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龍豐集團
LUNG FUNG GROUP

Lung Fung Group Holdings Limited
龍豐集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2290)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2026

FINANCIAL HIGHLIGHTS

Revenue increased by 19.4% to HK$1,764.3 million.

Same-store sales growth at 10.2% *(Note 1)*.

Profit for the period increased by 22.9% to HK$134.3 million.

Non-HKFRS Measures:
— Core net profit at HK$144.3 million *(Note 2)*;
— Pro-forma earnings per share at HK$0.27 *(Note 3)*; and
— Pro-forma core earnings per share at HK$0.29 *(Note 3)*.

Current ratio improved from 0.6 times as at 31 March 2026 to 1.3 times as at 30 September 2026.

Bank borrowings and bank overdrafts further decreased by HK$171.5 million to HK$384.8 million.

Notes:

1. Same-store sales growth is based on the revenue from the 25 retail stores that were in operation throughout the entirety of the six months ended 30 September 2026 and the corresponding period of 2025.
2. Core net profit is a non-HKFRS measure and is calculated as the profit for the period adjusted to exclude (i) change in fair value of investment properties; and (ii) listing expenses. For details, please refer to the section headed "Reconciliation of Non-HKFRS Measures to the Nearest HKFRS Measures" on page 16 of this announcement.
3. Pro-forma earnings per share and pro-forma core earnings per share are non-HKFRS measures. Pro-forma earnings per share and pro-forma core earnings per share are calculated based on the profit for the period and the core net profit, respectively, divided by the total number of shares in issue upon the initial public offering of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited on 5 June 2026 (the "**Global Offering**"), as if the Global Offering had been completed at the beginning of the period ended 30 September 2026. For details, please refer to the section headed "Reconciliation of Non-HKFRS Measures to the Nearest HKFRS Measures" on page 16 of this announcement.

The board (the "**Board**") of directors (the "**Directors**") of Lung Fung Group Holdings Limited (the "**Company**") presents the unaudited condensed consolidated results of the Company and its subsidiaries (together as the "**Group**") for the six months ended 30 September 2026 (the "**Reporting Period**"), together with the comparative figures for the six months ended 30 September 2025 (the "**Corresponding Period**").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 September 2026

		Six months ended	
		30 September 2026	30 September 2025
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*3*	**1,764,335**	1,477,742
Cost of sales		**(1,227,273)**	(1,015,474)
Gross profit		**537,062**	462,268
Other income		**9,785**	16,744
Other gains and losses, net		**(875)**	(364)
Decrease in fair value of investment properties		**(2,860)**	(8,970)
Selling and distribution expenses		**(318,647)**	(280,755)
Administrative expenses		**(34,014)**	(29,793)
Finance costs		**(20,831)**	(20,113)
Listing expenses		**(7,082)**	(4,526)
Profit before tax		**162,538**	134,491
Income tax expense	*4*	**(28,247)**	(25,183)
Profit for the period		**134,291**	109,308
Other comprehensive income (expense) for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**31**	(75)
Other comprehensive income (expense) for the period		**31**	(75)
Total comprehensive income for the period		**134,322**	109,233
		HK$	*HK$*
Earnings per share			
Basic	*5*	**0.29**	0.29

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2026

	Notes	**As at 30 September 2026** ***HK$'000*** **(unaudited)**	As at 31 March 2026 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment		**116,005**	111,465
Investment properties		**142,410**	145,270
Right-of-use assets		**428,156**	362,931
Deposits	*7*	**89,333**	64,092
Deferred tax assets		**6,688**	6,090
		782,592	689,848
Current assets			
Inventories		**480,699**	421,907
Trade and other receivables	*7*	**43,127**	31,598
Amounts due from related parties		**–**	37,487
Cash and cash equivalents		**577,496**	73,641
		1,101,322	564,633
Current liabilities			
Trade and other payables	*8*	**186,365**	184,150
Amounts due to related parties		**–**	15,789
Tax payable		**50,951**	36,664
Bank borrowings		**384,769**	543,444
Lease liabilities		**228,716**	183,734
Contract liabilities		**4,325**	1,280
Bank overdrafts		**–**	12,793
		855,126	977,854
Net current assets (liabilities)		**246,196**	(413,221)
Total assets less current liabilities		**1,028,788**	276,627

	As at 30 September 2026	As at 31 March 2026
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Non-current liabilities		
Lease liabilities	**206,620**	189,013
Provisions	**42,831**	37,236
Retirement benefit obligations	**4,260**	4,260
	253,711	230,509
Net assets	**775,077**	46,118
Capital and reserves		
Share capital	**50**	–*
Reserves	**775,027**	46,118
Total equity	**775,077**	46,118

* *Less than HK$1,000*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements of Lung Fung Group Holdings Limited (the "**Company**") and its subsidiaries (collectively referred as the "**Group**") have been prepared in accordance with HKAS 34 Interim Financial Reporting ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The condensed consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows which include the results, changes in equity and cash flows of the entities now comprising the Group for the six months ended 30 September 2025 have been prepared as if the Company had always been the holding company of the Group and the current group structure had been in existence throughout the six months ended 30 September 2025, or since their respective dates of incorporation, where this is a shorter period.

The shares of the Company have been listed on the Main Board of the Stock Exchange with effect from 5 June 2026.

2. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties which are measured at fair values.

Other than the changes in accounting policies resulting from application of amendments to HKFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2026 are the same as those presented in the Group's consolidated financial statements for the year ended 31 March 2026.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11

The application of the amendments to HKFRS Accounting Standards in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue

Disaggregation of revenue from contracts with customers

	Six months ended	
	30 September 2026	30 September 2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Sales channels		
Retail sales through retail stores	**1,719,541**	1,446,003
Retail sales through online platforms	**14,940**	24,406
Wholesale sales	**29,854**	7,333
	1,764,335	1,477,742
Product categories		
Beauty products	**580,959**	477,126
Health products	**308,769**	282,959
Pharmaceutical products	**308,003**	240,416
Other consumer products	**566,604**	477,241
	1,764,335	1,477,742
Geographical markets		
Hong Kong	**1,756,614**	1,453,030
Chinese Mainland	**7,721**	24,712
	1,764,335	1,477,742
Timing of revenue recognition		
A point in time	**1,764,335**	1,477,742

Performance obligations for contracts with customers and revenue recognition policies

The Group is engaged in the sales of beauty products, health products, pharmaceutical products and other consumer products through its own retail stores, online platforms and wholesale channels.

For sales of products to customers through the Group's retail stores, revenue is recognized at a point in time when control of the goods has been transferred, being at the point the customer purchases the goods at the retail store. Payment of the transaction price is due immediately at the point the customer purchases the goods.

For sales of products through online platforms, revenue is recognized at a point in time when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer's specific location. When the customer initially purchases the goods online, the payment for transaction price is due immediately.

For sales of products to wholesale customers, revenue is recognized at a point in time when control of the goods has been transferred, being when the goods have been delivered to the customer's specific location. Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities. The credit term is generally 60 days upon delivery.

Under the Group's standard contract terms, customers have a right to exchange only for products with quality issues within 7 days from the date of purchase. The directors of the Company determine that, based on historical experience of the Group, the amount of assurance-type warranty provision is not significant.

The Group operates a customer loyalty program for sales through which retail customers accumulate points on purchases of products at the Group's retail stores that entitle them to discounts on future purchases. The membership points expire at the end of each calendar year. Customers can redeem the membership points any time before expiry. The directors of the Company consider that the amount of unsatisfied performance obligations arising from unutilized membership points at the end of the reporting period is not significant.

Segment information

Information reported to Mr. Tse, being the chief operating decision maker, for the purposes of resources allocation and performance assessment focuses on revenue analysis as disclosed above. No other discrete financial information is provided other than the Group's overall results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

Geographical information

The geographical information of the Group's revenue based on the location of the goods delivered is disclosed above. The Group's non-current assets are all located in Hong Kong.

4. INCOME TAX EXPENSE

	Six months ended	
	30 September 2026	30 September 2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax		
— Hong Kong Profits Tax	**28,845**	27,221
Deferred tax credit	**(598)**	(2,038)
	28,247	25,183

5. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	Six months ended	
	30 September 2026	30 September 2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	**134,291**	109,308

	Number of shares Six months ended	
	30 September 2026	30 September 2025
	(unaudited)	(unaudited)
Weighted average number of shares for the purpose of basic earnings per share	**455,601,093**	375,000,000

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the six months ended 30 September 2025 has been adjusted retrospectively for the effects in connection with (i) the Reorganization as set out in note 2 to the Group's consolidated financial statements for the year ended 31 March 2026; and (ii) the Capitalization Issue, as if the Reorganization and the Capitalization Issue had been effective since 1 April 2025.

The computation of diluted earnings per share for the period ended 30 September 2026 does not assume the exercise of over-allotment options in connection with the Listing as the exercise price of those options was higher than the average market price of the shares during the period. No diluted earnings per share was presented for the period ended 30 June 2026 because there were no potential ordinary shares in issue during that period.

6. DIVIDENDS

On 21 May 2026, the Company declared dividends of HK$23 per share totaling HK$23,000,000, which were settled by way of an offsetting with the Group's amounts due from related parties.

Subsequent to the end of the current interim period, an interim dividend in respect of the period ended 30 September 2026 of HK$0.162 per ordinary share, in an aggregate amount of HK$81,000,000, has been declared by the Directors of the Company.

7. DEPOSITS/TRADE AND OTHER RECEIVABLES

	30 September 2026	31 March 2026
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade receivables from contracts with customers	**8,453**	10,470
Rental, utilities and other deposits	**89,333**	64,092
Other receivables	**843**	123
Prepayments to suppliers	**16,922**	7,600
Prepaid expenses	**16,909**	8,910
Prepaid listing expenses	**–**	112
Prepaid issue costs	**–**	22
Deferred issue costs	**–**	4,361
	132,460	95,690
Analyzed for reporting purposes as:		
Deposits under non-current assets	**89,333**	64,092
Trade and other receivables under current assets	**43,127**	31,598
	132,460	95,690

Retail sales made through retail stores are settled by cash or electronic payments. Retail sales made through online platforms are settled by electronic payments. Trade receivables arising from retail sales represent amounts receivable from electronic payment service providers and online platform providers who generally settle the amounts with the Group within 2 days and 1 month respectively after the sales.

For trade receivables arising from wholesale sales, the Group generally grants credit terms of 60 days to its wholesale customers after the month of the relevant sale.

The following is an ageing analysis of trade receivables presented based on the invoice dates at the end of the reporting period:

	30 September 2026	31 March 2026
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Within 30 days	**7,946**	10,030
31 to 60 days	**79**	154
61 to 90 days	**102**	–
Over 90 days	**326**	286
	8,453	10,470

8. TRADE AND OTHER PAYABLES

	30 September 2026	31 March 2026
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade payables	**125,747**	127,871
Other payables	**14,481**	5,017
Accrued expenses	**8,591**	14,659
Accrued staff costs	**37,546**	33,279
Accrued listing expenses	**–**	2,422
Accrued issue costs	**–**	902
	186,365	184,150

The credit period granted by major suppliers ranged from 0 to 30 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	30 September 2026	31 March 2026
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Within 30 days	**100,007**	91,840
31 to 60 days	**15,907**	18,111
61 to 90 days	**4,253**	6,490
Over 90 days	**5,580**	11,430
	125,747	127,871

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is a Hong Kong-based retail chain specialising in beauty, health, pharmaceutical and other consumer products. As at 30 September 2026, the Group operated 33 retail stores in Hong Kong under the "Lung Fung" brand, complemented by online sales channels, including its official online store and major Chinese e-commerce platforms. The Group offers a broad range of value-for-money products across 11 product categories, sourced from a diversified global supplier network.

The Company's shares was listed on the Main Board of The Stock Exchange of Hong Kong Limited in June 2026 (stock code: 2290) (the "**Listing**"). The Listing marked an important milestone in the Group's development, strengthening its capital base and providing a platform to support its continued retail-network expansion, product development and operational enhancement. In November 2026, the Company was included in the MSCI Hong Kong Micro Cap Index, reflecting increasing market recognition of the Group's business development.

BUSINESS REVIEW

During the Reporting Period, the Hong Kong retail market continued to recover, supported by growth in inbound visitor arrivals and improving consumer sentiment. Nevertheless, the retail industry remained competitive, while consumer behaviour continued to evolve, with customers placing greater emphasis on value for money and increasingly embracing online shopping.

Against this backdrop, the Group continued to broaden its product range, expand its retail network and strengthen its online sales channels to meet the evolving needs and preferences of its customers. The Group will continue to monitor market developments and enhance its product offerings and operating strategies to capture potential business opportunities.

Revenue

During the Reporting Period, the Group's revenue increased by 19.4% to HK$1,764.3 million from HK$1,477.7 million for the Corresponding Period. The increase was primarily attributable to the growth in retail sales from the Group's retail stores, supported by the expansion of its retail network, improved customer traffic and the contribution from newly opened retail stores.

Retail sales through the Group's retail stores amounted to approximately HK$1,719.5 million during the Reporting Period, representing an increase of approximately 18.9% year on year. As at 30 September 2026, the Group operated 33 retail stores in Hong Kong, compared with 29 retail stores as at 30 September 2025.

Revenue from online sales channels and wholesale sales amounted to HK$44.8 million in aggregate, an increase of 41.1% year on year. The increase was primarily attributable to the growing contribution from wholesale sales, which has gained traction since September 2025, partially offset by a decline in online sales due to changes in the product mix of the Group's online sales channels in the Chinese Mainland.

Looking ahead, the Group will continue to broaden its product range, enhance its product offerings and strengthen its omnichannel capabilities to support sustainable revenue growth.

Same-store sales

Same-store sales represents the revenue from the retail stores ("**Comparable Stores**") that were in operation throughout the entirety of the relevant financial year or period and the preceding financial year or period being compared.

Based on a comparison of the revenue from the 25 retail stores that were in operation throughout the entirety of the six months ended 30 September 2026 and the Corresponding Period, the sales of the Comparable Stores amounted to approximately HK$1,539.4 million during the Reporting Period, representing same-store sales growth of approximately 10.2% from approximately HK$1,397.5 million in the Corresponding Period.

	Six months ended 30 September 2026	Six months ended 30 September 2025
Number of Comparable Stores	25	
Sales of Comparable Stores *(HK$ million)* (Unaudited)	**1,539.4**	1,397.5
Same-store sales growth	10.2%	

The improvement in same-store sales was primarily supported by higher customer traffic, including the contribution from inbound visitors, and resilient consumer demand. The Group also continued to broaden its product range, introduce new products and strengthen its promotional initiatives to cater to the evolving needs and preferences of its customers.

In addition, the Group continued to optimise its store operations, including product display, inventory management and customer service, with a view to improving customer experience and store-level productivity. These initiatives, together with the gradual maturation of retail stores opened in prior financial years, contributed to the improvement in same-store sales performance.

The Group will continue to monitor customer preferences and market trends, refine its product assortment and enhance its store operations and promotional strategies to support sustainable same-store sales growth.

Product categories

The Group offers a diversified portfolio of products across 11 categories, including proprietary Chinese medicines, western medicines, health supplements, skincare products, cosmetics, fragrances, personal care, household sundries, maternal and infant care products, food and pet supplies. These products are grouped into four principal revenue categories, namely beauty products, health products, pharmaceutical products and other consumer products.

Product categories	**Six months ended 30 September 2026** ***HK$ million*** **(Unaudited)**	Six months ended 30 September 2025 *HK$ million* (Unaudited)	Change *(%)*
Beauty products	**580.9**	477.1	21.8%
Health products	**308.8**	283.0	9.1%
Pharmaceutical products	**308.0**	240.4	28.1%
Other consumer products	**566.6**	477.2	18.7%
Total	**1,764.3**	1,477.7	19.4%

Revenue from beauty products increased by 21.8% year on year, primarily reflecting the expansion of the Group's product assortment and increased demand for K-beauty products and private label products. Revenue from health products increased by only 9.1% year on year, primarily due to softer demand for certain non-private label products. Revenue from pharmaceutical products increased by 28.1% year on year, primarily driven by higher customer demand. Revenue from other consumer products increased by 18.7% year on year, mainly reflecting the expansion of the Group's product range across household sundries, personal care, maternal and infant care products, food and pet supplies.

During the Reporting Period, the Group continued to develop and expand its private-label product offerings, which mainly comprise health supplements, skincare products and cosmetics. Looking ahead, the Group will continue to enrich its product portfolio and expand its private-label product range to support sustainable revenue growth.

FINANCIAL REVIEW

Gross profit and gross profit margin

Gross profit for the Reporting Period was HK$537.1 million, representing an increase by 16.2% compared to HK$462.3 million for the Corresponding Period. The gross profit margin of 30.4% for the Reporting Period was slightly lower than that of 31.3% for the Corresponding Period by 0.9 percentage points, primarily reflecting a higher proportion of sales generated from pharmaceutical products, which generally carried lower gross profit margins.

Operating expenses

Operating expenses, including selling and distribution expenses, administrative expenses and finance costs, amounted to HK$373.5 million, or 21.2% of revenue for the Reporting Period. For the Corresponding Period, operating expenses were HK$330.7 million, or 22.4% of revenue.

Selling and distribution expenses increased by 13.5% to HK$318.6 million from HK$280.8 million in the Corresponding Period. The increase was primarily attributable to the recruitment of additional retail staff and the lease of additional retail stores to support the Group's retail-store expansion during the Reporting Period.

Administrative expenses increased by 14.1% to HK$34.0 million from HK$29.8 million for the Corresponding Period. The increase was primarily attributable to additional corporate expenses incurred following the Company's Listing in June 2026.

Finance costs increased by 3.6% to HK$20.8 million for the Reporting Period. The increase was primarily attributable to higher interest expenses on lease liabilities, arising from the lease of additional retail stores to support the Group's retail-store expansion during the Reporting Period, partially offset by lower interest expenses on bank borrowings and bank overdrafts following the reduction in bank borrowings and bank overdrafts.

Profit for the period

Profit for the period increased by 22.9% compared to the Corresponding Period mainly attributable to growth in revenue, partially offset by higher operating expenses and Listing-related expenses, including increased corporate expenses following the Company's Listing in June 2026.

Bank borrowings and bank overdrafts

Bank borrowings and bank overdrafts decreased by HK$171.4 million from HK$556.2 million as at 31 March 2026 to HK$384.8 million as at 30 September 2026, primarily due to strong internally generated cash flows and the utilisation of part of the net proceeds from the Global Offering during the Reporting Period.

Net current assets/liabilities

The Group recorded net current assets of HK$246.2 million as at 30 September 2026, compared with net current liabilities of HK$413.2 million as at 31 March 2026. The turnaround from net current liabilities to net current assets was primarily attributable to the net proceeds from the Global Offering in June 2026, which strengthened the Group's liquidity position.

Current ratio

As at 30 September 2026 and 31 March 2026, the Group's current ratio, calculated as total current assets divided by total current liabilities, was 1.3 times and 0.6 times, respectively. The significant improvement in current ratio was in line with the turnaround to net current assets and was further supported by the repayment of bank borrowings and bank overdrafts during the Reporting Period.

Net gearing ratio

As at 31 March 2026, the Group's net gearing ratio, being bank borrowings and bank overdrafts less cash and cash equivalents divided by total equity, was 1,046.4%. As at 30 September 2026, the Group recorded a net cash position, and hence the net gearing ratio was not applicable. The shift to a net cash position was primarily attributable to the net proceeds from the Global Offering in June 2026 and the repayment of bank borrowings and bank overdrafts.

Reconciliation of Non-HKFRS Measures to the Nearest HKFRS Measures

To supplement the Group's condensed consolidated financial statements prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants, the Group also presents core net profit, pro-forma earnings per share and pro-forma core earnings per share as non-HKFRS measures. These non-HKFRS measures are not required by, nor presented in accordance with, HKFRS Accounting Standards. The Group believes that these measures provide useful information to the shareholders of the Company (the "**Shareholder(s)**") and potential investors in understanding and evaluating the Group's results of operations by facilitating comparisons of operating performance from period to period, after excluding items that management considers not indicative of the Group's underlying operating performance and/or after adjusting for the number of new shares issued upon the Global Offering. The Group also believes that these measures enhance the overall understanding of its past performance and future prospects, and provides greater visibility over the key metrics used by management in its financial and operational decision-making. However, these non-HKFRS measures should not be considered in isolation from, or as a substitute for, the Group's financial information prepared in accordance with HKFRS Accounting Standards, and may not be comparable to similarly titled measures used by other companies.

Core net profit

Core net profit represents profit for the period adjusted to exclude (i) change in fair value of investment properties; and (ii) Listing expenses.

The following table sets forth the calculation of core net profit as a non-HKFRS measure:

	Six months ended 30 September 2026	Six months ended 30 September 2025
	HK$ million **(Unaudited)**	*HK$ million* (Unaudited)
Profit for the period	**134.3**	109.3
Adjusted for:		
— Decrease in fair value of investment properties	**2.9**	9.0
— Listing expenses	**7.1**	4.5
Core net profit as a non-HKFRS measure	**144.3**	122.8

Pro-forma earnings per share

The calculation of pro-forma earnings per share of HK$0.27 is based on the profit for the period attributable to owners of the Company for the Reporting Period amounting to HK$134.3 million, divided by the total number of shares in issue upon the Global Offering of 500,000,000 shares, assuming that the Global Offering had been completed at the beginning of six months ended 30 September 2026.

Pro-forma core earnings per share

The calculation of pro-forma core earnings per share of HK$0.29 is based on the core net profit amounting to HK$144.3 million, divided by the total number of shares in issue upon the Global Offering of 500,000,000 shares, assuming that the Global Offering had been completed at the beginning of six months ended 30 September 2026.

FUTURE OUTLOOK AND PROSPECTS

Looking ahead, the Group expects the operating environment for the second half of the financial year ending 31 March 2027 to remain subject to geopolitical developments, international trade policies and broader macroeconomic conditions. In Hong Kong, the retail sector is expected to receive continued support from sustained economic expansion, upcoming mega-events and festive celebrations, as well as the continued growth in inbound tourism. Nevertheless, evolving consumer preferences and cross-border consumption patterns are expected to continue to influence the competitive landscape of the retail industry.

The Group will continue to monitor market trends and strengthen its product sourcing and procurement capabilities. The Group's logistics warehouse in Osaka, Japan commenced operations in October 2026, with a view to enhancing logistics efficiency and achieving cost savings over time. Furthermore, the Group has been sourcing products from markets outside Hong Kong, including Thailand and Taiwan, and will further strengthen its sourcing activities in these markets to broaden its product range and enhance the variety of products offered to customers. The Group remains committed to offering customers a broader and more innovative product range, while further enriching its existing 11 product categories. Revenue from sales of Pokémon and related cards is expected to provide incremental revenue growth in the second half of the financial year ending 31 March 2027, together with higher brand awareness and a broader customer base. The Group will also explore opportunities to introduce new product categories, in line with its strategy of offering "more choices and more fun".

The Group will continue to allocate resources to the development of private label products, with a view to increasing their contribution to the Group's revenue. It will also continue to explore the application of artificial intelligence ("**AI**") in product sourcing, inventory management and customer engagement, aiming to streamline workflows, enhance productivity and achieve cost savings. Furthermore, the Group has embarked on

comprehensive digital transformation initiatives to improve operational efficiency across its business operations. These initiatives include upgrading its warehouse management and point-of-sale systems, as well as exploring digital solutions to support supply chain optimization and data-driven decision-making.

During the Reporting Period, the Group opened two new retail stores in major shopping districts, both of which commenced operations in September 2026. For the second half of the financial year ending 31 March 2027, the Group intends to open approximately 4–5 additional new retail stores, mainly in prime shopping areas and selected residential locations with favourable market prospects, while enlarging the retail space at selected existing stores to cater for customer demand and reinforce same-store sales growth, funded by the net proceeds from the Global Offering and/or the Group's internal resources, as appropriate.

The Group will continue to adopt a customer-focused approach and market-responsive strategies to capture emerging opportunities, while managing external risks prudently.

SUBSEQUENT EVENT(S)

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 September 2026 and up to date of this announcement.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's primary sources of liquidity consist of cash generated from operating activities, the Group's available financial resources and net proceeds from the Global Offering. As at 30 September 2026, the Group had cash and cash equivalents of HK$577.5 million (31 March 2026: HK$73.6 million). The majority of the Group's cash and cash equivalents were denominated in Hong Kong dollars.

Having considered the Group's available internal financial resources, the Directors are of the opinion that the Group has sufficient financial resources to finance its operations and meet its financial obligations as and when they fall due. During the Reporting Period, the Group incurred capital expenditure of approximately HK$18.8 million, compared with approximately HK$24.1 million in the Corresponding Period. The Group will continue to adopt a prudent approach to future capital expenditure.

Overall, the Company continued to maintain a sound financial position.

CAPITAL EXPENDITURE

During the Reporting Period, the Group incurred capital expenditures in respect of expenditures on additions of property, plant and equipment of HK$18.8 million (Corresponding Period: HK$24.1 million).

CAPITAL COMMITMENTS

As at 30 September 2026, the Group did not have material capital commitments (30 September 2025: Nil).

CONTINGENT LIABILITIES OR GUARANTEES

As at 31 March 2026, the Group had provided a corporate guarantee to an unlimited extent to a bank for banking facilities granted to a related party. The bank facilities utilized by the related party amounted to HK$75.1 million. The aforesaid corporate guarantee has been released in June 2026. As at 30 September 2026, the Group did not have material contingent liabilities.

MAJOR INVESTMENTS, ACQUISITIONS AND DISPOSALS

The Group had no material investments, acquisitions or disposals of subsidiaries, associates or joint ventures during the Reporting Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus and the section headed "Use of Net Proceeds from the Global Offering" in this announcement, the Group has no plan authorised by the Board for other material investments or additions of capital assets as at the date of this announcement.

EMPLOYEES INFORMATION

As at 30 September 2026, the Group had 1,072 (30 September 2025: 979) employees, including part-time staff. The remuneration package of both full-time and part-time employees generally includes basic salary and discretionary bonus. The basic salary is generally based on the particular employee's work experience, academic and professional qualifications (where applicable) and the prevailing market salary levels. The discretionary bonus is generally based on, among other things, the operational performance of the relevant retail store which the employee serves (or the financial performance at group-level if he/she assumes a group-level position) and the employee's work performance and assessment results.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK$0.162 per share of the Company for the six months ended 30 September 2026, totalling HK$81,000,000, to the Shareholders whose name appear on the register of members of the Company on 15 December 2026, being the record date for determining shareholder's entitlement to the interim dividend. The interim dividend will be paid on 30 December 2026.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 14 December 2026 to 15 December 2026 (both dates inclusive), during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares, accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 11 December 2026.

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The net proceeds from the Listing were approximately HK$599.6 million (after deducting the underwriting commissions, fees and estimated expenses paid by the Company in connection with the Global Offering). The net proceeds received from the Global Offering (the "**Global Offering Proceeds**") will be used in the manner consistent with that mentioned in the section headed "Future Plans and Use of Proceeds" in the Prospectus. Since 5 June 2026 (the "**Listing Date**") and up to the date of this announcement, the proceeds have not been fully utilized and the unutilized portion is deposited into short-term interest-bearing accounts with licensed commercial banks and/or authorized financial institutions (as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or applicable laws and regulations in other jurisdictions).

The table below sets out the planned application and usage of the net Global Offering Proceeds:

Purpose	Total net Global Offering Proceeds *HK$ million*	Approximate percentage of the total net Global Offering Proceeds	Actual amount utilized during the Reporting Period *HK$ million*	Remaining balance as at 30 September 2026 *HK$ million*	Expected date to fully utilise the unutilized net Global Offering Proceeds
Expanding, enhancing and optimising our physical and online sales network	219.5	36.6%	36.3	183.2	March 2029
Brand management and marketing	21.0	3.5%	0.7	20.3	March 2029
Strengthening our supply chain capability through expanding and upgrading our existing procurement office and warehouse in Japan and warehouse in Korea	21.0	3.5%	–	21.0	March 2029
Upgrading and enhancing our information technology systems	68.4	11.4%	1.8	66.6	March 2029
Repay our outstanding loans, primarily certain supplier finance arrangements	119.9	20.0%	60.0	59.9	March 2028
Pursue selective strategic investment and acquisition opportunities and further develop strategic partnerships to expand our business scale and our geographic coverage	89.9	15.0%	–	89.9	March 2029
General working capital	59.9	10.0%	27.7	32.2	
	599.6	100.0%	126.5	473.1	

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

From the Listing Date to the date of this announcement, the Company did not redeem its listed securities, nor did the Company or any of its subsidiaries purchase or sell such securities (including sale of treasury shares, if any).

As at 30 September 2026, the Company did not hold any treasury shares.

CORPORATE GOVERNANCE CODE

From the Listing Date to the date of this announcement, the Company has applied the principles and complied with all the mandatory disclosure requirements and the applicable code provisions as set out in the section headed "Part 2 — Principles of good corporate governance, code provisions and recommended best practices" of the Corporate Governance Code contained in Appendix C1 (the "**CG Code**") to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") with the exception for the deviation from code provision C.2.1 of the CG Code as explained below.

Under code provision C.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. Mr. Tse currently serves as chairman of the Board ("**Chairman**") and chief executive officer of the Company ("**Chief Executive Officer**"). Mr. Tse is responsible for overall corporate strategies, management and business development of the Group. In view of the present composition of the Board, the in-depth knowledge of the Chairman of the operations of the Group and the pharmacy industry in general, his extensive business network and connections, and the scope of operations of the Group, the Board believes that it is in the best interest of the Group for Mr. Tse to assume the roles of both the Chairman and the Chief Executive Officer. As all major decisions are made in consultation with all the members of the Board, with the three independent non-executive Directors offering independent perspectives, the Board believes that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

The Group will continue to review and monitor its corporate governance practices in order to ensure the compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding Directors' securities transactions. Having been made specific enquiries by the Company, all Directors confirmed that they had complied with the required standard set out in the Model Code since the Listing Date and up to the date of this announcement.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The Audit Committee comprises three independent non-executive Directors, namely Ms. Woo Pui Yan Joyce (chairlady), Mr. Chu Woon Ming and Mr. Yau Sheung Yu.

The Audit Committee had reviewed the unaudited condensed consolidated financial statements of the Group for the Reporting Period, including the accounting principles and accounting practices adopted by the Group, and discussed matters relating to auditing, internal control and risk management systems, financial reporting and internal audit function. The unaudited condensed consolidated financial statements of the Group for the Reporting Period have also been reviewed by Messrs. Deloitte Touche Tohmatsu, the independent auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

By Order of the Board
Lung Fung Group Holdings Limited
Tse Siu Hoi
Chairman, Executive Director and Chief Executive Officer

Hong Kong, 27 November 2026

As at the date of this announcement, the Board comprises Mr. Tse Siu Hoi and Ms. Tse Chui Ying as executive Directors; Mr. Chu Woon Ming, Mr. Yau Sheung Yu and Ms. Woo Pui Yan Joyce as independent non-executive Directors.