accounted for the largest portion of our staff costs, representing approximately 85.0%, 86.3% and 83.0% of our total staff costs for FY2024, FY2025 and FY2026, respectively. This is primarily because our operations are service-oriented, requiring a substantial workforce and our workforce, including trained therapists, customer service personnel, internal sales staff and professional practitioners, plays a critical role in our service delivery. Manpower service expenses accounted for approximately 15.0%, 13.7% and 17.0% during the respective years, with the increase in FY2026 primarily attributable to the growing use of external health advisors under consultancy services arrangements to support our business expansion.

Manpower service expenses increased from approximately HK\$20.0 million for FY2024 to HK\$23.5 million for FY2025, and further to HK\$34.0 million for FY2026, representing a CAGR of approximately 30.5% during the Track Record Period. These fees primarily comprised commissions fees paid to external health advisors under consultancy services arrangements. As a percentage of our total revenue, manpower service expenses accounted for approximately 6.3%, 7.5% and 9.3% for FY2024, FY2025 and FY2026, respectively. The increasing trend in both absolute amount and revenue share reflected the growing contribution of our external health advisors in driving sales growth during the Track Record Period.

Advertising cost

During the Track Record Period, our advertising costs primarily comprised (i) online channels; and (ii) offline channels. The following table sets forth the breakdown of our advertising costs by category for the years indicated:

	FY2024		FY2025		FY2026	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Online channels	28,019	83.2	28,078	78.3	42,899	88.7
Offline channels	5,674	16.8	7,768	21.7	5,472	11.3
Total	33,693	100.0	35,846	100.0	48,371	100.0

Our advertising costs increased from approximately HK\$33.7 million for FY2024 to approximately HK\$35.8 million for FY2025, and further to HK\$48.4 million for FY2026, representing a CAGR of approximately 19.8% during the Track Record Period. As for online channels, they increased from approximately HK\$28.0 million for FY2024 to HK\$28.1 million for FY2025, and further to HK\$42.9 million for FY2026, primarily attributable to increased digital marketing activities, as the Group considered online channels to be effective in reaching its target customers. As for offline channels, they fluctuated at approximately HK\$5.7 million, HK\$7.8 million and HK\$5.5 million for FY2024, FY2025 and FY2026, respectively, with a slight increase in FY2025, as the Group continued to explore and test different offline advertising locations, including newspapers, billboards in MTR stations, cross-harbour tunnels and bus stops.

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Finance costs

During the Track Record Period, our finance costs primarily comprised interest on lease liabilities and interest-bearing borrowings. The following table sets forth the breakdown of our finance costs for the years indicated:

	FY2024		FY2025		FY2026	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Interest on interest-bearing borrowings	4	0.2	–	–	–	–
Interest on lease liabilities	<u>2,536</u>	<u>99.8</u>	<u>2,536</u>	<u>100.0</u>	<u>3,823</u>	<u>100.0</u>
Total	<u>2,540</u>	<u>100.0</u>	<u>2,536</u>	<u>100.0</u>	<u>3,823</u>	<u>100.0</u>

Our finance costs remained relatively stable at approximately HK\$2.5 million for FY2024 and FY2025, and increased to approximately HK\$3.8 million for FY2026. The increase in FY2026 was primarily attributable to the new lease arrangements for Causeway Bay Service Centre II and Tsim Sha Tsui Service Centre II, which were entered into in February 2025 and October 2025, respectively, resulting in higher interest expenses during the initial years of the lease terms.

Income tax expenses

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability and, as such, is exempted from income tax in the Cayman Islands. However, our Company is subject to Hong Kong profits tax on its assessable income derived from or arising in Hong Kong. The following table sets forth a reconciliation of our income tax expenses calculated at the applicable statutory tax rates to our actual income tax expenses for the years indicated:

	FY2024	FY2025	FY2026
	HK\$'000	HK\$'000	HK\$'000
Current tax			
Hong Kong profits tax			
– Current year	5,671	7,936	6,934
– Under-provision in prior year	<u>545</u>	<u>–</u>	<u>–</u>
Sub-total	<u>6,216</u>	<u>7,936</u>	<u>6,934</u>
Deferred taxation			
Changes in temporary differences	<u>11,394</u>	<u>387</u>	<u>543</u>
Total	<u>17,610</u>	<u>8,323</u>	<u>7,477</u>

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

The Hong Kong Profits Tax of other Group's entities which established in Hong Kong is subject to the two tiered profits tax rates regime that the first HK\$2 million of assessable profits will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The Hong Kong profits tax of other Group's entities which established in Hong Kong is calculated at the standard tax rate of 16.5% of their respective estimated assessable profits for FY2024, FY2025 and FY2026. During the Track Record Period and up to the Latest Practicable Date, we fulfilled all our income tax obligations. Our income tax expenses amounted to approximately HK\$17.6 million, HK\$8.3 million and HK\$7.5 million for FY2024, FY2025 and FY2026, respectively, and our effective tax rate was approximately 16.9%, 16.2%, and 15.9% for FY2024, FY2025 and FY2026.

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

FY2026 compared to FY2025

Revenue

Our revenue increased by approximately 17.8%, from approximately HK\$311.9 million for FY2025 to approximately HK\$367.5 million for FY2026. This increase was primarily attributable to an increase in number of customers we served from 10,000 in FY2025 to 11,200 in FY2026, and a growth in number of invoices related to redemption and forfeiture income from 58,518 in FY2025 to 68,172 in FY2026. Our average spending per customer also increased from approximately HK\$50,500 for FY2025 to approximately HK\$60,000 for FY2026. This performance was primarily driven by the effectiveness of our marketing strategy and our continued focus on enhancing the customer experience, as well as the opening of our Causeway Bay Service Centre II in early 2025, which is approximately 17,310 sq. ft. in size and contributed to the revenue growth in the region.

To better understand our customers' experience, we also regularly conduct customer satisfaction surveys. Internal customer satisfaction surveys conducted since FY2025, with approximately 1,900 respondents each year, showed that overall customer satisfaction remained consistently high at approximately 90%, while over 70% of respondents reported pain relief or symptom reduction after the therapy.

Cost of consumables and inventories

Our costs of consumables and inventories increased by approximately 24.1%, from approximately HK\$2.9 million for FY2025 to approximately HK\$3.6 million for FY2026, primarily attributable to an increase in consumables and others of approximately HK\$0.8 million, which was in line with the growth in revenue from sales of healthcare products during the year, partially offset by the decrease in purchase of inventories from approximately HK\$0.8 million in FY2025 to approximately HK\$0.7 million in FY2026.

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Other income

Our other income remained relatively stable at approximately HK\$0.8 million for both FY2025 and FY2026, primarily consisting of interest income generated from pledged bank deposits and bank balances.

Staff costs

Our staff costs increased by approximately 17.1%, from approximately HK\$171.2 million for FY2025 to approximately HK\$200.4 million for FY2026, primarily attributable to (i) an increase in internal staff costs from approximately HK\$147.7 million to approximately HK\$166.3 million, which was in line with the expansion of our service operations and additional headcount hired to support the increased service volume; and (ii) an increase in manpower service expenses from approximately HK\$23.5 million for FY2025 to approximately HK\$34.0 million for FY2026, which was mainly due to more prepaid packages being sold through external health advisors during the year, contributing to a higher portion of sales generated by them as a result of the expansion of our external health advisor team, with headcount rising from 10 for FY2025 to 12 for FY2026.

Advertising cost

Our advertising costs increased by approximately 35.2%, from approximately HK\$35.8 million for FY2025 to approximately HK\$48.4 million for FY2026. In particular, the Group allocated more resources to online advertising channels, which represented approximately 88.7% of total advertising costs in FY2026, compared with approximately 78.3% in FY2025. As online channels are our major source of customer leads, we believe that investing in online advertising activities is crucial to strengthen our brand presence, promote real customer experience, boost customer engagement, and ultimately increase revenue through higher treatment volumes.

Finance costs

Our finance costs increased by approximately 52.0%, from approximately HK\$2.5 million for FY2025 to approximately HK\$3.8 million for FY2026, primarily due to an increase in interest on lease liabilities resulting from the expansion of service centres, namely the new finance lease arrangements for Causeway Bay Service Centre II and Tsim Sha Tsui Service Centre II, which were entered into in February 2025 and October 2025, respectively.

Other operating expenses

Our other operating expenses increased by approximately 14.2%, from approximately HK\$22.5 million for FY2025 to approximately HK\$25.7 million for FY2026, primarily due to (i) an increase of approximately HK\$3.0 million in handling charges as a result of the increase in sales of prepaid packages and a higher proportion of customers paying by credit card; (ii) a compensation of approximately HK\$1.8 million for a lease termination due to late notification; and (iii) an increase of approximately HK\$1.6 million in utilities and telecommunication costs, which are in line with the expansion of business.

FINANCIAL INFORMATION

Income tax expenses

Our income tax expense decreased by approximately 9.6% from HK\$8.3 million for FY2025 to HK\$7.5 million for FY2026, primarily attributable to a decrease of approximately HK\$1.3 million in tax effect on non-deductible expenses, partially offset by an increase of approximately HK\$0.5 million in income tax at statutory tax rate applicable in respective tax jurisdictions from approximately HK\$7.0 million for FY2025 to HK\$7.5 million for FY2026.

Profit and profit margin for the year

As a result of the foregoing, our profit for the year increased by approximately 11.5% from HK\$33.9 million for FY2025 to HK\$37.8 million for FY2026. Our net profit margin remained relatively stable at approximately 10.9% for FY2025 and 10.3% for FY2026.

FY2025 compared to FY2024

Revenue

Our revenue remained relatively stable with a slight decrease of approximately 2.3%, from approximately HK\$319.2 million for FY2024 to approximately HK\$311.9 million for FY2025, as the number of invoices related to redemption and forfeiture income slightly decreased from 58,983 in FY2024 to 58,518 in FY2025.

Cost of consumables and inventories

Our costs of consumables and inventories decreased by approximately 9.4%, from approximately HK\$3.2 million for FY2024 to approximately HK\$2.9 million for FY2025, primarily attributable to the decrease in purchase in relation to the consumables and others, which is broadly in line with the decrease in revenue from sales of healthcare products as discussed above.

Other income

Our other income increased by approximately 60.0%, from approximately HK\$0.5 million for FY2024 to approximately HK\$0.8 million for FY2025. This increase was primarily attributable to higher interest income from approximately HK\$0.2 million for FY2024 to approximately HK\$0.7 million for FY2025, generated from bank deposits, particularly a bank deposit of HK\$17 million placed during FY2025.

Staff costs

Our staff costs increased by approximately 28.6%, from approximately HK\$133.1million for FY2024 to approximately HK\$171.2 million for FY2025, primarily attributable to (i) an increase in internal staff costs from approximately HK\$113.1 million to approximately HK\$147.7 million, and an increase in manpower service expenses from approximately HK\$20.0 million to approximately HK\$23.5 million. Both increases were driven by the expansion of our workforce, with internal headcount rising from 201 as at 31 March 2024 to 245 as at 31 March 2025, and external health advisor headcount rising from 9 for FY2024 to 10 for FY2025.

FINANCIAL INFORMATION

Advertising cost

Our advertising costs increased by approximately 6.2%, from approximately HK\$33.7 million for FY2024 to approximately HK\$35.8 million for FY2025. Spending on online channels remained relatively stable at approximately HK\$28.0 million for both years, while spending on offline channels increased from approximately HK\$5.7 million to approximately HK\$7.8 million, as the Group diversified its marketing channels and explored different advertising methods, such as billboards in MTR stations and bus stops, beyond its major online platforms.

Finance costs

Our finance costs remained relatively stable at approximately HK\$2.5 million for both FY2024 and FY2025.

Other operating expenses

Our other operating expenses increased by approximately 24.3%, from approximately HK\$18.1 million for FY2024 to approximately HK\$22.5 million for FY2025, primarily due to (i) an increase in professional service fees of approximately HK\$2.7 million in relation to consultancy services for previous [REDACTED]; and (ii) an increase in handling charges for merchant acquiring services of approximately HK\$1.2 million, as a result of the increase in sales of prepaid packages and a higher proportion of customers paying by credit card.

Income tax expenses

Our income tax expense decreased by approximately 52.8% from HK\$17.6 million FY2024 to HK\$8.3 million for FY2025, primarily attributable to a decrease of approximately HK\$55.1 million in profit before tax.

Profit for the year and net profit margin

As a result of the foregoing, our profit for the year decreased by approximately 57.5%, from approximately HK\$79.8 million for FY2024 to approximately HK\$33.9 million for FY2025. The net profit margin decreased from approximately 25.0% for FY2024 to approximately 10.9% for FY2025.

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NET CURRENT LIABILITIES

As at 31 March 2024, we had net current assets of approximately HK\$36.5 million, and turned into net current liabilities of approximately HK\$17.4 million and HK\$45.1 million, respectively. The following table sets forth the breakdown of current assets and current liabilities as at the dates indicated:

	As at 31 March		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Current assets			
Trade and other receivables	27,059	52,029	14,166
Contract cost	15,902	16,525	23,457
Amount due from the Controlling Shareholders	92,459	–	43,248
Income tax receivables	2,526	–	–
Pledged bank deposits	–	17,000	17,000
Bank balances and cash	67,408	78,340	96,588
	205,354	163,894	194,459
Current liabilities			
Accrued expenses and other payables	20,137	26,554	30,880
Contract liabilities	129,128	125,237	173,356
Amount due to the Controlling Shareholders	–	1,089	–
Lease liabilities	19,592	24,390	34,926
Income tax payables	–	4,005	370
	168,857	181,275	239,532
Net current assets (liabilities)	36,497	(17,381)	(45,073)

FINANCIAL INFORMATION

Our Group recorded net current assets of approximately HK\$36.5 million as at 31 March 2024, which turned into net current liabilities of approximately HK\$17.4 million and HK\$45.1 million as at 31 March 2025 and 2026, respectively. Such net current liabilities were primarily attributable to significant contract liabilities arising from the sale of prepaid packages, while the corresponding cash received was deployed in the ordinary course of business. Our Directors consider that the net current liabilities position did not have any material adverse effect on our working capital position, as (i) the Group is able to generate operating profits and cash inflows to meet its financial obligation as they fall due; and (ii) the Group maintains sufficient bank balances and cash resources to fund its daily operations.

As at 31 March 2026, we had net current liabilities of approximately HK\$45.1 million, compared to approximately HK\$17.4 million as at 31 March 2025. This deterioration was mainly attributable to (i) an increase in contract liabilities of approximately HK\$48.1 million as a result of the increased sales of prepaid packages; and (ii) the increase in the current portion of lease liabilities of approximately HK\$10.5 million due to the expansion of service centres, partially offset by the increase of amount due from the Controlling Shareholders of approximately HK\$43.2 million. Our Directors confirm that all the outstanding balance due from the Controlling Shareholders will be settled partially by cash and partially offset by dividend prior to or upon the [REDACTED].

As at 31 March 2025, we had net current liabilities of approximately HK\$17.4 million, compared to net current assets of approximately HK\$36.5 million as at 31 March 2024. The deterioration was primarily attributable to the settlement of amount due from the Controlling Shareholders of approximately HK\$92.5 million, partially offset by (i) pledged bank deposits of approximately HK\$17.0 million placed with a bank as security for the performance guarantee regarding our payment solution provider and corporate credit card; and (ii) an increase in bank balances and cash of approximately HK\$10.9 million.

As at 31 March 2024, we had net current assets of approximately HK\$36.5 million. This was mainly due to (i) bank balance and cash of approximately HK\$67.4 million; and (ii) trade and other receivables of approximately HK\$27.1 million in relation to payments from banks and merchant acquiring companies, partially offset by (i) contract liabilities of approximately HK\$129.1 million in relation to the sale of prepaid packages to our customers; and (ii) current portion of lease liabilities of approximately HK\$19.6 million.

FINANCIAL INFORMATION

DESCRIPTION OF CERTAIN ITEMS OF COMBINED STATEMENTS OF FINANCIAL POSITION

Trade and other receivables

Trade receivables

During the Track Record Period, our trade receivables mainly consisted of trade amounts due from banks and merchant acquiring companies. Certain receivables are guaranteed by a bank, and the Group has pledged bank deposits to the bank as security for its obligations under the credit card arrangements. Management regularly reviews the adequacy of the allowance for expected credit losses and provides for such allowance when necessary. The following table sets forth the breakdown of our trade receivables, net as at the dates indicated:

	As at 31 March		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Trade receivables	24,387	6,574	9,438
Less: loss allowances	(272)	(54)	(82)
Total	24,115	6,520	9,356

Our trade receivables decreased from approximately HK\$24.1 million as at 31 March 2024 to approximately HK\$6.5 million as at 31 March 2025, primarily due to the release of charge of a payment solution provider amounted to HK\$16 million. It then increased to approximately HK\$9.4 million as at 31 March 2026, primarily attributable to the increase in sales and a higher proportion of customers paying by credit card.

Ageing analysis of trade receivables

The table below sets forth the ageing analysis of our trade receivables based on invoice date as at the dates indicated:

	As at 31 March		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Within 30 days	7,056	6,394	8,854
31-60 days	27	23	–
60-90 days	–	7	–
Over 90 days	17,032	96	502
Total	24,115	6,520	9,356

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Our average turnover days of trade receivables were 28.7 days, 17.9 days and 7.9 days for FY2024, FY2025 and FY2026, respectively. The relatively higher average turnover days in FY2024 was primarily due to the release of a charge of HK\$16 million during the year by a payment solution provider. The decrease in average turnover days in FY2025 was primarily due to the significant reduction in trade receivables balance as at 31 March 2025, reflecting lower credit card receivables which were in line with the decrease in revenue during FY2025. The ageing profile also improved as the majority of trade receivables were concentrated within 30 days as at 31 March 2025, compared to a significant portion overdue over 90 days as at 31 March 2024. In FY2026, the average turnover days increased to approximately 7.9 days, primarily attributable to the increase in trade receivables balance as at 31 March 2026, which was in line with the sales of prepaid packages during the year. The ageing profile remained healthy with substantially all trade receivables concentrated within 30 days throughout the Track Record Period.

Other receivables

During the Track Record Period, our other receivables mainly comprised prepayments, deposits and other miscellaneous receivables. The following table sets forth the breakdown of our current portion of other receivables as at the dates indicated:

	As at 31 March		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Deposits for acquisition of property, plant and equipment	250	4,488	545
Prepayment for enterprise resource planning (ERP) system development	19,500	19,500	19,500
Refundable deposits paid for acquisition of a property	–	38,700	–
Rental and other deposits	6,533	9,655	12,593
Other prepayments	1,884	2,702	1,220
Others	848	333	440
	<u>29,015</u>	<u>75,378</u>	<u>34,298</u>
Less: Loss allowances	<u>(74)</u>	<u>(497)</u>	<u>(137)</u>
Total	<u>28,941</u>	<u>74,881</u>	<u>34,161</u>

FINANCIAL INFORMATION

Our other receivables increased from approximately HK\$28.9 million as at 31 March 2024 to approximately HK\$74.9 million as at 31 March 2025, primarily due to (i) a deposit for property acquisition of approximately HK\$38.7 million to secure an exclusive option to purchase a property in Hong Kong, which was leased by the Company for a term of 24 months from 1 November 2025 to 31 October 2027, with an option exercisable after the expiration of three months from the lease commencement date up to the termination of the lease; and (ii) rental deposits of approximately HK\$3.1 million mainly for Causeway Bay Service Centre II, which was leased in February 2025.

As at 31 March 2026, the balance decreased to approximately HK\$34.2 million, primarily attributable to (i) the refund of the deposit for property acquisition of approximately HK\$38.7 million during FY2026, as the Group did not exercise the exclusive option and such arrangement was terminated on 15 October 2025; and (ii) a decrease in deposits for acquisition of property, plant and equipment of approximately HK\$3.9 million in relation to the capitalisation of the property, plant and equipment, partially offset by an increase in rental and other deposits of approximately HK\$2.9 million.

The prepayment for ERP system development remained unchanged at HK\$19.5 million over the Track Record Period, as the ERP system had not yet been developed. The Group has entered into a termination agreement on 31 July 2026 with the service provider after the Track Record Period and expects to receive a refund in the coming financial year.

Right-of-use assets

During the Track Record Period, our right-of-use assets mainly consisted of operating leases for office and shop spaces. The following table sets forth the breakdown of our right-of-use assets as at the dates indicated:

	As at 31 March		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Office	12,472	5,820	18,880
Shop	26,440	37,972	51,031
Training centre	—	—	4,855
Total	38,912	43,792	74,766

FINANCIAL INFORMATION

Our right-of-use assets increased from approximately HK\$38.9 million as at 31 March 2024 to approximately HK\$43.8 million as at 31 March 2025, and further to approximately HK\$74.8 million as at 31 March 2026. This growth was primarily attributable to the expansion of our service centre operations and office space, as we entered into new lease agreements for Causeway Bay Service Centre II in February 2025 and Tsim Sha Tsui Service Centre II in October 2025, which resulted in additional right-of-use assets recognised for shop spaces. In addition, we renewed the office lease in Tsim Sha Tsui in October 2025 to accommodate our growing administrative and operational support teams. Causeway Bay Service Centre I and Tsim Sha Tsui Service Centre I were closed and converted into training centres for staff training and development immediately upon the opening of the new centres, resulting in right-of-use assets of approximately HK\$4.9 million being reclassified to training centres as at 31 March 2026.

Property, plant and equipment

During the Track Record Period, our property, plant and equipment mainly comprised leasehold improvements, fixtures, fittings and office equipment, machinery and equipment and motor vehicles for use in our operations. The following table sets forth the breakdown of our property, plant and equipment as at the dates indicated:

	As at 31 March		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Furniture, fixtures and office equipment	1,873	1,849	2,238
Machinery and equipment	5,125	4,444	4,790
Motor vehicle	–	651	421
Leasehold improvement	8,829	5,583	22,550
Total	15,827	12,527	29,999

Our property, plant and equipment decreased from approximately HK\$15.8 million as at 31 March 2024 to approximately HK\$12.5 million as at 31 March 2025, as there were no significant additions during FY2025 and the balance was reduced by ongoing depreciation. It then increased to approximately HK\$30.0 million as at 31 March 2026, mainly attributable to addition of property, plant and equipment of approximately HK\$21.8 million, net of depreciation of approximately HK\$7.8 million, reflecting the leasehold improvements in relation to expansion of our service centres in Causeway Bay and Tsim Sha Tsui during FY2026.

FINANCIAL INFORMATION

Accrued expenses and other payables

During the Track Record Period, our accrued expenses and other payables mainly consisted of salaries payables, accrued expenses, accrued [REDACTED], payables for acquisition of property, plant and equipment, other payables and provision for annual leave. The following table sets forth the breakdown of our accrued expenses and other payables as at the dates indicated:

	As at 31 March		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Salaries payables	8,790	11,557	13,956
Accrued expenses	4,684	6,504	9,818
Accrued [REDACTED]	[REDACTED]	[REDACTED]	–
Payables for acquisition of property, plant and equipment	–	–	898
Other payables	581	447	895
Provision for annual leave	2,812	3,680	5,313
Total	[REDACTED]	[REDACTED]	[REDACTED]

Our accrued expenses and other payables had a rising trend throughout the Track Record Period, increasing slightly from approximately HK\$20.1 million as at 31 March 2024 to approximately HK\$26.6 million as at 31 March 2025, and further to approximately HK\$30.9 million as at 31 March 2026.

For the increase between 31 March 2024 and 2025, it was primarily driven by (i) the increase in salaries payables and provision for annual leave of approximately HK\$2.8 million and HK\$0.9 million due to expanded headcount; (ii) the increase in accrued expenses of approximately HK\$1.8 million in relation to general operating expenses and business expansion; and (iii) the increase in accrued [REDACTED] of approximately HK\$1.1 million resulting from the previous [REDACTED], partially offset by a decrease in other payables of approximately HK\$0.1 million.

On the other hand, the further increase between 31 March 2025 and 2026 was primarily attributable to (i) the increase in salaries payables of approximately HK\$2.4 million and provision for annual leave of approximately HK\$1.6 million, which were consistent with the increase in headcount; and (ii) the increase in accrued expenses of approximately HK\$3.3 million, partially offset by a decrease in accrued [REDACTED] of approximately HK\$4.4 million, as the professional service fees in relation to [REDACTED] were settled in the prior year.

FINANCIAL INFORMATION

Contract liabilities

During the Track Record Period, our contract liabilities mainly arose from prepaid pain management and function enhancement services packages sold to customers. The following table sets forth the movements of our contract liabilities during the Track Record Period:

	As at 31 March		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
At the beginning of the reporting period	188,352	129,128	125,237
Additions	259,585	307,637	415,268
Recognised to revenue from the beginning balance	(132,894)	(101,389)	(85,846)
Recognised to revenue during the year	<u>(185,915)</u>	<u>(210,139)</u>	<u>(281,303)</u>
At the end of the reporting period	<u>129,128</u>	<u>125,237</u>	<u>173,356</u>

Our contract liabilities decreased from approximately HK\$188.4 million as at 1 April 2023 to HK\$129.1 million as at 31 March 2024, and further to HK\$125.2 million as at 31 March 2025, and then increased to HK\$173.4 million as at 31 March 2026. While additions have shown a consistent upward trend during the Track Record Period, total revenue recognised remained at relatively stable levels.

In FY2024, additions amounted to approximately HK\$259.6 million, while total revenue recognised amounted to approximately HK\$318.8 million, resulting in a decrease in contract liabilities from approximately HK\$188.4 million at the beginning of FY2024 to approximately HK\$129.1 million at the end of the FY2024. In FY2025, additions increased to approximately HK\$307.6 million, broadly in line with total revenue recognised of approximately HK\$311.5 million, and thus the contract liabilities slightly decreased to approximately HK\$125.2 million at the end of FY2025. However, a significant surge in new additions of approximately HK\$415.3 million in FY2026 outpaced the total revenue recognised of approximately HK\$367.1 million, leading to an increase in contract liabilities to approximately HK\$173.4 million at the end of FY2026.

FINANCIAL INFORMATION

LIQUIDITY AND CAPITAL RESOURCES

Capital resources

We have financed our operations and capital expenditure needs primarily through cash generated from our operating activities. Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash flow generated from our operating activities, other funds raised from the capital markets from time to time and the [REDACTED] from the [REDACTED]. For details of our future plans regarding our use of [REDACTED] from the [REDACTED], please refer to the section headed “Futures Plans and Use of [REDACTED]” in this document.

Cash flow analysis

The following table sets out selected data from our combined statements of cash flows for the years indicated:

	FY2024 <i>HK\$'000</i>	FY2025 <i>HK\$'000</i>	FY2026 <i>HK\$'000</i>
Net cash from operating activities	74,138	85,803	117,156
Net cash used in investing activities	(1,254)	(23,430)	(19,582)
Net cash used in financing activities	<u>(47,119)</u>	<u>(51,441)</u>	<u>(79,326)</u>
Net increase in cash and cash equivalents	25,765	10,932	18,248
Cash and cash equivalents at beginning of the year	<u>41,643</u>	<u>67,408</u>	<u>78,340</u>
Cash and cash equivalents at the end of the year	<u><u>67,408</u></u>	<u><u>78,340</u></u>	<u><u>96,588</u></u>

FINANCIAL INFORMATION

Net cash from operating activities

For FY2026, our net cash from operating activities was approximately HK\$117.2 million, which was primarily attributable to (i) an increase in contract liabilities of approximately HK\$48.1 million; (ii) our profit before tax of approximately HK\$45.3 million; and (iii) depreciation of right-of-use assets of approximately HK\$31.8 million; and (iv) depreciation of property, plant and equipment of approximately HK\$7.8 million, partially offset by the income tax paid of approximately HK\$10.6 million.

For FY2025, our net cash from operating activities was approximately HK\$85.8 million, which was primarily attributable to (i) our profit before tax of approximately HK\$42.3 million; (ii) depreciation of right-of-use assets of approximately HK\$20.1 million; and (iii) depreciation of property, plant and equipment of approximately HK\$6.2 million; and (iv) an increase in trade and other receivables of approximately HK\$14.7 million, partially offset by a decrease in contract liabilities of approximately HK\$3.9 million.

For FY2024, our net cash from operating activities was approximately HK\$74.1 million, which was primarily attributable to (i) our profit before tax of approximately HK\$97.4 million; (ii) depreciation of right-of-use assets of approximately HK\$18.7 million; and (iii) depreciation of property, plant and equipment of approximately HK\$6.1 million, partially offset by a decrease in contract liabilities of approximately HK\$59.2 million.

Net cash used in investing activities

For FY2026, our net cash used in investing activities was approximately HK\$19.6 million, which was attributable to the purchase of property, plant and equipment of approximately HK\$19.8 million in relation to decoration of new centres in Tsim Sha Tsui and Causeway Bay, partially offset by the interest income of approximately HK\$0.8 million.

For FY2025, our net cash used in investing activities was approximately HK\$23.4 million, which was attributable to (i) an increase in pledged bank deposits of HK\$17 million; (ii) deposits for acquisition of property, plant and equipment of HK\$4.5 million and (iii) the purchase of property, plant and equipment of approximately HK\$2.7 million, mainly comprising approximately HK\$1.4 million for treatment devices and approximately HK\$0.7 million for motor vehicles, partially offset by the interest income of approximately HK\$0.7 million.

For FY2024, our net cash used in investing activities was approximately HK\$1.3 million, which was attributable to the purchase of property, plant and equipment of approximately HK\$1.2 million in relation to the addition of treatment devices, partially offset by the interest income of approximately HK\$0.2 million.

FINANCIAL INFORMATION

Net cash used in financing activities

For FY2026, our net cash used in financing activities was approximately HK\$79.3 million, which was attributable to (i) an advance to the Controlling Shareholders of HK\$45.6 million; (ii) repayment of lease liabilities of approximately HK\$29.9 million; and (iii) interest expense of approximately HK\$3.8 million.

For FY2025, our net cash used in financing activities was approximately HK\$51.4 million, which was attributable to (i) an advance to the Controlling Shareholders of approximately HK\$29.5 million; (ii) repayment of lease liabilities of approximately HK\$19.5 million; and (iii) interest expense of approximately HK\$2.5 million.

For FY2024, our net cash used in financing activities was approximately HK\$47.1 million, which was attributable to (i) repayment of lease liabilities of approximately HK\$18.5 million; (ii) advance to the Controlling Shareholders of approximately HK\$25.2 million; (iii) interest expense of approximately HK\$2.5 million; and (iv) repayment of interest-bearing borrowings of approximately HK\$0.9 million.

Sufficiency of working capital

We finance our working capital needs primarily through cash flow from operating activities. Taking into account the financial resources available to our Group, including the cash and cash equivalents, the cash flow from operating activities and the estimated [REDACTED] from the [REDACTED], our Directors, after due and careful inquiry, are satisfied that our Group has available sufficient working capital for our present requirements, that is for at least the next 12 months from the date of this document.

INDEBTEDNESS

Lease liabilities

The following table sets forth a breakdown of our lease liabilities as at the dates indicated:

	As at 31 March		As at 30 June	
	2024	2025	2026	2026
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current portion	19,592	24,390	34,926	33,194
Non-current portion	21,879	22,630	45,045	37,323
Total	41,471	47,020	79,971	70,517

FINANCIAL INFORMATION

Our lease liabilities increased from approximately HK\$41.5 million as at 31 March 2024 to approximately HK\$47.0 million as at 31 March 2025 and further to approximately HK\$80.0 million as at 31 March 2026, due to the business expansion that the Group has entered new lease for Causeway Bay Service Centre II in February 2025 and Tsim Sha Tsui Service Centre II in October 2025 to increase service capacity.

The current portion of our lease liabilities increased from approximately HK\$19.6 million as at 31 March 2024 to approximately HK\$24.4 million as at 31 March 2025, and further to approximately HK\$34.9 million as at 31 March 2026. The non-current portion increased slightly from approximately HK\$21.9 million as at 31 March 2024 to approximately HK\$22.6 million as at 31 March 2025, and then increased significantly to approximately HK\$45.0 million as at 31 March 2026, primarily due to the new 3-year lease agreements entered into during FY2025 and FY2026, with the majority of the lease liabilities classified as non-current.

As at 30 June 2026, our lease liabilities decreased to approximately HK\$70.5 million, of which the current and non-current portions decreased to approximately HK\$33.2 million and HK\$37.3 million, respectively. The decrease was primarily due to repayment of lease liabilities during the period from 1 April 2026 to 30 June 2026.

The table below sets forth the ageing analysis of our lease liabilities as at the dates indicated:

	As at 31 March			As at 30 June
	2024	2025	2026	2026
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within 1 year	19,592	24,390	34,926	33,194
More than 1 year but within 2 years	16,474	13,853	31,212	29,408
More than 2 years but within 5 years	5,405	8,777	13,833	7,915
Total	41,471	47,020	79,971	70,517

The ageing analysis shows that while our lease liabilities remained predominantly short to medium-term in nature, the portion due after one year has grown significantly throughout the Track Record Period, increasing from approximately HK\$21.9 million as at 31 March 2024 to approximately HK\$45.0 million as at 31 March 2026, reflecting the overall expansion of our lease portfolio, including new lease commitments entered into during FY2026. As at 30 June 2026, the portion due after one year decreased to approximately HK\$37.3 million resulting from the repayment of lease liabilities during the period from 1 April 2026 to 30 June 2026.

FINANCIAL INFORMATION

Amounts (due to) due from the Controlling Shareholders

The following table sets forth the movement in the amounts (due to) due from the Controlling Shareholders as at the dates indicated:

	As at 31 March		
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Opening balance	86,720	92,459	(1,089)
Movements:			
Expenses paid on behalf of our Group	(6,373)	(625)	(156)
Prepayments paid for ERP system development on behalf of our Group	(19,500)	–	–
Refundable deposits (paid to) refunded from a landlord for acquisition of a property on behalf of our Group	–	(39,000)	38,700
Withdrawal of funds	31,612	30,077	45,793
Declaration of dividends	–	(84,000)	(40,000)
Closing amounts due from (due to) the Controlling Shareholders	92,459	(1,089)	43,248

As at 31 March 2024, the amount due from the Controlling Shareholders increased from approximately HK\$86.7 million at the beginning of the year to approximately HK\$92.5 million, primarily attributable to the withdrawal of funds of approximately HK\$31.6 million, partially offset by the prepayments paid for ERP system development on behalf of our Group of approximately HK\$19.5 million.

As at 31 March 2025, the balance turned to an amount due to the Controlling Shareholders of approximately HK\$1.1 million, primarily attributable to (i) the declaration of dividends of HK\$84.0 million; (ii) refundable deposits of approximately HK\$39 million paid to a landlord for acquisition of a property on behalf of our Group and (iii) partially offset by withdrawal of funds of approximately HK\$30.1 million.

As at 31 March 2026, the balance reversed to an amount due from the Controlling Shareholders of approximately HK\$43.2 million, primarily attributable to (i) withdrawal of funds of approximately HK\$45.8 million; and (ii) refundable deposits of approximately HK\$38.7 million refunded from a landlord to Controlling Shareholders for acquisition of a property on behalf of our Group, partially offset by the declaration of dividends of HK\$40 million.

Our Directors confirm that all the outstanding balance due from the Controlling Shareholders will be settled partially by cash and partially offset by dividend prior to or upon [REDACTED].

FINANCIAL INFORMATION

Contingent liabilities or guarantees

As at 31 March 2024, 2025 and 2026, we did not have any material contingent liabilities.

As at the Latest Practicable Date, the rental guarantee for Sha Tin Service Centre and a corporate credit card guarantee were provided by a Controlling Shareholder by way of personal guarantee. Upon [REDACTED], it is expected that these personal guarantees will be replaced by either a corporate guarantee of the Group or a deposit arrangement.

TRANSACTIONS WITH RELATED PARTIES

With respect to the related party transactions set forth in the note 24 to the Accountants' Report in Appendix I to this document, our Directors confirm that these transactions were conducted on normal commercial terms or such terms that were no less favourable to our Group than those available to Independent Third Parties and were fair and reasonable and in the interest of our Shareholders as a whole.

CAPITAL EXPENDITURES

Our capital expenditures principally consisted of expenditures on additions of property, plant and equipment for use in our operations. For FY2024, FY2025 and FY2026, our Group incurred capital expenditures of approximately HK\$1.2 million, HK\$2.7 million and HK\$19.8 million, respectively.

Our projected capital expenditures are subject to revision based upon any future changes in our business plan, market conditions, and economic and regulatory environment. Please refer to the section headed "Future Plans and Use of [REDACTED]" of this document for further information.

CAPITAL COMMITMENTS

As at 31 March 2024, 2025 and 2026, our Group had capital commitments of approximately HK\$0.2 million, HK\$4.5 million and HK\$2.3 million for acquisition of property, plant and equipment.

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

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

	For the financial year ended/As at 31 March		
	2024	2025	2026
Return on equity (%)	83.69	75.01	87.81
Return on assets (%)	27.88	13.60	11.50
Interest coverage (times)	39.33	17.66	12.84
Current ratio (times)	1.22	0.90	0.81
Quick ratio (times)	1.22	0.90	0.81
Gearing ratio (%)	Nil	Nil	Nil

Notes:

- (1) Return on equity is calculated based on profit for the year divided by total equity at the end of the respective year and multiplied by 100%.
- (2) Return on assets is calculated based on profit for the year divided by total assets at the end of the respective year and multiplied by 100%.
- (3) Interest coverage is calculated based on profit before interest and tax for the year divided by interest expenses for the respective year.
- (4) Current ratio is calculated based on total current assets divided by total current liabilities at the end of the respective year.
- (5) Quick ratio is calculated based on total current assets minus inventory divided by total current liabilities at the end of the respective year.
- (6) Gearing ratio is calculated based on total interest-bearing borrowings (including bank borrowings and bank overdrafts) divided by total equity at the end of the respective year and multiplied by 100%.

FINANCIAL INFORMATION

Return on equity

Our return on equity decreased from approximately 83.69% in FY2024 to approximately 75.01% in FY2025, and then increased to approximately 87.81% in FY2026. The decrease from FY2025 was primarily attributable to the decline in net profit from approximately HK\$79.8 million to HK\$33.9 million, coupled with a decrease in total equity from approximately HK\$95.3 million to HK\$45.2 million. The increase in FY2026 was primarily attributable to the improvement in net profit to approximately HK\$37.8 million, while total equity remained relatively stable at approximately HK\$43.0 million. Please refer to the sections headed "REVIEW OF HISTORICAL RESULTS OF OPERATIONS" and "DESCRIPTION OF CERTAIN ITEMS OF COMBINED STATEMENTS OF FINANCIAL POSITION" in this section for details.

Return on assets

Our return on assets decreased from approximately 27.88% in FY2024 to approximately 13.60% in FY2025, and further to approximately 11.50% in FY2026. This decreasing trend was primarily attributable to the decrease in assets, from approximately HK\$286.1 million as at 31 March 2024 to approximately HK\$249.6 million as at 31 March 2025, and further to approximately HK\$328.6 million as at 31 March 2026. Please refer to the section headed "DESCRIPTION OF CERTAIN ITEMS OF COMBINED STATEMENTS OF FINANCIAL POSITION" in this section for details.

Interest coverage

Our interest coverage decreased from approximately 39.33 times for FY2024 to approximately 17.66 times for FY2025, and further to approximately 12.84 times for FY2026. This decrease was primarily attributable to the decline in profit before tax and interest during FY2025, and the increase in finance costs at a proportionally higher rate than net profit during FY2026. Please refer to the section headed "REVIEW OF HISTORICAL RESULTS OF OPERATIONS" in this section for details.

Current ratio and quick ratio

Our current ratio and quick ratio decreased from approximately 1.22 times as at 31 March 2024 to approximately 0.90 times as at 31 March 2025, and further to approximately 0.81 times as at 31 March 2026. The decrease from FY2024 to FY2025 was primarily attributable to the increase in (i) accrued expenses and other payables of approximately HK\$6.4 million due to the increased staff related payables and provision as a result of the expansion of the personnel; and (ii) the current portion of lease liabilities of approximately HK\$4.8 million.

On the other hand, the further decrease from FY2025 to FY2026 was primarily attributable to increase in (i) the contract liabilities of approximately HK\$48.1 million, which is in line with the increased prepaid packages from approximately HK\$307.6 million for FY2025 to approximately HK\$415.3 million for FY2026; and (ii) the increase in lease liabilities of approximately HK\$10.5 million due to the expansion of business centres new finance lease arrangements for Causeway Bay Service Centre II and Tsim Sha Tsui Service Centre II, which were entered into in February 2025 and October 2025.

FINANCIAL INFORMATION

As the Group did not hold any inventories throughout the Track Record Period, our quick ratio was the same as our current ratio.

Gearing ratio

Save for borrowing costs which were capitalised as part of the cost of qualifying assets in accordance with our accounting policy, we did not have any interest-bearing borrowings during the Track Record Period. Accordingly, our gearing ratio was nil as at each of 31 March 2024, 2025 and 2026.

PLEDGE OF ASSETS

The Group's pledged bank deposits of HK\$16 million were placed to a bank who provides a performance guarantee to a subsidiary of the Group in relation to the Group's performance of services to customers who paid for the services by credit cards, in accordance with the merchant card services agreement entered into between the Group and a merchant acquiring services company. In addition, the Group also participates in a business card programme with the same bank with a credit card limit of HK\$1 million.

OFF-BALANCE SHEET ARRANGEMENT

During the Track Record Period and up to the Latest Practicable Date, we had not entered into any off-balance sheet transaction.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to a variety of financial risks, such as credit risk.

Details of the risks to which we are exposed are set out in note 3 to the Accountants' Report, the text of which is set out in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, there were no circumstances that would give rise to the disclosure requirements under Rules 13.13 to 13.19 of the Listing Rules.

FINANCIAL INFORMATION

[REDACTED]

[REDACTED]

DIVIDENDS AND DIVIDEND POLICY

During the Track Record Period, the Company declared dividend of approximately HK\$124 million to AW Ocean, the Controlling Shareholder, for setting off partially of the amounts due from Mr. Mo and Mrs. Cheung. Please refer to Note 12 to the Accountants' Report in Appendix I for details.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 17 January 2024, and had reserves of approximately HK\$43.0 million as at 31 March 2026.

UNAUDITED [REDACTED] ADJUSTED COMBINED NET TANGIBLE ASSETS

Please refer the section headed "Unaudited [REDACTED] Financial Information" in Appendix II for our unaudited [REDACTED] adjusted net tangible assets and unaudited [REDACTED] estimated [REDACTED].

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Please refer the section headed "SUMMARY – RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE" of this document for details.