China Health Group Limited
中國衛生集團有限公司

(Carrying on business in Hong Kong as CHG HS Limited)
(Incorporated in Bermuda with limited liability)
Listed on The Stock Exchange of Hong Kong (Stock Code : 673)

2026
ANNUAL REPORT

CONTENTS

Corporate Information

DIRECTORS

EXECUTIVE DIRECTORS
Mr. Cao Xu
Mr. Chung Ho
Ms. Ying Rensi

NON-EXECUTIVE DIRECTORS
Mr. Ying Wei
Mr. Huang Lianhai

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Li Hongyi
Mr. Wu Hui
Ms. Yang Huimin

COMPANY SECRETARY
Mr. Tsui Siu Hung Raymond

REGISTERED OFFICE
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS
Unit 801, 8/F
China Insurance Group Building
141 Des Voeux Road Central
Hong Kong

PRINCIPAL BANKER
China Construction Bank (Asia) Corporation Limited
28/F, CCB Tower,
No. 3 Connaught Road Central, Central,
Hong Kong

AUDITOR
Beijing Xinghua Caplegend CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
1/F, GR8 Inno Tech Centre,
No. 46 Tsun Yip Street,
Kwun Tong
Hong Kong

LEGAL ADVISER
Li & Partners
22/F
World Wide House
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Appleby Global Corporate Services (Bermuda) Limited
Canon's Court, 22 Victoria Street,
PO Box HM 1179,
Hamilton HM EX
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

COMPANY WEBSITE
http://www.ch-groups.com

STOCK CODE
673

Chairman's Statement

Dear Shareholders,

The past year marked one of forging ahead to achieve a turnaround for China Health Group. Under the leadership of the Board and with the unwavering efforts of all employees, we responded proactively to the profound policy changes in China's healthcare industry. We not only successfully resolved the liquidity crisis arising from historical issues, but also laid a solid foundation for the Group's long-term sustainable development.

During the year under review, the Group recorded revenue of approximately HK$41.1 million, representing an increase of 6% as compared with the previous financial year. Net loss for the year amounted to approximately HK$48.4 million, significantly narrowed from approximately HK$67.8 million in the previous year.

In response to the challenges and opportunities arising from the reform of China's healthcare system, the Group proactively undertook a strategic restructuring and upgrade of its core businesses. Active efforts to optimise its distribution product portfolio and promote the transformation of its hospital business to an integrated health management platform enabled the Group to flexibly adapt to changes in industry policies and unlock new growth potential.

In parallel with its business optimisation, the Group successfully completed fund-raising exercises during the year, including the subscription of new shares and the rights issue, raising substantial net proceeds, which effectively enabled the Group to settle its payables. With a comprehensive improvement in its financial position and alleviated liquidity pressures, the Company's auditor issued an unmodified audit opinion on the Group's consolidated financial statements for the year.

Looking ahead, in light of China's ageing population and growing healthcare demand, the Group will remain committed to improving quality of life and extending longevity by continuously exploring the frontiers of future healthcare. Over the next five years, we plan to integrate early disease screening, cutting-edge anti-ageing therapies and health monitoring to create a closed-loop healthcare system encompassing "diagnosis, treatment, monitoring". Our core objective is to develop the Group into a flagship anti-ageing platform company that systematically addresses ageing-related issues.

The Board firmly believes that, with the further execution of various strategic transformation initiatives and the restoration of a sound financial position, the Group's business will stand on increasingly solid ground. Lastly, on behalf of the Board, I would like to express my sincere gratitude to our shareholders, investors, business partners and customers for their enduring trust and unwavering support, and extend my heartfelt appreciation to all employees for their dedication and commitment throughout this challenging year. As we steadily move ahead, we look forward to working hand in hand with all stakeholders to create sustainable long-term value.

Cao Xu
Chairman

30 June 2026

Management Discussion and Analysis

RESULTS REVIEW

For the year ended 31 March 2026, the Group reported revenue of approximately HK$41.1 million, representing an increase of 6% as compared to HK$38.9 million for the previous financial year. The revenue comprises (a) income from distribution and service in medical equipment and consumables of approximately HK$34.3 million (2025: HK$27.7 million); and (b) income from hospital operation and management of approximately HK$6.8 million (2025: HK$11.2 million). The Group reported gross profit of approximately HK$7.1 million, representing a decrease of 23% as compared to HK$9.2 million for the previous year.

The directors estimate the estimated loss rates of loan and interest receivables based on historical credit loss experience of the debtors. For the year ended 31 March 2026, there was impairment loss recognised on expected credit loss ("ECL") on loan and interest receivables of approximately HK$10.6 million (2025: HK$11.7 million). An impairment analysis is performed at each reporting date using the probability of default approach to measure ECL pursuant to HKFRS 9 Financial Instruments. The probabilities of default are estimated based on comparable companies with published credit ratings. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forward-looking credit risk information. There was no change of valuation methodology for the year ended 31 March 2026. At 31 March 2026, the probability of default applied was 100% (2025: 100%) and the loss given default rate was estimated to be 61.20% (2025: 52.05%). Further details of the impairment loss on ECL on loan and interest receivables have been disclosed in note 3 of the consolidated financial statements.

The group tests goodwill for impairment on an annual basis. There was no change of valuation methodology for the year ended 31 March 2026. For the year ended 31 March 2026, the recoverable amount of cash generating units (CGUs) was determined based on value in use calculations which require the use of assumptions. The calculation adopted cash flow projections based on financial budgets approved by management covering a five-year period with pre-tax discount rate of 15.63% (2025: 15.05%) per annum. Cash flows beyond the 5-year period are extrapolated with 2% (2025: 2%) growth rate. Such estimation is based on the CGU's past performance and management's expectations of the market development. Based on the above assessment, impairment loss of goodwill in respect of distribution and service in medical equipment and consumables business of approximately HK$4.40 million (2025: nil) was recognised during the year. There was no impairment loss on goodwill on other CGUs recognised during the year (2025: HK$11.7 million). Further details of the impairment loss on goodwill have been disclosed in note 16 of the consolidated financial statements.

The Group's loss attributable to shareholders for the year was approximately HK$47.9 million as compared to a net loss of approximately HK$67.8 million for the previous year. Basic loss per share for the year was HK$4.96 cents (2025 Restated: HK$11.25 cents).

Management Discussion and Analysis

REVIEW OF BUSINESS OPERATIONS

Over the past decade, the Group's long-term objective has been to develop into a holistic medical and healthcare group in the People's Republic of China (the "PRC") by integrating its capabilities across (i) hospital management and operations supported by information technology; (ii) procurement, marketing and distribution of high-quality medical devices and consumables to hospitals and clinics; (iii) research, development and manufacturing of healthcare and wellness products; and (iv) provision of a broad range of medical-related services.

Throughout the years, the Group's business strategy has been formulated with careful regard to various factors relevant to the PRC medical and healthcare market including but not limited to, (i) the ongoing opening up and reform of the medical and health systems; (ii) the rising public awareness of importance of healthcare and wellness; (iii) the development trend of the medical insurance system; (iv) the aging demographic profile of population; (v) rapid advancement of medical and healthcare related technology; (vi) the growth in GDP and the wealth of the population on average; and (vii) rapid urbanisation across the PRC.

For the year ended 31 March 2026, the business operations of the Group comprise (a) medical equipment and consumables distribution and service business; and (b) hospital operation and management services business.

(a) Medical equipment and consumables distribution and service business

The Group operated the medical equipment and consumables distribution and service business mainly through its subsidiary, namely 北京佑康健業醫療器械有限公司 (Beijing Youkang Jianye Medical Equipment Co., Ltd., "Beijing Youkang") based in Beijing, the PRC. Beijing Youkang focuses on the cardiovascular and coronary medical fields, reflecting both (i) China's ageing population prone to cardiovascular and coronary diseases; and (ii) the growing prevalence of heart disease among China's younger population. Beijing Youkang serves hospitals and clinical customers primarily in Beijing and surrounding regions. It sources products from multinational medical-device manufacturers as well as reputable domestic importers and producers. Its core product portfolio covers a wide range of surgical, cardiac and vascular, electrophysiology consumables and equipment.

In 2022, the second wave of national medical and healthcare reforms in the PRC has significantly reshaped the operating environment for the medical industry. The reforms aimed to improve the cost-efficiency and transparency in the national healthcare insurance system by (i) implementing centralised procurement of medicines and medical consumables; (ii) standardising treatment and reimbursement ceilings; and (iii) discouraging excessive medical procedures and profit-driven practices.

Management Discussion and Analysis

Under the continued impact of the nationwide centralised procurement policy （集採） and tightened hospital budget, the Group has decided strategically to scale down sales of emergency surgery equipment which experienced reduced unit selling prices and lower margins. While this policy enhanced transparency and reduced procurement costs for hospitals, it also intensified competition among distributors and restricted pricing flexibility, particularly for imported and high-end medical products, and therefore decreased the revenue and profitability of the business.

Nevertheless, the Group considers that imported premium medical consumables continue to possess a competitive advantage over domestic alternatives in terms of quality, reliability and safety, and are expected to maintain steady demand among major hospitals, albeit at lower margins, as they are essential consumable items used in surgeries, as compared to medical devices which have a longer replacement life-cycle. Moreover, under the second wave of national medical healthcare reforms in the PRC, as mentioned above, (i) centralised procurement has significantly lowered the prices of many medical consumables; and (ii) hospitals are subject to standardised treatment plans which, among other things, limits the range of their pricing, the overall cost of surgical procedures have become more affordable to patients. The Group expects this affordability may increase procedure volumes, leading to increased overall consumption of medical consumables, particularly in affluent markets such as Beijing and among top-tier hospitals, which will attract more patients given their more advanced facilities and overall affordability, as discussed above, creating new opportunities for sales growth in the medium to long term.

In light of the foregoing, the Group strategically realigned its product portfolio, focusing on (i) diversification into new surgical fields; (ii) reinforcing the sales of existing products with more favourable margins; and (iii) leveraging its established strength in cardiovascular product distribution. In March 2025, the Group commenced the distribution of cryoablation needles used in tumour surgery, representing its first entry into the oncology-related surgical segment. The Group also plans to launch cardiac pacemaker and other new cardiovascular products. The product mix has shifted toward wider surgical applications and high-turnover consumables required by the hospitals.

The planned new cardiovascular products, including the cardiac pacemaker, are products which are listed for centralised procurement under the national centralized procurement policies. However, these new products have higher margins in comparison to other centrally procured products. Together with the cryoablation needles used in tumour surgery, which are not products listed for centralised procurement under the current policies, the introduction of these new products are expected to improve the overall profitability of the Group's product mix.

To further broaden its product portfolio, the Group has been in discussions with two leading cardiovascular hospitals in Beijing regarding the introduction of new cardiovascular products. The proposed cooperation with one hospital involves the distribution of foreign-branded cardiac pacemaker products, while the potential cooperation with the other hospital focuses on domestic-branded cardiovascular products.

Management Discussion and Analysis

While the Beijing market remains highly regulated and competitive, characterised by stringent hospital-access requirements and a landscape dominated by large state-owned authorised hospital procurement platforms with strong financial institution backing, Beijing Youkang's long-standing presence, extensive hospital network, and established reputation for service quality provide it with a competitive edge over other distributors.

The Group recorded revenue of approximately HK$34.3 million (2025: HK$27.7 million), representing an increase of 24% as compared with the previous year. The loss was approximately HK$0.6 million (2025: HK$0.4 million) during the year.

(b) Hospital operation and management services business

安平康融醫院 ("Anping Hospital") is private profit-making Class II general hospital located in Anping County, Hebei Province, the PRC. The total gross floor area of the hospital is approximately 6,123 square metres, of which approximately 3,000 square metres are for treatment and diagnosis use, offering up to 130 beds. The hospital provides services covering clinical medicine, pediatrics, surgery, gynecology, traditional Chinese medicine and otolaryngology through outpatient services, hospitalization and general medical services including health examinations and diagnosis.

Since 2022, the second wave of national medical and healthcare reforms in the PRC has also significantly reshaped the operating environment for private hospitals. While these policies have strengthened system integrity, they have also compressed operating margins and intensified competition.

With the introduction of standardised treatment under the 2022 medical and healthcare reforms, which, among other things, limits the pricing of services, larger Class II and Class III hospitals with advanced diagnostic and surgical facilities have become more affordable and attractive to patients who previously could only afford to seek care at smaller Class II hospitals, such as Anping Hospital, or Class I hospitals. The 2022 medical and healthcare reforms also reduced demand for non-essential inpatient and outpatient treatments and operations. Consequently, inpatient admissions and surgical volumes of Anping Hospital declined. Outpatient services also weakened, reflecting reductions in both patient visits and average fees per case.

In light of these structural changes, the Group has refined its operational strategy to ensure continuous development of the hospital operation. The strategy is twofold:

1. Strategic repositioning – transforming Anping Hospital from a conventional treatment-oriented general hospital into an integrated rehabilitation, nursing-care and health-management platform, focusing on service areas supported by recurring demand and national policy priorities; and

2. Business revitalisation – restoring revenue growth and achieving operating breakeven through the development of post-treatment rehabilitation, elderly care and preventive health programmes, which leverage existing facilities and human resources without significant capital expenditure.

Management Discussion and Analysis

This refined direction represents a pragmatic response to the evolving dynamics of the PRC healthcare industry. Given the increasing competition from larger Class II and Class III hospitals and the hospital's limitations in advanced medical equipment, Anping Hospital is shifting its focus away from capital-intensive surgical operations toward service areas that better utilise its existing resources. By repurposing inpatient beds for rehabilitation and nursing-care services, the hospital aims to enhance asset efficiency while aligning its operations with national healthcare policies promoting "medical-nursing integration"（醫養結合） and community-based eldercare development.

To align with its refined strategic direction, the Group plans to broaden Anping Hospital's service scope from a treatment-based model to an integrated rehabilitation, nursing-care and health-management platform. The hospital will strengthen and expand service lines such as health examination, traditional Chinese medicine, pain treatment, physiotherapy and rehabilitation, with the goal of providing continuous, community-based health-management services. These initiatives aim to capture growing demand for preventive and rehabilitative care driven by China's ageing population and evolving healthcare policies.

Building upon its existing core departments including internal medicine, gynaecology, paediatrics and laboratory diagnostics, Anping Hospital is launching a health-management programme initially focused on four key areas:

1. Patient self-paid physical check-up packages and the establishment of personal health records;

2. Chronic-disease medication management and improvement of metabolic indicators for patients with hypertension and diabetes;

3. Weight-control and healthy-diet programmes; and

4. Sleep-quality improvement and lifestyle-coaching services.

These programmes are designed to generate recurring service income, expand outpatient traffic, and align with national public-health and preventive-care policies.

The hospital's repositioning began in October 2025, with foundational work underway, including business planning, departmental restructuring, staff redeployment and professional training. In respect of the repositioning, the Group (i) will repurpose underutilised inpatient beds for rehabilitation and nursing-care services; and (ii) has arranged/will arrange training for existing staff and will hire additional qualified staff to provide the new services.

Management Discussion and Analysis

Anping Hospital has also entered into nine cooperation agreements with elderly nursing homes in Anping County and is in negotiation with three additional institutions. Such cooperation forms part of Anping Hospital's community outreach and marketing activities for its medical and healthcare services, through forming referral and service networks with nursing homes, it aims to broaden the patient base, strengthen community presence and enhance the reputation of the hospital. Under these agreements, Anping Hospital will provide free services to the residents of the elderly nursing homes including:

1. streamlined registration, consultation, examination and admission procedures for elderly patients, supported by designated guidance nurses;

2. regular clinics providing consultations and promoting Anping Hospital's healthcare services;

3. regular lectures, consultations and medical guidance on health and chronic disease management;

4. seasonal rehabilitation, nursing and health-education programmes, along with training for nursing-home staff; and

5. assistance to partner nursing homes to establish standard protocols for rehabilitation, geriatric nursing and home-care services.

To ensure effective implementation of the repositioning, a new hospital president was appointed in early October 2025. He brings extensive experience in hospital management and in developing integrated rehabilitation and elderly-care services, and is overseeing the hospital's transition toward a health-management centred model. The Group is also seeking to hire additional qualified medical personnel to bolster its existing departments and services.

Anping Hospital has also introduced a comprehensive cost-based and performance-based review system that links staff remuneration to measurable outcomes such as departmental efficiency, service quality and revenue contribution. This system enhances motivation, accountability and proactive patient acquisition, fostering a more efficient and results-oriented management culture.

Going forward, the integration of these initiatives is expected to improve operating efficiency, diversify revenue sources, and position Anping Hospital to achieve operational turnaround and growth within the reformed healthcare environment.

The Group recorded revenue from hospital operation of approximately HK$6.8 million (2025: HK$11.2 million) and loss of approximately HK$6.2 million (2025: HK$14.2 million) during the year.

Management Discussion and Analysis

ACTIONS TAKEN TO RECOVER THE LOAN AND INTEREST RECEIVABLES

During the year, the Group has taken actions to recover certain loan and interest receivables of the Group as disclosed in the announcement of the Company dated 28 November 2025 and as detailed below:

(a) Shuangluan Hospital

On 30 April 2021, the Group, 承德市雙灤區人民醫院暨承德市精神病醫院 (Shuangluan District, Chengde City Hospital (Chengde City Psychiatric Hospital)) ("Shuangluan Hospital") and the People's Government of Shuangluan District, Chengde City ("the Shuangluan Government") entered into a settlement agreement (the "Settlement Agreement"), inter alia, in relation to (i) the cessation of the Group's management right over Shuangluan Hospital; and (ii) the settlement plan of the outstanding principal and unpaid management fees in aggregate of approximately RMB85.4 million (equivalent to approximately HK$102.5 million).

On 12 September 2024, a writ (the "Writ") dated 1 August 2024 filed by the Company (as the plaintiff) against the Shuangluan Government and Shuangluan Hospital (as the defendants) in respect of claims for outstanding balance and interest thereon under the Settlement Agreement was accepted by the Intermediate People's Court of Chengde City, Hebei Province (the "Chengde Intermediate Court"). According to the Writ, the Company's claims including the outstanding principal amount and interest is approximately RMB59.1 million (equivalent to approximately HK$64.8 million). Such litigation has been accepted and registered at the Chengde Intermediate Court on 21 May 2025.

As at 31 March 2026, the outstanding balance (before allowance for credit losses) from Shuangluan Hospital is approximately RMB46.5 million (equivalent to approximately HK$52.7 million) (2025: RMB46.5 million, equivalent to approximately HK$50.3 million).

The Company was notified by its litigation counsel that it has received the civil judgment dated 12 May 2026 from the Chengde Intermediate Court (the "Civil Judgment"). The Civil Judgment was served on 21 May 2026. The judgment of the Chengde Intermediate Court is as follows:

1. The Shuangluan Hospital shall, within ten days after the judgment under the Civil Judgment takes effect, repay to the Company the outstanding principal amount of the loan of RMB46,457,962.16 together with interest thereon (calculated on the basis of RMB46,657,962.16 from 31 October 2023 to 5 July 2024 at an annual interest rate of 7%; and calculated on the basis of RMB46,457,962.16 from 6 July 2024 until the date of full repayment of the loan at an annual interest rate of 7%);

2. The other litigation claims of the Company are dismissed.

Management Discussion and Analysis

In June 2026, the Company has filed an appeal to the Higher People's Court of Hebei Province against the Civil Judgment from the Chengde Intermediate Court.

Further details of the above have been disclosed in the announcements of the Company dated 30 April 2021, 13 September 2024 and 26 May 2026. Further announcement(s) will be made by the Company for the material developments in relation to the above.

(b) Wuhan Mingcheng Wangda Pharmaceutical Co., Ltd.

On 16 June 2023, the Group completed the acquisition of 51% equity interest in Golden Alliance Limited ("Golden Alliance") which is principally engaged in distribution and marketing of pharmaceutical products in the PRC through its indirectly wholly owned subsidiary 武漢明誠旺達醫藥有限公司 (Wuhan Mingcheng Wangda Pharmaceutical Co., Ltd., "Mingcheng Wangda") (the "Golden Alliance Acquisition"). Golden Alliance and its subsidiaries including Mingcheng Wangda were disposed by the Group subsequently on 23 April 2024.

On 5 December 2022, the Group provided the initial loan (the "Initial Loan") of RMB4.0 million (equivalent to approximately HK$4.4 million) to Mingcheng Wangda. On 5 March, 9 May, 23 May and 1 June 2023, the Group provided the additional loans (the "Additional Loans") to Mingcheng Wangda in the aggregate amount of RMB4.7 million (equivalent to approximately HK$5.2 million). Between 16 June 2023 and 1 August 2023, the Group made further shareholder's loans (the "Shareholder's Loans") to Mingcheng Wangda in the aggregate amount of RMB3.6 million (equivalent to approximately HK$3.9 million).

Further details of the above has been disclosed in the announcements of the Company dated 6 February 2023, 26 April 2023, 31 May 2023, 16 June 2023, 23 April 2024 and 4 March 2025.

On 5 September 2025, the Group initiated legal proceedings against Mingcheng Wangda at the People's Court of Nanshan District, Shenzhen City, the PRC (the "Nanshan Court") for the recovery of the Loans. The litigation was accepted and registered at the Nanshan Court on 9 September 2025. The Nanshan Court has not yet scheduled or fixed a date for the first hearing of the case as at date of this report.

As at 31 March 2026, all the loans (the "Loans") (before allowance for credit losses), including the Initial Loan, the Additional Loans and the Shareholder's Loans, are due and payable in an aggregate amount of approximately RMB12.3 million (equivalent to approximately HK$13.9 million) (2025: RMB12.3 million, equivalent to approximately HK$13.3 million).

Management Discussion and Analysis

(c) Beijing Jimuyun Health Technology Company Limited

北京極目雲健康科技有限公司(Beijing Jimuyun Health Technology Company Limited, "Jimuyun") is a developer of hospital management system which was supplied to Shuangluan Hospital and Anping Hospital. The Group granted loans of RMB4 million to Jimuyun in 2017. Jimuyun has made several repayments and the loan has been extended to 31 March 2026. The Group is discussing the extension of the loan with Jimuyun as at date of this report.

The Group has been maintaining close communications with the relevant parties in monitoring the recovery process. In August 2025, the management of the Company met with one of representative of one of Jimuyun's shareholders to discuss the repayment plan for the loan. The Group was informed that Jimuyun was in the process of engaging a qualified independent valuer to conduct a valuation of its hospital management system which may be acquired by a leading enterprise in the development of medical information system for hospitals in the PRC. As at date of this report, based on the latest information available from Jimuyun, the mentioned possible acquisition would not proceed. Nevertheless, Jimuyun is actively seeking potential fund raising through various channels. The Group will continue to liaise with the relevant parties on the repayment plan for the loan.

As at 31 March 2026, the loan with principal amount (before allowance for credit losses) of approximately RMB3.5 million (equivalent to approximately HK$4.0 million) (2025: RMB3.9 million, equivalent to approximately HK$4.2 million) and accrued interest (before allowance for credit losses) of approximately RMB1.3 million (equivalent to approximately HK$1.4 million) (2025: RMB1.3 million, equivalent to approximately HK$1.4 million) remained outstanding.

UPDATE ON INTERNAL CONTROL REVIEW

As also disclosed in the announcement of the Company dated 4 March 2025, there were mistaken classifications of the Golden Alliance Acquisition and provision of the Initial Loan and the Additional Loans caused by an inadvertent oversight of the application of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") by the Group. In order to avoid the recurrence of similar events in the future, the remedial measures, including engagement of professional consultants (the "IC Consultant") to review its internal controls in respect of compliance with the Listing Rules, have been taken by the Group to ensure that the Listing Rules are strictly complied with.

Management Discussion and Analysis

The internal control review ("IC Review") has been completed by the IC Consultant on 26 May 2025. The findings of the IC Review have been disclosed in the announcement of the Company dated 26 May 2025 and the annual report of the Company for the year ended 31 March 2025 (the "2025 Annual Report"). The Group has implemented all of the remedial actions, which it considers to be sufficient to address the key findings in the Group's internal control system in respect of compliance with Listing Rules identified in the IC Review. On 21 July 2025, the IC Consultant completed its follow-up review to assess the implementation of the remedial actions. The key findings of the follow-up review have been disclosed in the announcement of the Company dated 21 July 2025 and the section headed "Risk Management and Internal Control" in the Corporate Governance Report. The IC Consultant has confirmed that, based on their follow-up review, nothing has come to their attention that causes them to believe the Company do not have in place adequate internal control systems, policies and procedures to ensure compliance with the Listing Rules.

The Board is of the view that the enhanced internal control measures implemented based on the IC Consultant's recommendations are adequate and sufficient to address the key findings of the IC Review. The Group will continue to implement these enhanced internal control measures on an ongoing basis to further strengthen its internal control system and ensure continued compliance with the Listing Rules.

UPDATE IN RELATION TO THE DISCLAIMER OF OPINION ON THE 2025 ANNUAL REPORT

As disclosed in the 2025 Annual Report, the auditor of the Company issued a disclaimer of opinion on multiple uncertainties related to going concern on the consolidated financial statements of the Group for the year ended 31 March 2025 (the "Disclaimer of Opinion").

To address the liquidity pressure of the Group and the Disclaimer of Opinion for the year ended 31 March 2026, the Board has been actively implementing several plans and measures, including (i) entering into the subscription agreements to raise estimated gross proceeds of approximately HK$70.0 million; (ii) proposing a rights issue to raise estimated gross proceeds of approximately HK$15.0 million; (iii) negotiating with the bank for renewal of the Group's bank borrowing of approximately HK$5.4 million as at 31 March 2025; and (iv) seeking potential new funding through various channels as and when needed.

With reference to (i) and (ii) above, the subscriptions and rights issue, as mentioned in section headed "Fund Raising Activities", were completed on 6 October 2025 and raised aggregate net proceeds of approximately HK$80.9 million.

With reference to (iii) above, the bank borrowing of approximately HK$5.4 million as at 31 March 2025 was fully repaid in February 2026. Subsequently, the Group obtained a new banking facility with a credit limit of approximately HK$4.6 million for a term of two years.

Management Discussion and Analysis

With reference to (iv) above, as mentioned in section headed "Fund Raising Activities", the subscription for new shares was completed on 26 February 2026, raising further net proceeds of approximately HK$25.3 million.

Following the implementation of the above measures, the auditor of the Company issued an unqualified audit opinion on the consolidated financial statements of the Group for the year ended 31 March 2026.

MATERIAL ACQUISITIONS AND DISPOSALS

(1) Disposal of Jinmei Developments Limited

On 16 November 2023, the Group completed acquisition of 100% equity interest in Jinmei Developments Limited ("Jinmei") at the consideration of HK$146 million which were satisfied by the issue of the promissory note of HK$146 million (the "Promissory Note"). Jinmei and its subsidiaries (the "Jinmei Group") are principally engaged in the research and development and sale of functional foods for the prevention of cardiovascular and cerebrovascular diseases through its wholly owned subsidiary, 深圳市偉航奕寧生物科技有限公司 (Shenzhen Weihang Yining Biotechnology Co., Ltd).

On 19 November 2024, Long Heng Investments Limited (a direct and wholly owned subsidiary of the Company as the purchaser of Jinmei Developments, "Long Heng") and the Company received a letter from the legal representatives of the vendor of Jinmei Developments, Ever True Ventures Limited ("Ever True"), claiming its rights under the agreement in respect of acquisition of 100% equity interest in Jinmei Developments (the "Jinmei Agreement") and the Promissory Note (i.e. the consideration) on the basis that the cross-default clause (the "Cross-Default Clause") has been triggered as a result of a statutory demand of US$4 million from Capital Foresight Limited received by the Company following the Appeal Judgment (as detailed in note 12 of these financial statements).

Pursuant to the Cross-Default Clause, in the event that a cross-default event occurs, Ever True and Long Heng shall jointly appoint an independent valuer for valuation of Jinmei Group, and the consideration shall be revised to the amount of such valuation or HK$146 million, whichever is lower. The revised consideration shall be payable at a time to be agreed between the parties but in any event no later than the maturity date under the Jinmei Agreement. The Company and Ever True engaged in negotiations regarding the appointment of an independent valuer to determine the revised consideration under the Jinmei Agreement. However, no consensus was reached. Ever True indicated that the revised consideration should be no less than the unaudited fair value of the promissory note of approximately HK$20.3 million as disclosed in the interim report for the six months ended 30 September 2024. Ever True also expressed concern that, the Company shall make reasonable efforts to promote the Jinmei Group's business, and that the ongoing disputes had delayed execution of the Jinmei Group's business plan.

Management Discussion and Analysis

To resolve the disputes and as part of the Group's restructuring efforts to restore long-term financial stability, on 3 July 2025, a settlement deed (the "Settlement Deed") is entered into among the Company, Long Heng, Ever True and Ms. Ma Xiaoming (as the guarantor who owns entire equity interest in Ever True). Pursuant to the Settlement Deed, subject to fulfilment of condition precedent,

(i) Ever True shall return the original copy of the Promissory Note to the Company, and the Company shall cancel the Promissory Note immediately upon receipt;

(ii) Long Heng shall effect the transfer of the entire equity interest in Jinmei to Ever True for a nominal consideration of HK$1 (the "Transfer"); and

(iii) Long Heng shall pay Ever True in the sum of HK$12 million which shall be settled by way of the settlement note (the "Settlement Note") issued by the Company which shall not carry any interest and mature on 30 June 2026 in full and final settlement of the disputes.

The above transactions under the Settlement Deed, i.e. cancellation of the Promissory Note, the Transfer and issue of the Settlement Note took place on 18 July 2025. Jinmei has been disposed and Jinmei Group ceased to be subsidiaries of the Company upon the completion of the Transfer. Further details of the above have been disclosed in the announcements of the Company dated 20 November 2024, 3 July 2025 and 18 July 2025.

(2) Termination of 100% equity interest in ProteinT (Tianjin) Diagnostic, Co., Ltd

On 5 July 2024, Zhongwei Health, the Company, 譜天（天津）生物科技有限公司 (ProteinT (Tianjin) Biotechnology Co., Ltd.) as the vendor, Friendly Act Limited (as the "Vendor Nominee") and Mr. Li Jie (as the guarantor) entered into the agreement in respect of acquisition of 100% equity interest in 譜天福信（天津）分子診斷技術有限公司 (ProteinT (Tianjin) Diagnostic, Co., Ltd, "ProteinT Diagnostic"), at the initial consideration of HK$46,666,667, which shall be satisfied by the allotment and issue of the 58,333,333 shares at the issue price of HK$0.80 per share by the Company to the Vendor Nominee. In the event that the condition for the additional consideration subject to earnout condition and mechanism is fulfilled, the vendor will be entitled to an additional consideration of HK$9,333,333 which shall be satisfied by the allotment and issue of 11,666,667 shares at the issue price of HK$0.80 per share by the Company to the Vendor Nominee. The total consideration for the acquisition of ProteinT Diagnostic would be HK$56,000,000 accordingly.

ProteinT Diagnostic is principally engaged in sale and distribution of molecular diagnostics technology related equipments and reagents, and provision of ancillary services such as technical support and maintenance services in the PRC.

Management Discussion and Analysis

On 31 October 2024, all parties to the agreement entered into a supplemental agreement to extend the long stop date (the "Long Stop Date") of the transaction from 31 October 2024 to 28 February 2025. On 28 February 2025, the Long Stop Date has been further extended to 30 June 2025. As no agreement was reached by the parties to further extend the Long Stop Date, the agreement terminated.

Further details of the above has been disclosed in the announcements of the Company dated 7 July 2024, 21 August 2024, 30 September 2024, 31 October 2024, 28 February 2025 and 30 June 2025.

Save as the above, there were no other material acquisitions and disposals during the year.

SIGNIFICANT INVESTMENT

In March 2026, the Company entered into a limited partnership agreement to subscribe for an interest in Tyrian Purple, L.P. (the "Fund") as a Limited Partner. The Fund is an exempted limited partnership registered in the Cayman Islands, with a core focus on private equity investments in the healthcare and life sciences sector. The General Partner and Investment Manager of the Fund are CDH China HF Holdings Company Limited and CDH Wealth Management Company Limited respectively. The Company's total committed and paid-up capital contribution to the Fund shall not exceed the Japanese Yen equivalent of HK$10 million (the "Contribution Amount"). The contribution Amount was financed by the net proceeds raised under the issue of new shares under general mandate as detailed in section headed "Fund Raising Activities". The subscription of the Fund was not yet completed as at date of this report. As at 31 March 2026, the Fund with carrying value of approximately HK$9.9 million (2025: nil) was classified as "Prepayment" in the Consolidated Statement of Financial Position of the Company.

Save as disclosed above, the Group had no other significant investment of carrying value of 5% or more of the total assets as at 31 March 2026 (2025: nil).

FUND RAISING ACTIVITIES

(1) Subscriptions of new shares and rights issue

On 13 November 2024, the Company and Ample Colour Limited ("Ample Colour"), which is wholly owned by Mr. Ying Wei, who is a former non-executive Director during the period from June 2016 to May 2018 and is re-appointed as non-executive Director on 31 October 2025, entered into a non-legally binding letter of intent for subscription of shares in an aggregate amount of not less than HK$50 million.

Management Discussion and Analysis

On 30 April 2025, the Company entered into the subscription agreements (the "Subscription Agreements") with Ample Colour, Perfect Link Group Limited which is wholly owned by Ms. Ying Rensi (who is the daughter of Mr. Ying Wei and is appointed as executive Director on 31 October 2025) and Ms. Wu Linling in relation to the issue and subscription of a total of 700,000,000 new shares at the subscription price of HK$0.1 per subscription share. Pursuant to the Subscription Agreements, the subscription shares shall be allotted and issued simultaneously with that of the new share(s) to be allotted and issued under the Rights Issue (as defined below). For the avoidance of doubt, the subscription shares will not be entitled to the Rights Issue.

The Company also proposed to implement the rights issue (the "Rights Issue") on the basis of three (3) rights shares for every ten (10) shares at the issue price of HK$0.1 per rights share to raise a gross amount of in the range of between approximately HK$14.7 million and approximately HK$15.0 million. The minimum and maximum number of rights shares to be issued pursuant to the Rights Issue are 147,493,428 and 149,848,428 rights shares respectively.

Each of Mr. Zhang Fan (the former Chairman of the Company resigned on 31 October 2025) and Treasure Wagon Limited (the "Underwriter", a company wholly owned by Mr. Zhang and being the underwriter of the Rights Issue as detailed below) has unconditionally and irrevocably undertaken to the Company that each of them will take up the 392,220 rights shares and the 40,797,600 rights shares, respectively pursuant to the deed of covenants and undertaking dated 30 April 2025 executed among the Company, Mr. Zhang and the Underwriter (the "Deed of Covenants and Undertaking").

On 30 April 2025, the Company and the Great Bay Securities Limited as the placing agent (the "Placing Agent") entered into the placing agent agreement (the "Placing Agent Agreement") for subscription for the unsubscribed rights shares on a best effort basis. The placing price of the unsubscribed rights shares shall be not less than the subscription price of HK$0.1 per subscription share. The final price determination will be determined based on the demand for and market conditions of the unsubscribed rights shares during the placing.

On 30 April 2025, the Company also entered into the underwriting agreement (the "Underwriting Agreement") with Treasure Wagon Limited in respect of the Rights Issue for subscription of untaken rights shares, being all the unsubscribed rights shares that are not successfully placed by the Placing Agent (up to 108,658,608 rights shares).

At the special general meeting of the Company held on 20 August 2025, the relevant resolutions approving the Subscription Agreements, the special deals (the "Special Deals", i.e. the Underwriting Agreement and the Placing Agent Agreement) and the transactions contemplated thereunder as well as the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code were duly passed. Besides, the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong (SFC) had granted the Whitewash Waiver to Ample Colour and consent for the Special Deals on 19 August 2025.

Management Discussion and Analysis

The total number of rights shares offered under the Rights Issue is 147,493,428. A total of 10 valid acceptances for a total of 119,689,791 rights shares had been received, representing approximately 81.1% of all the rights shares. Accordingly, the Rights Issue was undersubscribed by 27,803,637 rights shares, representing approximately 18.9% of all the rights shares. Pursuant to the Deed of Covenants and Undertaking, Mr. Zhang and the Underwriter subscribed for 392,220 and 40,797,600 rights shares respectively.

On 25 September 2025, all the unsubscribed rights shares had been successfully placed out by the Placing Agent at the price of HK$0.10 per share to four independent placees.

700,000,000 subscription shares and 147,493,428 rights shares were issued upon completion of the subscriptions of shares and the Rights Issue on 6 October 2025. The gross proceeds and net proceeds from the subscriptions and the Rights Issue were approximately HK$84.7 million and HK$80.9 million, respectively. The net subscription price and issue price are both at approximately HK$0.095 per subscription share and rights share.

The Company intended to apply the net proceeds: (a) as to approximately HK$65.3 million for settlement of payables of the Group; (b) as to approximately HK$12 million for repayment of principal of the Settlement Note issued under the Settlement Deed; and (c) as to approximately HK$3.6 million as working capital of the Group. As at date of this report, all the net proceeds were utilised as intended.

Further details of the above have been disclosed in the announcements of the Company dated 22 May 2025, 12 June 2025, 11 July 2025, 20 August 2025, 22 September 2025, 24 September 2025, 3 October 2025 and 6 October 2025, the circular of the Company dated 31 July 2025 and the prospectus of the Company dated 3 September 2025.

(2) Subscription of new shares under general mandate

On 2 February 2026, the Company and Riheng HK Limited, which is wholly owned by Zhang Xiaoling (an independent third party of the Company), entered into the subscription agreement in relation to subscription of 48,000,000 subscription shares at a subscription price of HK$0.53 per subscription share. The gross proceeds and the net proceeds (after deduction of related expenses) from the subscription were approximately HK$25.4 million and HK$25.3 million respectively. On such basis, the net issue price was approximately HK$0.526 per subscription share.

The Company intended to apply the net proceeds as follows: (i) approximately HK$10 million, representing about 40% of the net proceeds for future investments; and (ii) approximately HK$15.3 million, representing about 60% of the net proceeds for replenishing the general working capital of the Group, including payment of daily operating expenses (including staff costs and rental expenses) and settlement of the amount due to suppliers.

Management Discussion and Analysis

The subscription of shares was completed on 26 February 2026. Further details of the above have been disclosed in the announcements of the Company dated 2 February 2026 and 26 February 2026.

As at date of this report, the net proceeds were utilised (i) as to approximately HK$10 million for subscription of the Fund as intended; and (ii) as to approximately HK$5.9 million as the general working capital of the Group as intended. It is planned that the remaining proceeds of approximately HK$9.4 million will be used as intended by end of 2026.

Save as disclosed above, there was no unutilised proceed brought forward from any issue of equity securities made in previous years.

LIQUIDITY AND CAPITAL RESOURCES

The Group mainly financed its day to day operations by internally generated cash flow and the above fund raising activities during the year.

As at 31 March 2026, the Group's cash and cash equivalents amounted to approximately HK$21.4 million (2025: HK$1.0 million). As at 31 March 2026, the current assets and net current assets of the Group are approximately HK$119.6 million (2025: HK$114.6 million) and HK$22.8 million (2025: net current liabilities of HK$17.3 million) respectively, representing a current ratio of 1.24 (2025: 0.88).

As at 31 March 2026, the Group has certain bank loans, which were denominated in Renminbi, amounting to approximately RMB3.8 million (equivalent to HK$4.3 million) (2025: RMB5 million, equivalent to HK$5.4 million). The loans carried interest ranging from loan prime rate (LPR) minus 50 basis points (0.01% per basis point) and repayable on demand.

As at 31 March 2025, other payable of US$4 million (equivalent to approximately HK$31.1 million) in respect of the Appeal Judgment as disclosed in note 25 of the consolidated financial statements was included in other payables and accrued expenses. Such other payable was fully repaid during the year.

As at 31 March 2026, the gearing ratio was 0.03 (2025: 0.25), calculated by the mentioned other payable of nil (2025: HK$31.2 million) and bank borrowings of approximately HK$4.3 million (2025: HK$5.4 million) (representing debts owed by the Company) by total assets of the Company of approximately HK$157.6 million (2025: HK$147.3 million).

The Group conducted its continuing operational business transactions mainly in Renminbi and Hong Kong dollars. The Group did not arrange any forward currency contracts for hedging purposes.

Management Discussion and Analysis

CONTINGENT LIABILITIES

As at 31 March 2026, there were no material contingent liabilities of the Group (2025: nil).

CHARGE ON GROUP'S ASSETS

As at 31 March 2026, there were no charge on the Group's assets (2025: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2026, the Group employed 111 employees (2025: 148). The total staff cost including Directors' emoluments was approximately HK$17.7 million as compared to approximately HK$19.6 million for the previous year. The Group continues to review remuneration packages of employees with reference to the level and composition of pay, the general market condition and individual performance. Staff benefits include contributions to the defined contribution retirement plans and a discretionary bonus payment which is linked to the profit performance of the Group and individual performance. Share option schemes have also been established for employees of the Group. 40,638,000 share options were granted on 2 February 2026 and were cancelled on 13 February 2026. There were 20,836,466 outstanding share options as at 31 March 2026.

FUTURE PROSPECTS

Over the next five years, building on our existing platform, the Company will continue to explore the frontiers of future medicine with the goals of improving quality of life and extending lifespan. We plan to progressively integrate multi-omics-based early disease screening, diagnosis and health monitoring, innovative active ingredient-based anti-aging skin therapies, and stem cell-based systemic multi-organ rejuvenation therapies. Through these initiatives, we aim to establish a closed-loop healthcare ecosystem spanning diagnosis, treatment and monitoring. Our ultimate goal is to become a flagship anti-aging platform company that systematically addresses aging-related issues.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Cao Xu, aged 43, has approximately 14 years of experience in investments and approximately four years of experience in the pharmaceutical industry. From July 2007 to April 2011, he held the position of lead healthcare engineer at the pharmaceutical engineering department at Bayer Technology and Engineering (Shanghai) Co., Ltd., where he was mainly responsible for process design and compliance certification of pharmaceutical projects. From May 2011 to June 2016, Mr. Cao served as a senior investment manager at Tianjin Binhai New Area Guiding Fund and Venture Capital Co., Ltd, where he was responsible for overseeing venture capital and fund-of-funds. From July 2016 to December 2020, he became a deputy general manager at CCBI Wealth Management (Beijing) Co., Ltd.. Currently, he is a partner at CDH Investment Co., Ltd. since December 2020. Mr. Cao currently also serves as a non-executive director of Cloudbreak Pharma Inc. (a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), stock code: 2592).

Mr. Cao obtained a master's degree in science in biochemical engineering from Zhejiang University, China in June 2007, and a bachelor's degree in biological engineering from Zhejiang University, China in June 2005. Mr. Cao also holds a fund practitioner qualification granted by the Asset Management Association of China in May 2017. He was appointed as executive director and chairman of the Company on 31 October 2025.

Mr. Chung Ho, aged 63, graduated from Shanghai Railway University with a Bachelor degree in Science and Technology and from the Central University of Finance and Economics with a Master degree in Economics. He has over 30 years of experience in investment, financing, corporate management and other areas and has worked in several investment institutions and companies in Mainland China and Hong Kong as senior manager and director. He was appointed as executive director of the Company on 28 December 2012 and the chief executive officer of the Company on 11 December 2017.

Ms. Ying Rensi, aged 31, is a general manager and executive director of 脈福（深圳）醫療生物科技有限公司 ("Maifu") since February 2024, and the chief executive officer of Mineup LLC ("Mineup") since 2017. Maifu is a PRC company and principally engaged in the sale and distribution of medical equipment business. Mineup is a multimedia design creative agency located in the United States. Ms. Ying is mainly responsible for overseeing Mineup's overall strategic direction, managing key partnerships, supervising executive-level operations, and leading cross-functional teams in the development of innovative creative and digital media solutions. Ms. Ying holds a master's degree in Architecture from Columbia University. She is the daughter of Mr. Ying Wei, a non-executive director of the Company and was appointed as executive director of the Company on 31 October 2025.

Biographical Details of Directors and Senior Management

NON-EXECUTIVE DIRECTORS

Mr. Ying Wei, aged 60 holds a Master's Degree in Business Administration from the University of San Francisco and a Bachelor's Degree in Economics from the Zhejiang Gongshang University (formerly known as Hangzhou Institute of Commerce) in China. He is a non-practising member of the Chinese Institute of Certified Public Accountants. During 2016 to 2025, he was an independent non-executive director of each of Zhongsheng Group Holdings Limited (a company listed on the Stock Exchange, stock code: 881). Mr. Ying is currently a managing partner of CDH Shanghai Dinghui Bai Fu Investment Management Co., Ltd. Mr. Ying is also currently (i) an independent non-executive director of Fountain Set (Holdings) Limited (a company listed on the Stock Exchange, stock code: 420); and (ii) a director of Microvast Holdings, Inc. (a company listed on American NASDAQ, stock code: MVST). Mr. Ying had been a non-executive director of the Company during the period from 18 June 2016 to 7 May 2018 and was re-appointed as non-executive director of the Company on 31 October 2025. Mr. Ying is the father of Ms. Ying Rensi, an executive director of the Company.

Mr. Huang Lianhai, aged 45, graduated from the Central South University of Forestry and Technology College of Law in 2005. Mr. Huang worked as an assistant solicitor in Guangdong Hopesun Law Firm from June 2005 to December 2007. Mr. Huang has worked in Guangdong Lawsons Law Office from August 2008 to August 2020. Currently, he is the legal and auditing director and the employee representative director of Orinko Advanced Plastics Company Limited (a company listed on the Shanghai Stock Exchange, stock code: 688219). He was appointed as non-executive director of the Company on 25 July 2017.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Yang Huimin, aged 49, obtained a bachelor's degree in economics from Zhongnan University of Economics (now known as Zhongnan University of Economics and Law) in 1998 and a Master's degree of Management in Nanjing University in 2001. Ms. Yang is a non-practising member of the Chinese Institute of Certified Public Accountants (CPA) and holds the Chartered Financial Analyst qualification (CFA). Ms. Yang has extensive experience in company finance and listed company operations. In 2010 – 2014, she joined COFCO Property (Group) Co., Ltd. (a company listed on the Shenzhen Stock Exchange with stock code of SZ000031) and successively became the vice general manager of the financial department, the general manager of the operation department and the vice general manager of the Shenzhen Centre City Company. In 2014 – 2015, Ms. Yang was appointed as the chief financial officer and secretary of the board of directors of COFCO & CM (Shenzhen) Grain Electronic Trading Centre Co., Ltd.. She has been the independent non-executive director of the Company from 18 June 2016 to 7 May 2018. She was re-appointed as independent non-executive director of the Company on 30 December 2024.

Biographical Details of Directors and Senior Management

Mr. Wu Hui, aged 66, obtained a bachelor's degree from Anhui Finance and Trade Institute (now known as Anhui University of Finance and Economics) in 1986 and a master's degree in project management from the University of Quebec, Canada, in 2007. Since July 1986, he has been a teaching assistant, lecturer, associate professor, professor, department chairman and deputy head of the teaching supervision team of the Department of Accounting, Hangzhou Institute of Commerce (now known as the School of Accounting, Zhejiang Gongshang University). From June 2013 to July 2019, he served as an independent director of Hangzhou Zhongheng Electric Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 2364). From April 2016 to May 2022, he served as an independent director of Zhejiang Fenglong Electric Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 2931). From April 2016 to May 2022, he served as an independent director of Dehua TB New Decoration Material Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 2043). From April 2017 to May 2023, he served as an independent director of Chengbang Eco-environment Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 603316). From May 2022 to May 2026, he served as an independent director of Zhejiang Narada Power Source Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 30068). Currently, he serves as independent directors of Hangzhou Greenda Electronic Materials Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 603931), Loongson Technology Corporation Limited (a company listed on the Shanghai Stock Exchange, stock code: 688047) and Zhejiang YuFeng Environment Service Incorporated Company (a company listed on the National Equities Exchange and Quotations, stock code: 872014). He was appointed as independent non-executive director of the Company on 31 October 2025.

Mr. Li Hongyi, aged 53, graduated from Sun Yat-sen Medical University in 1996, obtained a master's degree in internal medicine from China Union Medical University in 2003, obtained a doctorate degree in internal medicine (cardiovascular diseases) from Capital Medical University in 2021, and served in the department of cardiovascular medicine of Beijing Hospital since 1996, now serving as chief physician. Mr. Li is currently a professor at the Department of Medicine of Peking University, a doctoral supervisor of Peking Union Medical College and a director of the Tissue Fluid Circulation Research Centre （組織液循環研究中心）. Since 2006, a series of studies have been conducted to validate and establish the acupoint-tissue fluid circulation network, consistently driving advancements in the integration of traditional Chinese and Western medicine. He was appointed as independent non-executive director of the Company on 31 October 2025.

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Mr. Tsui Siu Hung Raymond, aged 49, is the company secretary of the Company. He joined the Group in June 2006. Mr. Tsui obtained a degree of Bachelor of Business Administration in Professional Accountancy from the Chinese University of Hong Kong in 1999. Mr. Tsui is a practising certified public accountant in Hong Kong. Mr. Tsui is a fellow member of the Association of the Chartered Certified Accountants and a fellow member of the HKICPA. Mr. Tsui has been a director and partner of Tsui & Partners CPA Limited, a registered firm of certified public accountants (practising) in Hong Kong since March 2014. Mr. Tsui has over 20 years of experience in auditing, accounting and company secretarial field.

Report of the Directors

The directors present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2026.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in distribution and service in medical equipment and consumables and provision of hospital operation and management service, during the year. Save as disposal of Jinmei Developments Limited which is principally engaged in research and development and sale of functional food business, as set out in notes 28 and 34 of the consolidated financial statements, there were no significant changes in the operation of the Group during the year.

BUSINESS REVIEW

Details of business review, financial performance and future development of the Group's business are set out in the "Management Discussion and Analysis" section from pages 4 to 20.

Principal Risks and Uncertainties

There are various risks and uncertainties including business risks, operational risks and financial risks that may have different levels of impact on the Group's financial performance, operations, business as well as future prospects.

As most of the existing healthcare projects are located in the People's Republic of China (the "PRC"), the Group's business, financial condition, results of operations and prospects are greatly affected by political, economic and legal developments and changes to government policies in the PRC. If any stricter regulations regarding the Group's operation or the healthcare industry are enacted in the future, business and operation of the Group may also be significantly impacted. Details of the financial risks are set out in note 3 to the consolidated financial statements.

Environmental Policies and Performance

The Group is committed to the long term sustainability of the environment and communities in which it operates. The Group's operations are subject to a variety of the PRC environmental laws and regulations, as well as local environmental regulations promulgated by local authorities on environmental protection. The Group was in compliance with all relevant laws and regulations regarding environmental protection in all material respects and was not subject to any environmental claims, lawsuits, penalties or administrative sanctions during the year. The Group is also committed to allocate operating and financial resources to ensure environment protection compliance as required by applicable laws and regulations.

Report of the Directors

Compliance with the Relevant Laws and Regulations

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with the applicable rules and regulations. The Group's operations are mainly carried out in the PRC and Hong Kong while the shares of Company are listed on the Stock Exchange. Hence, the Group shall comply with relevant laws and regulations in the PRC and Hong Kong and the respective places of incorporation of the Company and its subsidiaries. In addition, the Company is required to comply with the Listing Rules and other relevant regulations. The Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the year. There was no material breach or non-compliance with the applicable laws and regulations by the Group for the year ended 31 March 2026.

Relationship with Employees, Customers and Suppliers and other Stakeholders

The Group understands the success of the Group's business depends on the support from its key stakeholders, including employees, customers, suppliers, banks, regulators, hospitals and shareholders. Save as disputes in respect of the consideration under the Jinmei Agreement triggered by Cross-Default Clause, which have been resolved during the year, as disclosed in the "Material Acquistions and Disposals" of "Management Discussion and Analysis" section, there were no material and significant dispute between the Group and its key stakeholders that have a significant impact on the Group during the year.

The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 March 2026 and the state of affairs at the date are set out in the consolidated financial statements from pages 99 to 181.

The directors do not recommend the payment of any dividend for the year ended 31 March 2026 (2025: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of movement in the property, plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

Report of the Directors

SHARE CAPITAL

Details of movement in the Company's share capital during the year are set out in note 31 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the year are set out in consolidated statement of changes in equity on pages 103 and 104.

DISTRIBUTABLE RESERVES

As at 31 March 2026, the Company had no reserves available for distribution and/or distribution in specie, as calculated in accordance with the Companies Act 1981 of Bermuda.

DIRECTORS AND THEIR SERVICE CONTRACTS

The directors of the Company ("Directors") during the year and up to the date of this report:

Executive Directors

Mr. Cao Xu (appointed on 31 October 2025)
Mr. Zhang Fan (resigned on 31 October 2025)
Mr. Chung Ho
Ms. Ying Rensi (appointed on 31 October 2025)
Mr. Xing Yong (resigned on 31 October 2025)

Non-executive Directors

Mr. Ying Wei (appointed on 31 October 2025)
Mr. Huang Lianhai
Mr. Wang Jingming (resigned on 31 October 2025)

Independent non-executive Directors

Ms. Yang Huimin
Mr. Wu Hui (appointed on 31 October 2025)
Mr. Li Hongyi (appointed on 31 October 2025)
Mr. Jiang Xuejun (resigned on 31 October 2025)
Mr. Du Yanhua (resigned on 31 October 2025)
Mr. Lai Liangquan (resigned on 31 October 2025)

The biographical details of the Directors and senior management of the Group are set out from pages 21 to 24 of this report.

Report of the Directors

In accordance with the Company's Bye-Laws, Mr. Cao Xu, Ms. Ying Rensi, Mr. Ying Wei, Mr. Huang Lianhai, Mr. Wu Hui and Mr. Li Hongyi will retire from the board by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

All non-executive Directors and independent non-executive Directors are not appointed for a specific term.

No Director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation, other than normal statutory obligations.

The remuneration of the Directors and the details of the 5 highest-paid employees of the Company and the Group are set out in note 11 to the consolidated financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

No Director or his associate has engaged in any business which competes or is likely to compete directly or indirectly with that of the Group during the year.

CONTRACT OF SIGNIFICANCE

No contracts of significance in relation to the Group's business in which the Company, its holding company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's bye-laws, every Director, secretary or other officer of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duties provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

Report of the Directors

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES AND SHARE OPTIONS

As at 31 March 2026, the interests and short positions of the Directors/Chief Executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions in which the Directors were deemed or taken to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

Name of director/chief executive	Capacity	Interests in shares (other than pursuant to share option)	Interests in underlying shares pursuant to share option	Total interest in shares and underlying shares	Percentage of shares and underlying shares to issued shares
Mr. Ying Wei *(Note 1)*	Through personal & corporate interest	521,075,470(L)	–	521,075,470(L)	37.56%
Ms. Ying Rensi *(Note 2)*	Through corporate interest	100,000,000(L)	–	100,000,000(L)	7.21%
Mr. Chung Ho *(Note 3)*	Beneficial owner	–	3,709,756(L)	3,709,756(L)	0.27%
Mr. Huang Lianhai *(Note 4)*	Beneficial owner	–	2,844,147(L)	2,844,147(L)	0.21%

Remark: (L): Long position

Report of the Directors

Notes:

1. Mr. Ying Wei is directly interested in 21,075,470 shares and indirectly interested in 500,000,000 shares through Ample Colour Limited, a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Ying. Mr. Ying is a non-executive Director and is the father of Ms. Ying Rensi, an executive Director.

2. Ms. Ying Rensi is indirectly interested in 100,000,000 shares through Perfect Link Group Limited, a company incorporated in Samoa with limited liability and wholly owned by Ms. Ying. Ms. Ying is the executive Director and is the daughter of Mr. Ying Wei, a non-executive Director.

3. Mr. Chung Ho is an executive Director.

4. Mr. Huang Lianhai is a non-executive Director.

Save as disclosed above, none of Directors or chief executive of the Company had any interest or short position in shares, debentures or underlying shares of the Company and its associated corporations which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or pursuant to section 352 of the SFO, to be recorded in the register referred therein; or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, and neither the Directors nor chief executive, nor any of their spouse or children under the age 18, had any right to subscribe for securities of the Company, or exercised any such right.

Report of the Directors

PERSON WHO HAVE AN INTEREST IN SHARES AND UNDERLYING SHARES DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO

As at 31 March 2026, so far as was known to the Directors and the chief executive of the Company, the following persons (not being Directors or chief executive of the Company of which interests were disclosed above) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of substantial shareholders	**Capacity**	**Interests in shares**	**Interests in underlying shares pursuant to equity derivatives**	**Total interests in shares and underlying shares**	**Approximate percentage of shares and underlying shares held to issued shares as at 31 March 2026**
Ample Colour Limited *(Note 1)*	Beneficial owner	500,000,000 (L)	–	500,000,000 (L)	36.05%
Zhang Fan *(Note 2)*	Through personal & corporate interest	178,489,220 (L)	–	178,489,220 (L)	12.87%
Perfect Link Group Limited *(Note 3)*	Beneficial owner	100,000,000 (L)	–	100,000,000 (L)	7.21%
Ms. Wu Linling	Beneficial owner	100,000,000 (L)	–	100,000,000 (L)	7.21%

Remark: (L): Long position

Notes:

1. Ample Colour Limited is a company incorporated in British Virgin Islands and the entire issued share capital of which is owned by Mr. Ying Wei, the non-executive Director.

2. Mr. Zhang Fan is directly interested in 1,699,620 shares and indirectly interested in 176,789,600 shares through Treasure Wagon Limited, a company incorporated in Samoa with limited liability and wholly owned by Mr. Zhang. Mr. Zhang is the former executive Director who resigned on 31 October 2025.

3. Perfect Link Group Limited is a company incorporated in Samoa and the entire issued share capital of which is owned by Ms. Ying Rensi, the executive Director.

Report of the Directors

SHARE OPTION SCHEMES

The Company operated a share option scheme which was effective from 28 August 2012 with a period of 10 years from 28 August 2012 (the "2012 Share Option Scheme"). In light of the expiry of the 2012 Share Option Scheme, the Board adopted a new share option scheme ("2023 Share Option Scheme"), which was approved by the shareholders of the Company on 18 September 2023. The 2023 Share Option Scheme was effective from 18 September 2023 and remains valid for a period of 10 years from 18 September 2023.

The 2023 Share Option Scheme is largely similar to the 2012 Share Option Scheme. The major differences between the 2023 Share Option Scheme and the 2012 Share Option Scheme are changes made to the terms of the 2023 Share Option Scheme to conform to the latest amendments to Chapter 17 of the Listing Rules. The purpose of the 2023 Share Option Scheme is to provide incentives and/or rewards to the eligible participants for their contribution to the growth of the Group. Further details of the 2023 Share Option Scheme were disclosed in the circular of the Company dated 24 August 2023 and note 33 of the consolidated financial statements.

Pursuant to the terms of the 2012 Share Option Scheme, the subscription prices on the exercise of the share options and/or number of shares related to the share options under the 2012 Share Option Scheme may be adjusted in accordance with the 2012 Share Option Scheme as a result of the Rights Issue. Accordingly, adjustments to the exercise prices and the number of shares falling to be issued upon exercise of the outstanding share options, pursuant to the terms and conditions of the 2012 Share Option Scheme, the Listing Rules and the relevant guidance issued by the Stock Exchange, are as follows and has become effective from 6 October 2025:

		Immediately before completion of the Rights Issue		Immediately after completion of the Rights Issue	
Date of grant of Share Options	**Exercise period of Share Options**	**Number of Shares falling to be issued upon exercise of the outstanding Share Options**	**Exercise price per Share** *(HK$)*	**Adjusted number of Shares falling to be issued upon exercise of the outstanding Share Options**	**Adjusted exercise price per Share** *(HK$)*
26 April 2019	27 April 2020 to 25 April 2029	6,850,000	1.80	8,470,610	1.456
20 October 2020	21 October 2020 to 20 October 2030	12,200,000	1.80	15,086,341	1.456

Report of the Directors

Save for the above adjustments, all other terms and conditions of the outstanding share options granted under the 2012 Share Option Scheme remain unchanged. Further details of the above have been disclosed in the announcement of the Company dated 3 October 2025.

There was no change in any terms of the 2023 Share Option Scheme during the year.

No share option was granted or exercised and 2,720,485 share options were lapsed under the 2012 Share Option Scheme during the year. As at 31 March 2026, 20,836,466 share options were outstanding under the 2012 Share Option Scheme.

40,638,000 share options were granted on 2 February 2026 and were cancelled in full on 13 February 2026 under the 2023 Share Option Scheme during the year. As at 31 March 2026, no share option was exercised and outstanding under the 2023 Share Option Scheme.

As at 31 March 2026, the total number of shares options that was still available for grant under each of the scheme mandate limit and the service provider sublimit of the 2023 Share Option Scheme was 7,261,476 (1 April 2025: 47,899,476) and 4,789,947 (1 April 2025: 4,789,947) respectively. There was no share option that was still available for grant under the 2012 Share Option Scheme. The number of shares that may be issued in respect of share options granted under the 2012 Share Option Scheme and 2023 Share Option Scheme was 20,836,466 (representing 2.2% of weighted average number of ordinary shares in issue of 967,003,211 shares for the year) and nil respectively.

The total number of shares available for issue under the 2023 Share Option Scheme is 7,261,476, representing 0.52% of the shares in issue of 1,387,138,191 shares as at 31 March 2026 and the date of this report.

Report of the Directors

The following table discloses details of options outstanding and movements under the 2012 Share Option Scheme and the 2023 Share Option Scheme during the year:

Name or category of participant	At 1 April 2025	Number of share options Granted during the year	Exercised during the year	Adjusted during the year	Lapsed/ cancelled during the year	Reclassified during the year	As at 31 March 2026	Exercise period of share options	Exercise price of share options *HK$*	Date of grant of share options	Closing price of the Company's share immediately before the date of grant of share options *HK$*
Directors											
Mr. Cao Xu	–	4,914,000	–	–	(4,914,000)	–	–	2 February 2027 to 1 February 2036	0.66	2 February 2026	0.61
Ms. Ying Rensi	–	1,338,000	–	–	(1,338,000)	–	–	2 February 2027 to 1 February 2036	0.66	2 February 2026	0.61
Mr. Zhang Fan	400,000	–	–	94,633	(494,633)	–	–	27 April 2020 to 25 April 2029	1.456	26 April 2019	0.79
	400,000	–	–	94,633	(494,633)	–	–	21 October 2020 to 20 October 2030	1.456	20 October 2020	0.35
Mr. Chung Ho	3,000,000	–	–	709,756	–	–	3,709,756	27 April 2020 to 25 April 2029	1.456	26 April 2019	0.79
	–	4,914,000	–	–	(4,914,000)	–	–	2 February 2027 to 1 February 2036	0.66	2 February 2026	0.61
Mr. Wang Jingming	300,000	–	–	70,976	–	(370,976)	–	27 April 2020 to 25 April 2029	1.456	26 April 2019	0.79

Report of the Directors

Name or category of participant	At 1 April 2025	Granted during the year	Exercised during the year	Adjusted during the year	Lapsed/ cancelled during the year	Reclassified during the year	As at 31 March 2026	Exercise period of share options	Exercise price of share options	Date of grant of share options	Closing price of the Company's share immediately before the date of grant of share options
	Number of share options										
									HK$		*HK$*
Mr. Xing Yong	400,000	–	–	94,634	–	(494,634)	–	27 April 2020 to 25 April 2029	1.456	26 April 2019	0.79
	3,000,000	–	–	709,756	–	(3,709,756)	–	21 October 2020 to 20 October 2030	1.456	20 October 2020	0.35
Mr. Huang Lianhai	300,000	–	–	70,976	–	–	370,976	27 April 2020 to 25 April 2029	1.456	26 April 2019	0.79
	2,000,000	–	–	473,171	–	–	2,473,171	21 October 2020 to 20 October 2030	1.456	20 October 2020	0.35
Mr. Jiang Xuejun	400,000	–	–	94,634	(494,634)	–	–	27 April 2020 to 25 April 2029	1.456	26 April 2019	0.79
	400,000	–	–	94,633	(494,633)	–	–	21 October 2020 to 20 October 2030	1.456	20 October 2020	0.35
Mr. Du Yanhua	300,000	–	–	70,976	(370,976)	–	–	27 April 2020 to 25 April 2029	1.456	26 April 2019	0.79
Mr. Lai Liangquan	300,000	–	–	70,976	(370,976)	–	–	27 April 2020 to 25 April 2029	1.456	26 April 2019	0.79
Subtotal	11,200,000	11,166,000	–	2,649,754	(13,886,485)	(4,575,366)	6,553,903				

Report of the Directors

Name or category of participant	At 1 April 2025	Granted during the year	Exercised during the year	Adjusted during the year	Lapsed/ cancelled during the year	Reclassified during the year	As at 31 March 2026	Exercise period of share options	Exercise price of share options	Date of grant of share options	Closing price of the Company's share immediately before the date of grant of share options
	Number of share options										
									HK$		*HK$*
Employees	650,000	–	–	153,781	–	494,634	1,298,415	27 April 2020 to 25 April 2029	1.456	26 April 2019	0.79
	100,000	–	–	23,659	–	3,709,756	3,833,415	21 October 2020 to 20 October 2030	1.456	20 October 2020	0.35
	–	29,472,000	–	–	(29,472,000)	–	–	2 February 2027 to 1 February 2036	0.66	2 February 2026	0.61
Others	800,000 *(Note 1)*	–	–	189,268	–	370,976	1,360,244	27 April 2020 to 25 April 2029	1.456	26 April 2019	0.79
	6,300,000 *(Note 1)*	–	–	1,490,489	–	–	7,790,489	21 October 2020 to 20 October 2030	1.456	20 October 2020	0.35
Total	19,050,000	40,638,000	–	4,506,951	(43,358,485)	–	20,836,466				

Note 1: Share options were granted to 15 business consultants of the Group which comprises of (i) Wang Jingming, Qiu Peiyuan, Huang Bin and He Lijuan, the former Directors who have become consultants of the Group providing advices on business development of the Group; (ii) a former employee of the Company, namely Ding Jiuru, who has subsequently become a consultant of the Group providing advices on financial operation of the Group; and (iii) consultants and business partners of the Group, namely, Zhong Bin, Liu Yanli, Rao Zhenan, Chan Nam, Hor Heng Siang, Yang Yongbin, Quo Wei, Lu Wenhui, Huang Hui and Wu Guanjie, who have provided business, legal or tax consultancy services or other professional services and introduced investment opportunities to the Group.

Report of the Directors

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 182 of this report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders of the Company.

MAJOR SUPPLIERS AND CUSTOMERS

The largest supplier and the five largest suppliers of the Group accounted for approximately 36.14% and 64.96%, respectively, of the Group's total purchases during the year.

The largest customer and the five largest customers of the Group accounted for approximately 40.62% and 59.6%, respectively, of the Group's total sales for the year.

None of the Directors or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest suppliers or customers.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period.

Report of the Directors

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company is scheduled to be held in September 2026. The closure of the register of members of the Company for determining the entitlement to attend and vote at the annual general meeting will be set out in the notice of annual general meeting which will be despatched to shareholders of the Company in due course.

AUDITORS

Elite Partners CPA Limited has retired as the auditor of the Company with effect from the conclusion of the annual general meeting of the Company held on 12 September 2024. On 25 November 2024, Beijing Xinghua Caplegend CPA Limited was appointed as the new auditor of the Company. Save as aforesaid, there has been no change in auditors of the Company in the three years preceding the date of this report. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Beijing Xinghua Caplegend CPA Limited as the auditor of the Company.

On behalf of the Board

Cao Xu
Chairman of the Board and Executive Director

30 June 2026

Corporate Governance Report

The Board is pleased to present this Corporate Governance Report in the Company's annual report for the year ended 31 March 2026.

CORPORATE GOVERNANCE CULTURE AND VALUE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

The Board nourishes the Company's culture and strives to promote the desired culture at the Company, and ensures it aligns with the Company's purpose, values and strategy. The Board has the responsibility for managing the Company, which includes formulating a corporate strategy and a long term business model, directing and supervising the Company's affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to shareholders;
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately;
- the delivery of high-quality products and services to the satisfaction of customers; and
- that high standards of ethics are maintained.

CORPORATE GOVERNANCE CODE

The Directors are committed to upholding the corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximise the interests of the shareholders. During the year ended 31 March 2026, the Company has applied the principles in the Corporate Governance Code (the "Code") as stated in Appendix C1 to the Listing Rules. The corporate governance principles of the Company put an emphasis on an effective Board with a high level of integrity, sound internal controls, and a high degree of transparency and accountability, which enhances corporate value for shareholders and protects the long-term sustainability of the Group and thereby achieving sustainable business growth and generating values over the longer term and the strategy for delivering the Group's objective.

In the opinion of the Board, the Company has complied with the applicable code provisions set out in the Code throughout the year ended 31 March 2026 except for deviation disclosed in section headed "Insurance Cover".

Corporate Governance Report

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by its directors. Having made specific enquiry of all existing directors, they have confirmed that they have fully complied with the required standard set out in the Model Code during the year.

BOARD OF DIRECTORS

The Board is principally accountable to the consolidated financial statements and is responsible for the leadership and control of the Group including overseeing the Group's businesses, strategic directions, financial performance, setting objectives and business development plans, and monitoring the performance of the management.

The Board have a balance of skills and experience appropriate to the requirements of the business of the Company. The Board currently comprises eight members, including three executive Directors, namely Mr. Cao Xu, Mr. Chung Ho and Ms. Ying Rensi, two non-executive Directors, namely Mr. Ying Wei and Mr. Huang Lianhai, and three independent non-executive Directors, namely Mr. Li Hongyi, Mr. Wu Hui and Ms. Yang Huimin. The balanced composition of executive, non-executive and independent non-executive members upholds the effective exercise of independent judgement.

The biographical details of the Directors are set out on pages 21 to 24 of this annual report.

The Board meets regularly throughout the year to formulate overall strategy, monitor business development as well as the financial performance of the Group and has formal procedures on matters for consideration and decision. The Board has delegated certain authorities to the management for the day-to-day management of the Group's operation.

Save as Ms. Ying Rensi, the executive Director, is the daughter of Mr. Ying Wei, the non-executive Director, the Board members have no financial, business, family or other material/relevant relationship among themselves.

The Board is also responsible for performing the corporate governance functions such as developing and reviewing the Company's policies, practices on corporate governance; reviewing and monitoring the training and continuous professional development of directors and senior management and the Company's policies and practices on compliance with legal and regulatory requirements; etc. It is also the practice of the Group to engage and consult financial advisors and legal advisors in conducting its various transactions and in its daily operations in order to ensure compliance with legal and regulatory requirements. The Group has also adopted the policy that all business transactions conducted by the Group must strictly comply with relevant laws and regulations. The Board reviews and monitors whether such policy and practices have been followed by the management and employees of the Group from time to time.

Corporate Governance Report

DIRECTORS' ATTENDANCE RECORD AT MEETINGS

The attendance of each director at the Board meetings, certain committee meetings and general meetings during the year is as follows:

	Attended/Eligible to attend				
	Board meeting	**Audit Committee meeting**	**Remuneration Committee meeting**	**Nomination Committee meeting**	**General meeting***
Executive Directors					
Mr. Cao Xu *(Chairman)* (appointed on 31 October 2025)	3/3	N/A	N/A	0/0	0/0
Ms. Ying Rensi (appointed on 31 October 2025)	3/3	N/A	N/A	N/A	0/0
Mr. Zhang Fan (resigned on 31 October 2025)	4/4	N/A	N/A	1/1	2/2
Mr. Chung Ho	7/7	N/A	N/A	N/A	2/2
Mr. Xing Yong (resigned on 31 October 2025)	3/4	N/A	N/A	N/A	2/2
Non-executive Directors					
Mr. Ying Wei (appointed on 31 October 2025)	2/3	N/A	1/1	0/0	0/0
Mr. Huang Lianhai	6/7	N/A	N/A	N/A	0/2
Mr. Wang Jingming (resigned on 31 October 2025)	4/4	N/A	N/A	N/A	1/2
Independent non-executive Directors					
Mr. Li Hong Yi (appointed on 31 October 2025)	2/3	1/1	1/1	0/0	0/0
Mr. Wu Hui (appointed on 31 October 2025)	3/3	1/1	1/1	0/0	0/0
Ms. Yang Huimin	6/7	2/2	2/2	1/1	2/2
Mr. Jiang Xuejun (resigned on 31 October 2025)	2/4	0/1	1/1	1/1	2/2
Mr. Du Yanhua (resigned on 31 October 2025)	4/4	1/1	1/1	1/1	2/2
Mr. Lai Liangquan (resigned on 31 October 2025)	4/4	1/1	1/1	1/1	2/2

* Being annual general meeting on 26 September 2025 and special general meeting on 20 August 2025

ROLES AND RESPONSIBILITIES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to code provision C2.1 of the Code, the roles of Chairman and chief executive officer should be separate and should not be performed by the same individual.

Currently, the chairman of the Company is Mr. Cao Xu and the chief executive officer of the Company is Mr. Chung Ho.

Corporate Governance Report

INDEPENDENT NON-EXECUTIVE DIRECTORS

In order to ensure the independence of the policymaking process of the Board and protect the interest of its shareholders, the Company appoints three qualified independent non-executive Directors, as such, the Company complies with Rule 3.10A of the Listing Rules of having at least one-third of the Board being represented by independent non-executive Directors. One of the independent non-executive Directors has the appropriate professional qualifications and accounting and related financial management expertise required under Rule 3.10(2).

The Company has received the annual confirmation of independence from each of the independent non-executive Directors as required under Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent.

BOARD INDEPENDENCE EVALUATION

The Board has established mechanisms to ensure independent views are available to the Board in the Company's director nomination policy and board diversity policy. The respective policies are available on the Company's website and a summary of the mechanism is set out below:

Composition

The Board shall ensure the appointment of at least three independent non-executive Directors and at least one-third of its members being independent non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time).

Independence Assessment

The nomination committee shall adhere to the director nomination policy with regard to the nomination and appointment of independent non-executive Directors. The independent non-executive Director candidate must satisfy the independence requirements under Rule 3.13 of the Listing Rules. Each independent non-executive Director is also required to inform the Company as soon as practicable if there is any change in his or her own personal particulars that may materially affect his or her independence and provide an annual confirmation of his or her independence pursuant to Rule 3.13 of the Listing Rules.

Channel for Communication

The Company is committed to ensuring that the independent non-executive Directors will be given the opportunity and channel for Directors to communicate and express their independent views and inputs to the Board and its committees. The Company has established channels through formal and informal means whereby independent non-executive Directors can express their views in an open, candid as well as confidential manner, should circumstances require, these include meetings with the Chairman of the Company without the presence of the other Directors to discuss major issues and any concerns, and dedicated meeting sessions with the Chairman of the Company and interaction with management and other Board members including the Chairman of the Company outside the boardroom.

Corporate Governance Report

BOARD DIVERSITY

The Company has adopted a board diversity policy ("Board Diversity Policy") which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

The Company endeavours to ensure that its Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and to maximize the Board's effectiveness. The Company sees diversity as a wide concept and believe that a diversity of perspectives can be achieved through consideration of a number of factors, including skills, regional and industry experience, background, gender and other qualities etc. In forming its perspective on diversity, the Company will also take into account factors based on its own business model and specific needs from time to time. The decision of the appointment will be made on a merit basis and candidates will be considered against objective criteria, with due regard for the benefits of diversity on the Board.

The board diversity policy sets out a clear objective and provides that the Company should endeavour to ensure that members of the Board have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy in order for the Board to be effective. The current Board is a well mix of knowledge and experience as the Directors have backgrounds in the medical and pharmaceutical industry, enterprise management, corporate finance, accounting and law. The Company is conscious of maintaining a Board made up with independent non-executive Directors as the majority, together with an appropriate level of female members on the Board. While conscious efforts are being taken by the Company to fulfil its pledges, all appointments are ultimately made on a merit basis taking into account available and suitable candidates.

The nomination committee will review the implementation of the board diversity policy at least annually and make recommendation on any proposed changes to the Board for the Board's review and approval to ensure its continued appropriateness and effectiveness.

Set out below is an analysis of the composition of the Board by gender, designation, age group, length of service, external directorship and independence. Please also refer to the paragraph headed "Employee Care" in the Environmental, Social and Governance Report for an analysis of the gender and age group ratio in our workforce.

Gender	Male (6) Female (2)
Designation	Executive Director (3) Non-executive Directors (2) Independent Non-executive Directors (3)
Age group	30-39 (1) 40-49 (3) 50-59 (1) 60-69 (3)
Length of service as Board member (Years)	0-3 (6) 4-8 (0) 9-13 (2)
External directorships (Number of listed companies)	0 (5) 1-3 (3)
Independence	3 Independent Non-executive Directors

Corporate Governance Report

REMUNERATION COMMITTEE

The Company established its remuneration committee with specific written terms of reference which are in line with the code provisions set out in the Code. The remuneration committee is responsible for making recommendations to the Board on, among other things, the Company's policy and structure for the remuneration of all directors and senior management of the Company and is delegated by the Board with the responsibility to determine on behalf of the Board the specific remuneration packages for all executive directors and senior management of the Company. The terms of reference of the remuneration committee are disclosed on the websites of the Company and the Stock Exchange. Details of remuneration of the directors for the year are disclosed in note 11 to the consolidated financial statements.

During the year, the remuneration committee held two meetings to review the remuneration of the new directors and grant of share options during the year.

Currently, the remuneration committee comprises three independent non-executive directors, namely Ms. Yang Huimin as the chairman, Mr. Li Hongyi and Mr. Wu Hui, and one non-exectuve director, namely Mr. Ying Wei.

NOMINATION COMMITTEE

The nomination committee was established with written terms of reference to (i) review and recommend the structure, size, composition and skills mix of the Board at least annually; (ii) identify and nominate candidates to fill casual vacancies of Directors for the Board's approval; (iii) assess the independence of independent non-executive Directors; (iv) regularly review the time required from a Director to perform his responsibilities; (v) make recommendations to the Board on relevant matters relating to the appointment or reappointment of Directors and succession planning for Directors in particular the chairman of the Board and the chief executive and also to maintain gender diversity on the Board. The responsibilities and authority for selection and appointment of Directors is delegated to the nomination committee but the ultimate responsibility for selection and appointment of Directors of the Company rests with the entire Board. The final decision will be based on merit and contribution that the selected candidates will bring to the Board. The terms of reference of the nomination committee are disclosed on the websites of the Company and the Stock Exchange. The nomination committee will also consider recommendations for candidates made by shareholders of the Company. Regular reviews will be conducted by the nomination committee on the structure, size and composition of the Board and where appropriate, the nomination committee will make recommendations on changes to the Board to complement the Company's corporate strategy and business needs.

Corporate Governance Report

During the year, the nomination committee held one meeting to review the structure, size and composition of the Board and assess the independence of the independent non-executive Directors and other related matters including appointment of new directors during the year.

Currently, the nomination committee comprises one executive director, namely Mr. Cao Xu as the chairman, one non-executive director, namely Mr. Ying Wei, and three independent non-executive directors, namely Ms. Yang Huimin, Mr. Li Hongyi and Mr. Wu Hui.

AUDITOR'S REMUNERATION

The Company's external auditors are Messrs. Beijing Xinghua Caplegend CPA Limited. For the year ended 31 March 2026, the external auditor's remuneration for audit services was HK$650,000.

The statement of the auditors of the Company regarding their reporting responsibilities is set out in the Independent Auditor's Report from pages 93 to 98 of this report.

REMUNERATION OF SENIOR MANAGEMENT

The remuneration of the members of the senior management by band for the year ended 31 March 2026 is set out below:

Remuneration bands	**Number of persons**
Up to HK$1,000,000	1
HK$1,000,001 and above	–

AUDIT COMMITTEE

The Company has established an audit committee ("Audit Committee") with written terms of reference which are in line with the code provisions set out in the Code. The Audit Committee meets at least twice a year for, among other matters, reviewing the reporting of annual and interim results and other information to the shareholders, the effectiveness and objectivity of the audit process, the risk management and internal control systems of the Company and the Company's policy and practices on corporate governance. Additional meetings may be held by the Audit Committee from time to time to discuss special projects or other issues which the Audit Committee considers necessary. The external auditors of the Company may request a meeting if they consider that one is necessary. The Audit Committee also provides an important link between the Board and the Company's auditors in matters coming within the scope of its terms of reference and keeps under review the independence and objectivity of the auditors. The terms of reference of the Audit Committee are disclosed on the websites of the Company and the Stock Exchange.

Corporate Governance Report

The Audit Committee is also responsible for performing the functions set out in the provision D.3 of the Code. The Audit Committee reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the code of conduct and compliance manual (if any) applicable to employees and Directors, the compliance of the Listing Rules, and the Company's compliance with the Code and disclosure in this Corporate Governance Report.

During the year, the Audit Committee held two meetings and reviewed with the management and the Company's auditors the accounting principles and practices adopted by the Group, discussed auditing, internal control, risk management and financial reporting matters including the annual results for the year ended 31 March 2025 and interim results for the six months ended 30 September 2025 and reviewed the Company's compliance with the Code.

Currently, the Audit Committee comprises three independent non-executive directors, namely Mr. Wu Hui as the chairman, Ms. Yang Huimin and Mr. Li Hongyi. The chairman of the Audit Committee, Mr. Wu Hui, possesses relevant financial management expertise and meets the requirements of rule 3.21 of the Listing Rules.

ACCOUNTABILITY

The directors are responsible for the preparation of the accounts of the Group for the relevant accounting periods under applicable statutory and regulatory requirements which give true and fair view of the state of affairs, the results of operations and cash flows of the Group. In preparing the financial statements for the year ended 31 March 2026, the directors have adopted suitable accounting policies and applied them consistently. The directors are also responsible for keeping proper accounting records with reasonable accuracy for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board has not taken any different view from that of the Audit Committee regarding the selection, appointment, resignation or dismissal of external auditors.

As disclosed in the annual report of the Company for the year ended 31 March 2025 (the "2025 Annual Report"), the auditor of the Company issued a disclaimer of opinion on multiple uncertainties related to going concern on the consolidated financial statements of the Group for the year ended 31 March 2025. Following the implementation of several measures as mentioned in section headed "Update in relation to the disclaimer of opinion in the 2025 Annual Report" in "Management Discussion and Analysis" section, the auditor of the Company issued an unqualified audit opinion on the consolidated financial statements of the Group for the year ended 31 March 2026.

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has developed the Group's internal control, risk assessment and management systems and has overall responsibility for reviewing and maintaining an adequate and effective risk management and internal control systems to safeguard the interests of the shareholders of the Company and the assets of the Group. It evaluates the effectiveness of the systems at least annually to ensure the adequacy of resources, staff qualifications and budget of the Group's accounting and financial reporting functions.

The Board understands that it is responsible for evaluating and determining the nature and extent of the risks and ensuring that the Group has established and maintained appropriate and effective risk management and internal control systems. The Board is also responsible for overseeing its risk management and internal control systems on an ongoing basis and reviewing the effectiveness of the risk management and internal control systems has been conducted at least annually. The Board understands that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

An ongoing risk management approach is adopted by the Group for identifying and assessing the key inherent risks that affect the achievements of its objectives. The Group established a risk management framework that the Board and management discuss potential risks during board meetings and management meetings regularly. Management from different subsidiaries and departments voluntarily raise any issues that need attention and further discussions. The Board and key management are closely involved in daily operation and monitor the potential risks with their understanding of the industry. When risks arise during business operations, they are assessed at management meetings and risk management actions are taken for significant risks. The Group prioritizes risks identified during management meetings and significant risks are handled at once. Progress on the risks identified at previous meetings is followed up.

The Board has supervised the management in the design, implementation and monitoring of the risk management and internal control systems and evaluated the effectiveness of the Group's risk management and internal control systems during the year. The Company does not have an internal audit function. The board has annually reviewed whether the Group needs to have an internal audit function and is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business.

The Company has engaged an external risk management and internal control review consultant, CAX Risk Advisory Limited (the "Adviser"), to conduct a review of the Group's risk management and internal control covering the period from 1 April 2025 to 31 March 2026. Such review is conducted annually. The Adviser has reported findings and areas for improvement to the Audit Committee and management of the Company. The Board and Audit Committee are of the view that there are no material internal control defeats noted. All recommendations from the Adviser will be properly followed up by the Group to ensure that they are implemented within a reasonable period of time.

Corporate Governance Report

As disclosed in the announcement of the Company dated 4 March 2025, there were mistaken classifications of the acquisition of 51% equity interest in Golden Alliance Limited in prior years which were caused by an inadvertent oversight of the application of the Listing Rules. In order to avoid the recurrence of similar events in the future, one of the remedial measures, being engagement of PRO-WIS Risk Advisory Services Limited ("the IC Consultant") to review its internal controls in respect of compliance with the Listing Rules (the "IC Review"), have been taken by the Group to ensure that the Listing Rules are strictly complied with.

The IC Reveiw was completed in May 2025. The details of the key findings and the remedial actions taken and to be taken by the Group have been disclosed in the announcement of the Company dated 26 May 2025 and the 2025 Annual Report.

The Group has implemented all of the remedial actions, which it considers to be sufficient to address the key findings in the Group's internal control system in respect of compliance with Listing Rules identified in the IC Review. On 21 July 2025, the IC Consultant completed its follow-up review to assess the implementation of the remedial actions (the "Follow-up Review"). The key findings of the Follow-up Review are summarised in the table below.

Key findings	Recommendation(s)	Remedial Actions implemented
1. Need to strengthen and integrate Listing Rules compliance manuals		
The Group currently has the following policies in place in relation to the Listing Rules, including: • "Corporate Governance Policy" (approved on 1 April 2019) • "Shareholders Communication Policy" • "Continuous Disclosure and Communication Policy" • "Whistle-blower Policy, System and Procedures"	(i) The Company should supplement its written procedures on notifiable transactions, connected transactions, financial information disclosure process, approval process for submitting responses to the Stock Exchange, approval process for releasing announcements to the public, and continuous training on the Listing Rules as soon as possible. At the same time, the Group should collect and integrate the various policies of the Group to effectively control them. The policies should be issued to each director and employee after obtaining appropriate approval.	The Company has: (i) on 7 July 2025, supplemented its written procedures by adopting and implementing policies in respect of notifiable transactions, connected transactions, financial information disclosure process, approval process for submitting responses to the Stock Exchange, approval process for releasing announcements to the public, and continuous training on the Listing Rules. A control list of the policies has been set up to more effectively control them. The amended and supplemented policies have been provided to Directors and employees.;

Corporate Governance Report

Key findings	Recommendation(s)	Remedial Actions implemented
Among them, the IC Consultant found the following:	(ii) The Company should update its Corporate Governance Policy as soon as possible in accordance with Appendix C1 of the Listing Rules, i.e. the Code.	(ii) on 7 July 2025, updated its Corporate Governance Policy in accordance with the latest version of the Code;
(i) No written procedures have been established for notifiable transactions, connected transactions and financial information disclosure process, review and approval process for submission of responses to the Stock Exchange, review and approval process for release of announcements to the public, and continuous training on the Listing Rules.	(iii) The Company should supplement and list out the matters in materiality guidelines contained in the Continuous Disclosure and Communication Policy.	(iii) on 7 July 2025, listed out the matters that may constitute inside information in the policy;
As there is currently no written system in place regarding notifiable transactions, connected transactions, financial information disclosure procedures, the approval process for submitting responses to the Stock Exchange, the approval process for issuing announcements to the public, and continuous training on Listing Rules, it is difficult to effectively convey Listing Rules requirements and the Group's work processes for compliance with the Listing Rules to employees.	(iv) The Company should provide Chinese translations of the English policies (Corporate Governance Policy, Shareholders Communication Policy and Continuous Disclosure and Communication Policy) for Directors and employees to review.	(iv) on 7 July 2025, provided the Chinese version of the internal control policies to the Directors and employees;
	(v) The Company should prepare a acknowledgement letter as soon as possible and provide it to all Directors and employees for signature to ensure that everyone understands and agrees to comply with the Group's policies.	(v) prepared acknowledgement letters, which have been signed by all Directors and senior management, confirming they understand and agree to comply with the Group's internal control policies. The Company has circulated its internal control policies to all employees and new employees will be required to sign the acknowledgement letter.

Corporate Governance Report

Key findings	Recommendation(s)	Remedial Actions implemented
(ii) The Corporate Governance Policy has not been updated since it was approved on 1 April 2019. As the Corporate Governance Policy system has not been updated in a timely manner, it is difficult to ensure that everyone is aware of the relevant changes in a timely manner and continues to comply with the policy.		
(iii) No specific details stating which matters are included in materiality guidelines contained in the Continuous Disclosure and Communication Policy. As the Continuous Disclosure and Communication Policy does not specify what matters are included in the materiality guidelines, it is difficult to effectively inform employees which matters are price sensitive or require disclosure.		
(iv) The Corporate Governance Policy, Shareholders Communication Policy and Continuous Disclosure and Communication Policy are only available in English, and currently all the Group's Directors and employees are located in China. As such, it is difficult to ensure that everyone clearly understands the Company's policies without a Chinese version of such policies.		

Corporate Governance Report

Key findings	**Recommendation(s)**	**Remedial Actions implemented**
(v) The Group did not require Directors and employees to sign a confirmation letter to confirm that they understand and agree to comply with the relevant policies of the Group. As a result, it is difficult to ensure that everyone clearly understands the requirements for compliance with the Listing Rules and the Company's policies.		
2. No policy for preserving Directors' responses to meeting minutes		
The company secretary currently provides meeting minutes, reports on material contracts and daily communications with Directors mainly through instant messaging apps/emails. The attendance list and meeting minutes of the Board and the various Board committees are signed by the chairman of the meeting on behalf of the Board or the committee members, as the case may be. As the Directors' replies on instant messaging apps/emails are not individually recorded and meeting minutes are signed by the chairman of such meeting, it is difficult to determine whether the members of the Board/Board committees have reviewed and agreed to the contents of the meeting minutes.	After receiving the meeting minutes, the Directors attending the meeting should reply whether they have any comments on the content, and a record of the reply should be kept. For other minor matters, the Company may consider establishing a written policy to stipulate that if the Directors have any comments on the content mentioned in the instant chat program/email, they should reply within a specified reasonable time.	As mentioned in paragraph 1 above, on 7 July 2025, the Company updated the Continuous Disclosure and Communication Policy, which now requires that: (i) the company secretary shall communicate with the Directors primarily through instant chat program/email for the purposes of providing meeting minutes for review, reporting material contract matters, etc; (ii) in respect of minutes of Board, audit committee, remuneration committee, and nomination committee meetings, each Director must reply whether he/she has any comments thereon after receiving such minutes, and the record of the reply shall be maintained by the company secretary; and

Corporate Governance Report

Key findings	Recommendation(s)	Remedial Actions implemented
		(iii) in respect of other matters, if the Directors have any comments on the relevant information, they should provide such comments within 2 weeks of receiving the information. In the event the company secretary does not receive a reply from a Director within 2 weeks, it will be deemed that such Director has no objection and an executive Director may make the final decision on such matter.
3. No signed confirmation that the list of connected persons is complete and up to date.		
Directors have not been asked to sign a confirmation that the list of connected persons provided is complete and up to date. In addition, the connected persons list is not regularly distributed to key personnel of the Group's subsidiaries to ensure timely identification of connected transactions. Since Directors were not required to sign a confirmation letter stating the completeness and update of the list of connected persons, the Company may not be able to accurately identify all connected persons. This may result in connected transactions not being fully and accurately disclosed. At the same time, the list of connected persons is not regularly issued to the responsible personnel of the Group's subsidiaries, making it difficult for them to identify connected transactions in a timely manner in their daily operations. Subsidiaries may therefore unwittingly engage in transactions with connected persons.	The Company should request all Directors to sign a confirmation as soon as possible, stating that the list of connected persons provided is complete and up-to-date. A regular review mechanism should be established, such as a comprehensive review of the list of connected persons every quarter or half year to ensure the accuracy of the list. The company secretary should also regularly issue the list of connected persons to the key personnel of the Group's subsidiaries to ensure that the subsidiaries can obtain the latest connected persons information in a timely manner.	As mentioned in paragraph 1 above, on 7 July 2025, the Company supplemented its written policies on, among others, connected transactions. The Company has also implemented a connected persons declaration form, which have been duly completed by each of the Directors and provided to the Company. The policy also requires the company secretary to (i) coordinate and organise the compilation and storage of the list of connected persons; (ii) contact the Directors every six months to determine whether there are any updates to the list; and (iii) circulate the list of connected persons to the heads of relevant business departments and subsidiaries.

Corporate Governance Report

Key findings	Recommendation(s)	Remedial Actions implemented
4. No timetable has been formulated for dissemination to responsible parties for preparation of annual and interim reports		
The Company currently relies mainly on the company secretary to coordinate and ensure the timely publication of annual and interim reports. No timetable has been formulated and sent to the responsible parties to ensure timely completion of annual or interim reports. As a result, the relevant personnel may be unclear about the requirements of timelines and progress for preparation of financial reports, which may lead to delays in the publication thereof.	The company secretary should communicate with the responsible parties to formulate and distribute a timetable for preparation of the annual and interim reports. The schedule should specify timing for each key milestone, such as provision of financial data, commencement of auditors' work and provision of the first draft of the audit report, and the date of report approval, ensuring that all responsible parties are clear about their responsibilities and requirement of timelines.	As mentioned in paragraph 1 above, on 7 July 2025, the Company has supplemented its written policies on financial information disclosure process, which requires that the company secretary and the chief financial officer shall prepare a timetable for the preparation and disclosure of annual and interim reports at least two months prior to the publication date of such report, which shall be confirmed by the management and notified to the relevant responsible parties to ensure they understand their responsibility and time requirements. In relation to the delay publication of the annual results for the year ended 31 March 2025, as set out in the announcement of the Company dated 30 June 2025, the Company considers that all parties involved had used their best endeavours to satisfy the audit requirements as soon as practicable. The annual result were published on 4 July 2025. The Company considers that the delay in publication of the results did not arise from any deficiencies in its existing internal processes or systems, but rather from the particular circumstances. Accordingly, the Company is of the view that no additional measures or improvements to its internal procedures are considered necessary.

Corporate Governance Report

Key findings	Recommendation(s)	Remedial Actions implemented
5. Appropriate insurance has not been arranged for legal proceedings against Directors		
Pursuant to the Code, companies are required to arrange appropriate insurance coverage in respect of legal proceedings against Directors. According to the Management, due to the Group's involvement in litigations, the Company was unable to identify any insurance company to provide Directors' insurance during the Review Period. When potential director candidates consider joining the Company, whether the Company can provide Directors' insurance is an important factor. If the Group cannot procure Directors' insurance, it may be difficult to attract directors with rich experience and professional ability. At the same time, it also increases the risk of Directors leaving, which in turn affects the stability of the Board. Furthermore, if any Director is facing legal proceedings in the absence of insurance protection, the Company may have to bear all legal fees and compensation liabilities. If the lawsuit involves a significant amount of money, it could cause substantial financial pressure to the Group, affecting the Company's liquidity and financial stability.	The Group should properly resolve the litigation disputes as soon as possible to improve the likelihood of insurance companies offering Directors' insurance coverage.	On 17 June 2025, the Company purchased Directors' liability insurance from an independent licensed insurance broker.

Corporate Governance Report

Key findings	Recommendation(s)	Remedial Actions implemented
6. Company seals are not kept separately by different persons		
The seals of the Group's major subsidiaries in China – including official seals, financial seals, legal representative's private seals and contract seals – are all kept by one person. Since a single person holds all key seals, the risk of unauthorized use of seals increases.	The Company should assign different seals to personnel in different departments or positions for safekeeping, based on the purpose and importance of each seal. For example, the official seal may be kept by the head of the administrative department, the financial seal by the head of finance, the legal representative's private seal by the legal representative or his authorized person, and the contract seal by the head of the legal or contract management department.	The Company has implemented the separate safekeeping of official seals, financial seals and legal representative's seals of its major subsidiaries in China with different responsible persons. In addition, on 7 July 2025, the Company adopted the "Seal Management Policy" which stipulates, among other things, that the various seals of the Chinese subsidiaries of the Group must be kept by different responsible persons.
7. Approval records for contracts or use of company seals have not been retained		
According to the Management, for contract approvals at a certain subsidiary, the applicant would bring the hard copy contract documents to the management for approval, and the management would directly stamp the documents if they agreed. The Group therefore currently has no documented records of contract/seal approvals for that subsidiary. As a result, it is difficult for management to track whether each transaction has been properly approved.	The Company should establish an "Approval Form" to record the approval process of contract and use of seal, and the form should be properly kept together with the relevant contract.	As mentioned in paragraph 6 above, on 7 July 2025, the Company approved and adopted and implemented the Seal Management Policy, pursuant to which, among other things, the applications for contract approval and for seal use shall be consolidated to the Seal Approval Form and for which the general manager of the Chinese subsidiary will be responsible for approval.

The Follow-up Review has been completed by the IC Consultant. Having considered the completion of implementation of the remedial actions according to the recommendations of the IC Consultant and the findings of the Follow-up Review, the Company believes that the Company has adequate internal controls, policies and procedures in respect of compliance with the Listing Rules in place.

The IC Consultant has confirmed that, based on their Follow-up Review, nothing has come to their attention that causes them to believe the Company do not have in place adequate internal control systems, policies and procedures to ensure compliance with the Listing Rules. The Group will continue to implement these enhanced internal control measures on an ongoing basis to further strengthen its internal control system and ensure continued compliance with the Listing Rules.

Corporate Governance Report

Based on its assessment which covers all material controls including financial, operational and compliance controls and risk management functions, the Board believes that for the year ended 31 March 2026, the Company's internal control and risk management systems are effective and adequate.

The Board has established a policy on the procedures and internal controls for the handling and dissemination of inside information. The policy stipulated the duty and responsibility of inside information announcement, restriction on sharing non-public information, handling of rumours, unintentional selective disclosure, exemption and wavier to the disclosure of inside information, and also compliance and reporting procedures. Every management of the Company must take all reasonable measures to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Company from time to time. They must promptly bring any possible leakage or divulgence of inside information to the attention of the Chief Executive Officer, who will notify the Board accordingly for taking the appropriate action promptly. For any material violation of this policy, the Board will decide, or designate appropriate persons to decide the course of actions for rectifying the problem and avoiding recurrence.

COMPANY SECRETARY

For the year ended 31 March 2026, Mr. Tsui Siu Hung Raymond, the Company Secretary, has taken no less than 15 hours of relevant professional training. Biographical details of Mr. Tsui are set out in the section headed "Biographical details of Directors and Senior Management" in this report.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

Pursuant to code provision C.1.4 of the Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills as to ensure that their contribution to the Board remains informed and relevant.

Each newly appointed Director receives comprehensive, formal and tailored induction at time around the first occasion of their appointment, so as to ensure that their appropriate understanding of the group structure, the Board and the Board committee meetings procedures, business, management and operations of the Group, etc. and that they are fully aware of their responsibilities and obligations under the Listing Rules and applicable regulatory requirements.

The Company will from time to time provide briefings to all Directors to develop and refresh their duties and responsibilities. All Directors are also encouraged to attend relevant training courses at the Company's expense and they have been requested to provide the Company with their training records. According to the training records maintained by the Company, all directors including Mr. Cao Xu, Mr. Chung Ho, Ms. Ying Rensi, Mr. Ying Wei, Mr. Huang Lianhai, Mr. Li Hongyi, Mr. Wu Hui and Ms. Yang Huimin have participated in continuous professional development by attending seminars and/or studying materials relating to the economy, general business, corporate governance and directors' duties and responsibilities during the year.

Corporate Governance Report

INSURANCE COVER

Pursuant to the code provision C1.8 of the Code, the Company should arrange appropriate insurance cover in respect of legal action against its directors. The Company was unable to find any insurance company to provide insurance cover during the year, which is also one of the key findings in the annual internal control review as stated in the section headed "Risk Management and Internal Control". In June 2025, the Company has bought the Directors' and officers' liability insurance and therefore has complied with the code provision C1.8 of the Code accordingly.

SHAREHOLDERS' RIGHTS

The Board believes that effective communication with the shareholders on a timely basis is essential and endeavours to maintain an on-going dialogue with shareholders. The Board encourages shareholders to attend general meetings and all Directors should attend the annual general meeting to meet with their shareholders direct.

Procedures for shareholders to convene a special general meeting

In accordance with the requirements and procedures set out in the Company bye-laws, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, on a one vote per share basis, shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting ("SGM") to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held in the form of a physical meeting only and within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may convene such physical meeting in accordance with the provisions under the Companies Act 1981 of Bermuda, as amended from time to time.

Procedures for shareholders to put forward proposals at shareholders' meeting

If a shareholder wishes to put forward proposals at a SGM, he/she can deposit a written notice to that effect at the principal place of business of the Company in Hong Kong for the attention of the Company Secretary by email to info@ch-groups.com or mail to Unit 801, 8/F, China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong. Whether a proposal will be put to a general meeting will be decided by the Board at its discretion unless the proposal put forward by a shareholder is pursuant to a requisition by a shareholder to convene a SGM by following the procedures set out above.

Corporate Governance Report

Procedures by which enquiries may be put to the Board

Enquiries and questions may be put to the Board by contacting either the Company Secretary through e-mail to info@ch-groups.com, directly by raising questions at an annual general meeting or SGM or by post to the Company's registered office or its principal place of business in Hong Kong for the time being.

DIVIDEND POLICY

Dividends may be declared from time to time by the Company to its shareholders. The Company does not have any predetermined dividend pay-out ratio. The declaration and payment of dividends shall be determined at the sole discretion of the Board after taking into account, among others, the general financial condition of the Group, the capital and debt level of the Group, the future cash requirements and availability for business operations, business strategies and future development needs, the general market conditions and any other factors that the Board deems appropriate. The payment of dividends by the Company is also subject to any restrictions under the Bermuda laws and any other applicable laws, rule and regulations and the memorandum of association of the Company.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding of the Company's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information, which will enable shareholders and investors to make the informed investment decisions.

The annual general meeting provides opportunity for the shareholders to communicate directly with the Directors. The Chairman of the Company and the chairmen of the Board Committees of the Company or, in their absence, other members of the respective committees, will attend the annual general meeting to answer shareholders' questions. The auditor of the Company will also attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication with the public, the Company maintains a website (http://www.ch-groups.com) on which comprehensive information about the Company's major businesses, press releases, notices, financial information, announcements, annual and interim reports and shareholders circulars are being made available.

The shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. The shareholders may at any time make a request for the Company's information to the extent that such information is publicly available.

Corporate Governance Report

ANTI-CORRUPTION

A summary of the anti-corruption and whistle-blowing policy is set out below.

Anti-Corruption Policy

All employees are required to adhere to the anti-corruption policy. The Group believes in fairness and honesty in business dealings. Without the prior consent of the Audit Committee, no employee and/or their family member(s) should accept from any person, firm, company or organization which has dealings with the Group, either directly or indirectly any improper payments, rebate and other forms of bribery, facilitation payments as well as gifts and hospitality. Employees should exercise good judgment and report to the Audit Committee and/or the Board any actual or suspected breaches of this policy.

Whistle-Blowing Policy

The whistle-blowing policy applies to any suspected improprieties involving employees as well as consultants, vendors, contractors, suppliers, customers, and/or any other parties with a business relationship with the Group, and the whistle-blowing mechanism is designed to enable employees and third parties dealing with the Group to express their concerns and to disclose information which the whistle-blower believes to be an indicator of malpractice or impropriety. If an employee or a third party dealing with the Group becomes aware of any actual or suspected fraud, malpractice, misconduct, impropriety or irregularity, he/she is encouraged to report such incident(s) directly to any member of the Audit Committee, who will investigate the case and determine an appropriate course of action in response (including but not limited to referring the case to the Board and/or the management of the Company).

CONSTITUTIONAL DOCUMENTS

The existing Company's bye-laws were adopted on 18 September 2023 and no amendments had been made since then. The Company's legal advisers will review the Company's bye-laws so that they manage to cope with the latest legislative provisions and put forward for shareholders' approval at the general meeting if amendments to be made.

Environmental, Social and Governance Report

ABOUT THIS REPORT

This Environmental, Social and Governance Report is prepared in accordance with the Environmental, Social and Governance Reporting Guidelines as stated in Appendix C2 of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited, aiming to highlight the Group's performance in environmental, social and governance aspects, to assist all stakeholders in understanding the Group's philosophy and practices regarding environmental, social and governance, and to achieve sustainable development in the future.

1. Scope of this Report

This Report covers the main operating activities that the Group deems significant (i.e. the environmental, social and governance conditions in the principal place of operation). The principal activities of the Group are engaged in the distribution and service in medical equipment and consumables, hospital operation and management services and business service during the year. The major operating units of the Group are as follows:

- Anping Kangrong Hospital Co., Ltd.;
- Beijing Youkang Jianye Medical Equipment Co., Ltd.;
- Beijing Zhongwei Kangrong Hospital Management Co. Ltd.;
- Beijing Jian Hengkang Medical Technology Co., Ltd.;
- Beijing Xuanang Jiuyuan Medical Technology Co., Ltd.;
- Zhongwei International Consulting (Shenzhen) Co., Ltd.

Unless otherwise specified, this Report covers the environmental, social and governance progress and performance of the major operating units mentioned above during the reporting period.

2. Reporting Standards and Principles

(1) Reporting Standard

The Report complies with the disclosure requirements set out in the ESG Reporting Guide as described in Appendix C2 of the Main Board Listing Rules of the Hong Kong Stock Exchange Limited ("HKEx"). An assessment of the applicability and materiality of the relevant key performance indicators ("KPIs") under the ESG Reporting Guide was conducted.

Environmental, Social and Governance Report

(2) Reporting Principles

The following principles are adopted in the Report:

- Materiality: Important and relevant information to stakeholders on different ESG aspects is covered in the Report. A materiality assessment was conducted to determine material ESG issues, with results approved by the Board.

- Quantitative: The relevant standards, methodologies and assumptions used to prepare the quantitative information are disclosed as appropriate. Quantitative information is provided with narrative and comparative figures, where possible.

- Consistency: Consistent methodologies are used to prepare and present ESG information in this Report, unless otherwise specified, to allow for meaningful comparisons.

- Balance: This Report should present the Company's performance impartially, avoiding choices, omissions, or presentation formats that may improperly influence the decision-making or judgment of report readers.

3. Statement of the Board and Contact Information

(1) Statement of the Board

To manage various ESG aspects effectively and efficiently, the Board assumes the ultimate responsibility and implements comprehensive supervision and is primarily responsible for reviewing and supervising the ESG process, and risk management of the Group.

In order to better understand the opinions and expectations of different stakeholders on our ESG issues, a materiality assessment is conducted each year. We ensure various platforms and channels of communication are used to reach, listen and respond to our key stakeholders. By communicating with stakeholders, the Group understands their expectations and concerns, and the feedback received enables the Group to make more informed decisions and better assess and manage the resulting impacts.

The Group has evaluated the materiality and importance of ESG aspects through the steps:

1) material ESG area identification by industry benchmarking;

2) key ESG area prioritisation with stakeholder engagement;

3) validation and determining material ESG issues based on results of communication among stakeholders and the management.

Environmental, Social and Governance Report

Hence, this can enhance Company's understanding of their degree and change of attention to each significant ESG issue and can enable us to more comprehensively plan our sustainable development work in the future. Those important and material ESG areas identified during our material assessment were discussed in this Report.

(2) Contact Information

The Group welcomes your feedback on this Report for our sustainability initiatives. Please contact us by email at info@ch-groups.com.

4. Our Sustainable Development Value

The Board has overall responsibility for the Group's ESG strategy and reporting. The Board is responsible for evaluating and determining the Group's ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place. Our management is responsible for coordinating the implementation of the Group's environment, employment and service quality assurance policies.

The Board leads and provides direction to management by instituting ESG policies and initiatives, supervising their implementation and monitoring ESG performance. The Board continues to explore ways to further strengthen the ESG governance of the Group. The Board reviews ESG affairs regularly, including environmental protection, employment and labour practices, operating practices, and community investment, and implements appropriate measures to enhance the ESG performance of the Group.

5. Stakeholder Engagement

We value our stakeholders and their feedback in regards to our businesses and ESG aspects. With the goal of strengthening the sustainability approach and performance of the Group, we put effort into maintaining close communication with our key stakeholders, including but not limited to government and regulatory authorities, shareholders, employees, customers, suppliers, and the general public. We take stakeholders' expectations into consideration in formulating our businesses and ESG strategies by utilising diversified engagement methods and communication channels, shown as below:

Stakeholders	Key concerns	Communication channel
Government and regulatory organisations	• Compliance with applicable laws and regulations • Responsive for the government's latest policies and directives on healthcare	• Announcements and other regulatory reports

Environmental, Social and Governance Report

Stakeholders	Key concerns	Communication channel
Shareholders and investors	• Corporate governance • Development direction	• HKEx website and corporate website • Annual and interim report • Regular' meetings
Employees	• Staff retention • Career progression and development	• Performance review • Orientation and training • Internal email
Customer (Healthcare facilities)	• Product and service quality • Business integrity	• Corporate website • Communication meetings
Suppliers	• Stable and uninterrupted supply of quality medical consumables and medical equipment • Qualifications and licenses • Service support	• Procurement process • Business communications • Engagement and cooperation
COMMUNITY	• Improving the community's awareness of public health and safety	• Industry events • Corporate social responsibility activities

6. Materiality Assessment

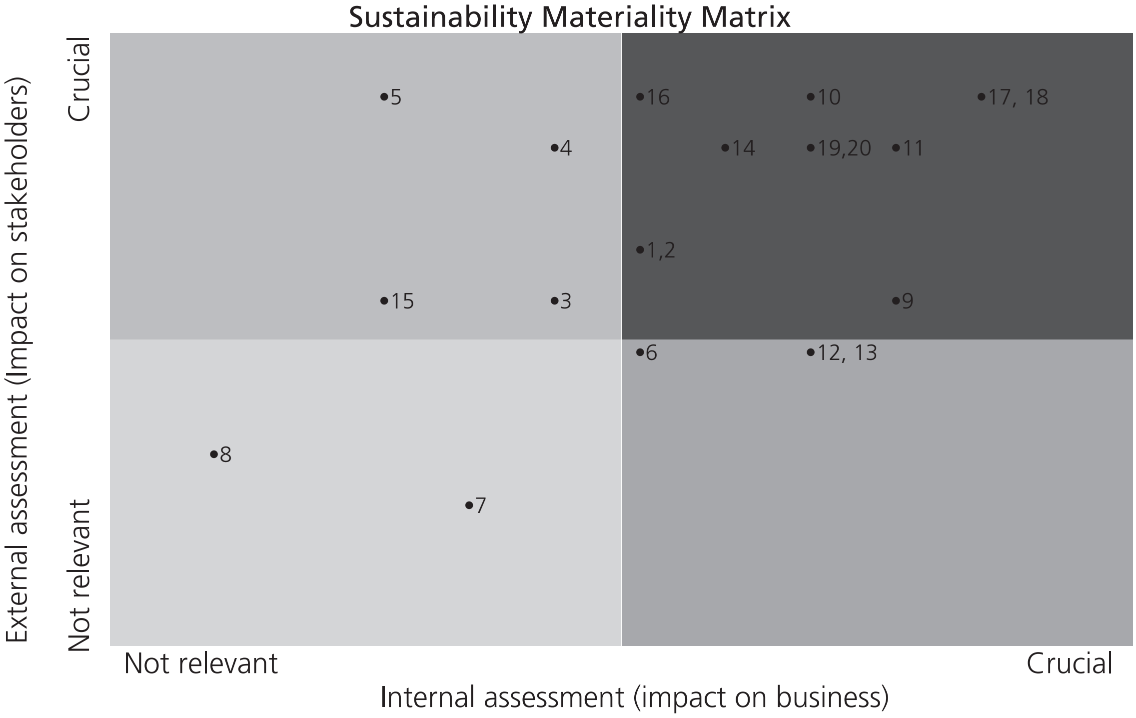
During the reporting period, the Group actively conducted assessments of various environmental, social, and operational projects, and analyzed their significance to stakeholders and the Group in depth through diversified channels. The assessment of such significant matters not only helps ensure that the Group's business objectives and development direction meet the expectations and requirements of stakeholders, but also provides valuable data support for the Group to make more informed decisions.

To conduct strategic planning and resource allocation more efficiently, we categorize these environmental, social, and governance issues into three levels: high, medium, and low. The issues which fell in the upper right corner of the matrix were defined as the topics that matter most in the Group's business operation and our stakeholders are highly concerned about. For these key areas, we will invest more resources and implement relevant measures to enhance performance.

Environmental, Social and Governance Report

In addition, the Group will continue to closely monitor relevant policies and market changes, actively seeking various possible opportunities to further improve our performance in environmental, social, and governance aspects. We believe that through this comprehensive and meticulous management approach, we can create greater value for stakeholders and bring broader positive impacts to society.

Sustainability Materiality Matrix



Environmental issues	**Social issues**	**Operational matters**
1. Greenhouse gas emissions	8. Community engagement	15. Economic value generated
2. Energy consumption	9. Occupational health and safety	16. Corporate governance
3. Water consumption	10. Labour Standards	17. Anti-corruption
4. Waste	11. Training and development	18. Supply Chain Management
5. Environmental impact	12. Employee welfare	19. Customer satisfaction
6. Air emissions	13. Equal opportunities	20. Customer privacy
7. Use of chemicals	14. Talent attraction and retention	

7. Environmental protection

Sustainable development has become a common goal of mankind, and establishing a green and environmentally friendly sustainable development enterprise is the core concept that the Group has always adhered to. In the process of practicing this concept, we are committed to integrating the principles of environmental, social, and governance (ESG) into all aspects of corporate operations.

Environmental, Social and Governance Report

To achieve resource conservation and efficient utilization, we have implemented a series of innovative measures. In addition to the rational use of traditional resources such as water and electricity, we also enhance employee training and awareness: we regularly hold energy-saving training sessions to raise employees' awareness of the importance of energy conservation and emission reduction, and encourage them to adopt energy-saving measures in their daily work; we implement green procurement policies: during the procurement process, we prioritize energy-efficient and environmentally friendly products and equipment to reduce energy consumption and environmental impact from the source; we strengthen smart energy management: using smart energy management systems to monitor and control energy usage, continuously optimizing energy consumption through data analysis and real-time feedback.

We adopt energy-saving technologies and equipment to optimize the production process, improve energy efficiency, and reduce waste generation.

For various office waste and industrial waste generated during business activities, we implement a scientific and strict waste management strategy. This includes the classification, recycling, reuse, and safe disposal of waste, ensuring that these materials can be properly handled or transformed into useful resources, thereby minimizing the environmental burden.

In the future, the Group will continue to spare no effort in carrying out environmental protection work, constantly exploring and practicing new green development models, and fulfilling our firm commitment to environmental protection. By integrating resources, innovating management, and actively participating, we can contribute greater strength to the sustainable development of the environment and play a more active role in promoting the achievement of global sustainable development goals.

(1) Emissions

Environmental emissions

Due to the nature of our business, our operations did not generate any significant industrial exhaust gases or discharges into water and land. The Group produces only a small amount of air pollutants and wastes. These mainly derive from direct emissions from vehicles and indirect greenhouse gas emissions from electricity consumption (e.g. carbon dioxide emissions).

Air emissions

The Group takes the initiative to examine the issue of air emission across its operation. Due to its business nature, the Group was not involved in any combustion processes or industrial activities that led to direct air pollutant emissions to the atmosphere. The Group thus concludes that its operation had no material impact through direct air emission to the environment.

Environmental, Social and Governance Report

To further reduce gas emissions, we implement the following measures:

- Green transportation initiative: we encourage employees to choose public transportation or participate in carpooling programs to reduce air pollutant emissions from personal car use;

- Vehicle electrification: we gradually introduce electric vehicles to replace traditional fuel ones to reduce air pollution and greenhouse gas emissions;

- Regular energy assessment: we conduct regular energy audits in order to identify and implement more opportunities for energy saving and emission reduction;

- Carbon footprint assessment and emission reduction targets: we regularly assess the carbon footprint of corporate activities, and set emission reduction targets and implement corresponding mitigation measures based on the assessment results.

Sewage treatment

The water consumed by the hospital is discharged to designated water treatment facilities after strict treatment, ensuring that the wastewater meets environmental protection standards and reduces its impact on the environment. The Group places high importance on fluid waste management and has adopted the following measures to limit employees' exposure to infectious fluid waste:

- Standardized processes: we have established strict liquid waste handling processes to ensure that all employees follow the corresponding safety regulations and operational guidelines;

- Safety training: we regularly conduct safety management training for employees regarding liquid waste, enhancing their awareness of biological hazards and self-protection capabilities;

- Special containers: liquid waste must be stored in leak-proof suction cans or other designated containers designed for the safe collection, transportation and storage of infectious fluid waste;

- Signage system: all containers of hazardous liquid waste must be clearly marked to warn of potential risks and ensure correct handling;

- Disposal at fixed sites: subject to safety inspections, containers of liquid waste are transported to appropriate locations for professional treatment or disposal to prevent cross-contamination and disease transmission;

- Partners: we collaborate with qualified waste disposal companies to ensure that liquid waste is properly and safely disposed of while complying with all relevant laws and regulations.

Through these measures, we are committed to minimizing the environmental impact of hospital operations while ensuring the health and safety of employees and community residents.

Wastes management
The waste generated in business operations is mainly divided into two categories: medical waste and general waste. For these two types of waste, we have implemented the following strict handling measures:

- Medical waste disposal: All medical waste, including infectious waste, pathological waste, pharmaceuticals, and chemical waste, is entrusted to qualified medical waste collection, transportation, and disposal units. These units are equipped with professional equipment and trained personnel, capable of ensuring that medical waste is uniformly and safely incinerated, reducing risks to the environment and public health;

- Pharmaceutical supply chain and logistics: Climate change puts pressure on global supply chains, particularly affecting the stable supply of pharmaceuticals. We are closely monitoring any weak links in the supply chain and mitigating the risk of supply disruptions caused by extreme weather events through optimized logistics strategies;

- Environmentally friendly design and reduction: we are committed to adopting eco-friendly designs in our business operations to reduce waste generation at the source. For example, we use recyclable or degradable materials and optimise packaging design to reduce unnecessary packaging waste;

- Employee training and awareness raising: we regularly conduct environmental protection and waste management training for our employees to enhance their awareness of waste classification and reduction, and encourage green practices in daily work and life;

Environmental, Social and Governance Report

- Supervision and improvement: We continuously monitor waste disposal processes and make adjustments and improvements based on the latest environmental regulations and technological advancements to ensure that waste disposal is both efficient and environmentally friendly.

We aim to minimise the environmental impact of hospital operations while protecting community health and enhancing environmental quality.

Packaging materials

The Group primarily engages in the distribution and servicing of medical devices and consumables, while also providing hospital management services. Due to the nature of our business, the operational process does not involve the consumption of packaging materials or any business activities related to packaging materials.

Therefore, during the reporting period, we did not use any packaging materials.

(2) Use of Resources

We attach great importance to environmental protection, with commitment to creating a corporate culture featuring green and environmental friendly. We pay great attention to the effective integration and conservation of resources, advocating for eco-friendly office practices and green commuting to minimize resource consumption and reduce environmental damage. The Group is dedicated to providing customers with excellent service quality while also striving to minimize the adverse environmental impacts of operational activities.

In terms of electricity management, we encourage employees to turn off all electrical devices before leaving work and set conditions and temperature standards for air conditioning, while also posting reminders in office areas to enhance employees' environmental awareness. In addition, as the science and technology develops, more inductive lighting technology are adopted in the PRC to avoid unnecessary electricity consumption. The Group's offices in the PRC have also adopted induction lighting systems to minimize the use of electricity, which has received widespread support from employees, who work together to implement energy-saving measures.

Environmental, Social and Governance Report

Regarding paper usage, we encourage employees to communicate through online methods such as email to effectively reduce paper consumption. At the same time, we implement duplex printing to reduce paper usage and recycle used paper to further improve resource usage efficiency.

In terms of water use management, we have posted water-saving slogans and promotional posters in the restrooms and wash areas to remind employees to cherish water resources. At the same time, we strengthen the daily maintenance and management of water facilities, ensuring timely repairs of any damaged water supply networks and facilities to avoid wasting water resources.

The Group actively promotes the concept of green office, aiming to reduce the consumption of natural resources and lessen the impact on the environment. We have set up teleconferencing equipment in the office and encourage employees to utilize internet conferencing features to reduce unnecessary business trips, thereby effectively lowering carbon emissions from transportation.

To achieve higher energy efficiency, the Group has implemented the following key initiatives during the Reporting Period:

- Encouraging employee participation in energy management: conducting energy awareness education activities for employees, encouraging them to turn off unnecessary appliances during daily work, utilize natural light, and report any issues of energy waste, collectively creating an energy-saving work environment;

- Installing automatic lighting control systems: by installing sensors and timers to automatically control indoor and outdoor lighting, ensuring that lights are only turned on when someone is using the space, thus reducing unnecessary energy consumption;

- Promoting the use of energy-efficient equipment: actively procuring and using products with energy-saving labels, such as LED lighting, energy-efficient air conditioning, and high-efficiency office equipment, which can effectively reduce energy consumption and lower carbon emissions.

Environmental, Social and Governance Report

The energy consumption in the recent two years is as follows:

Resource consumption	**Unit**	**2026**	2025
Electricity	kWh	**383,910**	403,902
Fuel	kWh	**72,088**	120,569
Energy consumption intensity	kWh/millions of revenue	**11,097**	13,977
Water	Tonne	**4,683**	4,785
Water consumption intensity	Tonne/millions of revenue	**114**	128

The solid waste consumption in the recent two years is as follows:

Resource consumption	**Unit**	**2026**	2025
Hazardous waste	Tonne	**3.1**	3.4

During the year, the Group appointed a professional organization to handle hazardous waste.

(3) Air Pollutants

The major air pollutants in the city, nitrogen oxides ("NOx"), sulfur oxides ("SOx"), and respirable suspended particles ("RSP"), also known as suspended particles or particulates ("PM"), are primarily generated from the widespread consumption of fossil fuels by vehicles, ships, power plants, and manufacturing factories. As of the report date, the Group has not engaged in business activities that involve large-scale use of fossil fuels. The directors of the Company believe that the Group's pollutant emissions in this regard are very limited and do not have a significant impact on the Group's and/or shareholders' assessments and decisions.

Automotive fuel is a major source of pollutant emissions, and management believes that the environmental impact of operational emissions is minimal and does not significantly affect the Group's and shareholders' assessments and decisions.

Type	**Unit**	**2026**	2025
Air emissions			
Nitrogen Oxides	kg	**3.0**	27.9
Particular matters	kg	**0.2**	2.5
Sulphur Oxides	kg	**0.03**	0.1

Environmental, Social and Governance Report

(4) Greenhouse Gas Emissions and Climate Change

Global warming is one of the main issues of climate change today, closely related to the greenhouse gas emissions generated by human activities. The risks associated with climate change are imminent, and the Group is committed to utilizing resources in a sustainable and environmentally friendly manner to reduce greenhouse gas emissions. In accordance with the Stock Exchange's requirements for "Climate-Related Disclosures", we comprehensively disclose our strategies and progress in addressing climate change based on four core pillars: governance, strategy, risk management, and metrics and targets.

(I) Governance

The board of directors of the Group bears ultimate supervisory responsibility for climate-related risks and opportunities. The board is responsible for approving climate-related strategies, targets, and risk management frameworks, and regularly reviews the Group's progress in addressing climate change. Management is responsible for executing the climate strategies set by the board, identifying, assessing, and managing climate-related risks and opportunities in daily operations.

(II) Strategy

The Group actively identifies and assesses the potential impacts of climate change based on actual operating conditions:

- Physical risks: Acute risks such as extreme weather events (e.g., floods, droughts, and heatwaves) are becoming increasingly frequent, which may affect the operation of medical equipment and the logistics of consumables. Chronic risks, such as changes in long-term climate patterns (e.g., rising temperatures), may impact office environments and energy consumption.

- Transition risks: As national environmental regulations become increasingly stringent, we must ensure that our business operations and supply chains comply with regulatory requirements. At the same time, the growing market demand for environmentally friendly medical and beauty products may bring about technological transition and reputational risks.

- Climate opportunities: The increasing public attention to sustainable development provides us with new market opportunities to introduce and promote medical and beauty products that are low-energy, high-efficiency, and made from environmentally friendly materials.

Environmental, Social and Governance Report

The Group is comprehensively reviewing and adjusting its business strategies to ensure effective responses to the challenges posed by climate change. As of the end of the reporting period, the Group has not yet established a formal climate-related transition plan, but will continue to assess the impact of climate change on its business model and value chain, and will formulate corresponding plans in a timely manner in the future.

(III) *Risk Management*

The Group has incorporated climate-related risks into the overall corporate risk management framework. The management regularly assesses the impact of climate change on the pharmaceutical supply chain and logistics, and mitigates the risk of supply disruptions caused by extreme weather events by optimizing logistics strategies. In addition, we are strengthening our emergency plans and improving disaster recovery strategies to ensure a swift response to climate-related emergencies.

(IV) *Indicators and Targets*

The Group's greenhouse gas emissions primarily stem from electricity consumption by office equipment and fuel consumption by vehicles, which can be categorized into fuel combustion (Scope 1) and indirect energy emissions (Scope 2). We regularly assess the Group's carbon footprint and reduce emissions through measures such as promoting energy-efficient equipment, vehicle electrification, and green office practices.

Type	**Unit**	**2026**	2025
Greenhouse gas emissions			
Scope 1	Tonne	**14**	8
Scope 2	Tonne	**219**	338
Total GHG emission	Tonne	**233**	346
GHG emission intensity	Tonne/millions of revenue	**5.7**	9.2

As of the end of the reporting period, the Group has not yet applied carbon pricing in decision-making nor incorporated climate-related considerations into its compensation policies. We will continue to monitor market practices and regulatory requirements, considering the application of relevant mechanisms in the future as appropriate.

Environmental, Social and Governance Report

8. Employee Care

(1) Work Platform

Social Employment

Among the Group, we recognize that the success of a business largely depends on its ability to attract, nurture, and retain talented individuals. Therefore, the Group adheres to a transparent and fair recruitment process and fully protects the rights and interests of employees.

Recruitment, promotion and compensation

In terms of recruitment, promotion, and compensation, we offer employees competitive remuneration, along with ample opportunities for advancement and benefits, to attract and retain diverse talent. Our compensation levels are determined based on current market conditions as well as the individual capabilities, qualifications, and experiences of employees.

Equal opportunities, diversity and anti-discrimination

To promote equal opportunities, diversity, and anti-discrimination, the Group particularly advocates for equal opportunity. Our compensation plans and performance evaluations are based on employees' abilities, professional skills, and job performance. It is worth mentioning that during the reporting period, the Group did not identify any instances of violations of employment and equal opportunity regulations.

As an employer committed to the principle of equal opportunity, the Group is dedicated to creating a discrimination-free work environment. We ensure that all employment measures, including hiring, deployment, recruitment, training, promotion, discipline, compensation, and benefits, treat all employees and job applicants fairly, regardless of race, gender, age, religion, nationality, or disability. We strive to create a corporate culture that is equal, respectful, diverse, inclusive, and mutually supportive.

Environmental, Social and Governance Report

Workforce

As of 31 March 2026, the Group has 111 full-time employees in China and Hong Kong (2025: 148). Details are as follows:

Workforce	Employee Distribution	Employee Turnover Ratio
Gender		
Male	37	24.7%
Female	74	11.0%
Ranking		
Senior management	13	48.0%
Manager and supervisor	8	13.3%
General staff	90	11.3%
Age		
18-29	55	7.9%
18-29	41	16.3%
60 or above	15	27.3%

(2) Development and Training

The Group is committed to creating a vibrant environment that inspires employees to pursue excellence in their work and career development. We provide customized training programs for employees at different levels and departments within the Group to meet their respective development needs.

For newly joined employees, we offer a specially designed onboarding training program to ensure they can quickly familiarize themselves with and integrate into the Group's culture and practices. The Group places great importance on employee training and has established a comprehensive training system. The main principle of this system is to cover all members within the organization, ensuring that everyone has the opportunity for personal and professional growth.

Environmental, Social and Governance Report

Details of the Group's training during the year are as follows:

Workforce	Number of Employees Participating in Training	Percentage of Employees Participating in Training	Average Training Hours Completed
Gender			
Male	16	44.4%	2.33
Female	61	81.3%	1.23
Ranking			
Senior management	3	21.4%	2.57
Manager and supervisor	3	37.5%	4.50
General staff	71	79.8%	0.99

The Group has established a reward system aimed at providing professional training for experienced and qualified employees. Our policy clearly stipulates that every employee, including management, should participate in training annually to maintain and enhance their professional skills. In addition, to encourage employees to engage in continuing education and lifelong learning, and to strengthen job retraining, the Group not only provides employees with training leave but also offers exam leave allowances for those taking examinations. These measures are designed to support employees in continually advancing their careers, thereby enhancing their overall job performance and satisfaction.

(3) Labour Standards

The Group has established a comprehensive human resources policy, which is detailed in the employee handbook and the information provided to employees, ensuring that every employee clearly understands the personnel rules and company expectations. Our human resources policy not only adheres to basic labor regulations but also formulates and implements benefits that exceed legal requirements when necessary, reflecting our care and support for employees.

To promote diversity and equality, the group adheres to a non-discrimination principle during the recruitment process, selecting talent solely based on the applicant's performance, experience, and skills. We actively encourage employees to discuss their career development and promotion goals with senior management during daily activities, and conduct at least one performance evaluation each year to support employees' career growth.

Environmental, Social and Governance Report

The Group firmly rejects the use of child labor or forced labor. To effectively prevent illegal employment practices, our human resources department requires all applicants to provide valid identification documents before confirming employment, ensuring they meet the legal working age and voluntarily join our team. During the reporting period, the Group did not identify any violations of employment and labor laws, nor were there any incidents involving forced labor or the use of child labor, demonstrating our firm commitment and practical effectiveness in corporate social responsibility.

(4) Health and Safety

The Group strives to create a safe, healthy, and comfortable working environment to ensure employees' occupational health and safety. The Group complies with the Hong Kong Employees' Compensation Ordinance, the Labor Law of the People's Republic of China, and other applicable regulations. Employees must strictly adhere to all safety regulations and, according to relevant laws and regulations, take appropriate protective measures available at all times to prevent accidents and protect themselves and colleagues from safety risks.

The Group complies with the health and safety regulations of the Occupational Safety and Health Ordinance and has established environmental control and hygiene regulations for the workplace. To reduce the likelihood of employees contracting respiratory infections, we will issue flu notifications when necessary to enhance preventive measures, such as providing sanitary masks and disinfectant hand gel, for employees to use at any time.

In the past three years, the group has not experienced any personnel casualties or accidents. During the reporting period, the Group also did not encounter any serious violations of workplace health and safety laws and regulations that had a significant impact on the Group.

The Group has established a set of policies that focus on keeping a safe and healthy workplace, including the following requirements:

- Relevant training and knowledge should be provided to employees with respect to risks associated with goods handling in medical facilities.

- The warning wording has been posted in the obvious area of the medical institutions to emphasise the health and safety practice.

Environmental, Social and Governance Report

The Company's employee health and safety situation over the past three years is as follows:

Item	**2026**	2025	2024
Number of lost days due to work injury	**Nil**	Nil	Nil
Number of work-related fatalities incident	**Nil**	Nil	Nil
Number of work injuries incident	**Nil**	Nil	Nil

9. Operational Management

(1) Supply Chain Management

Our suppliers primarily consist of agents and distributors of pharmaceuticals, medical consumables and medical equipment. When selecting suppliers, the Group is very cautious, and we screen based on multiple criteria, including quality, reputation, price, types of products and services, and delivery capability. To ensure compliance and quality in the supply chain, we regularly assess the performance and reputation of suppliers and reconfirm their qualifications such as GMP (Good Manufacturing Practice) and/or GSP (Good Supply Practice) certificates. In addition, the Group conducts reasonable due diligence on suppliers to further ensure they meet our requirements.

We are committed to establishing and maintaining long-term cooperative relationships with suppliers, which not only helps ensure a stable supply of medical materials but also encourages suppliers to continuously provide products that meet commitments and demonstrate a commitment to environmental protection. Our suppliers come from a rigorously selected approved list, which is reviewed and updated annually to ensure that all suppliers meet our requirements for product quality and environmental protection.

In 2026, we had a total of 94 major suppliers, all located in Mainland China.

In our daily operations, we pay special attention to the use of environmentally friendly materials, such as choosing to use paper and biodegradable items to reduce environmental impact.

During the Reporting Period, we did not identify any material risks and issues in supply chain management. We will continue to monitor and enhance supply chain management to support the Group's sustainability goals.

Environmental, Social and Governance Report

The Group undertakes reasonable due diligence of its suppliers' qualifications, including:

- suppliers are required to provide all relevant qualification documents and licenses for inspection;

- the procurement department is responsible for verifying the genuineness, validity and scope of the qualification documents and licenses;

- the qualification documents and licenses will be provided to the relevant departments, including the warehouse, medical equipment department and pharmacy department, for the relevant staff to take note of the source of the supplies and their qualifications;

- suppliers should promptly present the latest qualification documents and licenses.

During the Reporting Period, a total of 94 medical device suppliers were involved in the Group, all of which were from the PRC.

(2) Product Responsibility

The Group has implemented a series of comprehensive measures aimed at ensuring customer satisfaction and the quality of our products. We carefully select suppliers of medical devices and consumables, all of which are authorized by municipal governments and regulatory agencies, ensuring both the legality of our product sourcing and the reliability of product quality. In addition, every product produced and sold by the Group fully complies with the relevant provisions of the Product Quality Law of the People's Republic of China, strictly adhering to national quality standards from source to end, ensuring the provision of high-quality medical equipment and consumables that meet legal requirements for customers.

Customer satisfaction

- Hospital operation and hospital management service business
  The Group deeply recognizes the importance of patient complaint management for continuously improving clinical safety and service quality. We treat every patient complaint as a valuable opportunity for improvement and handle each one with the utmost importance and care. To better implement this concept, we have set up suggestion boxes in prominent locations in hospitals, actively encouraging patients and their families to provide valuable feedback and share experiences. It is worth noting that during the reporting period, we encountered no major medical dispute cases, which attests to the effectiveness of our quality service provision.

Environmental, Social and Governance Report

To handle patient medical records more professionally, the Group has established a dedicated medical case management department. We strictly comply with all applicable laws and regulations related to patient privacy protection, including guiding documents such as the Guangdong Province Medical Record Writing and Management Specifications and the Healthcare Institution Medical Records Management Rules. The hospital has established strict management systems for all aspects of the creation, maintenance, review, duplication, sealing or unsealing, and preservation of patient medical records. These systems not only ensure the accuracy and completeness of medical records but also protect this sensitive information from unauthorized access, processing, deletion, loss, or use. Through this series of measures, we are committed to providing patients with a safe and confidential medical environment.

- Distribution and service in the medical equipment business

  The Group is committed to maintaining open and ongoing communication with customers and seriously following up on any complaints raised by customers and other stakeholders. We believe that every piece of customer feedback is an opportunity to improve service quality. During the reporting period, we did not receive any complaints regarding product quality, nor did we receive any complaints about property management services. For any potential complaints that may arise in the future, we will continue to adhere to the principle of handling each complaint separately and will implement necessary rectification or preventive measures based on specific circumstances after thorough investigation.

  At the same time, to effectively address potential product quality issues, the Group has developed a detailed product recall handling procedure. This procedure aims to quickly and orderly recall non-compliant products, ensuring the efficiency and effectiveness of the recall process, minimizing the impact on customers. Fortunately, during the reporting period, there were no products that needed to be recalled for safety and health reasons. We are committed to continuing to uphold this standard, ensuring that customers have access to safe, healthy, high-quality products.

Privacy

Given the nature of our service business, the Group's employees handle a large amount of patients' personal data in their daily work, including sensitive health information. The Group fully recognizes the importance of protecting patient privacy and personal data, and considers this one of our core responsibilities.

Environmental, Social and Governance Report

To comprehensively protect patients' personal data and prevent any form of data leakage, we have established a comprehensive data protection policy in accordance with the Consumer Rights Protection Law and other relevant privacy protection regulations. These policies cover the entire process from data collection and processing through to storage and destruction, and ensure that all employees receive rigorous training to understand and comply with relevant laws and regulations as well as the group's internal policies.

In addition, we have employed advanced technology and physical security measures to protect patients' data, ensuring that all personal information is stored and processed securely. We regularly review and strengthen these security measures to address the ever-changing cybersecurity threats.

During the reporting period, the Group did not record any violations of privacy-related laws and regulations, nor were there any data security incidents that could significantly impact the Group's reputation or finances. This achievement reflects our unwavering commitment to protecting patient privacy and data security, as well as our ongoing efforts in implementing and enforcing relevant policies.

(3) Intellectual Property Rights

The Group is committed to continuously strengthening the protection and management of intellectual property rights. We have established a dedicated team responsible for the application, protection, and management of intellectual property, and we systematically archive and manage the patents obtained by the company to ensure effective maintenance and application of intellectual property.

(4) Anti-corruption

The Group fully recognizes that any corruption incident can cause irreparable significant damage to the Group's reputation and operations. Therefore, we adhere to high standards of business integrity throughout our operations, viewing a sound ethical system and effective anti-corruption mechanisms as fundamental to supporting the Group's sustainable and healthy development.

Environmental, Social and Governance Report

To strictly implement policies and procedures for preventing and detecting money laundering and terrorist financing, the Group has implemented the following measures to prevent and detect these illegal activities:

- verify the identity of the client by reference to a reliable source of independent documentation, in order to gain a deeper understanding of the client's background and business activities;

- report any suspicious transactions to relevant government departments, to ensure the legality and transparency of all financial activities.

These measures aim to protect the Group from risks associated with money laundering and terrorist financing, and to ensure that our business practices comply with the highest legal and ethical standards.

Whistleblowing measures
To promote integrity and ensure the healthy development of the group's business, we have established a series of policy guidelines regarding employee conduct. These policies explicitly prohibit the acceptance of gifts and any form of conflict of interest, with the aim of further enhancing employees' integrity awareness. The Group has zero tolerance for any unethical behavior.

We have established comprehensive reporting and investigation procedures to handle related matters. If it is discovered that an employee has accepted any benefits from clients or suppliers, the Group will immediately terminate that employee's employment contract. At the same time, we require employees to immediately report any suspicious transactions to their department supervisor. If an investigation confirms that an employee has engaged in corrupt behavior, the Group will take disciplinary action against them, including immediate termination of the employment contract. If the evidence in the case is conclusive, the board of directors will report the case to the relevant external agencies.

As of the accounting year ending 31 March 2026, neither the group nor its employees have been involved in any legal lawsuits or disputes arising from bribery, extortion, fraud, or money laundering.

Environmental, Social and Governance Report

10. Social Participation

(1) Community Investment

We believe that community investment is at the core of fulfilling corporate social responsibility. In light of this, we actively encourage and support our employees to participate in various volunteer activities in their spare time, thereby strengthening support and development for the community. As a socially responsible enterprise, we are committed to social care activities through various means over the long term, persistently practicing corporate social responsibility. During the reporting period, the Company not only invested resources to support charitable causes but also actively organized and participated in a number of social welfare activities to demonstrate our commitment to society through concrete actions. The Group deeply considers social interests in its daily operations, integrating environmental protection concepts and sustainable development goals into corporate culture and business operations, ensuring that our growth complements social welfare.

(2) Caring for society

We have a profound affection for society and shoulder the responsibilities of corporate citizenship, making positive contributions to social harmony and progress through participation in charitable and public welfare activities. We believe that the success of a business is closely linked to the healthy development of society, and therefore we are committed to establishing and maintaining this mutually beneficial relationship.

In our business operations, community service is not an ancillary option but an important component of our core values. As a member of the healthcare industry, we pay special attention to enhancing public health awareness and quality of life. In light of this, we spare no effort in promoting health knowledge, providing voluntary medical consultations, and collaborating with community partners to jointly carry out health promotion programs and disease prevention projects. This not only helps us establish a good social image but also earns us widespread respect and recognition both within and outside the community.

Appendix A

Compliance Performance

Scope	Material laws and regulations (including without limitation)	Compliance
Environment	the Environmental Protection Law of the People's Republic of China	The Group had no material breach of laws and regulations
	Water Pollution Prevention and Control Law of the People's Republic of China	
	Atmospheric Pollution Prevention and Control Law of the People's Republic of China	
	Solid Wastes Pollution Prevention and Control Law of the People's Republic of China	
	Energy Conservation Law of the People's Republic of China	
	Regulations on the Administration of Medical Waste	
	Implementation Measures of the Management of Medical Waste and	
	Urban Drainage and Sewage Treatment Ordinance	
	the Medical Waste Management Regulations	
Social – Employment and Workforce Guidelines	Labour Contract Law of the People's Republic of China;	The Group had no material breach of laws and regulations
	Labour Law of the People's Republic of China	
	Social Insurance Law of the People's Republic of China	
	Provisions on the Prohibition of Using Child Labour of the People's Republic of China.	
	Law on Protection of Minors of the People's Republic of China	

Environmental, Social and Governance Report

Scope	Material laws and regulations (including without limitation)	Compliance
Social – Health and Safety	Law of the People's Republic of China on the Prevention and Control of Occupational Diseases	The Group had no material breach of laws and regulations
	Production Safety Law of the People's Republic of China	
Social – Product Responsibility	Product Quality Law of the People's Republic of China	The Group had no aterial breach of laws and regulations
	Protection of Consumer Rights and Interests Law of the People's Republic of China	
	Company Law of the People's Republic of China	
	Contract Law of the People's Republic of China	
	Cybersecurity Law of the People's Republic of China	
	Advertising Law of the People's Republic of China	
Society – Anti-Corruption	Criminal law of the People's Republic of China	The Group had no material breach of laws and regulations
	Company Law of the People's Republic of China	
	Anti-Unfair Competition Law of the People's Republic of China	
	Anti-Money Laundering Law of the People's Republic of China	

Environmental, Social and Governance Report

Appendix B

Index of ESG Reporting Guidelines of the Stock Exchange

Aspect/Indicator	**Disclosure Requirements**	**Corresponding Section**
Aspect A1: Emissions	General Disclosure: Information on policies and compliance with relevant laws and regulations that have a significant impact on the issuer regarding air and greenhouse gas emissions, pollution to water and land, and the generation of hazardous and non-hazardous waste.	7(1) Emissions
Key Performance Indicator A1.1	Types of emissions and related emission data.	7(1) Emissions
Key Performance Indicator A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (measured in tons) and, if applicable, density.	7(1) Emissions
Key Performance Indicator A1.3	Total amount of hazardous waste generated (measured in tons) and, if applicable, density.	7(1) Emissions
Key Performance Indicator A1.4	Total amount of non-hazardous waste generated (measured in tons) and, if applicable, density.	7(1) Emissions
Key Performance Indicator A1.5	Describe the established emission reduction targets and the steps taken to achieve these targets.	7(1) Emissions
Key Performance Indicator A1.6	Describe the methods for handling hazardous and non-hazardous waste, the established waste reduction targets, and the steps taken to achieve these targets.	7(1) Emissions
Aspect A2: Resource Use	General Disclosure: Policies for the effective use of resources (including energy, water, and other raw materials).	7(2) Use of Resources

Environmental, Social and Governance Report

Aspect/Indicator	Disclosure Requirements	Corresponding Section
Key Performance Indicator A2.1	Total consumption of direct and/or indirect energy (such as electricity, gas, or oil) categorized by type (measured in thousand kilowatt-hours) and density.	7(2) Use of Resources
Key Performance Indicator A2.2	Total water consumption and density.	7(2) Use of Resources
Key Performance Indicator A2.3	Describe the established energy efficiency targets and the steps taken to achieve these targets.	7(2) Use of Resources
Key Performance Indicator A2.4	Describe any issues regarding the availability of applicable water sources, the established water efficiency targets, and the steps taken to achieve these targets.	7(2) Use of Resources
Key Performance Indicator A2.5	Total amount of packaging materials used for finished products (measured in tons) and, if applicable, the amount per production unit.	7(2) Use of Resources
Aspect A3: Environment and Natural Resources	General Disclosure: Policies to reduce significant impacts of the issuer on the environment and natural resources.	7(3) Environment and Natural Resources
Key Performance Indicator A3.1	Describe the significant impacts of business activities on the environment and natural resources and the actions taken to manage these impacts.	7(3) Environment and Natural Resources

Environmental, Social and Governance Report

Aspect/Indicator	**Disclosure Requirements**	**Corresponding Section**
Aspect B1: Employment	General Disclosure: Information regarding policies on compensation and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination, and other treatment and benefits, as well as compliance with relevant laws and regulations that significantly impact the issuer.	8(1) Work Platform
Key Performance Indicator B1.1	Total number of employees categorized by gender, employment type (such as full-time or part-time), age group, and region.	8(1) Work Platform
Key Performance Indicator B1.2	Employee turnover rate categorized by gender, age group, and region.	8(1) Work Platform
Aspect B2: Health and Safety	General Disclosure: Information regarding policies for providing a safe working environment and ensuring employees are protected from occupational hazards, as well as compliance with relevant laws and regulations that significantly impact the issuer.	8(4) Health and Safety
Key Performance Indicator B2.1	Number and rate of fatalities due to work-related incidents over the past three years (including the reporting year).	8(4) Health and Safety
Key Performance Indicator B2.2	Number of lost days due to work injury	8(4) Health and Safety
Key Performance Indicator B2.3	Description of the occupational health and safety measures adopted, as well as related implementation and monitoring methods.	8(4) Health and Safety

Environmental, Social and Governance Report

Aspect/Indicator	**Disclosure Requirements**	**Corresponding Section**
Aspect B3: Development and Training	General Disclosure: Information regarding policies for enhancing employees' knowledge and skills to fulfill their job responsibilities. Description of training activities.	8(2) Development and Training
Key Performance Indicator B3.1	Percentage of trained employees categorized by gender and employee category (such as senior management, middle management, etc.).	8(2) Development and Training
Key Performance Indicator B3.2	Average hours of training completed by each employee, categorized by gender and employee type.	8(2) Development and Training
Aspect B4: Labour Standards	General Disclosure: Information regarding policies to prevent child labor or forced labor and compliance with relevant laws and regulations that have a significant impact on the issuer.	8(3) Labour Standards
Key Performance Indicator B4.1	Describe measures taken to review recruitment practices to avoid child labor and forced labor.	8(3) Labour Standards
Key Performance Indicator B4.2	Describe the steps taken to eliminate the situation upon discovering violations.	8(3) Labour Standards
Aspect B5: Supply Chain Management	General Disclosure: Policies for managing environmental and social risks in the supply chain.	9(1) Supply Chain Management
Key Performance Indicator B5.1	Number of suppliers categorized by region.	9(1) Supply Chain Management
Key Performance Indicator B5.2	Describe the practices for hiring suppliers, the number of suppliers implementing those practices, and the methods of implementation and monitoring related to those practices.	9(1) Supply Chain Management

Environmental, Social and Governance Report

Aspect/Indicator	Disclosure Requirements	Corresponding Section
Key Performance Indicator B5.3	Describe the practices for identifying environmental and social risks at each link in the supply chain, as well as the relevant methods of implementation and monitoring.	9(1) Supply Chain Management
Key Performance Indicator B5.4	Describe the practices that encourage the use of environmentally friendly products and services when selecting suppliers, along with the relevant methods of implementation and monitoring.	9(1) Supply Chain Management
Aspect B6: Product Responsibility	General Disclosure: Information regarding policies on health and safety, advertising, labeling, privacy issues, and remedies related to the products and services provided, as well as compliance with relevant laws and regulations that have a significant impact on the issuer.	9(2) Product Responsibility
Key Performance Indicator B6.1	The percentage of products sold or delivered that must be recalled for safety and health reasons.	9(2) Product Responsibility
Key Performance Indicator B6.2	The number of complaints received regarding products and services, as well as the response methods.	9(2) Product Responsibility
Key Performance Indicator B6.3	A description of the practices related to the maintenance and protection of intellectual property rights.	9(3) Intellectual Property Rights
Key Performance Indicator B6.4	A description of the quality inspection process and product recall procedures.	9(2) Product Responsibility
Key Performance Indicator B6.5	A description of consumer data protection and privacy policies, as well as related implementation and monitoring methods.	9(2) Product Responsibility

Environmental, Social and Governance Report

Aspect/Indicator	**Disclosure Requirements**	**Corresponding Section**
Aspect B7: Anti-Corruption	General Disclosure: Information regarding policies to prevent bribery, extortion, fraud, and money laundering, and compliance with relevant laws and regulations that have a significant impact on the issuer.	9(4) Anti-corruption
Key Performance Indicator B7.1	The number of corruption litigation cases filed against the issuer or its employees during the reporting period and the outcomes of those litigations.	9(4) Anti-corruption
Key Performance Indicator B7.2	A description of preventive measures and reporting procedures, as well as related implementation and monitoring methods.	9(4) Anti-corruption
Key Performance Indicator B7.3	A description of anti-corruption training provided to directors and employees.	9(4) Anti-corruption
Dimension B8: Community Investment	General Disclosure: Information regarding policies to understand the needs of the community where operations are located through community engagement and to ensure that business activities consider community interests.	10 Social Participation
Key Performance Indicator B8.1	Focus on contribution areas (such as education, environmental issues, labour needs, health, culture, sports).	10 Social Participation
Key Performance Indicator B8.2	Resources allocated in focus areas (such as money or time).	10 Social Participation

Environmental, Social and Governance Report

Appendix D

Climate-related Disclosure Index

Indicators	**Details**	**Corresponding Section**
Governance		
19(a)	Description of the governance body or individual responsible for overseeing climate-related risks and opportunities	7(4) Greenhouse Gas Emissions and Climate Change
19(b)	Role of management in the governance process of assessing and managing climate-related risks and opportunities	7(4) Greenhouse Gas Emissions and Climate Change
Strategy	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (measured in tons) and, if applicable, density.	7(1) Emissions
20	Description of climate-related risks and opportunities (physical or transition risks, time horizons)	7(4) Greenhouse Gas Emissions and Climate Change
21	Current and expected impacts of climate-related risks and opportunities on business models and value chains	7(4) Greenhouse Gas Emissions and Climate Change
22	Strategies and decisions to address climate-related risks and opportunities	7(4) Greenhouse Gas Emissions and Climate Change
22(a)(iii)	Note: The Group has not yet developed a climate-related transition plan	7(4) Greenhouse Gas Emissions and Climate Change

Environmental, Social and Governance Report

Indicators	**Details**	**Corresponding Section**
23-25	Previous plan progress, current financial impact, expected financial impact	Not applicable (quantitative financial impact has not yet been assessed)
26	Climate resilience assessment (including scenario analysis)	Not applicable (scenario analysis has not yet been conducted)
Risk Management		
27	The process of identifying, assessing, prioritizing, and monitoring climate-related risks and opportunities	7(4) Greenhouse Gas Emissions and Climate Change
Indicators and Targets		
28-29	Greenhouse gas emissions (Scope 1, Scope 2) and measurement methods	7(4) Greenhouse Gas Emissions and Climate Change
30-33	Assets affected by transition risks, physical risks, climate-related opportunities, and capital deployment	Not applicable (quantitative assessment has not yet been conducted)
34	Note: The issuer has not applied carbon pricing in decision-making	7(4) Greenhouse Gas Emissions and Climate Change
35	Note: Climate-related considerations have not yet been incorporated into compensation policies	7(4) Greenhouse Gas Emissions and Climate Change
36	Note: Industry benchmark disclosures have not yet been included	N/A
37-40	Climate-related targets, target revisions, greenhouse gas emissions targets, and carbon credit quotas	7(4) Greenhouse Gas Emissions and Climate Change

Independent Auditor's Report

北京兴华
BEIJINGXINGHUA

To the Shareholders of China Health Group Limited
(Carrying on business in Hong Kong as CHG HS Limited)
(incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of China Health Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 99 to 181, which comprise the consolidated statement of financial position as at 31 March 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2026, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report (Continued)

Impairment assessment of goodwill and property, plant and equipment

Refer to notes 16 and 13 to the consolidated financial statements.

As at 31 March 2026, the Group's carrying amounts of goodwill and property, plant and equipment of approximately HK$9,658,000 and HK$16,939,000 respectively, which were allocated to two cash-generating units, namely (1) hospital operation and management service, and (2) distribution and service in medical equipment and consumables (the "CGUs").

Significant judgments and estimates are required to determine the recoverable amounts of the CGUs, using appropriate key assumptions including expected growth in revenues, operating profit used to extrapolate the cash flows and the rate at which they are discounted.

After the management assessment, management has concluded that impairment loss of goodwill of approximately HK$4,397,000 was recognised and no impairment loss was made in respect of property, plant and equipment during the year ended 31 March 2026.

We identified impairment assessment of goodwill and property, plant and equipment a key audit matter because of their significance in amount presented in the consolidated financial statements and significant management judgment was used to appropriately identify the CGUs and to determine the key assumptions including estimated future income, operating margins and discount rates.

Our audit procedures included, among others:

- Assessed the management's identification of CGUs based on our understanding of the Group's operations;

- Discussed with management and independent external valuer engaged by the Group in relation to the methodology, basis and assumptions used in arriving at the forecasts to assess whether the methodology and assumptions used were reasonable and appropriate;

- Evaluated the competence, capabilities and objectivity of the independent external valuer taking into account its experience and qualifications;

- Checked on a sample basis, the mathematical accuracy of calculations of the recoverable amounts of the CGUs; and

- Assessed the sensitivity analysis on key assumptions being used in the cash flow projections.

Independent Auditor's Report (Continued)

Impairment assessment of trade receivables, deposits and other receivables and loan and interest receivables

Refer to note 20, 21 and 18 to the consolidated financial statements.

As at 31 March 2026, the Group had trade receivables, deposits and other receivables and loan and interest receivables of approximately HK$21,062,000, HK$37,052,000 and HK$24,642,000, net of allowance for credit losses.

Impairment loss recognised on expected credit loss on trade receivables, deposits and other receivables and loan and interest receivables of approximately HK$219,000, HK$406,000 and HK$10,627,000 were charged to profit or loss during the year ended 31 March 2026.

Management performed periodic assessment on the recoverability of the loan and interest receivables and the sufficiency of provision for impairment based on information including credit profile of different customers, the aging profile of the loan and interest receivables, historical settlement records, subsequent settlement status, expected timing and amount of realisation of outstanding balances, and on-going trading relationships with the relevant debtors. Management also considered forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit losses for the impairment assessment.

We had identified impairment of loan and interest receivables as a key audit matter because of the significant amount and significant judgments had to be made for the assessment of impairment under the expected credit loss model.

Our audit procedures included, among others:

- Understood and evaluated the modelling methodologies for expected credit losses measurement, assessed the reasonableness of the model selection and key measurement parameters determination;

- Checked, on a sample basis, the aging profile of the loan and interest receivables as at 31 March 2026 to the underlying financial records and post year-end settlements to bank receipts;

- Inquired of management for the status of each of the material loan and interest receivables past due at the end of the reporting period and corroborated explanations from management with supporting evidence, such as understood on-going business relationship with the debtors based on trade records, checked historical and subsequent settlement records of and other correspondence with the debtors;

- Examined the key data inputs in a sample basis to assess their accuracy and completeness, and challenge the assumptions, including both historical and forward-looking information, used to determine the expected credit losses;

- Assessed the adequacy of the Group's disclosures in relation to loan and interest receivables included in the consolidated financial statements; and

- Checked on a sample basis, the mathematical accuracy of calculations of the expected credit losses.

Independent Auditor's Report (Continued)

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(Continued)*

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Beijing Xinghua Caplegend CPA Limited
Certified Public Accountants
Yeung Chun Wa
Practising Certificate Number P08421
Hong Kong, 30 June 2026

Consolidated Statement of Profit or loss

For the year ended 31 March 2026

		For the year ended 31 March	
		2026	2025
	Notes	***HK$'000***	*HK$'000*
Revenue	*6*	**41,092**	38,943
Cost of sales		**(33,964)**	(29,708)
Gross profit		**7,128**	9,235
Other income	*7*	**791**	16,689
Other loss, net	*7*	**(4,026)**	(6,575)
Net impairment loss of financial assets		**(11,252)**	(17,642)
Selling and distribution expenses		**(2,930)**	(6,138)
Administrative expenses		**(38,376)**	(62,695)
OPERATING LOSS		**(48,665)**	(67,126)
Finance costs	*8*	**(187)**	(252)
LOSS BEFORE TAX	*9*	**(48,852)**	(67,378)
Income tax credit/(expense)	*10*	**427**	(443)
LOSS FOR THE YEAR		**(48,425)**	(67,821)
Loss for the year attributable to:			
Owners of the Company		**(47,932)**	(67,790)
Non-controlling interests		**(493)**	(31)
		(48,425)	(67,821)
			(Restated)
LOSS PER SHARE			
Basic and diluted (cents)	*12*	**(4.96)**	(11.25)

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2026

	For the year ended 31 March	
	2026	2025
	HK$'000	*HK$'000*
LOSS FOR THE YEAR	**(48,425)**	(67,821)
Other comprehensive income/(expense)		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	**2,098**	(1,743)
Release of exchange reserve upon disposal of subsidiaries	**410**	–
Other comprehensive income/(expense) for the year	**2,508**	(1,743)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	**(45,917)**	(69,564)
Total comprehensive (expense)/income for the year attributable to:		
Owners of the Company	**(45,726)**	(69,606)
Non-controlling interests	**(191)**	42
	(45,917)	(69,564)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 March 2026

	Notes	2026 HK$'000	2025 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**16,939**	17,396
Right-of-use assets	14	**1,539**	1,522
Intangible assets	15	**–**	249
Goodwill	16	**9,658**	13,561
Investment in an associate	17	**–**	–
Prepayment	21	**9,864**	–
		38,000	32,728
CURRENT ASSETS			
Inventories	19	**11,445**	13,536
Trade receivables	20	**21,062**	21,230
Prepayment, deposits and other receivables	21	**39,498**	44,388
Loan and interest receivables	18	**24,642**	34,345
Tax assets		**954**	–
Restricted cash	23	**513**	73
Cash and cash equivalents	22	**21,442**	1,048
		119,556	114,620
CURRENT LIABILITIES			
Trade payables	24	**30,482**	24,386
Other payables and accrued expenses	25	**56,533**	88,471
Amounts due to directors	35	**4,451**	8,577
Contract liabilities	26	**656**	3,923
Lease liabilities	27	**310**	659
Bank borrowings	29	**4,282**	5,418
Tax payables		**–**	531
		96,714	131,965

Consolidated Statement of Financial Position (Continued)

As at 31 March 2026

	Notes	2026 HK$'000	2025 HK$'000
NET CURRENT ASSETS/(LIABILITIES)		**22,842**	(17,345)
TOTAL ASSETS LESS CURRENT LIABILITIES		**60,842**	15,383
NON-CURRENT LIABILITIES			
Lease liabilities	*27*	–	425
Contingent consideration	*28*	–	14,863
Deferred tax liabilities	*30*	–	–
		–	15,288
NET ASSETS		**60,842**	95
EQUITY			
Share capital	*31*	**138,714**	49,164
Reserves		**(85,439)**	(56,827)
Equity attributable to owners of the Company		**53,275**	(7,663)
Non-controlling interests		**7,567**	7,758
TOTAL EQUITY		**60,842**	95

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Approved and authorized for issue by the Board of Directors on 30 June 2026 and are signed on its behalf by:

Cao Xu	**Chung Ho**
Director	*Director*

Consolidated Statement of Changes In Equity

For the year ended 31 March 2026

	Equity attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Foreign currency translation reserve HK$'000	Share options reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
As at 1 April 2024	47,899	8,208	57,124	(11,433)	6,308	(10,304)	(45,765)	52,037	7,716	59,753
Loss for the year	–	–	–	–	–	–	(67,790)	(67,790)	(31)	(67,821)
Other comprehensive expense for the year	–	–	–	(1,816)	–	–	–	(1,816)	73	(1,743)
Total comprehensive expense for the year	–	–	–	(1,816)	–	–	(67,790)	(69,606)	42	(69,564)
Issue of ordinary shares	1,265	8,641	–	–	–	–	–	9,906	–	9,906
As at 31 March 2025 and 1 April 2025	**49,164**	**16,849**	**57,124**	**(13,249)**	**6,308**	**(10,304)**	**(113,555)**	**(7,663)**	**7,758**	**95**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(47,932)**	**(47,932)**	**(493)**	**(48,425)**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**-**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**1,796**	**–**	**–**	**–**	**1,796**	**302**	**2,098**
Release of translation reserve	**–**	**–**	**–**	**410**	**–**	**–**	**–**	**410**	**–**	**410**
Total comprehensive income/(expense) for the year	**–**	**–**	**–**	**2,206**	**–**	**–**	**(47,932)**	**(45,726)**	**(191)**	**(45,917)**
Issue of ordinary shares	**89,550**	**17,114**	**–**	**–**	**–**	**–**	**–**	**106,664**	**–**	**106,664**
As at 31 March 2026	**138,714**	**33,963**	**57,124**	**(11,043)**	**6,308**	**(10,304)**	**(161,487)**	**53,275**	**7,567**	**60,842**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes In Equity (Continued)

For the year ended 31 March 2026

(a) Share premium

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not distributable but may be applied in paying up unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premiums payable on repurchase of shares.

(b) Contributed surplus

The contributed surplus arose in the previous years represented the net effect of the capital reduction, the share premium cancellation and the elimination of accumulated losses of the Company. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

– it is, or would after the payment be, unable to pay its liabilities as they become due; or

– the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

(c) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 38.4 to the consolidated financial statements.

(d) Share options reserve

Share options reserve represents the fair value of unexercised share options granted by the Company recognised in accordance with the accounting policy of share-based payments set out in Note 33 to the consolidated financial statements.

(e) Other reserve

The other reserve represents the equity transaction in relation to the further acquisition of a non-wholly owned subsidiary during the year ended 31 March 2022. On 21 May 2021, the Group indirectly own a 75% equity interest in the Bloom King Corporation Limited (“Bloom King”) and the effective equity interest held by the Group in Mageruizi Wuhan Medical Technology Development Co., Ltd. increased from 51% to 87.75%. Further details of the above were set out in the announcements of the Company dated 17 March 2021, 14 May 2021 and 21 May 2021.

Consolidated Statement of Cash Flows

For the year ended 31 March 2026

	For the year ended 31 March	
	2026	2025
	HK$'000	*HK$'000*
Cash flows from operating activities		
Loss before tax	**(48,852)**	(67,378)
Adjustments for:		
Other interest income	**(1)**	(9)
Finance costs	**187**	252
Depreciation of property, plant and equipment	**1,768**	2,136
Depreciation of right-of-use assets	**289**	1,016
Net impairment loss of financial assets	**11,252**	17,642
Amortisation of intangible assets	**33**	260
Impairment loss recognised on non-financial assets	**4,397**	13,333
Loss on acquisition of subsidiaries	**2,419**	–
Disposal of lease liabilities	**(619)**	–
Provision of litigation expenses	**–**	35,616
Reversal of other payables	**316**	(16,306)
Written off of property, plant and equipment	**80**	13
Change in fair value of contingent consideration	**(2,863)**	(5,171)
Operating cash flow before movement in working capital	**(31,594)**	(18,596)
Change in inventories	**2,053**	5,059
Change in loan and interest receivables	**(924)**	210
Change in trade receivables	**(51)**	9,658
Change in prepayment, deposits and other receivables	**(8,600)**	(3,156)
Change in trade payables	**5,780**	(7,160)
Change in other payables and accrued expenses and lease liabilities	**(44,669)**	7,239
Change in contract liabilities	**(3,267)**	(1,188)
Change in amounts due to directors	**(4,126)**	1,702
Net cash used in operations	**(85,398)**	(6,232)
Tax paid	**(104)**	(531)
Net cash used in operating activities	**(85,502)**	(6,763)

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 March 2026

	For the year ended 31 March	
	2026	2025
	HK$'000	*HK$'000*
Cash flows from investing activities		
Purchase of property, plant and equipment	**(635)**	(1,589)
Bank interest received	**–**	9
Net cash outflow from disposal of a subsidiaries	**(18)**	–
Net cash used in investing activities	**(653)**	(1,580)
Cash flows from financing activities		
Repayment of lease liabilities	**(470)**	(862)
Proceed from bank borrowings	**4,282**	5,418
Loan interest paid	**(138)**	(159)
Repayment of bank borrowings	**(5,513)**	(5,508)
Proceeds from issuance of share	**106,664**	9,906
Net cash generated from financing activities	**104,825**	8,795
Net increase in cash and cash equivalents	**18,670**	452
Effect of foreign currency translations	**1,724**	(3,417)
Cash and cash equivalents at the beginning of the reporting period	**1,048**	4,013
Cash and cash equivalents at the end of the reporting period	**21,442**	1,048

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, and principal place of business is located at Unit 801, 8/F., China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong.

The directors of the Company regard Ample Colour Limited, a private limited liability company incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Ying Wei ("Mr. Ying"), who is non-executive director of the Company.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are engaged in distribution and service in medical equipment and consumables, provision of hospital operation and management services, business service and research and development and sale of functional foods.

2. BASIS OF PREPARATION AND PRESENTATION

GOING CONCERN BASIS

As at 31 March 2026, the Group's current assets exceeded its current liabilities by approximately HK$22,842,000 while the Group's cash and cash equivalents amounted to approximately HK$21,442,000. The Group also incurred net loss of HK$48,425,000.

In view of such circumstances, the directors of the Company ("Directors") have given careful consideration of the future liquidity and operating performance of the Group and its available source of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Directors have reviewed a cash flow projection of the Group prepared by management covering a period of not less than twelve months from 31 March 2026 taking into account the following plans and measures into consideration:

(i) The Group is actively pursuing recovery of outstanding receivables, including a receivable due from a public hospital in the PRC arising from its hospital operation and management services business. Subsequent to the reporting date, in May 2026, the Group obtained a favorable court judgment in relation to this receivable. The Group is following up on the judgment and pursuing recovery of the outstanding balance in accordance with the judgment.

(ii) The Group has implemented and will continue to implement cost control measures, including streamlining headcount and reducing administrative expenditures.

(iii) The Group continues to negotiate with existing lenders to ease the pressure on working capital through extension of settlement arrangements of borrowings, and has made progress with certain lenders in this regard.

(iv) The Group has obtained financial support from an entity directly controlled by the ultimate controlling party of the Company, Mr. Ying Wei, which has irrevocably undertaken, as a binding obligation, to provide such financial support as may be required to enable the Group to meet its liabilities as they fall due and continue its operations for at least twelve months from the date of approval of the consolidated financial statements.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

2. BASIS OF PREPARATION AND PRESENTATION *(Continued)*

GOING CONCERN BASIS *(Continued)*

The Directors are of the opinion that the Group's available sources of funds, including the Group's expected recovery of major outstanding receivables, the effectiveness of measures to realise the cash flow projection, and the financial support from the ultimate controlling party, are sufficient to fulfil its financial obligations as and when they fall due in the coming twelve months from 31 March 2026. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

BASIS OF PREPARATION

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities; and
- contingent consideration – measured at fair value.

The preparation of these consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies and the areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

(i) Amendments to existing standards adopted by the Group

The following amendments to existing standards are mandatory for the first time for the financial year beginning 1 April 2025 and have been adopted in the preparation of the consolidated financial statements:

- Amendments to HKAS 21, The effects of changes in foreign exchange rates – Lack of exchangeability;

The adoption of these amendments to existing standards does not have significant impacts on the Group's consolidated financial statements.

(ii) Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2026

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 March 2026 and which have not been adopted in these consolidated financial statements. These developments include the following which may be relevant to the Group.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

2. BASIS OF PREPARATION AND PRESENTATION *(Continued)*

BASIS OF PREPARATION *(Continued)*

(ii) Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2026 *(Continued)*

	Effective for accounting periods beginning on or after
– Amendments to HKFRS 9, Financial Instruments and HKFRS 7. Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
– Amendments to HKFRS 9 and HKFRS 7 – Contract Referencing Nature-Dependent Electricity.	1 January 2026
– Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
– HKFRS 18, Presentation and Disclosure in Financial Statements	1 January 2027
– HKFRS 19, Subsidiaries without Public Accountability: Disclosures	1 January 2027
– Amendments to HKAS 21 – Translation to a Hyper Inflation Presentation Currency	1 January 2027
– Amendments to HK-Int 5, Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
– Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

HKFRS 18, Presentation and disclosure in financial statements
HKFRS 18 will replace HKAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations, and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18 and is still in the process of assessing the impact of the adoption.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

3.1 Categories of financial instruments

	2026	2025
	HK$'000	*HK$'000*
Financial assets:		
– Trade and other receivables (excluding non-financial assets)	**57,982**	60,525
– Loan and interest receivables	**24,642**	34,345
– Restricted cash	**513**	73
– Cash and cash equivalents	**21,442**	1,048
	104,579	95,991
Financial liabilities:		
At amortised cost		
– Trade payables	**30,482**	24,386
– Other payables and accrued expenses (excluding non-financial liabilities)	**56,533**	84,423
– Amounts due to directors	**4,451**	8,577
– Bank Borrowings	**4,282**	5,418
	95,748	122,804
Contingent consideration at fair value through profit or loss ("FVTPL")	**–**	14,863
– Lease liabilities	**310**	1,084

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

3.2 Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, loan and interest receivables, deposits and other receivables, cash and cash equivalent, trade payables, other payables and accrued expenses (excluded accrued staff cost), amounts due to directors, lease liabilities, contingent consideration and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include currency risk, credit risk and impairment assessment, liquidity risk and interest rate risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The Group is subject to foreign exchange rate risk arising from transactions and balances of its PRC operations which are denominated in a currency other than its functional currency. The directors of the Group consider such risk is immaterial and the Group currently does not hedge its foreign currency exposure.

Credit risk and impairment assessment

The carrying amounts of and impairment assessment of trade receivables, deposits and other receivables, loan and interest receivables and cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets. As at 31 March 2026 and 2025, all bank balances were deposited in reputable financial institutions and were hence without significant credit risk. Management does not expect any losses from non-performance by these counterparties. Credit sales are made to selected customers with good credit history. The Group has policies in place to ensure that outstanding trade receivables are collected on a timely basis. Trade receivables are subject to the ECL model. The Group applies HKFRS 9 simplified approach to measuring ECL which uses a lifetime ECL for all trade receivables from initial recognition. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on factors affecting the ability of the customers to settle the receivables.

Deposits and other receivables

The credit quality of the other receivables has been assessed with reference to historical information about the counterparties' default rates and financial position of the counterparties. The directors are of the opinion that the impairment loss on expected credit loss of other receivables of approximately HK$406,000 (2025: HK$5,945,000) was recognised for the year ended 31 March 2026.

The average expected loss rate of deposits and other receivables is 12.81% (2025: 13.18%).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

3.2 Financial risk management objectives and policies *(Continued)*

Loan and interest receivables

The directors estimate the estimated loss rates of loan and interest receivables based on historical credit loss experience of the debtors. Except for loan and interest receivables with the amounts (net of allowance of credit loss) of approximately HK$24,642,000 (2025: HK$34,345,000) where the internal credit rating are classified as doubtful, all other loan and interest receivables of approximately HK$73,152,000 (2025: HK$71,627,000) are classified as loss as at 31 March 2026. Based on assessment by the directors, the loss given default is low in view of the history of default and the estimated realised amount of ultimate disposal of the collaterals. An allowance for credit losses of approximately HK$10,627,000 (2025: HK$11,688,000) was recognised during 31 March 2026.

The Group only trades with recognised and creditworthy third parties. As at 31 March 2026, the Group has concentration of credit risk of 18% (2025: 28%) and 25% (2025: 59%) as the trade receivables was due from the Group's largest customer and the five largest customers, respectively. However, receivable balances are monitored on an ongoing basis, the directors of the Company review the recoverable amount of each individual trade debt and loan regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Performing	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

3.2 Financial risk management objectives and policies *(Continued)*

Loan and interest receivables *(Continued)*

The tables below details the credit quality of the Group's financial assets, as well as the Group's maximum exposure to credit risk by credit risk rating grades.

As at 31 March 2026	Internal credit rating	12m ECL or lifetime ECL	Gross Carrying amount	Allowance for impairment	Net carrying amount
			HK$'000	*HK$'000*	*HK$'000*
Loan and interest receivables	Loss	Lifetime ECL – credit-impaired	**73,152**	**(48,510)**	**24,642**
Trade receivables	Performing	Lifetime ECL – not credit-impaired	**21,839**	**(777)**	**21,062**
Deposits and other receivables	Performing	12m ECL	**15,625**	**(20)**	**15,605**
Deposits and other receivables	Loss	Lifetime ECL – credit-impaired	**27,700**	**(6,384)**	**21,316**
As at 31 March 2025					
Loan and interest receivables	Loss	Lifetime ECL – not credit-impaired	71,627	(37,282)	34,345
Trade receivables	Performing	Lifetime ECL – not credit-impaired	21,779	(549)	21,230
Deposits and other receivables	Performing	12m ECL	16,317	(5)	16,312
Deposits and other receivables	Loss	Lifetime ECL – credit-impaired	28,942	(5,959)	22,983

Trade receivables

As part of the Group's credit risk management, the Group uses past due aging to assess the impairment for its customers in relation to its operation because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis by using provision matrix within lifetime ECL (not credit-impaired).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

3.2 Financial risk management objectives and policies *(Continued)*

Loan and interest receivables *(Continued)*

As at 31 March 2026

	Average expected loss rate	**Gross carrying amounts**	**Loss allowance**
	%	***HK$'000***	***HK$'000***
Neither past due nor impaired	**–**	**3,786**	**–**
1 to 30 days past due	**–**	**–**	**–**
31 to 90 days past due	**7.40**	**5,564**	**412**
Over 90 days past due	**9.80**	**12,489**	**365**
		21,839	**777**

As at 31 March 2025

	Average expected loss rate	Gross carrying amounts	Loss allowance
	%	*HK$'000*	*HK$'000*
Neither past due nor impaired	–	3,417	–
1 to 30 days past due	–	–	–
31 to 90 days past due	0.9	2,814	25
Over 90 days past due	3.4	15,548	524
		21,779	549

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

3.2 Financial risk management objectives and policies *(Continued)*

Liquidity risk

In the management of the liquidity risk, the Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

The maturity profile of the Group's financial liabilities at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

As at 31 March 2026

	Less than 1 year or on demand *HK$'000*	**1-5 years** *HK$'000*	**Total undiscounted cash flows** *HK$'000*	**Carrying amount** *HK$'000*
Non-derivative				
Financial liabilities				
Trade payables	**30,482**	**–**	**30,482**	**30,482**
Other payables and accrued expenses	**56,533**	**–**	**56,533**	**56,533**
Amounts due to directors	**4,451**	**–**	**4,451**	**4,451**
Lease liabilities	**310**	**–**	**310**	**310**
Bank borrowings	**4,282**	**–**	**4,282**	**4,282**
	96,058	**–**	**96,058**	**96,058**

As at 31 March 2025

	Less than 1 year or on demand *HK$'000*	1-5 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Carrying amount *HK$'000*
Non-derivative				
Financial liabilities				
Trade payables	24,386	–	24,386	24,386
Other payables and accrued expenses	84,423	–	84,423	84,423
Amounts due to directors	8,577	–	8,577	8,577
Lease liabilities	723	444	1,167	1,084
Bank borrowings	5,559	–	5,559	5,418
	123,668	444	124,112	123,888

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

3.2 Financial risk management objectives and policies *(Continued)*

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate loans receivables and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable-rate bank borrowings. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and loan prime rate arising bank borrowings. The Group aims at keeping borrowings at variable rates. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 5% (2025: 5%) increase or decrease in variable-rate bank balances and bank borrowings are used to represent management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate arising from variable-rate bank balances is insignificant.

If interest rates had been 5% (2025: 5%) higher/lower and all other variables were held constant, the Group's pre-tax loss for the year ended 31 March 2026 would increase/decrease by approximately HK$214,000 (2025: increase/decrease by HK$271,000) respectively. This is mainly attributable to the Group's interest rates on its variable-rate bank borrowings.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

3.3 Fair value and fair value hierarchy

Fair value of financial assets and liabilities carried at other than fair value

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost approximate to their fair values.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

The reconciliation of fair value measurement of contingent consideration is set out in note 28 to the consolidated financial statements.

Fair value change on contingent consideration is included in "other loss, net".

As at 31 March 2026

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contingent consideration	–	–	–	–

As at 31 March 2025

	Level 1	**Level 2**	**Level 3**	**Total**
Financial liabilities				
Contingent consideration	–	–	14,863	14,863

There were no transfers between level 1, 2 and 3 during the year (2025: Same).

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

3.3 Fair value and fair value hierarchy *(Continued)*

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This is the case for unlisted equity interests.

Information about level 3 fair value measurement

Financial liabilities	Valuation technique	Significant unobservable input	Relation of significant unobservable input to fair value
Contingent consideration	Monte Carlo Simulation method	Expected net profit	The fair value measurement is negatively correlated to the expected net profit

3.4 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of equity attributable to owners of the Company.

The directors of the Company review the capital structure periodically. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through adjusting the new share issues, share buy-back and the issue of new debt or the redemption of existing debt or sell assets to reduce debt.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

3.4 Capital risk management *(Continued)*

The gearing ratios at 31 March 2026 and 2025 were as follows:

	2026	2025
	HK$'000	*HK$'000*
Total borrowings *(Note 29)*	**4,282**	5,418
Total lease liabilities *(Note 27)*	**310**	1,084
Total: cash and cash equivalents and pledged bank deposits *(Note 22)*	**21,442**	1,048
Net debt	**26,034**	7,550
Total equity (excluding non-controlling interests)	**53,275**	(7,663)
Total capital	**79,309**	(113)

4. CRITICAL ESTIMATES

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will likely differ from actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that might have a financial impact on the entity and that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates

(a) Estimation of goodwill impairment

The Group tests goodwill for impairment on an annual basis. For the 2026 and 2025 reporting periods, the recoverable amount of cash-generating units (CGUs) was determined based on value in use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated in note 16. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

Details of impairment charge, key assumptions and impact of possible changes in key assumptions are disclosed in note 16.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

4. CRITICAL ESTIMATES *(Continued)*

4.1 Critical accounting estimates *(Continued)*

(b) Estimated impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation/amortisation and accumulated impairment losses, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying amount of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGU to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

(c) Provision for impairment of financial assets measured at amortised costs

The Group follows the guidance of HKFRS 9 to determine when trade and other receivables and loan and interest receivables are impaired. This determination requires significant judgement and estimation based on assumptions about risk of default and expected loss rates. In making this judgement and estimation, the Group evaluates, among other factors, the duration of receivables and the financial health and collection history of individual debtors and expected future change of credit risks, including the consideration of factors such as general economy measure, changes in macroeconomic indicators etc.

5. OPERATING SEGMENT INFORMATION

The Group's operating segments, based on information reported to the executive directors being the chief operating decision maker (the "CODM"), for the purpose of resource allocation and assessment of segment performance focus on types of goods or services delivered or rendered.

For management purposes the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- Distribution and service in medical equipment and consumables;
- Hospital operation and management services;
- Business service; and
- Research and development and sale of functional food.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

5. OPERATING SEGMENT INFORMATION *(Continued)*

The following is an analysis of the Group's revenue and results by operating segments for the year ended 31 March 2026 and 2025:

For the year ended 31 March 2026

	Distribution and service in medical equipment and consumables	**Hospital operation and management services**	**Business service**	**Research and development and sale of functional food**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Segment revenue					
Revenue from external customers	**34,252**	**6,840**	**–**	**–**	**41,092**
Segment results	**(588)**	**(6,246)**	**(2,737)**	**–**	**(9,571)**
Reconciliation:					
Unallocated other income	**316**				**316**
Unallocated expenses					**(39,597)**
Loss before tax					**(48,852)**

For the year ended 31 March 2025

	Distribution and service in medical equipment and consumables	Hospital operation and management services	Business service	Research and development and sale of functional food	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue					
Revenue from external customers	27,711	11,232	–	–	38,943
Segment results	(421)	(14,222)	(14,675)	1,017	(28,301)
Reconciliation:					
Unallocated other income					16,386
Unallocated expenses					(55,463)
Loss before tax					(67,378)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

5. OPERATING SEGMENT INFORMATION *(Continued)*

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment result represents the profit earned by/(loss suffered) from each segment without allocation of central administration costs, unallocated other income, directors' emoluments and unallocated finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The following table is an analysis of the Group's assets and liabilities and other segment information as at 31 March 2026 and 2025:

As at 31 March 2026

	Distribution and service in medical equipment and consumables	**Hospital operation and management services**	**Business service**	**Research and development and sale of functional food**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Segment assets	**84,667**	**24,041**	**–**	**–**	**108,708**
Corporate and other unallocated assets					**48,848**
Total assets					**157,556**
Segment liabilities	**38,971**	**26,869**	**–**	**–**	**65,840**
Corporate and other unallocated liabilities					**30,874**
Total liabilities					**96,714**

As at 31 March 2025

	Distribution and service in medical equipment and consumables	Hospital operation and management services	Business service	Research and development and sale of functional food	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	58,974	24,475	31,584	3,058	118,091
Corporate and other unallocated assets					29,257
Total assets					147,348
Segment liabilities	29,219	24,911	15,856	15,058	85,044
Corporate and other unallocated liabilities					62,209
Total liabilities					147,253

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

5. OPERATING SEGMENT INFORMATION *(Continued)*

Segment assets excluded other corporate assets as these assets are managed on a Group basis.

Segment liabilities excluded corporate liabilities as these liabilities are managed on a Group basis.

Other segment information

For the year ended 31 March 2026

	Distribution and service in medical equipment and consumables	Hospital operation and management services	Business service	Research and development and sale of functional food	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets (other than prepayment)	245	653	–	–	–	898
Amortisation of intangible assets	–	–	–	–	33	33
Net impairment loss of financial assets	661	27	10,564	–	–	11,252
Depreciation of property, plant and equipment	40	1,719	9	–	–	1,768
Depreciation of right-of-use assets	235	54	–	–	–	289

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

5. OPERATING SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

For the year ended 31 March 2025

	Distribution and service in medical equipment and consumables	Hospital operation and management services	Business service	Research and development and sale of functional food	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets (other than prepayment)	396	2,515	386	–	–	3,297
Amortisation of intangible assets	–	–	–	260	–	260
Net impairment loss of financial assets	880	(147)	10,472	536	5,901	17,642
Depreciation of property, plant and equipment	36	2,091	9	–	–	2,136
Depreciation of right-of-use assets	241	656	119	–	–	1,016

Geographical information

The Company is an investment holding company and the principal place of the Group's operations are in PRC. For the years ended 31 March 2026 and 2025, the Group's revenue was derived from the activities in PRC (place by domicile).

An analysis of the Group's specified non-current assets, excluding deferred tax assets, and deposits, by geographical locations, determined based on physical location of the assets is as follows:

	2026	2025
	HK$'000	*HK$'000*
PRC	**41,092**	35,049
Hong Kong	**–**	3,894
	41,092	38,943

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

5. OPERATING SEGMENT INFORMATION *(Continued)*

Information about major customers

	2026	2025
	HK$'000	*HK$'000*
Customer A[1]	**16,501**	5,364

1. Revenue from distribution and service in medical equipment and consumables.

Except for disclosed above, no other customer contributed over 10% of the Group's total revenue both years.

6. REVENUE

	2026	2025
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Income from distribution and service in medical equipment and consumables	**31,672**	27,216
Income from provision of hospital operation and management services	**6,840**	11,232
Service fee income	**2,580**	495
	41,092	38,943

	2026	2025
	HK$'000	*HK$'000*
Revenue from contracts with customers		
– recognised at a point in time	**31,672**	27,216
– recognised over time	**9,420**	11,727
	41,092	38,943

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

6. REVENUE *(Continued)*

Accounting policies of revenue recognition

(i) Income from distribution and service in medical equipment and consumables

Distribution and service in medical equipment and consumables are recognised when control of the products has transferred, being when the products are delivered to a customer, as there is no further unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products. Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities at that point in time.

Revenue from the sales is recognised based on the prices specified in the contracts, without netting off the estimated sales return due to extremely low return rate from past records.

Sales to customers are normally made with credit terms up to 90 days from date of billing. Deposits received are recognised as contract liabilities.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(ii) Income from provision of hospital operation and management services

Services income from provision of hospital operation and management services and business service are recognised over time when services are rendered. Services income from provision of hospital operation and management services and business service were calculated on services provided multiplied to a fixed fee. The normal credit term is up to 180 days upon services billed for hospital operation and management services while the normal credit terms is up to 30 days for business services.

(iii) Service fee income

Service fee income are recognised over time, when the vaccine promotion services are performed, based on the completion of the agreed-upon services and the fulfillment of contractual obligations.

Transaction allocated to the remaining performance obligation for contracts with customers

The Group has applied the practical expedient in HKFRS 15 to its customer contracts relating distribution and service in medical equipment and consumables, income from provision of hospital operation and management services and service fee such that the Group had not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts that had an original expected duration of one year or less.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

7. OTHER INCOME/OTHER LOSS, NET

(i) Other income:

	2026	2025
	HK$'000	*HK$'000*
Other interest income	**1**	9
Government grants *(Note (a))*	**327**	137
Reversal of other payables *(Note 25)*	**316**	16,306
Sundry income	**147**	237
	791	16,689

(ii) Other loss, net:

	2026	2025
	HK$'000	*HK$'000*
Change in fair value of contingent consideration *(Note 28)*	**2,863**	5,171
Loss on disposal of subsidiaries *(Note 34)*	**(2,419)**	–
Impairment loss recognised in respect of goodwill *(Note 16)*	**(4,397)**	(11,746)
Others	**(73)**	–
	(4,026)	(6,575)

Note:

(a) During the year ended 31 March 2026, the Group recognised government grants of approximately HK$327,000 (2025: HK$137,000) from PRC government for employment support. There were no unfulfilled conditions or contingencies relating to these government grants.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

8. FINANCE COSTS

	2026	2025
	HK$'000	*HK$'000*
Interest on lease liabilities	**49**	93
Interest on bank borrowings	**138**	159
	187	252

9. LOSS BEFORE TAX

Loss before tax is arrived at after charging/(crediting) the following:

	2026	2025
	HK$'000	*HK$'000*
Auditor's remuneration for audit services	**650**	950
Amortisation of intangible assets *(Note 15)*	**33**	260
Impairment loss recognized on intangible assets *(Note 15)*	**–**	566
Depreciation of right-of-use assets *(Note 14)*	**289**	1,016
Impairment loss recognized on right-of-use assets *(Note 14)*	**–**	1,021
Depreciation of property, plant and equipment *(Note 13)*	**1,768**	2,136
Expenses related to short-term leases	**645**	966
Written-off of property, plant and equipment	**80**	13
Provision for litigation expenses	**12,873**	35,616
Fair value change	**(2,863)**	(5,171)
Impairment loss recognized on loan and interest receivables *(Note 18)*	**10,627**	11,688
Impairment loss recognized on trade receivables *(Note 20)*	**219**	9
Impairment loss/(reversal of impairment loss) on deposits and other receivables *(Note 21)*	**406**	5,945
Net impairment loss of financial assets	**11,252**	17,642
Staff costs (including directors' emoluments)		
– Salaries, wages, and other benefits	**13,038**	15,072
– Discretionary bonus	**3,238**	3,000
– Contributions to defined contribution retirement plans	**1,450**	1,527

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

10. INCOME TAX EXPENSE

Under the two-tiered profits tax rates regime of Hong Kong Profit tax, the first HK$2 million of assessable profits of qualifying Group entities are taxed at 8.25%, and assessable profits above HK$2 million are taxed at 16.5%. The profits of Group entities not qualifying for the two-tiered profits tax rates regime are continued to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong profits tax of the qualifying Group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profit and at 16.5% on the estimated assessable profit above HK$2 million.

The directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements for both years. Hong Kong Profits Tax is calculated at the rate 16.5% (2025: 16.5%) on the estimated assessable profits for the year. No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising from Hong Kong for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

	2026	2025
	HK$'000	*HK$'000*
Current tax – PRC		
Provision for the year	**(427)**	574
Deferred tax credit *(Note 30)*	**–**	(131)
	(427)	443

The income tax expense for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2026	2025
	HK$'000	*HK$'000*
Loss before tax	**(48,852)**	(67,378)
Tax at domestic income tax rate	**(9,150)**	(9,119)
Tax effect of non-taxable income	**(15)**	(1,651)
Tax effect of non-deductible expenses	**2,055**	6,179
Tax reduction	**(259)**	(582)
Estimated tax losses not recognized	**6,942**	5,616
Tax charge for the year	**(427)**	443

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

11. DIRECTORS' EMOLUMENTS AND HIGHEST PAID INDIVIDUALS

Directors' emoluments

Directors' and chief executive's remuneration for the year is as follows:

Year ended 31 March 2026

	Notes	Directors' fees HK$'000	Salaries and other benefits HK$'000	Contributions to retirement benefit schemes HK$'000	Share-based payments expense HK$'000	Total HK$'000
EXECUTIVE DIRECTORS						
Mr. Cao Xu (Chairman)	(i)	–	302	–	–	302
Mr. Chung Ho		–	1,470	18	–	1,488
Ms. Ying Rensi	(i)	–	302	6	–	308
Mr. Zhang Fan	(ii)	–	700	11	–	711
Mr. Xing Yong	(ii)	175	–	–	–	175
NON-EXECUTIVE DIRECTORS						
Mr. Ying Wei	(i)	42	–	–	–	42
Mr. Huang Lianhai		100	–	–	–	100
Mr. Wang Jingming	(ii)	58	–	–	–	58
INDEPENDENT NON-EXECUTIVE DIRECTORS						
Mr. Li Hongyi	(i)	42	–	–	–	42
Mr. Wu Hui	(i)	42	–	–	–	42
Ms. Yang Huimin		100	–	–	–	100
Mr. Jiang Xuejun	(ii)	58	–	–	–	58
Mr. Du Yanhua	(ii)	58	–	–	–	58
Mr. Lai Liangquan	(ii)	58	–	–	–	58
		733	2,774	35	–	3,542

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

11. DIRECTORS' EMOLUMENTS AND HIGHEST PAID INDIVIDUALS *(Continued)*

Directors' emoluments *(Continued)*

Year ended 31 March 2025

	Notes	Directors' fees HK$'000	Salaries and other benefits HK$'000	Contributions to retirement benefit schemes HK$'000	Share-based payments expense HK$'000	Total HK$'000
EXECUTIVE DIRECTORS						
Mr. Chung Ho		–	1,662	18	–	1,680
Mr. Zhang Fan (Chairman)	*(ii)*	–	1,200	18	–	1,218
Mr. Xing Yong	*(ii)*	300	317	–	–	617
NON-EXECUTIVE DIRECTORS						
Mr. Huang Lianhai		100	–	–	–	100
Mr. Wang Jingming	*(ii)*	100	–	–	–	100
INDEPENDENT NON-EXECUTIVE DIRECTORS						
Mr. Jiang Xuejun	*(ii)*	100	–	–	–	100
Mr. Du Yanhua	*(ii)*	100	–	–	–	100
Mr. Lai Liangquan	*(ii)*	100	–	–	–	100
Ms. Yang Huimin		25	–	–	–	25
		825	3,179	36	–	4,040

Notes:

(i) Mr. Cao Xu was appointed as an executive director with effective from 31 October 2025. Ms. Ying Rensi was appointed as an executive director with effective from 31 October 2025. Mr. Ying Wei has been appointed as a non-executive Director with effect from 31 October 2025. Mr. Li Hongyi has been appointed as an independent non-executive Director with effect from 31 October 2025. Mr. Wu Hui has been appointed as an independent non-executive Director with effect from 31 October 2025.

(ii) Mr. Zhang Fan has resigned as an executive Director with effect from 31 October 2025. Mr. Xing Yong has resigned as an executive Director with effect from 31 October 2025. Mr. Wang Jingming has resigned as a non-executive Director with effect from 31 October 2025. Mr. Jiang Xuejun, Mr. Du Yanhua and Mr. Lai Liangquan have resigned as an independent non-executive Director with effect from 31 October 2025.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

11. DIRECTORS' EMOLUMENTS AND HIGHEST PAID INDIVIDUALS *(Continued)*

Directors' emoluments *(Continued)*

During both years ended 31 March 2026 and 2025, no remuneration was paid by the Group to the directors, as an inducement to join or upon joining the Group as compensation for loss of office.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year. During the year ended 31 March 2026 and 2025, no share option of the Company was granted to the directors in respect of their services provided to the Group under a share option scheme of the Company. The executive directors' emoluments and non-executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, four (2025: three) were directors of the Company whose emoluments are presented above. Details of the remuneration for the year ended 31 March 2026 for the remaining one (2025: two) highest paid employees who are not a directors are as follows:

	2026	2025
	HK$'000	*HK$'000*
Salaries, wages and other benefits	**690**	683
Discretionary bonus	**–**	–
Contributions to defined contribution retirement plans	**18**	65
	708	748

The number of the highest paid employees who are not the directors whose remuneration fell within the following bands is as follows:

	Number of employee	
	2026	2025
Nil to HK$1,000,000	**1**	2

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

12. LOSS PER SHARE

Basic loss per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the years.

	2026	2025
	HK$'000	*HK$'000*
Loss for the purposes of basic and diluted loss per share (loss for the year attributable to owners of the Company)	**(47,932)**	(67,790)

	No. of shares	No. of shares (Restated)
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	**967,003,211**	602,746,332

Basic and diluted loss per share for the year ended 31 March 2025 have been restated to take into account the effects of the bonus element in ordinary shares issued as a result of the rights issue of the Company completed in October 2025.

	2026	2025 (Restated)
Loss Per Share		
Basic and diluted (HK cents)	**(4.96)**	(11.25)

In accordance with HKAS 33 Earnings per Share, the weighted average number of ordinary shares for the comparative year has been restated to reflect the implicit bonus element arising from rights issue completed during the year. The theoretical ex-rights adjustment factor was applied retrospectively to prior period share volumes for consistent period comparison.

The computation of diluted loss per share does not assume the exercise of the Company's share options for both years because their assumed exercise would result in an decrease in loss per share. Accordingly, diluted loss per share is same as basic loss per share.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Medical equipment	Leasehold improvement	Furniture, fixture and equipment	Motor vehicle	Software	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost:							
As at 1 April 2024	14,000	8,657	6,210	2,544	18	3,781	35,210
Addition	–	1,121	230	238	–	–	1,589
Written off	–	(60)	–	(2)	–	–	(62)
Exchange realignment	(230)	(134)	(104)	(49)	(1)	(62)	(580)
As at 31 March 2025 and as at 1 April 2025	13,770	9,584	6,336	2,731	17	3,719	36,157
Addition	–	159	35	66	–	375	635
Written off	–	(730)	–	(88)	–	–	(818)
Exchange realignment	623	388	288	125	1	178	1,603
As at 31 March 2026	14,393	9,401	6,659	2,834	18	4,272	37,577
Accumulated depreciation:							
As at 1 April 2024	1,931	7,501	3,804	1,782	5	1,949	16,972
Charged for the year	551	340	822	115	4	304	2,136
Written off	–	(48)	–	(1)	–	–	(49)
Exchange realignment	(38)	(120)	(69)	(38)	1	(34)	(298)
As at 31 March 2025 and as at 1 April 20255	2,444	7,673	4,557	1,858	10	2,219	18,761
Charged for the year	331	612	655	166	4	–	1,768
Written off	–	(655)	–	(83)	–	–	(738)
Exchange realignment	119	316	224	86	2	100	847
As at 31 March 2026	2,894	7,946	5,436	2,027	16	2,319	20,638
Carrying amounts:							
As at 31 March 2026	11,499	1,455	1,223	807	2	1,953	16,939
As at 31 March 2025	11,326	1,911	1,779	873	7	1,500	17,396

Revaluation, depreciation methods and useful lives

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Buildings	4%
Medical equipment	17%
Leasehold improvement	20%
Furniture, fixture and equipment	20%
Motor vehicle	25%
Software	10%

See note 38.5 for the other accounting policies relevant to property, plant and equipment.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

14. RIGHT-OF-USE ASSETS

	Leasehold land *HK$'000*	Leasehold buildings *HK$'000*	Medical equipment *HK$'000*	Total *HK$'000*
Cost:				
As at 1 April 2024	1517	872	4,385	6,774
New leases entered	–	1,708	–	1,708
Exchange realignment	(25)	(14)	(72)	(111)
As at 31 March 2025 and 1 April 2025	1,492	2,566	4,313	8,371
Additions	–	245	–	245
Exchange realignment	67	115	195	377
Terminated	–	(1,966)	–	(1,966)
As at 31 March 2026	1,559	960	4,508	7,027
Accumulated depreciation and impairment:				
As at 1 April 2024	240	614	4,055	4,909
Charged for the year	54	636	326	1,016
Impairment loss recognised	–	1,021	–	1,021
Exchange realignment	(4)	(25)	(68)	(97)
As at 31 March 2025 and 1 April 2025	290	2,246	4,313	6,849
Charges for the year	54	235	–	289
Exchange realignment	13	108	195	316
Terminated	–	(1,966)	–	(1,966)
As at 31 March 2026	357	623	4,508	5,488
Carrying amounts:				
As at 31 March 2026	1,202	337	–	1,539
As at 31 March 2025	1,202	320	–	1,522

The Group leases various office for its operations. Lease agreements are typically made for fixed period of 2-3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

14. RIGHT-OF-USE ASSETS *(Continued)*

The carrying amounts of the leasehold land which is located in the PRC under the medium-term lease where its office buildings. The Group is the registered owner of these leasehold land. Lump sum payments were made upfront to acquire these property interests from their previous owners, and there are no longer payments to be made under the term of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities. The leasehold land components of these owned properties are presented separately only if the payment can be allocated reliably.

In addition to the portfolio of short-term leases for office which are regularly entered into by the Group, whereby the Group entered into short-term leases for office during the years ended 31 March 2026 and 2025. As at 31 March 2026, there was HK$ 564,000 (2025: HK$279,000) in relation to outstanding lease commitments relating to short-term leases.

15. INTANGIBLE ASSETS

	Patent *HK$'000*
Cost:	
As at 1 April 2024	1,120
Exchange realignment	(5)
As at 31 March 2025 and 1 April 2025	1,115
Acquisition of subsidiaries *(Note 34)*	–
Disposal of subsidiaries *(Note 34)*	(1,115)
Exchange realignment	–
As at 31 March 2026	–
Accumulated amortization and impairment:	
As 1 April 2024	47
Amortised for the year	260
Impairment loss recognized	566
Exchange realignment	(7)
As at 31 March 2025 and as at 1 April 2025	866
Amortised for the year	33
Disposal of subsidiaries *(Note 34)*	(899)
Impairment loss recognized	–
As at 31 March 2026	–
Carrying amounts:	
As at 31 March 2026	–
As at 31 March 2025	249

The above intangible assets have finite useful lives and the patent expire date is 6 June 2036.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

16. GOODWILL

	2026	2025
	HK$'000	*HK$'000*
Cost:		
As at 1 April	**38,846**	39,492
Arising from acquisition of subsidiaries *(Note 34)*	**–**	–
Exchange realignment	**1,757**	(646)
As at 31 March	**40,603**	38,846
Accumulated impairment:		
As at 1 April	**25,285**	13,859
Impairment loss recognised	**4,397**	11,746
Exchange realignment	**1,263**	(320)
As at 31 March	**30,945**	25,285
Carrying amounts	**9,658**	13,561

Goodwill is allocated to the Group's CGUs identified according to business segments (net of impairment) as follows:

	2026	2025
	HK$'000	*HK$'000*
Hospital operation and management service	**–**	–
Distribution and service in medical equipment and consumables	**9,658**	13,561
Research and development and sale of functional food	**–**	–
	9,658	13,561

Distribution and service in medical equipment and consumables

During the year ended 31 March 2022, the Group acquired 60% equity interest of Beijing Youkang and therefore goodwill approximately HK$15,199,000 was recognised upon the acquisition.

The recoverable amount of the distribution and service in medical equipment and consumables CGU has been determined based on a value in use calculation and based on a valuation by an independent valuer. That calculation adopted cash flow projections covering a 5-year period, based on financial budgets approved by the management with pre-tax discount rate of 15.63% (2025: 15.05%) per annum. Cash flows beyond the 5-year period are extrapolated with 2% (2025: 2%) growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include revenue growth of 5% (2025: 6%). Such estimation is based on the CGU's past performance and management's expectations of the market development.

During the year ended 31 March 2026, management of the Group determined that impairment loss of approximately HK$4,397,000 (2025: Nil) was recognised.

Goodwill allocated to the hospital operation and management service CGU and the research and development and sale of functional food CGU was fully impaired in prior years, resulting in a nil carrying amount as at 31 March 2026.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

17. INVESTMENT IN AN ASSOCIATE

	2026	2025
	HK$'000	*HK$'000*
Cost of investment in associate	**4,000**	4,000
Share of post-acquisition loss and other comprehensive expense	**(4,000)**	(4,000)
	–	–

Details of the Group's associate at the end of the reporting period is as follow:

Name of associate	Place of incorporation	Percentage of equity attributable to the Company	
		2026	2025
Trillion Silver Limited	Hong Kong	**20%**	20%

The Group's shareholdings in the associate's equity shares are indirectly held by the Company through wholly-owned subsidiary. The Group's associate is accounted for using the equity method in the consolidated financial statements.

During the year ended 31 March 2026, Trillion Silver Limited (the "Associate") completed its members' voluntary liquidation and was formally deregistered. The Group's investment in the Associate has been fully derecognised as at 31 March 2026.

Prior to the liquidation, the Group had already recognised its full share of accumulated losses of the Associate, resulting in the carrying amount of the investment being reduced to nil as at 31 March 2026. No material gain or loss was recognised in the consolidated statement of profit or loss and other comprehensive income upon the final derecognition of the investment, as the carrying amount was already nil and no final distribution was received from the liquidation.

18. LOAN AND INTEREST RECEIVABLES

	2026	2025
	HK$'000	*HK$'000*
Loan and interest receivables – unsecured	**73,152**	71,627
Less: Allowance for credit losses	**(48,510)**	(37,282)
	24,642	34,345

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

18. LOAN AND INTEREST RECEIVABLES *(Continued)*

The maturity date of loan and interest receivables are as follows:

	2026	2025
	HK$'000	*HK$'000*
Within one year or matured	**24,642**	34,345

The above loan and interest receivables are denominated in Renminbi ("RMB") and subject to the fulfilment of covenants specified in the related loan agreements. If the counterparties were to breach the covenants, the loan and interest receivables would become repayable on demand. As at 31 March 2026 and 2025, none of the covenants were breached.

The principal of the loan receivables are interest-bearing at 7% per annum for both years.

	12-month ECL	Lifetime ECL (non-credit impaired)	Lifetime ECL (credit impaired)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 April 2024	–	15,094	10,086	25,180
Transfer to lifetime ECL (credit-impaired)		(15,094)	15,094	–
Write-off	–	–	(35)	(35)
Impairment loss recognised	–	–	11,688	11,688
Exchange realignment	–	–	449	449
As at 31 March 2025 and as at 1 April 2025	–	–	37,282	37,282
Write-off	–	–	–	–
Impairment loss recognised	–	–	10,627	10,627
Exchange realignment	–	–	601	601
As at 31 March 2026	–	–	48,510	48,510

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

19. INVENTORIES

	2026	2025
	HK$'000	*HK$'000*
Finished goods	**11,445**	13,536

20. TRADE RECEIVABLES

	2026	2025
	HK$'000	*HK$'000*
Trade receivables arising from contracts with customers	**21,839**	21,779
Less: Allowance for credit losses	**(777)**	(549)
	21,062	21,230

The Group's normally provided credit period to its customers maximum up to 180 days.

An aging analysis of the trade receivables (net of allowance for credit losses) as at the end of the reporting period, based on revenue recognition date, is as follows:

	2026	2025
	HK$'000	*HK$'000*
Within 90 days	**8,963**	6,206
91-180 days	**3,618**	1,230
Over 180 days	**8,481**	13,794
	21,062	21,230

All of trade receivables were denominated in RMB for both years.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

20. TRADE RECEIVABLES *(Continued)*

Movement in the allowance for credit loss:

	Lifetime ECL (non credit-impaired)	
	2026	2025
	HK$'000	*HK$'000*
Balance at the beginning of the reporting period	**549**	1,516
Write off	**–**	(968)
Impairment loss recognised	**219**	9
Exchange realignment	**9**	(8)
Balance at the end of the reporting period	**777**	549

21. PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES

	2026	2025
	HK$'000	*HK$'000*
Prepayment	**2,446**	5,093
Deposits	**4,386**	4,514
Other receivables	**32,666**	34,781
	39,498	44,388
Non-current prepayment *(Note (a))*	**9,864**	–
	49,362	44,388

Prepayment, deposits and other receivables with the amounts of approximately HK$37,435,000 (2025:HK$35,305,000) were denominated in RMB as at 31 March 2026.

Note (a): During the year, the Company engaged in an investment transaction in limited partnership interests of Tyrian Purple, L.P. ("Target Partnership"), an exempted limited partnership registered in the Cayman Islands, with a core focus on private equity investments in the healthcare and life sciences sector. The investment is considered as non-strategic with the Company acting solely as a Limited Partner ("LP") holding no board representation and no operational decision-making authority. From the LP agreement, the Company is deemed to have no influence over the Target Partnership's operating and financial policies.

As at the end of the year, the final confirmation of the Group's proportional ownership interest in the Partnership remains pending completion of post-closing administrative procedures, including the update of the Partnership's official register of limited partners and finalisation of capital call mechanics under the Limited Partnership Agreement. Upon completion of the transaction, the Target Partnership will be accounted for as financial asset at FVTPL.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

22. CASH AND CASH EQUIVALENTS

The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	2026	2025
	HK$'000	*HK$'000*
RMB	**3,134**	975
HK$	**18,308**	73
	21,442	1,048

The RMB is not freely convertible into other currencies, however, under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

23. RESTRICTED CASH

As at 31 March 2026, restricted cash comprises deposits held at banks under litigation claims.

The carrying amounts of the Group's restricted cash are denominated in the following currencies:

	2026	2025
	HK$'000	*HK$'000*
RMB	**513**	73
	513	73

24. TRADE PAYABLES

	2026	2025
	HK$'000	*HK$'000*
Within 1 month	**7,586**	409
1-3 months	**533**	1,757
Over 3 months	**22,363**	22,220
	30,482	24,386

All of trade payables were denominated in RMB for both years.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

25. OTHER PAYABLES AND ACCRUED EXPENSES

	2026	2025
	HK$'000	*HK$'000*
Dividend payable on redeemable convertible cumulative preference shares *(Note)*	–	31,120
Accrued interest of convertible bonds	**9,865**	9,865
Accrued legal and professional fee	**6,232**	7,115
Accrued salaries	**5,288**	4,048
Others	**35,148**	36,323
	56,533	88,471

Other payables and accrued expenses with the amounts of approximately HK$32,862,000 (2025: HK$12,765,000) were denominated in RMB as at 31 March 2026.

Note: As at 31 March 2025, US$4,000,000 (equivalent to approximately HK$31,120,000) were a dividend payable on redeemable convertible cumulative preference shares which is in dispute as detailed below.

On 12 September 2016, the Company received a statutory demand (the "Statutory Demand") from Li Hong Holdings Limited ("Li Hong") in respect of repayment of dividend payable on redeemable convertible cumulative preference shares in the sum of US$4.0 million (equivalent to approximately HK$31.1 million) (the "Alleged Outstanding Sum"). Such amount has been included in other payables and accrued expenses in the Company's consolidated statement of financial position. An originating summons (the "Originating Summons") under action number HCMP2593/2016 has been issued by the Company (as plaintiff) against Li Hong (defendant) on 27 September 2016. Pursuant to the Originating Summons, the Company sought, amongst others, the following reliefs against Li Hong: (1) an order that Li Hong be restrained from presenting any petition for the winding-up of the Company based on the Alleged Outstanding Sum; and (2) costs.

A hearing took place on 30 September 2016 at the High Court of Hong Kong (the "Court"), during which Li Hong has undertaken not to file a winding-up petition against the Company based on the Alleged Outstanding Sum and the Company has undertaken (i) to pay the sum of US$4 million or its equivalent into the Court within 21 days from the date of the hearing, which was so paid on 19 October 2016; and (ii) to comply with any order the Court may make if the Court later finds that Li Hong's undertaking has caused loss to Li Hong or any other party and decides that Li Hong or that other party should be compensated for that loss.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

25. OTHER PAYABLES AND ACCRUED EXPENSES *(Continued)*

Note: *(Continued)*

On 8 February 2017, another Court hearing took place and it was ordered, among other things, that (i) Li Hong be restrained from presenting any petition for the winding up of the Company based on the Alleged Outstanding Sum; and (ii) the sum of US$4 million or its equivalent paid into the Court be released to the Company.

Pursuant to the reasons for judgment handed down by the Court dated 29 March 2017, it was concluded that the Company has shown that there is bona fide dispute of the Alleged Outstanding Sum on substantial grounds and the presentation of a winding-up petition by Li Hong would be an abuse of process. The Court further commented that new information filed for the Company lend credence to the Company's case that the loan note dated 1 August 2015 to Li Hong (the "Loan Note") was in fact issued by the Company pursuant to a backdoor arrangement made or participated in by Mr. Li Zhong Yuan ("Mr. Li", a former executive Director and chairman of the Company) for his benefit, though not necessarily for his sole or exclusive benefit, and that Li Hong was a nominee for the purpose of receiving the Loan Note. As stated in the judgment, it follows that it must at least be open to serious argument that the Loan Note is not enforceable by Li Hong against the Company, because the issue of the Loan Note by the Company to Mr. Li's nominee (i.e. Li Hong) would involve a breach of fiduciary duty on Mr. Li's part of which Li Hong had knowledge. It was also mentioned in the judgment that Li Hong clearly does not have a valid cause of action against the Company based on a letter dated 31 July 2015 issued by Capital Foresight Limited ("Capital Foresight") and/or an agreement dated 23 November 2012 between the Company and Capital Foresight (the "Capital Foresight Agreement") being alleged evidence for the Statutory Demand as Li Hong is not a party to either of those documents and neither of those documents give rise to any contract or claim enforceable by Li Hong against the Company. Details of the above have been set out in the announcements of the Company dated 28 September 2016, 3 October 2016 and 30 March 2017 (the "Litigation Announcements").

Further to the Statutory Demand and upon internal investigation, the Company believes that the US$4 million as set out in the Litigation Announcements belongs to the Company on the grounds including: (1) that the Capital Foresight Agreement executed by Mr. Li was purportedly entered into in breach of Mr. Li's fiduciary duties and without authority, and Capital Foresight was knowingly complicit in this arrangement; (2) the Loan Note issued by the Company (under its former name China Healthcare Holdings Limited), executed by Mr. Li purportedly on behalf of the Company in favour of Li Hong was purportedly entered into in breach of Mr. Li's fiduciary duties, without authority and inconsistent with the Company's articles of association; and (3) the Capital Foresight Agreement and the Loan Note were and are void or voidable and unenforceable. On this basis, on 7 November 2017, a writ of summons under action number HCA2549/2017 has been issued in the Court by the Company against Mr. Li as 1st defendant, Capital Foresight as 2nd defendant and Li Hong as 3rd defendant (together, the "Defendants"). Following that announcement, acknowledgments of service and a statement of claim were filed in December 2017.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

25. OTHER PAYABLES AND ACCRUED EXPENSES *(Continued)*

Note: *(Continued)*

On 24 November 2017 and in connection with the Statutory Demand, the Company received a writ of summons issued by Capital Foresight Limited under action number HCA2569/2017 dated 9 November 2017 claiming for an order directing the Company to forthwith issue in favour of Capital Foresight or its nominee a promissory note of US$4 million pursuant to the Capital Foresight Agreement, or alternatively US$4 million, with interest and costs. Pursuant to a Court order dated 19 January 2018, this action HCA2569/2017 has been consolidated with the action HCA2549/2017 (the "2549 & 2569 Action").

In connection with the 2549 & 2569 Action, the parties have filed their respective pleadings with the Court. On 25 January 2022, leave was granted to the Company to set the case down for a Trial. The Trial commenced on 5 June 2023 before the Honourable Mr. Justice Harris and was completed on 29 June 2023. The judgment for the 2549 & 2569 Action will be handed down by the Judge by 27 December 2023.

Based on the judgment for the 2549 & 2569 Action recently handed down by the Court on 20 December 2023, Capital Foresight's claim against the Company for the US$4 million Loan Note is dismissed by the Court. In dismissing Capital Foresight's claim in HCA 2569/2017 for the US$4 million Loan Note, the Court accepted that a maturity date was not agreed and the absence of any agreement as to the maturity date of the Loan Note to be issued is a flaw. In relation to the Company's claim in HCA 2549/2017, the Court considered that the Company failed to prove facts and matters which justify the Court drawing inferences that the Capital Foresight Agreement, the Loan Note and the subsequent negotiation of agreements between the Company and Capital Foresight and Capital Foresight and the sole shareholder of Li Hong evidence the backdoor arrangement and the Court rejected the claims against all three Defendants.

Capital Foresight has lodged an appeal in the Court of Appeal against the judgment and the appeal was heard by the Court of Appeal on 27 August 2024.

As a result of the judgment issued by the Court and with reference to the legal opinion obtained by the Company, the Company has no obligation to repay US$4 million Loan Note to Capital Foresight and the US$4 million (equivalent to HK$31,120,000) Loan Note was recognised to profit or loss during the year 31 March 2024.

On 18 October 2024, the Court of Appeal delivered its judgment (the "Appeal Judgment"), ruling against the Company and ordering the payment of US$4 million without interest. Following consultations with legal counsel, the Board decided not to appeal against the Appeal Judgment. As a result, a provision for other payables amounting to US$4 million (equivalent to HK$31,120,000) was recognized as profit or loss for the year ended 31 March 2025.

During the year ended 31 March 2026, the dividend payable of US$4 million had been repaid.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

26. CONTRACT LIABILITIES

	2026	2025
	HK$'000	*HK$'000*
Balance as at 1 April	**3,923**	5,111
Revenue recognised from performance obligations satisfied during the year	**(23,084)**	(41,134)
Consideration received from sales of medical equipment and consumables during the year	**19,640**	40,016
Exchange realignment	**177**	(70)
Balance as at 31 March	**656**	3,923

The Group classified these contract liabilities as current because the Group expects these balances to be settled in its normal operating cycle, which is within 12 months after the end of the reporting period.

All contract liabilities were denominated in RMB as at 31 March 2026 and 2025.

27. LEASE LIABILITIES

	2026	2025
	HK$'000	*HK$'000*
Current	**310**	659
Non-current	**–**	425
	310	1,084

As at 31 March 2026, the effective interest rates of the Group's lease liabilities ranged from 6.58% to 7.36% per annum (2025: 7.52% to 7.99%).

The Group leases office premises and warehouse for operation and these lease liabilities were measured at the present value of the lease payment that are not yet paid. All leases are entered at fixed prices.

All lease liabilities were denominated in RMB for both years.

The total cash outflows for leases for the year ended 31 March 2026 was HK$470,000 (2025: HK$848,000).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

28. CONTINGENT CONSIDERATION

	2026	2025
	HK$'000	*HK$'000*
Current	–	–
Non-current	–	14,863
	–	14,863

	2026	2025
	HK$'000	*HK$'000*
Balance as at 1 April	**14,863**	20,325
Issue of contingent consideration upon acquisition of subsidiaries	–	–
Issuance of new shares upon fulfilment of profit guarantee	–	–
Fair value change	**(2,863)**	(5,171)
Exchange realignment	–	(291)
Paid to vendor	**(12,000)**	–
Balance as at 31 March	–	14,863

Jinmei Group

On 16 November 2023, the Group completed to acquire 100% equity interest in Jinmei Developments Limited ("Jinmei") and its subsidiaries (collectively referred as "Jinmei Group") with the consideration of HK$146,000,000 (the "Jinmei Consideration"). The Jinmei Consideration will be settled by issuing promissory note of HK$146,000,000. The promissory note is interest-free and will be matured on 27 February 2026 or the 14th business day after the issue of the audited accounts for the year ending 31 December 2025, whichever is later. The Company shall settle the principal amount of the promissory note on the maturity date subject to the guarantor paying the adjusted amount (if any) to the Company simultaneously.

Pursuant to the sales and purchase agreement in the acquisition of Jinmei Group, the profit guarantee for the Jinmei Group's net profit after tax for the years ending 31 December 2024 and 2025 shall not be less than RMB15,000,000 (equivalent to approximately HK$16,100,000) and RMB40,000,000 (equivalent to approximately HK$42,800,000) respectively. In the event of guaranteed profit cannot be met, the shortfall amount, after multiplying by a factor, the guarantor shall pay the adjusted amount (if any) to the Company with the settlement of the promissory note on the maturity date.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

28. CONTINGENT CONSIDERATION *(Continued)*

Jinmei Group *(Continued)*

In the event that the actual profits are less than RMB8,000,000 (equivalent to approximately HK$8,560,000), the Group shall have the right (but not the obligation) to terminate the agreement with immediate effect, save as otherwise provided for therein (the "Jinmei Group First Exit Clause").

If the actual profits are nil or negative, the agreement and all the obligations of the Group shall immediately cease and terminate, save as otherwise provided for therein (the "Jinmei Group Second Exit Clause", together with the Jinmei Group First Exit Clause, the "Jinmei Group Exit Clauses").

On 19 November 2024, Ever True Ventures Limited (the "vendor") involved in the acquisition of Jinmei Group sent a demand letter asserting a claim to accelerate payment on the existing promissory note, citing that the cross-default clause had been triggered by the Appeal Judgment of US$4 million("Trigger Cross-default Clause").

During the year ended 31 March 2025, the Company recognized a fair value change on the contingent consideration of approximately HK$5,171,000 for profit or loss, reflecting the total obligation under the aforementioned settlement deed signed on 3 July 2025.

On 3 July 2025, a settlement deed is entered into among the Company, Long Heng Investments Limited ("Long Heng"), the vendor involved in the acquisition of Jinmei Group and Ms. Ma Xiaoming (as the guarantor who owns entire equity interest in the vendor). Pursuant to the settlement deed, subject to fulfilment of condition precedent,(i) the vendor shall return the original copy of the related promissory note to the Company, and the Company shall cancel the related promissory note immediately upon receipt; (ii) Long Heng shall effect the transfer of the entire equity interest in Jinmei to the vendor for a nominal consideration of HK$1; and (iii) Long Heng shall pay the vendor in the sum of HK$12 million which shall be settled by way of the settlement note issued by the Company which shall not carry any interest and mature on 30 June 2026.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

29. BANK BORROWINGS

	2026	2025
	HK$'000	*HK$'000*
Unsecured bank borrowings	**4,282**	5,418
	4,282	5,418

As at 31 March 2026 and 2025, the Group's unsecured bank borrowings was denominated in RMB. The bank borrowings carried interest ranging from loan prime rate (the "LPR") minus 50 basis points (0.01% per basis point) and repayable within one year.

30. DEFERRED TAX LIABILITIES

The following is the movements of deferred tax liabilities during the current and prior year:

	Fair value adjustment on acquisition of subsidiaries
	HK$'000
As at 1 April 2024	131
Credit to profit or loss	(131)
As at 31 March 2025 and 1 April 2025	–
Credit to profit or loss	–
Reversal of deferred tax liabilities	–
Exchange realignment	–
As at 31 March 2026	–

At the end of the reporting period, the Group had unused estimated tax losses of approximately HK$40,146,000 that will be expired within 5 years. No deferred tax assets has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

31. SHARE CAPITAL

	Number of shares		Amount	
	2026	2025	**2026**	2025
	'000	*'000*	***HK$'000***	*HK$'000*
Ordinary shares of HK$0.1 (2025: HK$0.1) each				
Authorised:				
As at 1 April	**100,000,000**	100,000,000	**10,000,000**	10,000,000
As at 31 March	**100,000,000**	100,000,000	**10,000,000**	10,000,000
Preference shares of US$0.01				
Authorised:				
As at 1 April/as at 31 March	**15**	15	**1**	1
Issued and fully paid ordinary shares:				
As at 1 April	**491,645**	478,995	**49,164**	47,899
Issue of consideration shares	**–**	12,650	**–**	1,265
Issue of new shares *(note a)*	**748,000**	–	**74,800**	–
Issue on the basis of three (3) Rights Shares for every ten (10) Shares *(note b)*	**147,493**	–	**14,750**	–
As at 31 March	**1,387,138**	491,645	**138,714**	49,164

No preference shares were issued for both years.

(a) On 6 October 2025, the Company issued 700,000,000 new shares to the three new subscribers. On 26 February 2026, the Company issued 48,000,000 new shares to a new subscriber.

(b) On 6 October 2025, the Company issued 147,493,427 new shares to the qualified shareholders according to the Prospectus of rights issue on the basis of three (3) rights shares for every ten (10) shares held on the record date set out on 3 September 2025.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2026	2025
	HK$'000	*HK$'000*
NON-CURRENT ASSETS		
Prepayment	**9,864**	–
	9,864	–
CURRENT ASSETS		
Prepayment, deposits and other receivables	**2,005**	541
Cash and bank balances	**18,283**	10
	20,288	551
CURRENT LIABILITIES		
Other payables and accrued expenses	**24,406**	51,187
Amount due to subsidiaries	**–**	2,929
Amount due to a director	**4,451**	8,057
	28,857	62,173
NET CURRENT LIABILITIES	**(8,569)**	(61,622)
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,295**	(61,622)
NON-CURRENT LIABILITY		
Contingent consideration	**–**	14,863
NET ASSETS/(LIABILITIES)	**1,295**	(76,485)
EQUITY		
Share capital	**138,714**	49,164
Reserves	**(137,419)**	(125,649)
Total capital deficiencies	**1,295**	(76,485)

Signed on behalf the board of directors:

Cao Xu
Director

Chung Ho
Director

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

Movement of the Company's reserve are as follow:

	Share premium	Contributed surplus	Share Options reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
1 April 2024	8,208	57,124	6,308	(129,032)	(57,392)
Loss and total comprehensive expenses for the year	–	–	–	(76,898)	(76,898)
Issue of consideration shares	8,641	–	–	–	8,641
As at 31 March 2025 and 1 April 2025	16,849	57,124	6,308	(205,930)	(125,649)
Loss and total comprehensive expense for the year	–	–	–	(28,884)	(28,884)
Issue of consideration shares	17,114	–	–	–	17,114
As at 31 March 2026	33,963	57,124	6,308	(234,814)	(137,419)

33. SHARE OPTIONS SCHEME

The Company operated a share option scheme which was expired on 7 April 2012 (the "Old Scheme") and a new share option scheme (the "New Scheme") was approved by the shareholders of the Company on 28 August 2012. The purpose of the both share option schemes is to reward the eligible participants of the Group who have contributed or are expected to contribute the Group and to encourage them to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The New Scheme shall be valid and effective for a period of ten years ending on 28 August 2022.

Pursuant to the resolution passed at annual general meeting of the Company held on 18 September 2023, a new share option scheme (the "2023 Scheme") was adopted by the Company.

The previous share option scheme of the Company (the "2012 Scheme") was expired on 28 August 2022, no further options can be granted under the 2012 Scheme thereafter. However, all outstanding share option granted under 2012 Scheme prior to the said expiry shall remain valid and exercisable in accordance with the provisions of the 2012 Scheme.

The 2023 Scheme become effective for a period of 10 years commencing on 18 September 2023.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

33. SHARE OPTIONS SCHEME *(Continued)*

Under the New Scheme, the Board of Directors of the Company may grant options to eligible officers and employees, including the directors of the Company and its subsidiaries ("Eligible Persons"), to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties who (i) have previously been and continue to be retained by the Group to provide business, legal or tax consultancy services or other professional services, whose expertise is valuable to the business development of the Group; or (ii) introduce investment opportunities to the Group; (iii) contribute by way of introduction of new business to the Group, provide effort to promote the interest of the Group and benefit for the long-term growth of the Group.

The maximum number of shares in respect of which options may be granted under the New Scheme and any other schemes of the Company is not permitted to exceed 10% of the shares of the Company in issue at the adoption date. The Company may seek approval by the Company's shareholders in general meeting for granting options beyond the 10% limit, provided that the options in excess of the limit are granted only to Eligible Persons specifically identified by the Company before such approval is sought. The maximum number of options that can be granted by the Company to the Eligible Persons has been refreshed to 10% of number of shares in issue. The total number of the shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme of the Company must not exceed 30% of the shares of the Company in issue from time to time.

The number of share in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital in issue or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within 28 days from the date of grant. Upon acceptance of the options, the Eligible Person shall pay HK$1 to the Company by way of consideration for the grant. Options may be exercises at any time from the date of grant to the expiry date of the New Scheme. The exercise price is determined by the directors of the Company, and shall be the highest of the closing price of the Company's shares on the date of grant, the average closing price of the shares for the five trading days immediately preceding the date of grant and the nominal value of the Company's shares.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

33. SHARE OPTIONS SCHEME *(Continued)*

Details of the specific categories of options are as follows:

	Option C	**Option B**	**Option A**
Grant date	20 October 2020	26 April 2019	19 May 2017
Vesting Period *(Note a)*	20 October 2020	(T1) 26 April 2019 to 27 April 2020 (T2) 26 April 2019 to 27 April 2021 (T3) 26 April 2019 to 27 April 2022	19 May 2017
Exercise period	21 October 2020 to 20 October 2031	(T1) 27 April 2020 to 26 April 2030 (T2) 27 April 2021 to 26 April 2031 (T3) 27 April 2022 to 26 April 2032	19 May 2017 to 18 May 2022
Exercise price at date of grant	HK$0.18	HK$0.18	HK$0.18
Price of the Company's shares at the date of grant *(Note b)*	HK$0.036	HK$0.0792	HK$0.1706

Notes:

(a) The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

(b) The price of the Company's shares disclosed as at the date of the grant of the share option is the higher of the closing price of the shares of the Company on the date of grant of the shar options and the average Stock Exchange closing price for the five business days immediately preceding the date of the grant of the share options.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

33. SHARE OPTIONS SCHEME *(Continued)*

The following tables summarise the movements in the Company's share options during the year ended 31 March 2026 and 31 March 2025:

	Director		Employee/eligible person	
	Weighted average exercise price *(HK$)*	**Number of share option**	**Weighted average exercise price** *(HK$)*	**Number of share option**
As at 31 March 2025	1.8	11,200,000	1.8	7,850,000
As at 31 March 2026	1.456	6,553,903	1.456	14,282,563

The total number of securities available for issue under the share option scheme(s) of the Company as at 31 March 2026 was 20,836,466 shares (2025: 19,050,000 shares) which represented 1.5% (2025: 3.87%) of the ordinary shares of the company in issue on 31 March 2026.

The following table discloses details of options outstanding and movements during the year ended 31 March 2026:

	Number of share options										
Name of category of participant	As at 1 April 2025	Granted during the year	Exercised during the year	Adjusted during the year	Lapsed/ forfeited during the year	Reclassified during the year	As at 31 March 2026	Exercise period of share options	Exercise price of share options *HK$*	Date of grant of share options	Closing price of the company's share immediately before the date of grant of share options *HK$*
Directors											
Mr. Cao Xu	–	4,914,000	–	–	(4,914,000)	–	–	2 February 2027 to 1 February 2036	0.66	2 February 2026	0.61
Ms. Ying Rensi	–	1,338,000	–	–	(1,338,000)	–	–	2 February 2027 to 1 February 2036	0.66	2 February 2026	0.61
Mr. Zhang Fan	400,000	–	–	94,633	(494,633)	–	–	27 April 2020 to 25 April 2029	1.456	26 April 2019	0.79
	400,000	–	–	94,633	(494,633)	–	–	21 October 2020 to 20 October 2030	1.456	20 October 2020	0.35
Mr. Chung Ho	3,000,000	–	–	709,756	–	–	3,709,756	27 April 2020 to 25 April 2029	1.456	26 April 2019	0.79
	–	4,914,000	–	–	(4,914,000)	–	–	2 February 2027 to 1 February 2036	0.66	2 February 2026	0.61

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

33. SHARE OPTIONS SCHEME *(Continued)*

The following table discloses details of options outstanding and movements during the year ended 31 March 2026: *(Continued)*

	Number of share options										
Name of category of participant	As at 1 April 2025	Granted during the year	Exercised during the year	Adjusted during the year	Lapsed/ forfeited during the year	Reclassified during the year	As at 31 March 2026	Exercise period of share options	Exercise price of share options *HK$*	Date of grant of share options	Closing price of the company's share immediately before the date of grant of share options *HK$*
Mr. Wang Jingming	300,000	–	–	70,976	–	(370,976)	–	27 April 2020 to 25 April 2029	1.456	26 April 2019	0.79
Mr. Xing Yong	400,000	–	–	94,634	–	(494,634)	–	27 April 2020 to 25 April 2029	1.456	26 April 2019	0.79
	3,000,000	–	–	709,756	–	(3,709,756)	–	21 October 2020 to 20 October 2030	1.456	20 October 2020	0.35
Mr. Huang Lianhai	300,000	–	–	70,976	–	–	370,976	27 April 2020 to 25 April 2029	1.456	26 April 2019	0.79
	2,000,000	–	–	473,171	–	–	2,473.171	21 October 2020 to 20 October 2030	1.456	20 October 2020	0.35
Mr. Jiang Xuejun	400,000	–	–	94,634	(494,634)	–	–	27 April 2020 to 25 April 2029	1.456	26 April 2019	0.79
	400,000	–	–	94,633	(494,633)	–	–	21 October 2020 to 20 October 2030	1.456	20 October 2020	0.35
Mr. Du Yanhua	300,000	–	–	70,976	(370,976)	–	–	27 April 2020 to 25 April 2029	1.456	26 April 2019	0.79
Mr. Lai Liangquan	300,000	–	–	70,976	(370,976)	–	–	27 April 2020 to 25 April 2029	1.456	26 April 2019	0.79
Subtotal	11,200,000	11,166,000	–	2,649,754	(13,886,485)	(4,575,366)	6,553,903				
Employee	650,000	–	–	153,781	–	494,634	1,298,415	27 April 2020 to 25 April 2029	1.456	26 April 2019	0.79
	100,000	–	–	23,659	–	3,709,756	3,833,415	21 October 2020 to 20 October 2023	1.456	20 October 2020	0.35
	–	29,472,000	–	–	(29,472,000)	–	–	2 February 2027 to 1 February 2036	0.66	2 February 2026	0.61
Others *(note)*	800,000	–	–	189,268	–	370,976	1,360,244	27 April 2020 to 25 April 2029	1.456	26 April 2019	0.79
	6,300,000	–	–	1,490,489	–	–	7,790,489	21 October 2020 to 20 October 2030	1.456	20 October 2020	0.35
Total	19,050,000	40,638,000	–	4,506,951	(43,358,485)	–	20,836,466				

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

33. SHARE OPTIONS SCHEME *(Continued)*

The following table discloses details of options outstanding and movements during the year ended 31 March 2025:

Name of category of participant	Number of share options							Exercise period of share options	Exercise price of share options	Date of grant of share options	Closing price of the company's share immediately before the date of grant of share options
	As at 1 April 2024	Granted during the year	Exercised during the year	Adjusted during the year	Lapsed/ forfeited during the year	Reclassified during the year	As at 31 March 2025		*HK$*		*HK$*
Directors											
Mr. Zhang Fan	400,000	–	–	–	–	–	400,000	27 April 2020 to 25 April 2029	1.8	26 April 2019	0.79
	400,000	–	–	–	–	–	400,000	21 October 2020 to 20 October 2030	1.8	20 October 2020	0.35
Mr. Chung Ho	3,000,000	–	–	–	–	–	3,000,000	27 April 2020 to 25 April 2029	1.8	26 April 2019	0.79
Mr. Wang Jingming	300,000	–	–	–	–	–	300,000	27 April 2020 to 25 April 2029	1.8	26 April 2019	0.79
Mr. Xing Yong	400,000	–	–	–	–	–	400,000	27 April 2020 to 25 April 2029	1.8	26 April 2019	0.79
	3,000,000	–	–	–	–	–	3,000,000	21 October 2020 to 20 October 2030	1.8	20 October 2020	0.35
Mr. Huang Lianhai	300,000	–	–	–	–	–	300,000	27 April 2020 to 25 April 2029	1.8	26 April 2019	0.79
	2,000,000	–	–	–	–	–	2,000,000	21 October 2020 to 20 October 2030	1.8	20 October 2020	0.35
Mr. Jiang Xuejun	400,000	–	–	–	–	–	400,000	27 April 2020 to 25 April 2029	1.8	26 April 2019	0.79
	400,000	–	–	–	–	–	400,000	21 October 2020 to 20 October 2030	1.8	20 October 2020	0.35
Mr. Du Yanhua	300,000	–	–	–	–	–	300,000	27 April 2020 to 25 April 2029	1.8	26 April 2019	0.79

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

33. SHARE OPTIONS SCHEME *(Continued)*

The following table discloses details of options outstanding and movements during the year ended 31 March 2025: *(Continued)*

	Number of share options										
Name of category of participant	As at 1 April 2024	Granted during the year	Exercised during the year	Adjusted during the year	Lapsed/ forfeited during the year	Reclassified during the year	As at 31 March 2025	Exercise period of share options	Exercise price of share options HK$	Date of grant of share options	Closing price of the company's share immediately before the date of grant of share options HK$
Mr. Lai Liangquan	300,000	–	–	–	–	–	300,000	27 April 2020 to 25 April 2029	1.8	26 April 2019	0.79
Subtotal	11,200,000	–	–	–	–	–	11,200,000				
Employee	650,000	–	–	–	–	–	650,000	27 April 2020 to 25 April 2029	1.8	26 April 2019	0.79
	100,000	–	–	–	–	–	100,000	21 October 2020 to 20 October 203	1.8	20 October 2020	0.35
Others *(note)*	800,000	–	–	–	–	–	800,000	27 April 2020 to 25 April 2029	1.8	26 April 2019	0.79
	6,300,000	–	–	–	–	–	6,300,000	21 October 2020 to 20 October 203	1.8	20 October 2020	0.35
Total	19,050,000	–	–	–	–	–	19,050,000				

Note:

As a result of the completion of the rights issue, the exercise price was adjusted to HK$1.456 and the total number of shares which may be issued upon exercise of all outstanding share options has been adjusted to 23,556,951 shares, details please refer to the Company's announcement dated 3 October 2025, circular dated 31 July 2025 and prospectus dated 3 September 2025.

Share options were granted to 15 business consultants of the Group which comprises of (i) Wang Jingming, Qiu Peiyuan, Huang Bin and He Lijuan, the former Directors who have become consultants of the Group providing advices on business development of the Group; (ii) a former employee of the Company, namely Ding Jiuru, who has subsequently become a consultant of the Group providing advices on financial operation of the Group; and (iii) consultants and business partners of the Group, namely, Zhong Bin, Liu Yanli, Rao Zhenan, Chan Nam, Hor Heng Siang, Yang Yongbin, Quo Wei, Lu Wenhui, Huang Hui and Wu Guanjie, who have provided business, legal or tax consultancy services or other professional services and introduced investment opportunities to the Group.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

33. SHARE OPTIONS SCHEME *(Continued)*

Note: (Continued)

The fair value of equity-settled share options granted during the year ended 31 March 2021 was estimated as at the date of grant, using the Binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	Option C
Dividend yield (%)	0.00
Expected volatility (%)	76.404
Risk-free interest rate (%)	0.538
Expected life of option for director (years)	2.75
Expected life of option for employee (years)	2.2
Closing share price at grate date (HK$)	0.035

The expected life of the options is based on management expectation and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The Group recognised the total expense of approximately nil for the year ended 31 March 2026 in relation to share options granted by the Company (2025: nil).

34. DISPOSAL OF SUBSIDIARIES

As set out in note 28, on 3 July 2025, the Company, its wholly-owned subsidiary Long Heng Investments Limited ("Long Heng"), Ever True Ventures Limited (the "Vendor") and Ms. Ma Xiaoming (the Guarantor) entered into a settlement deed (the "Settlement Deed") to fully resolve all disputes arising from the acquisition of Jinmei Developments Limited. Pursuant to the Settlement Deed, the disposal transaction was fully completed in July 2025.

Consideration transferred:

	2026
	HK$'000
Cash consideration received	–

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

34. DISPOSAL OF SUBSIDIARIES *(Continued)*

Analysis of assets and liabilities over which control was lost:

	2026
	HK$'000
Intangible asset	**216**
Inventories	**38**
Prepayment, deposits and other receivables	**2,780**
Cash and bank balances	**18**
Other payables and accrued expenses	**(223)**
Net liabilities disposed of	**2,829**

Loss on disposal of subsidiaries:

	2026
	HK$'000
Cash consideration received	**–**
Less: Net assets disposed of	**(2,829)**
Add: Release of foreign currency translation reserve	**410**
Loss on disposal	**(2,419)**

Included within loss on disposal of subsidiaries in profit or loss is HK$410,000 recycled from the foreign currency translation reserve, representing cumulative exchange differences previously recognised in OCI for the disposed foreign subsidiary.

Net cash outflow arising on disposal:

	2026
	HK$'000
Consideration received	**–**
Less: cash and bank balances disposed of	**(18)**
Net cash outflow	**(18)**

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

35. RELATED PARTY TRANSACTIONS

In addition to the transactions details elsewhere in the consolidated financial statements, the Group entered into the following related party transactions with related parties during the year:

(a) Compensation of key management personnel of the Group are set out in note 11 to the consolidated financial statements.

(b) The amounts due to directors were unsecured, interest-free and repayable on demand.

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities *HK$'000*	**Bank borrowings** *HK$'000*	**Total** *HK$'000*
As at 1 April 2024	147	5,508	5,655
Non-cash changes:			
Interest expenses incurred *(Note 8)*	93	159	252
New leases entered *(Note 27)*	1,708	–	1,708
Exchange realignment	(2)	–	(2)
Financing cash inflows	–	5,418	5,418
Financing cash outflows	(862)	(5,667)	(6,529)
As at 31 March 2025 and 1 April 2025	1,084	5,418	6,502
Non-cash changes:			
Interest expenses incurred *(Note 8)*	49	138	187
New leases entered *(Note 27)*	245	–	245
Lease terminated *(Note 27)*	(619)	–	(619)
Exchange realignment	21	95	116
Financing cash inflows	–	4,282	4,282
Financing cash outflows	(470)	(5,651)	(6,121)
As at 31 March 2026	310	4,282	4,592

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries are as follows:

Name of Company	Place/country of incorporation/ registration and operations	Class of shares held	Issued and fully paid share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Gomei Investment Limited	British Virgin Islands ("BVI")	Ordinary	US$1	100%	–	Investment holding
China Healthcare Holdings (Hong Kong) Limited	Hong Kong	Ordinary	HK$10,000	100%	–	Investment holding
CHC Investment Holdings Limited	BVI	Ordinary	US$100	–	100%	Investment holding
Long Heng Investments Limited	BVI	Ordinary	US$1	100%	–	Investment holding
Zhongwei Kanghong Investments Limited	Hong Kong	Ordinary	HK$1,000,000	–	100%	Investment holding
中衛健康產業（深圳）有限公司 (Zhongwei Health Industries (Shenzhen) Co., Ltd) *(Note a)*	PRC	Registered capital	HK$75,000,000	–	100%	Investment holding/ Healthcare Hospital management service
中衛國際諮詢（深圳）有限公司 (Zhongwei International Consulting (Shenzhen) Co., Ltd) *(Note a)*	PRC	Registered capital	HK$46,370,000	–	100%	Business service
北京中衛康融醫院管理有限公司 (Beijing Zhongwei Kangrong Hospital Management Co., Ltd) *(Note b)*	PRC	Registered capital	RMB10,000,000	–	100%	Hospital management service
馬格瑞茲（武漢）醫療技術發展有限公司 (Mageruizi (Wuhan) Medical Technology Development Co., Ltd) *(Note b)*	PRC	Registered capital	RMB5,000,000	–	87.75%	Distribution and service in medical equipment and consumables
安平康融醫院有限公司 (Anping Kangrong Hospital Co., Ltd) *(Note b)*	PRC	Registered capital	RMB500,000	–	100%	Hospital operation
北京佑康建業醫療器械有限公司 (Beijing Youkang Jianye Medical Equipment Co., Ltd.) *(Note b)*	PRC	Registered capital	RMB3,000,000	–	60%	Distribution in medical equipment and consumables

Notes:

(a) Wholly-foreign-owned enterprises established under the PRC Law.

(b) Company with limited liability established under the PRC Law.

The above list includes the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results of the year or formed a substantial portion of the assets or liabilities of the Group. To give details of all the other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the reporting period or at any time during the year.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

Summarised financial information of significant non-controlling interests and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	Beijing Youkang Jianye Medical Equipment Co., Ltd	
	2026	2025
	HK$'000	*HK$'000*
As at 31 March		
Non-current assets	**386**	405
Current assets	**41,692**	46,212
Current liabilities	**(26,736)**	(30,544)
Non-current liabilities	**–**	(63)
Net assets	**15,342**	16,010
Carrying amounts of non-controlling interests	**6,144**	6,404
Year ended 31 March		
Revenue	**34,251**	27,524
Expenses	**(35,503)**	(27,236)
Profit/(Loss) for the year	**(1,252)**	288
Total comprehensive income/(expense) for the year	**(566)**	25
Loss attributable to non-controlling interests	**(501)**	115
Total comprehensive income/(expense) to non-controlling interests	**(227)**	10
Net cash flow inflow/(outflow) from:		
– operating activities	**3,169**	(1,930)
– investing activities	**–**	1
– financing activities	**(1,521)**	(157)
Net cash (outflow)/inflow	**1,648**	(2,086)

Except for Beijing Youkang Jianye Medical Equipment Co., Ltd, the directors considered that the Group's other non-controlling interests were insignificant to the Group and they are not separately presented in these consolidated financial statements for both year. In addition, no separate financial information of these non-wholly owned subsidiaries is required to be presented.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

38. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

This note provides a list of other potentially material accounting policies applied in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Hong Kong Shanghai Alliance Holdings Limited and its subsidiaries.

38.1 Principles of consolidation and equity accounting

i. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date when control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

ii. Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

38. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

38.1 Principles of consolidation and equity accounting *(Continued)*

iii. Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 38.

38.2 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- the fair values of the assets transferred,
- the liabilities incurred to the former owners of the acquired business,
- the equity interests issued by the Group,
- the fair value of any asset or liability resulting from a contingent consideration arrangement, and
- the fair value of any pre-existing equity interest in the subsidiary.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

38. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

38.2 Business combinations *(Continued)*

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- the consideration transferred,
- the amount of any non-controlling interest in the acquired entity, and
- the acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or as a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

38. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

38.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of China Health Group Limited has appointed a strategic steering committee which assesses the financial performance and position of the Group and makes strategic decisions. The steering committee is the Group's chief operating decision maker and consists of the chief executive officer, the chief financial officer and the manager for corporate planning.

38.4 Foreign currency translation

i. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollar (HK$), which is China Health Group Limited's functional and presentation currency.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other loss, net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

38. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

38.4 Foreign currency translation *(Continued)*

iii. Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position

- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

38. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

38.5 Property, plant and equipment

All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 38.7).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

38. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

38.6 Goodwill

Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or Groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 16).

38.7 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

38. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

38.8 Investments and other financial assets

i. Classification

- The Group classifies its financial assets in those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

ii. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all of the risks and rewards of ownership.

iii. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

38. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

38.8 Investments and other financial assets *(Continued)*

iii. Measurement *(Continued)*

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

- Amortised cost: assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the consolidated statement of profit or loss as applicable.

iv. Impairment

The Group assesses on a forward-looking basis the expected credit losses ('ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and loan and interest receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

38. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

38.8 Investments and other financial assets *(Continued)*

iv. Impairment *(Continued)*

At each reporting date, the Group calculates the ECL of financial instruments in different stages. Stage 1 refers to financial instruments that have not had a significant increase in credit risk since initial recognition; Stage 2 refers to financial instruments that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment; Stage 3 refers to financial assets for which there are objective evidence of impairment at the reporting date since initial recognition. For these assets at Stage 1, 12-month ECL are recognised and for assets at stage 2 and 3, life-time ECL are recognised. For financial assets with low credit risks as at the date of the consolidated statement of financial position, the Group recognises 12-month ECL based on the assumption that the credit risks have not significantly increased after initial recognition. The Group determines the level of credit risks according to their internal and external investment grade credit rating and the ages of financial assets. For those financial assets are more than 30 days past due, they would be classified as stage 2 and 3, unless the Group has reasonable and supportable information that demonstrates otherwise.

For financial assets in stage 1 and stage 2, interest income is calculated based on the gross carrying amount of the asset, that is, without deduction for credit allowance, and the effective interest rates. For financial assets in stage 3, interest income is calculated on the net carry amount, that is, net of credit allowances, and the effective interest rates.

Impairment on deposits and other receivables are measured as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime ECL.

38.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

38. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

38.10 Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

38.11 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, demand deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

38.12 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

38.13 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities, unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

38. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

38.14 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are derecognised when the obligation specified in the contract is extinguished, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

38.15 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

38. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

38.16 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and it considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on either the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

38. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

38.16 Current and deferred income tax *(Continued)*

Deferred income tax *(Continued)*

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

38.17 Employee benefits

i. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period, and they are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

ii. Other long-term employee benefit obligations

The liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have a right, at the end of the reporting period, to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

38. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

38.17 Employee benefits *(Continued)*

iii. Post-employment obligations

The Group operates defined contribution pension plans and post-employment medical plans.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

38.18 Share-based payments

Share-based compensation benefits are provided to employees via the Employee Option Plan and an employee share scheme, the executive short-term incentive scheme and share appreciation. Information relating to these schemes is set out in Note 12.

Employee options

The fair value of options granted under the Employee Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

– including any market performance conditions (such as the entity's share price)

– excluding the impact of any service and non-market performance vesting conditions (such as profitability, sales growth targets and remaining an employee of the entity over a specified time period), and

– including the impact of any non-vesting conditions (such as the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. The entity recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

38. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

38.19 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

38.20 Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option,
- lease payments to be made under an extension option if the Group is reasonably certain to exercise the option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

38. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

38.20 Leases *(Continued)*

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

38.21 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

38.22 Related Parties

A party is considered to be related to the Group if:

(a) A person, or a close member of that person's family, is related to the Group if that person:

   (i) has control or joint control over the Group;

   (ii) has significant influence over the Group; or

   (iii) is a member of the key management personnel of the Group or of a Group's parent;

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2026

38. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

38.22 Related Parties *(Continued)*

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are the members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of another entity (or of an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person is identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of the parent of the entity).

(viii) The entity, or any member of the Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

39. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 30 June 2026.

Financial Summary

	Year ended 31 March				
	2026	2025	2024	2023	2022
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
Revenue	**41,092**	38,943	59,930	76,414	107,025
Loss before tax	**(48,852)**	(67,378)	(42,294)	(39,383)	(8,709)
Income tax expense	**427**	(443)	(203)	(177)	(405)
Loss for the year	**(48,425)**	(67,821)	(42,497)	(39,560)	(9,114)
Loss for the year attributable to:					
Owners of the Company	**(47,932)**	(67,790)	(40,187)	(42,046)	(12,205)
Non-controlling interests	**(493)**	(31)	(2,310)	2,486	3,091
	(48,425)	(67,821)	(42,497)	(39,560)	(9,114)

	As at 31 March				
	2026	2025	2024	2023	2022
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES					
Total assets	**157,556**	147,348	192,316	221,185	225,957
Total liabilities	**(96,714)**	(147,253)	(132,563)	(127,235)	(140,825)
Net assets	**60,842**	95	59,753	93,950	85,132