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## **Herbs Generation Group Holdings Limited**

### **草姬集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 2593)**

## **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025**

The board (the “**Board**”) of directors (the “**Directors**”) of Herbs Generation Group Holdings Limited (the “**Company**”) presents the consolidated results of the Company and its subsidiaries (together as the “**Group**”) for the year ended 31 December 2025 (“**FY2025**”), together with the comparative figures for the year ended 31 December 2024 (“**FY2024**”), as follows:

### **FINANCIAL HIGHLIGHTS**

- Revenue decreased by approximately 7.2% from approximately HK\$245.5 million for FY2024 to approximately HK\$227.9 million for FY2025.
- Gross profit decreased by approximately 13.5% from approximately HK\$182.1 million for FY2024 to approximately HK\$157.5 million for FY2025; overall gross profit margin decreased by 5.1 percentage point from 74.2% for FY2024 to 69.1% for FY2025.
- The Group recorded a net loss of approximately HK\$23.0 million for FY2025, as compared to a net profit of approximately HK\$13.0 million for FY2024.
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: final dividend of HK\$20,000,040).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	<i>Note</i>	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<b>Revenue</b>	4	<b>227,868</b>	245,490
Cost of sales		<u>(70,319)</u>	<u>(63,434)</u>
<b>Gross profit</b>		<b>157,549</b>	182,056
Other income	5	<b>2,965</b>	1,793
Selling and distribution costs		<b>(135,686)</b>	(105,651)
Administrative and other operating expenses		<b>(51,341)</b>	(39,202)
Listing expenses		<u>–</u>	<u>(19,183)</u>
<b>(Loss)/profit from operations</b>		<b>(26,513)</b>	19,813
Finance costs	6(a)	<u>(1,074)</u>	<u>(1,136)</u>
<b>(Loss)/profit before taxation</b>	6	<b>(27,587)</b>	18,677
Income tax credit/(expense)	7(a)	<u>4,578</u>	<u>(5,712)</u>
<b>(Loss)/profit and total comprehensive income for the year</b>		<b><u>(23,009)</u></b>	<b><u>12,965</u></b>
<b>(Loss)/earnings per share</b>	8		
Basic and diluted		<b><u>(HK17.26 cents)</u></b>	<b><u>HK12.82 cents</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 December 2025	31 December 2024
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		27,794	39,450
Deferred tax assets		6,457	1,879
Prepayments		–	3,200
		<b>34,251</b>	44,529
<b>Current assets</b>			
Inventories		39,443	26,543
Trade and other receivables	10	40,766	51,712
Current tax recoverable		1,449	–
Cash and cash equivalents		78,222	119,215
		<b>159,880</b>	197,470
<b>Current liabilities</b>			
Trade and other payables	11	23,082	17,255
Contract liabilities		2,642	2,767
Lease liabilities		15,447	16,820
Current tax payable		–	699
		<b>41,171</b>	37,541
<b>Net current assets</b>		<b>118,709</b>	159,929
<b>Total assets less current liabilities</b>		<b>152,960</b>	204,458

		<b>31 December 2025</b>	31 December 2024
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current liabilities</b>			
Lease liabilities		<b>6,784</b>	15,398
Other payables and accruals		<b>2,002</b>	1,877
		<b>8,786</b>	17,275
<b>NET ASSETS</b>		<b>144,174</b>	187,183
<b>CAPITAL AND RESERVES</b>			
Share capital	12	<b>1,333</b>	1,333
Reserves		<b>142,841</b>	185,850
<b>TOTAL EQUITY</b>		<b>144,174</b>	187,183

## NOTES TO THE FINANCIAL INFORMATION

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 22 March 2024 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961) of the Cayman Islands.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The Group are principally engaged in the development and sales of health supplements and cosmetics and skincare products.

This announcement is presented in Hong Kong dollars ("HK\$"), rounded to the nearest thousand unless otherwise indicated.

### 2. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS AND CHANGES IN ACCOUNTING POLICIES

The Hong Kong Institute of Certified Public Accountants (the "HKICPA") has issued certain new or amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group.

The Group has applied amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to the consolidated financial statements for the current accounting period. The amendments do not have a material impact on the consolidated financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3. BASIS OF PREPARATION

The annual results set out in this announcement are extracted from the Group's consolidated financial statements for the year ended 31 December 2025.

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

#### 4. REVENUE AND SEGMENT REPORTING

##### (a) Revenue

The principal activities of the Group are the development and sales of health supplements and cosmetics and skincare products.

##### *Disaggregation of revenue*

Disaggregation of revenue from contracts with customers by major sales channels as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by sales channels		
– Retail business	136,707	145,641
– Wholesale business	87,619	94,157
– Consignment arrangements	3,542	5,692
	<u>227,868</u>	<u>245,490</u>

All of the revenue of the Group is recognised at a point in time as customer takes possession of and accepts the products.

The Group has applied the practical expedient in paragraph 121(a) of HKFRS 15 to its sales contracts for health supplements and cosmetics and skincare products that the revenue the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of health supplements and cosmetics and skincare products that had an original expected duration of one year or less.

The Group's customer base is diversified and includes one customer with whom transactions had exceeded 10 percent of the Group's revenues as below:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Customer A	<u>87,185</u>	<u>90,431</u>

##### (b) Segment reporting

The Group has one reportable segment which is the development and sales of health supplements and cosmetics and skincare products. The Group's chief operating decision maker, which has been identified as the Board of Directors, reviews the consolidated results of the Group for the purposes of resource allocation and performance assessment. Therefore, no additional reportable segment information has been presented.

##### *Geographic information*

Analysis of the Group's revenue and results as well as analysis of the Group's carrying amount of segment assets by geographical market are not presented as the Group's operations and assets are mainly located in Hong Kong.

## 5. OTHER INCOME

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Bank interest income	1,904	431
Government grants	841	1,106
Others	220	256
	<u>2,965</u>	<u>1,793</u>

## 6. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging/(crediting):

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<b>(a) Finance costs</b>		
Interest on bank loans	–	205
Interest on lease liabilities	1,074	931
	<u>1,074</u>	<u>1,136</u>
<b>(b) Staff costs</b>		
Salaries, wages and other benefits	84,949	73,116
Contributions to defined contribution retirement plan	3,117	2,917
	<u>88,066</u>	<u>76,033</u>

The Group operates a Mandatory Provident Fund Scheme (the “MPF Scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the Group and the employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

	2025 HK\$'000	2024 HK\$'000
<b>(c) Other items</b>		
Depreciation charge		
– owned property, plant and equipment	4,585	4,209
– right-of-use assets	<u>18,098</u>	<u>16,789</u>
	22,683	20,998
Net foreign exchange loss/(gain)	656	(28)
Cost of inventories	70,319	63,434
(Reversal of impairment loss)/impairment loss on trade receivables	(39)	74
Impairment loss on property, plant and equipment	261	–
Auditors' remuneration		
– audit services	1,810	1,030
– other services ( <i>note</i> )	<u>–</u>	<u>4,770</u>
	<u>1,810</u>	<u>5,800</u>

*Note:* Other services are also included in the listing expenses disclosed separately elsewhere in this announcement.

## 7. TAXATION IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### (a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

	2025 HK\$'000	2024 HK\$'000
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the year	–	6,681
Under-provision in respect of prior year	<u>–</u>	<u>152</u>
	–	6,833
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>(4,578)</u>	<u>(1,121)</u>
	<u>(4,578)</u>	<u>5,712</u>

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in these jurisdictions.

The provision for Hong Kong Profits Tax is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2024.

**(b) Reconciliation between tax (credit)/expense and accounting (loss)/profit at applicable tax rates:**

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
(Loss)/profit before taxation	<u>(27,587)</u>	<u>18,677</u>
Notional tax on (loss)/profit before taxation	(4,552)	2,917
Tax effect of non-deductible expenses	288	2,714
Tax effect of non-taxable income	(314)	(71)
Under-provision in prior year	<u>–</u>	<u>152</u>
Income tax (credit)/expense	<u>(4,578)</u>	<u>5,712</u>

**8. (LOSS)/EARNINGS PER SHARE**

**(a) Basic (loss)/earnings per share**

The calculation of the basic earnings per share is based on the (loss)/profit for the year attributable to equity shareholders of the Company of HK\$23,009,000 (2024: HK\$12,965,000) and the weighted average of 133,333,600 ordinary shares (2024: 101,095,899 ordinary shares after adjusting for the capitalisation issue in December 2025) in issue during the year, calculated as follows:

*Weighted average number of ordinary shares*

	2025	2024
Ordinary shares deemed to be in issue at 1 January	133,333,600	10
Effect of capitalisation issue	–	99,999,990
Effect of share issued under initial public offering	<u>–</u>	<u>1,095,899</u>
Weighted average number of ordinary shares at 31 December	<u>133,333,600</u>	<u>101,095,899</u>

**(b) Diluted earnings per share**

The diluted earnings per shares is the same as the basic earnings per share as there were no potential dilutive ordinary shares in existence during the years ended 31 December 2025 and 2024.

**9. DIVIDEND**

**(i) Dividends payable to equity shareholders of the Company attributable to the year**

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Final dividend proposed after the end of the reporting period of Nil (2024: HK15 cents) per share	<u>–</u>	<u>20,000</u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) **Dividends payable to then shareholders of the subsidiary of the Company**

During the year ended 31 December 2024, Herbs Generation International Limited, the Company now comprising the Group, declared dividends in cash totalling HK\$30,000,000, to their then shareholders.

(iii) **Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year**

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Final dividend in respect of previous financial year, approved and paid during the year, of HK15 cents (2024: Nil) per share	<u>20,000</u>	<u>-</u>

**10. TRADE AND OTHER RECEIVABLES**

	<i>Note</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	10(a)	24,187	26,367
Loss allowance	10(a)	<u>(35)</u>	<u>(74)</u>
		<u>24,152</u>	<u>26,293</u>
<b>Prepayments, deposits and other receivables</b>			
Prepayments		8,606	21,255
Deposits		7,582	7,269
Other receivables		<u>426</u>	<u>95</u>
		16,614	28,619
Less: Amounts included in “Prepayments” under non-current assets		<u>-</u>	<u>(3,200)</u>
		<u>16,614</u>	<u>25,419</u>
		<u>40,766</u>	<u>51,712</u>

Except for the amounts included in “Prepayments, deposits and other receivables” under non-current assets are expected to be recovered or recognised as expense after more than one year, all other trade and other receivables are expected to be recovered or recognised as expense within one year.

(a) **Trade receivables**

At the end of each of the reporting period, the ageing analysis of trade receivables, which are included in trade and other receivables, based on the invoice date, is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 30 days	8,246	9,577
31 to 60 days	6,636	8,154
61 to 90 days	9,031	8,562
Over 90 days	274	74
	<u>24,187</u>	<u>26,367</u>

The movements in loss allowance are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
At 1 January	74	–
Impairment losses recognised	–	74
Impairment losses reversed	(39)	–
	<u>35</u>	<u>74</u>

Trade receivables are normally due within 60 to 90 days from date of billing.

**11. TRADE AND OTHER PAYABLES**

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables	<u>3,934</u>	<u>3,782</u>
<b>Other payables and accruals</b>		
Accrued employee benefits	6,795	2,929
Advertising and promotion expenses payables	8,098	1,118
Other payables	<u>6,257</u>	<u>11,303</u>
	<b>21,150</b>	<b>15,350</b>
Less: Amounts included in “Other payables and accruals” under non-current liabilities	<u>(2,002)</u>	<u>(1,877)</u>
	<u>19,148</u>	<u>13,473</u>
	<b>23,082</b>	<b>17,255</b>

Except for the amounts included in “Other payables and accruals” under non-current liabilities are expected to be settled or recognised as income after more than one year, all other trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

(a) **Trade payables**

At the end of each of the reporting period, the ageing analysis of trade payables, which are included in trade and other payables, based on the invoice date, is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 30 days	1,928	2,395
31 to 90 days	1,831	1,305
91 to 180 days	175	2
Over 180 days	–	80
	<u>3,934</u>	<u>3,782</u>

**12. SHARE CAPITAL**

	Number of shares	Amount <i>HK\$'000</i>
<b>Ordinary shares, authorised:</b>		
At 22 March 2024 (date of incorporation) ( <i>note (i)</i> )	39,000,000	390
Increase in authorised share capital ( <i>note (ii)</i> )	1,961,000,000	19,610
	<u>2,000,000,000</u>	<u>20,000</u>
<b>Ordinary share, issued and fully paid:</b>		
At 22 March 2024 (date of incorporation) ( <i>note (i)</i> )	10	–*
Effect of capitalisation issue ( <i>note (iii)</i> )	99,999,990	1,000
Share issued under initial public offering ( <i>note (iv)</i> )	33,333,600	333
	<u>133,333,600</u>	<u>1,333</u>
At 31 December 2024, 1 January 2025 and 31 December 2025	<u>2,000,000,000</u>	<u>20,000</u>

\* The balance represents amount less than HK\$500.

*Notes:*

- (i) The Company was incorporated on 22 March 2024 with an authorised share capital of HK\$390,000 divided into 39,000,000 shares of HK\$0.01. Upon its incorporation, 10 ordinary shares of the Company were allotted and issued.
- (ii) On 3 December 2024, the authorised share capital was increased to 2,000,000,000 ordinary shares with a par value of HK\$0.01 each.
- (iii) Pursuant to the written resolutions of the equity shareholders of the Company passed on 3 December 2024, the directors of the Company were authorised to allot and issue a total of 99,999,990 ordinary shares credited as fully paid at par to the shareholders as appearing on the register of members of the Company, by way of capitalisation of the sum of HK\$1,000,000 standing to the credit of the share premium account of the Company on the date of the initial public offering of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

- (iv) Upon completion of the initial public offering of shares, the Company issued 33,333,600 new ordinary shares at par value of \$0.01 each for cash consideration of \$3.75 each, and raised gross proceeds of approximately \$125,001,000. The respective share capital amount was approximately \$333,336 and share premium arising from the issuance was approximately HK\$113,251,000, net of the share issuance costs. The share issuance costs paid and payable mainly include share underwriting commissions, lawyers' fees, reporting accountants' fee and other related costs, which are incremental costs directly attributable to the issuance of the new shares. These costs amounting to HK\$11,417,000 were treated as a deduction against the share premium arising from the issuance.

### 13. SHARE AWARD SCHEME

The Company has adopted a share award scheme (the “**Share Award Scheme**”) on 3 December 2024 and the Share Award Scheme became effective from 19 December 2024 (the “**Effective Date**”). No share awards have been granted since the Effective Date and therefore no new shares may be issued in respects of awards granted during the reporting period to eligible participants pursuant to the Share Award Scheme.

The principal terms of the Share Award Scheme are set out as follows:

(a) **Participants**

Persons eligible to participate in the Share Award Scheme (the “**Eligible Participants**”) include the Directors, chief executive and employees of the Company or any of its subsidiaries, provided that the Board shall have absolute discretion to determine whether or not one falls within such category.

(b) **Purposes**

The purposes of the Share Award Scheme are to recognise the contribution or future contribution of the Eligible Participants for their contribution to the Group by granting awards (“**Awards**”) to them as incentives or rewards and to attract, retain and motivate high-calibre Eligible Participants in line with the performance goals of the Group. The Share Award Scheme shall strengthen the many long-term relationships that the Eligible Participants may have with the Group.

(c) **Maximum Number of Shares**

The maximum aggregate number of shares which may be issued pursuant to all Awards is 13,333,360 Shares or a lesser number of shares determined by the Board. In addition, the maximum number of shares issuable upon vesting of any Awards granted under the Share Award Scheme and any grants made under any other share schemes of the Company shall not exceed 10% of the total number of shares in issue as at the Effective Date (excluding, for this purpose, shares issuable upon vesting of Awards which have been granted but which have lapsed in accordance with the terms of the Share Award Scheme or any other share schemes of the Company).

As at the Effective Date, 31 December 2025 and the date of this announcement, the number of shares available for grant under the Share Award Scheme was 13,333,360 shares, representing 10% of the issued share capital as at the date of this announcement.

**(d) Maximum Entitlement of each Participant**

Where any grant of Awards to a participant would result in the total number of shares issued and to be issued in respect of all Awards granted (excluding any Awards lapsed in accordance with the terms of the Share Award Scheme or any other share schemes of the Company) under the Share Award Scheme and any other share schemes of the Company in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total number of shares in issue, such grant must be separately approved by the Shareholders in general meeting in accordance with the requirements of the Listing Rules with such participant and his/her close associate (or associates), if the participant is a connected person (as defined under the Listing Rules), or such persons as may be required under the Listing Rules from time to time, abstaining from voting. In such event, the Company must send a circular to the shareholders containing all information required under the Listing Rules.

**(e) Performance Target**

The Board or the Board Committees or person(s) to which the Board has delegated its authority shall have the power from time to time to establish and administer performance targets (if any) in respect of the grant and/or vesting of the Award and such performance targets shall include, among others, financial targets and management targets which shall be determined based on the (i) individual performance, (ii) performance of the Group and/or (iii) performance of business groups, business units, business lines, functional departments, projects and/or geographical area managed by the Eligible Participants who has been granted any Award (the “**Selected Participants**”). For the avoidance of doubt, an Award Share shall not be subject to any performance targets, criteria or conditions if none are set out in the letter issued by the Company to each Selected Participant.

**(f) Vesting Schedule**

The Board or the Board Committees or person(s) to which the Board delegated its authority may from time to time while the Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the Award to be vested. The vesting date in respect of any Award shall be not less than 12 months from the grant date, provided that for employee participants, the vesting date may be less than 12 months from the grant date (including on the grant date) in the following circumstances where: (a) grants of “make whole” Awards to new joiners to replace share awards or options they forfeited when leaving their previous employers; (b) grants to an employee participant whose employment is terminated due to death or disability or occurrence of any out-of-control event; (c) grants that are made in batches during a year for administrative and compliance reasons, which include Awards that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Award would have been granted; (d) grants with a mixed or accelerated vesting schedule such as where the Awards may vest evenly over a period of twelve (12) months; (e) grants with a total vesting and holding period of more than twelve (12) months; (f) grants with performance-based vesting conditions in lieu of time-based vesting criteria; (g) the Remuneration Committee is of the view that a shorter vesting period is appropriate and serves the purpose of the Share Award Scheme; or (h) there is an event of change in control of the Company by way of a merger, a privatisation of the Company by way of a scheme or by way of an offer, the Board or the Board Committees or person(s) to which the Board has delegated its authority, at their sole discretion, determine that the vesting date of any Awards shall be accelerated to an earlier date, whereby the vesting date may be less than 12 months from the grant date (including on the grant date).

### ***Acceptance of the Awards and Amount Payable on Acceptance of the Awards***

A Selected Participant shall be entitled to receive the Awards in accordance with the vesting schedule upon when the Selected Participant has satisfied all vesting conditions specified by the Board at the time of making the Awards.

There is no amount payable on application or acceptance of the Awards.

### ***Basis of Determining the Purchase Price of Awards***

The purchase price of Awards (if any), which shall be determined by the Board, the Board Committees, or person(s) to which the Board has delegated its authority from time to time based on considerations such as the prevailing closing price of the Shares, the purpose of the Award and the characteristics and profile of the Selected Participant.

#### **(g) Non-transferability of the Awards**

Any awards granted shall be personal to the Eligible Participant to whom it is made. Unless a waiver is granted by the Stock Exchange or otherwise permitted or required under the applicable laws and regulations, any Award shall not be assignable or transferable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Award, or enter into any agreement to do so.

#### **(h) Grant to Connected Persons**

Any grant of awards to a connected person (as defined in the Listing Rules) of the Company or any of his or her associates (as defined in the Listing Rules) shall comply with and shall be approved in accordance with the applicable requirements under the Listing Rules.

#### **(i) Lapse of Award**

An award will automatically lapse on the earliest of: (i) unless the Board or its delegate(s) determines otherwise at their absolute discretion, the date on which the Selected Participant ceases to be an Eligible Participant; (ii) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company; (iii) a Selected Participant is found to be an excluded participant who is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual; or (iv) a Selected Participant fails to return duly executed transfer documents prescribed by the Board and/or the trustee (“Trustee”) to be appointed by the Company for the purpose of servicing the Share Award Scheme, which will be an independent third party, for the relevant Award Shares within the stipulated period.

#### **(j) Clawback Mechanism**

If a Selected Participant, being an employee whose employment is terminated by the Group by reason of the employer terminating the contract of employment without notice or payment in lieu of notice, or the Selected Participant having been convicted of any criminal offence involving his/her integrity or honesty, or the Selected Participant having done something which brings the Group into disrepute or causes damages to the Group (including, among others, causing material misstatement of the financial statements of the Company), any outstanding Award Shares and all cash income derived from the Award Shares not yet vested shall be immediately forfeited, unless the Board or its delegate(s) determines otherwise at their absolute discretion.

**(k) Administration**

The Board has the power to administer the Share Award Scheme, including the power to construe and interpret the rules of the Share Award Scheme, the terms of the Awards granted under the Share Award Scheme, and where applicable, the trust deed to be entered into with the Trustee. The Board may delegate the authority to administer the Share Award Scheme to a committee of the Board or other person(s) as deemed appropriate at the sole discretion of the Board. The Board or its delegate(s) may also appoint one or more independent third party contractors to assist in the administration of the Share Award Scheme as they think fit.

**(l) Issue of Shares and/or Transfer of Funds to the Trustee**

The Company shall (i) issue and allot shares to the Trustee, and/or (ii) transfer to the Trustee the necessary funds and instruct the Trustee to acquire Shares through on-market transactions at the prevailing market price (which the Trustee shall do so as soon as reasonably practicable for the purpose of satisfying the Awards). The Award Shares will be held in trust for the Selected Participants until the end of each vesting period. When a Selected Participant has satisfied all vesting conditions specified by the Board at the time of making the Award and become entitled to the Award Shares, the Trustee shall transfer the relevant Award Shares to that Selected Participant.

**(m) Termination**

The Company by resolution in the general meeting or the Board may at any time terminate the Share Award Scheme and, in such event, no further Awards may be offered or granted but in all other respects the terms of the scheme shall remain in full force and effect in respect of Awards which are granted during the term of the Share Award Scheme which remain unvested or which have vested but have not yet been exercised immediately prior to the termination of the Share Award Scheme.

**(n) Alteration**

The Directors may from time to time in their absolute discretion alter the definition of “Eligible Participant(s)”, among others, which are of a material nature or provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of Selected Participants or prospective Selected Participants provided that approval from the Shareholders in general meeting (with the Selected Participants and their associates abstaining from voting) has been obtained. Save for the above, the Board or its delegate(s) may alter the terms of the Share Award Scheme without the approval of the shareholders in a general meeting. No such alteration shall operate to affect adversely the terms of issue of any Award Shares granted or agreed to be granted prior to such alteration except with the consent or sanction in writing of such majority of the Selected Participants as would be required of the Shareholders under the constitutional documents for the time being of the Company for a variation of the rights attached to the shares.

Any change to the authority of the Board to alter the terms of the Share Award Scheme shall not be valid unless approved by the Shareholders in general meeting.

Any change to the terms of Award Shares granted to a Selected Participant must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders in general meeting (as the case may be) if the initial grant of the Award Shares requires such approval.

**(o) Adjustment**

In the event of any alteration in the capital structure of the Company which arises or may arise immediately following the commencement of the Effective Date from any issue of shares in or other securities of the Company by way of reduction, subdivision or consolidation of the share capital of the Company or any capitalisation issue or rights issue which the Board considers an adjustment as necessary, corresponding changes will be made to the number of outstanding Award Shares that have been granted provided that the adjustments shall be made in such manner as the Board or its delegate(s) determines to be fair and reasonable in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Share Award Scheme for the Selected Participants. All fractional shares (if any) arising out of such alteration in the capital structure of the Company in respect of the Award Shares of a Selected Participant shall be deemed as returned shares and shall not be transferred to the relevant Selected Participant on the relevant vesting date. The Trustee shall hold Award Shares that are not vested and/or are lapsed or forfeited to be applied in accordance with the provisions of the rules of the Share Award Scheme for the purpose of the Share Award Scheme.

Any adjustments must give a Selected Participants the same proportion of the equity capital, rounded to the nearest whole share, as that to which that person was previously entitled, but no such adjustments may be made to the extent that a share would be issued at less than its nominal value (if any). The issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In respect of any such adjustments, other than any made on a capitalisation issue, an independent financial adviser or auditors of the Company must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

**(p) Duration**

The Share Award Scheme will remain in force for a period of 10 years from the Effective Date. The remaining life of the Share Award Scheme is approximately 9 years.

## BUSINESS REVIEW

Established for over 20 years, the Group is a provider of a variety of health supplements and cosmetics and skincare products in Hong Kong. The Group focuses on the development, sales and marketing of products under its own brands through a multi-channel sales model. Since the founding of the Group in 1999, the Group has been actively building its own brands by selling a wide variety of products. As at 31 December 2025, the Group carried a total of ten own brands, namely (i) “Herbs (草姬)”; (ii) “ZINO”; (iii) “Classic (正統)”; (iv) “Umeya (梅屋)”; (v) “Energie (男補)”; (vi) “Men’s INFiNiTY (男極)”; (vii) “Regal Green (綠康營)”; (viii) “Herbs Pet (恩寵)”; (ix) “MedHerbs”; and (x) “SupreHerbs (金草姬)”. The Group sells products under its own brands and certain third-party brands through (i) retail business, (ii) wholesale business, and (iii) consignment arrangements.

For the year ended 31 December 2025 (the “**Reporting Period**”), the Group encountered a challenging market landscape, resulting in a 7.2% decline in revenue compared to FY2024 and recording a net loss of approximately HK\$23 million for the Reporting Period, as compared to a net profit of approximately HK\$13.0 million for FY2024. This turnaround from profits to loss was largely attributable to (i) the decrease in the Group’s revenue and gross profit during the Reporting Period which was largely attributed to more promotional sales offered during the Reporting Period; (ii) the increase in advertising and promotion expenses (including but not limited to online advertising, offline advertising and engagement of entertainers and KOLs) during the Reporting Period; and (iii) the increase in staff costs during the Reporting Period.

During the Reporting Period, the Group actively developed new brands and new products to enrich the variety of the Group’s products, including new brands “MedHerbs” and “SupreHerbs (金草姬)” and new products “SupreHerbs Ganoderma Lucidum Spore Oil (金草姬靈芝孢子油)”, “SupreHerbs Dilong Hirudin (金草姬地龍水蛭素)”, “MedHerbs Ultimate rTG 1500 Medical Mini Fish Oil (MedHerbs 醫學級極純 rTG 1500 迷你魚油)” and “Herbs Tiger Pro Lung Health (草姬虎乳芝咳喘消)”.

## FINANCIAL REVIEW

### Revenue

The principal activities of the Group are sales of health supplements and cosmetics and skincare products. The Group recorded a decrease in revenue by approximately HK\$17.6 million or 7.2% from approximately HK\$245.5 million for FY2024 to approximately HK\$227.9 million for FY2025.

The following table sets forth the breakdown of the revenue by sales channel for FY2025 and FY2024:

	FY2025		FY2024	
	HK\$'000	%	HK\$'000	%
Revenue				
– Retail business	136,707	60.0	145,641	59.3
– Wholesale business	87,619	38.4	94,157	38.4
– Consignment arrangements	3,542	1.6	5,692	2.3
Total	<u>227,868</u>	<u>100.0</u>	<u>245,490</u>	<u>100.0</u>

***Retail business:***

The Group sold its products directly to end-customers, primarily through its self-operated retail shops, brand experience centres, its own e-commerce platform Zinomall, and its self-operated account and store on third-party online platforms including HKTVmall and Tmall.hk. Revenue generated from retail business decreased by approximately HK\$8.9 million or 6.1% from approximately HK\$145.6 million for FY2024 to approximately HK\$136.7 million for FY2025. The decrease in revenue from the retail business is mainly due to the more promotional sales offered to our retail customers, e.g. deeper sales discounts, during the Reporting Period.

***Wholesale business:***

The Group sold its products to wholesale customers, primarily consist of chain retailers such as large-scale local health and beauty product chain retailers, as well as non-chain retailers such as pharmacies and trading companies, for onward sale to end-customers. Revenue generated from wholesale business decreased by approximately HK\$6.6 million or 7.0% from approximately HK\$94.2 million for FY2024 to approximately HK\$87.6 million for FY2025. The revenue from the wholesale business declined largely due to reduced demand from the Group's largest customer during the Reporting Period.

***Consignment arrangements:***

The Group sold its products at the retail shops of its consignees to end-customers visiting their retail shops. Revenue generated from consignment arrangements decreased by approximately HK\$2.2 million or 38.6% from approximately HK\$5.7 million for FY2024 to approximately HK\$3.5 million for FY2025. Similar to the wholesale business, decrease of revenue from consignment arrangement primary due to the reduced demand from the Group's largest consignee, one of the leading retailers in Hong Kong, during the Reporting Period.

## **Cost of sales and Gross profit**

The Group's cost of sales primarily comprised materials costs, packaging costs and delivery costs. Material costs constitutes the majority of the Group's cost of sales and includes the costs for (i) semi-finished products; and (ii) raw materials used in the manufacturing of the Group's products. The Group's cost of sales increased by approximately HK\$6.9 million or 10.9% from approximately HK\$63.4 million for FY2024 to approximately HK\$70.3 million for FY2025.

The Group's gross profit represents its revenue less costs of sales. The Group's gross profit decreased by approximately HK\$24.5 million or 13.5% from approximately HK\$182.1 million for FY2024 to approximately HK\$157.5 million for FY2025. The Group's overall gross profit margin decreased by 5.1 percentage point from 74.2% for FY2024 to 69.1% for FY2025, largely attributed to more promotional sales offered during the Reporting Period.

## **Other income**

The Group's other income primarily consist of (i) government grants, which mainly included fund on branding, upgrading and domestic sales; and (ii) bank interest income generated from bank deposits. The increase in other income of approximately HK\$1.2 million for FY2025 was primarily attributable to the increase in bank interest income generated from unused proceeds from the listing of the Company's shares on the Main Board of the Stock Exchange on 19 December 2024 (the "**Listing**").

## **Selling and distribution costs**

The Group's selling and distribution costs primarily consist of (i) salaries and commission paid to its product consultants and sales promoters; (ii) advertising and promotion expenses incurred for engagement of entertainers (such as actors and singers), KOLs and medical professionals, and for placement of advertisements in its marketing and promotional activities; (iii) delivery expenses incurred for delivery of products to its customers; and (iv) consignment expenses paid to its consignees.

The increase in selling and distribution costs of approximately HK\$30.0 million or 28.4% for FY2025 was primarily due to increase in advertising and promotion expenses as the Group increased efforts in promoting and advertising the Group's branding and products including but not limited to new products and new brand developed during the Reporting Period, and the increase in staff costs.

## **Administrative and other operating expenses**

The Group's administrative and other operating expenses primarily consist of (i) depreciation of its leased properties, including its self-operated retail shops and brand experience centres; (ii) salaries and benefits paid to its employees; and (iii) rental and other premise expenses, mainly including management fees and short-term store rentals.

The increase in administrative expenses of approximately HK\$12.1 million or 31.0% for FY2025 was mainly attributable to (i) the increase in staff costs during FY2025 when comparing to that of FY2024; (ii) the increase in depreciation of leased properties, stemming from the increase in average number of self-operated retail shops from 30 in FY2024 to 34 in FY2025; and (iii) the increase of listing related expenses after the Listing such as compliance adviser fee and financial printing charges.

## **Listing expenses**

Listing expenses in FY2024 included professional fees, underwriting commission, and other fees incurred in connection with the Listing. No such listing expenses incurred in FY2025.

## **Finance costs**

The Group's finance costs mainly represent interest on lease liabilities for FY2025, and interest on lease liabilities and interest on bank loans for FY2024. The decrease in finance costs of approximately HK\$62,000 or 5.5% from approximately HK\$1,136,000 for FY2024 to approximately HK\$1,074,000 for FY2025 was mainly due to the absent of bank loans interest in FY2025 (FY2024: approximately HK\$205,000), which was offset by higher interest expenses on lease liabilities from the increase in average number of self-operated retail shops in FY2025.

## **Income tax credit/(expense)**

Income tax credit/(expense) primarily consist of corporate income tax and movements in deferred income tax assets/liabilities. Income tax credit in FY2025 mainly comprise the recognition of deferred tax credit as a result of the loss for the year, while for FY2024, the income tax expense mainly comprised the current tax expense charged for the year.

## **(Loss)/profit and total comprehensive income for the year**

As a result of the foregoing, the Group recorded a net loss for the year amounted to approximately HK\$23.0 million for FY2025, as compared to a net profit of approximately HK\$13.0 million for FY2024. Such change was mainly due to (i) the decrease in the Group's revenue and gross profit during the Reporting Period which was largely attributed to more promotional sales offered during the Reporting Period; (ii) the increase in advertising and promotion expenses (including but not limited to online advertising, offline advertising and engagement of entertainers and KOLs) during the Reporting Period; and (iii) the increase in staff costs during the Reporting Period.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at 31 December 2025, the Company's issued share capital was approximately HK\$1.3 million and the number of its issued ordinary shares was 133,333,600 of HK\$0.01 each.

### **Cash flows**

As at 31 December 2025 and 2024, the Group had cash and cash equivalents of approximately HK\$78.2 million and HK\$119.2 million, respectively, which were mainly denominated in Hong Kong dollars and US dollars. The Group's primary uses of cash were mainly for financing daily operations and working capital requirements, including payment for procurement of health supplements and cosmetics and skincare products.

### **Bank borrowings and gearing ratio**

Gearing ratio is calculated by using total interest-bearing borrowings (excluding lease liabilities) as at the respective dates divided by total equity as at the same dates and multiplied by 100%. The gearing ratio was not applicable as at 31 December 2025 and 2024 as the Group did not have any borrowings (excluding lease liabilities) as at both dates.

### **Net debt to equity ratio**

Net debt to equity ratio is calculated as net debts (i.e. bank borrowings, net of cash and cash equivalents) divided by total equity as at the respective reporting dates.

The net debt to equity ratio was not applicable as at 31 December 2025 and 2024 as the Group had net cash position as at both dates.

### **Treasury management**

The Group maintains sufficient cash and cash equivalents to support its regular business operations. Management closely monitors trade receivables and overdue balances (if any) and ensures that the Group engages only with creditworthy counterparties. Additionally, the Group's liquidity position is carefully monitored to ensure its assets, liabilities, and commitments are structured to meet funding requirements, thereby effectively managing liquidity risk.

## **Capital expenditures**

During FY2025, the Group's capital expenditures, primarily directed towards the acquisition of property, plant, and equipment, totaled approximately HK\$3.3 million, compared to approximately HK\$5.5 million in FY2024. Except for the approximately HK\$619,000 related to leasehold improvement of self-operated retail shops newly setup in FY2025 was funding by the net proceeds from the global offering of the Listing, other capital expenditures were financed through internally generated cash flow from our operating activities.

Looking forward, the Group anticipate a rise in capital expenditures in line with the continued growth of its business. These future investments will predominantly support the acquisition of property, plant, and equipment. The Group intend to fund such expenditures using a combination of cash flow from ongoing operations and the net proceeds from the global offering.

## **Foreign currency risk**

As at 31 December 2025 and 2024, the Group was not exposed to any significant foreign currency risk.

## **Contingent liabilities**

The Group did not have any material contingent liabilities as at 31 December 2025 and 2024.

## **Off-balance sheet commitments and arrangements**

Except for the advertising and promotion commitment mentioned in the section of "FINANCIAL REVIEW – Selling and distribution costs", the Group did not have any outstanding off-balance sheet arrangements for FY2025 and FY2024.

## **EMPLOYEE INFORMATION**

As at 31 December 2025, the Group had 254 employees, including part-time staff. The Group remunerates employees based on their performance and experience, the Group's results as well as prevailing market condition. In addition to salary and commission payment to staff, other staff benefits include discretionary bonus and internal training.

## **SIGNIFICANT INVESTMENT**

During FY2025, the Group did not have any plan for significant investment.

## USE OF PROCEEDS

On 11 December 2024, the Company offered 33,333,600 shares for subscription in the global offering. The offer price per share was determined at HK\$3.75 and the shares were successfully listed on the Main Board of the Stock Exchange on 19 December 2024. The net proceeds (after deduction of underwriting fees and commissions and other listing expenses) from the Listing were approximately HK\$94.4 million. The estimated net proceeds under the section headed “Future plans and use of proceeds” in the prospectus of the Company dated 11 December 2024 (the “**Prospectus**”) was HK\$102.0 million. The difference of approximately HK\$7.6 million has been adjusted in the same proportion to the use of proceeds as disclosed in the Prospectus.

The below table sets out the planned application of the net proceeds:

Intended application of the net proceeds	Approximate percentage of total net proceeds	Adjusted planned allocation <i>HK\$ million</i>	Unutilised	Utilised	Unutilised	Expected timetable for full utilisation <i>(Note)</i>
			amount as at 31 December 2024 <i>HK\$ million</i>	amount during the Reporting Period <i>HK\$ million</i>	amount as at 31 December 2025 <i>HK\$ million</i>	
Strategic marketing and promotion activities to further enhance the brand awareness and recognition of products under our own brands	35.7%	33.7	33.7	11.1	22.6	December 2027
Expanding, improving and optimising our sales network	37.8%	35.7	35.7	2.4	33.3	December 2027
Diversifying and enhancing our product portfolio	4.7%	4.4	4.4	–	4.4	December 2027
Talent recruitments	12.4%	11.7	11.7	1.7	10.0	December 2027
General working capital	9.4%	8.9	8.9	8.9	–	N/A
<b>Total</b>	<b>100.0%</b>	<b>94.4</b>	<b>94.4</b>	<b>24.1</b>	<b>70.3</b>	

*Note:* The expected timeline for the usage of the remaining proceeds is made based on the best estimate of our Group’s future market conditions, which is subject to the current and future development of the market conditions.

As at 31 December 2025, the unutilised net proceeds have been placed in interest-bearing accounts with licensed banks in Hong Kong.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES JOINT VENTURES**

During FY2025, the Group did not have any plan for material acquisitions and disposals of subsidiaries, associates and joint ventures.

## **PLEDGE OF ASSETS**

As at 31 December 2025, the Group has not pledged any assets.

## **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend for the Reporting Period (2024: final dividend of HK\$20,000,040).

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the qualification as Shareholders of the Company to attend and vote at the AGM to be held on Thursday, 18 June 2026, the register of members will be closed from Monday, 15 June 2026 to Thursday, 18 June 2026, both dates inclusive, during which no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 12 June 2026.

## **SHARE AWARD SCHEME**

The Company has adopted a share award scheme (the “**Share Award Scheme**”) on 3 December 2024 and the Share Award Scheme became effective from 19 December 2024 (the “**Effective Date**”). No share awards have been granted since the Effective Date and therefore no new shares may be issued in respects of awards granted during the Reporting Period to eligible participants pursuant to the Share Award Scheme.

## **FUTURE OUTLOOK AND PROSPECT**

The health supplement market in Hong Kong continues to grow steadily, fueled by heightened health awareness since the COVID-19 pandemic. Consumers are increasingly drawn to natural products, with a growing focus on mental well-being and overall wellness. There is also rising demand for personalised nutrition, as people seek products tailored to their individual needs. While this market expansion offers significant opportunities, the Group must also consider the broader economic landscape.

The Group focus on developing innovative packaging formats and expanding into new product categories. These included Western-style health supplements such as fish oil, as well as diverse types of traditional Chinese topical remedies like medicated oils for circulation and pain relief. These efforts highlight the Group's commitment to continuous innovation and to offering a comprehensive range of both Chinese and Western wellness solutions tailored to evolving consumer needs.

Looking ahead, the Group is encouraged by the gradual stabilisation in Hong Kong's retail environment and the sustained consumer interest in health and wellness products with the Hong Kong SAR Government forecasted that Hong Kong's economy will grow by 2.5% to 3.5% in 2026. This positive outlook provides a supportive backdrop for the Group's sector and is expected to benefit discretionary spending on health-related products.

In 2026, the Group will focus on a series of targeted initiatives to strengthen the market position and drive sustainable recovery. The Group plans to continue opening new retail stores in carefully selected locations to expand the physical presence, improve accessibility for customers, and capture a larger share of the growing market. At the same time, the Group will accelerate efforts to introduce innovative new products and launch additional brands, thereby enriching the product range, diversifying functional benefits, and better addressing the evolving needs and preferences of health-conscious consumers. The Group will also enhance the online sales platform to better serve customers who prefer shopping online and to capture the growing e-commerce demand in the health supplements sector. Furthermore, the Group will explore the introduction of value-added services, such as traditional Chinese medicine health talks and consultation sessions, to enhance customer engagement, encourage more frequent store visits, and create additional opportunities for consumption and loyalty. In parallel, the Group will implement more rigorous cost control measures across all operating areas, including tighter management of advertising and promotion expenses, optimised inventory levels, and greater efficiency in supply chain and administrative processes, to protect margins and improve overall profitability in a still-competitive market environment. These strategies are designed to leverage the Group's established retail network, strong brand reputation, and operational flexibility. The Group will continue to monitor market trends closely and remain agile in responding to emerging opportunities as they arise.

## **CORPORATE GOVERNANCE PRACTICES**

The Company is highly committed to achieving a high standard of corporate governance and striving to maintain the management practices in a transparent and responsible way. The Board reviews and improves the Group's corporate governance practices and business ethics on an ongoing basis. The Company has applied the principles of and complied with all the code provisions, where applicable, as set out in the Corporate Governance Code (the "**CG Code**") in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rule**") except for the deviation mentioned in the section of "CHAIRLADY AND CHIEF EXECUTIVE OFFICER".

## **CHAIRLADY AND CHIEF EXECUTIVE OFFICER**

For FY2025, under code provision C.2.1 of the CG Code, the roles of the chairlady of the Board (the “**Chairlady**”) and the chief executive officer (the “**CEO**”) of the Company should be separated and should not be performed by the same individual. However, the roles of the Chairlady and CEO of the Group are not being separated pursuant to the requirement under the code provision C.2.1 of the CG Code. Ms. Gammy Kwok is the Chairlady and also the CEO and is responsible for overseeing the operations of the Group during such period. In view of the fact that Ms. Gammy Kwok is the founder of the Group and has been operating and managing the Group since 2000, the Board believes that it is in the best interests of the Group to have Ms. Gammy Kwok taking up both roles for effective management and business development.

The Board also believes that vesting the roles of both Chairlady and CEO in the same person has the benefit of ensuring the consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. Although Ms. Gammy Kwok performs both roles of Chairlady and CEO, the division of responsibilities between the two roles is clearly established. While the Chairlady is responsible for supervising the functions and performance of the Board, the CEO is responsible for the management of the Group’s business. The Board considers that the balance of power and authority for the present arrangement will not be impaired given the appropriate delegation of the power of the Board to the senior management for the day-to-day management of the Group, and the effective functions of the independent non-executive Directors representing at least one-third of the Board such that no one individual has unfettered power of decisions. This structure will also enable the Company to make and implement decisions promptly and effectively.

The board will continue to review and consider splitting the roles of Chairlady and CEO at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

## **BOARD MEETINGS AND ATTENDANCE**

Code provision C.2.7 of the CG Code provides the chairman should at least annually hold meetings with the independent non-executive Directors without the presence of other Directors. During the Reporting Period, the independent non-executive Directors had opportunities to discuss governance and board matters among themselves and with the Chairlady without the presence of executive Directors. In addition, the Chairlady maintained regular and open communication with the independent non-executive Directors on an individual basis throughout the Reporting Period. The Board considered that these arrangements allowed the independent non-executive Directors to express their views freely and therefore served substantially the same purpose as the meeting contemplated under Code Provision C.2.7.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SECURITIES**

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s securities.

## **SECURITIES TRANSACTION OF DIRECTORS**

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors.

All the directors confirmed, following specific enquiry by the Company, their compliance with the required standard set out in the Model Code during the Reporting Period.

## **EVENTS AFTER THE REPORTING PERIOD**

The Group had no material events after the Reporting Period and up to the date of this announcement.

## **AUDIT COMMITTEE**

Pursuant to Rule 3.21 of the Listing Rules, the Audit Committee comprises of three independent non-executive directors, including Mr. Lam Yiu Por (“**Mr. Lam**”) (chairman of the Audit Committee), Professor Chan Chi Fai Andrew, and Dr. Tsang Hing Lim Kenneth. Mr. Lam possesses the appropriate professional qualifications or accounting or related financial management expertise as required.

The Group’s consolidated financial statements for the Reporting Period have been reviewed and approved by the Audit Committee. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

## **SCOPE OF WORK OF THE AUDITOR**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group’s auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance has been expressed by KPMG on the preliminary announcement.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the Company's website at [www.herbs.hk](http://www.herbs.hk) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). The annual report of the Company for the Reporting Period will be despatched to shareholders of the Company who wish to receive a printed copy of the corporate communication and will also be published on the aforesaid websites of the Stock Exchange and the Company in due course.

By order of the Board  
**Herbs Generation Group Holdings Limited**  
**Kwok Chi Yan Gammy**  
*Chairlady*

Hong Kong, 24 March 2026

*As at the date of this announcement, the Board comprises (i) Ms. Kwok Chi Yan Gammy, Mr. Li Yat Sing Petras and Ms. Young Yuen Pik as executive Directors; (ii) Mr. Kwok Chun On as non-executive Director; and (iii) Professor Chan Chi Fai Andrew, SBS, JP, Mr. Lam Yiu Por and Dr. Tsang Hing Lim Kenneth as independent non-executive Directors.*