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

GLOBAL OFFERING

Sole Sponsor, Overall Coordinator, Sole Global Coordinator,
Joint Bookrunner and Joint Lead Manager

DBS 星展集團

IMPORTANT

IMPORTANT: *If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.*

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(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**125,000,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**12,500,000 Shares (subject to reallocation)**
Number of International Offer Shares	**:**	**112,500,000 Shares (subject to reallocation and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$6.38 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565%, and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars, subject to refund)**
Nominal value	**:**	**HK$0.0001 per Share**
Stock code	**:**	**2290**

Sole Sponsor, Overall Coordinator, Sole Global Coordinator, Joint Bookrunner and Joint Lead Manager

DBS 星展集團

Joint Bookrunners and Joint Lead Managers (in alphabetical order)

CMBI 招銀国际 | 輝立証券 Phillip Securities | 浦銀國際 SPDBI | uSMART 盈立證券

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Appendix VI — Documents Delivered to the Registrar of Companies and Available on Display" in this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong. The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be fixed by agreement between the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Wednesday, 3 June 2026 (Hong Kong time) and, in any event, not later than 12:00 noon on Wednesday, 3 June 2026 (Hong Kong time). The Offer Price will be not more than HK$6.38 per Share and is currently expected to be not less than HK$5.18 per Share. If, for any reason, the Offer Price is not agreed by 12:00 noon on Wednesday, 3 June 2026 (Hong Kong time) between the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and our Company, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

Applicants for Hong Kong Offer Share may be required to pay, on application (subject to application channels), the maximum Offer Price of HK$6.38 for each Share together with a brokerage fee of 1.0%, a SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and a Hong Kong Stock Exchange trading fee of 0.00565%, subject to refund if the Offer Price as finally determined is less than HK$6.38 per Share.

The Overall Coordinator (for itself and on behalf of the Underwriters) may, where considered appropriate and with our consent, reduce the number of Hong Kong Offer Shares being offered under the Global Offering and/or the Offer Price that is stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Hong Kong Offer Shares and/or the Offer Price and the cancellation of the Global Offering and relaunch of the offer at the revised number of offer shares and/or the revised offer price will be published on our Company's website at www.lungfung.hk and the Stock Exchange's website at www.hkexnews.hk as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. In the absence of any such notices, the Offer Price will be fixed as stated in this prospectus and the number of Offer Shares as stated in this prospectus will be final and conclusive. Further details are set forth in "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares".

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in "Risk Factors". The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See "Underwriting — Grounds for Termination".

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States. The Offer Shares may be offered and sold outside the United States in offshore transactions in accordance with Regulation S under the U.S. Securities Act.

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk and our website at www.lungfung.hk. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

28 May 2026

IMPORTANT NOTICE TO INVESTORS:
FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this Prospectus to the public in relation to the Hong Kong Public Offering.

This Prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "HKEXnews > New Listings > New Listing Information" section, and our website at www.lungfung.hk. If you require a printed copy of this Prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

(1) apply online via the **HK eIPO White Form** service at **www.hkeipo.hk**; or

(2) apply electronically through the **HKSCC EIPO** channel and cause HKSCC Nominees to apply on your behalf by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this Prospectus are identical to the printed document as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an **intermediary**, **broker** or **agent**, please remind your customers, clients or principals, as applicable, that this Prospectus is available online at the website addresses above.

See the section headed "How to Apply for Hong Kong Offer Shares" for further details on the procedures through which you can apply for the Hong Kong Offer Shares electronically.

Your application through the **HK eIPO White Form** service or the **HKSCC EIPO** channel must be for a minimum of 500 Hong Kong Offer Shares and in one of the numbers set out in the table.

If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

If you are applying through the **HKSCC EIPO** channel, your broker or custodian may require you to pre-fund your application in such amount as determined by the broker or custodian, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for.

No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment *HK$*	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment *HK$*	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment *HK$*	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment *HK$*
500	3,222.17	7,000	45,110.40	50,000	322,217.11	700,000	4,511,039.61
1,000	6,444.34	8,000	51,554.74	60,000	386,660.54	800,000	5,155,473.85
1,500	9,666.51	9,000	57,999.08	70,000	451,103.96	900,000	5,799,908.06
2,000	12,888.68	10,000	64,443.42	80,000	515,547.39	1,000,000	6,444,342.30
2,500	16,110.85	15,000	96,665.13	90,000	579,990.80	2,000,000	12,888,684.60
3,000	19,333.03	20,000	128,886.85	100,000	644,434.24	3,000,000	19,333,026.90
3,500	22,555.19	25,000	161,108.56	200,000	1,288,868.45	4,000,000	25,777,369.20
4,000	25,777.37	30,000	193,330.27	300,000	1,933,302.69	5,000,000	32,221,711.50
4,500	28,999.54	35,000	225,551.98	400,000	2,577,736.92	6,250,000(1)	40,277,139.38
5,000	32,221.71	40,000	257,773.69	500,000	3,222,171.16		
6,000	38,666.05	45,000	289,995.40	600,000	3,866,605.38		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** service) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

If there is any change in the following expected timetable[(1)] of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on the Company's website at, ***www.lungfung.hk****, and the website of the Stock Exchange at* ***www.hkexnews.hk****.*

Hong Kong Public Offering commences. . . . . 9:00 a.m. on Thursday, 28 May 2026

Latest time to complete electronic applications under the **HK eIPO White Form** service at **www.hkeipo.hk**[(2)] . . . . 11:30 a.m. on Tuesday, 2 June 2026

Application lists open[(3)] . . . . 11:45 a.m. on Tuesday, 2 June 2026

Latest time for completing payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and giving **electronic application instructions** to HKSCC[(4)]. . . . . 12:00 noon on Tuesday, 2 June 2026

If you are instructing your **broker** or **custodian** who is a HKSCC Participant to give **electronic application instructions** via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists close[(3)] . . . . 12:00 noon on Tuesday, 2 June 2026

Expected Price Determination Date[(5)]. . . . . at or before 12:00 noon on Wednesday, 3 June 2026

Announcement of the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Public Offering to be published and on the website of the Stock Exchange at **www.hkexnews.hk** and the Company's website at **www.lungfung.hk**[(6)] at or before. . . . . 11:00 p.m. on Thursday, 4 June 2026

The results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:	
• in the announcement to be posted on our website and the website of the Stock Exchange at, **www.lungfung.hk**, and **www.hkexnews.hk** respectively	at or before 11:00 p.m. on Thursday, 4 June 2026
• from the designated results of allocations website at **www.hkeipo.hk/IPOResult** (or **www.tricor.com.hk/ipo/result**) with a "search by ID" function from	11:00 p.m. on Thursday, 4 June 2026 to 12:00 midnight on Wednesday, 10 June 2026
• from the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from	Friday, 5 June 2026 to Wednesday, 10 June 2026 (excluding Saturday, Sunday and public holiday in Hong Kong)
For those applying through HKSCC EIPO channel, you may also check with your broker or custodian from	6:00 p.m. on Wednesday, 3 June 2026
Despatch of Share certificates or deposit of the Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before(8)	Thursday, 4 June 2026
Despatch of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques in respect of wholly or partially successful applications if the final Offer Price is less than the maximum Offer Price per Public Offer Share initially paid on application (if applicable) or unsuccessful applications pursuant to the Public Offer on or before(7)(8)	Friday, 5 June 2026
Dealings in the Shares on the Hong Kong Stock Exchange expected to commence at	9:00 a.m. on Friday, 5 June 2026

Notes:

(1) Unless otherwise stated, all times and dates refer to Hong Kong local times and dates.

(2) You will not be permitted to submit your application under the **HK eIPO White Form** service through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is/are a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 2 June 2026, the application lists will not open or close on that day. For further details, please see the section headed "How to Apply for Hong Kong Offer Shares — E. Severe Weather Arrangements" in this prospectus.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for Hong Kong Offer Shares — A. Application for Hong Kong Offer Shares" in this prospectus.

(5) The Price Determination Date is expected to be on or about Wednesday, 3 June 2026 (which, at the earliest, could be Wednesday, 3 June 2026), and, in any event, not later than 12:00 noon on Wednesday, 3 June 2026. If, for any reason, the Offer Price is not agreed between the Overall Coordinator (for itself and on behalf of the Underwriters) and us by 12:00 noon on Wednesday, 3 June 2026, the Global Offering will not proceed and will lapse.

(6) None of the websites or any of the information contained on the websites forms part of this prospectus.

(7) **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offer and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application.

(8) Applicants who have applied for Hong Kong Offer Shares through the HKSCC EIPO channel should refer to the section headed "How to Apply for Hong Kong Offer Shares — D. Dispatch/Collection of Share Certificates and Refund of Application Monies" in this prospectus for details.

Applicants who have applied through the **HK eIPO White Form** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of, **HK eIPO White Form** e-Auto Refund payment instructions. Applicants who have applied through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund checks in favor of the applicant (or, in the case of joint applications, the first-named applicant) by ordinary post at their own risk.

The above expected timetable is a summary only. For further details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, please see the sections headed "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" in this prospectus, respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such case, the Company will make an announcement as soon as practicable thereafter.

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by us solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of making, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstance. No action has been taken to permit a public offering of the Hong Kong Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus for purposes of a public offering and the offering and sale of the Hong Kong Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this prospectus. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representations not contained or made in this prospectus must not be relied on by you as having been authorized by us, the Sole Sponsor, the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers, employees, agents or representatives, or any other parties involved in the Global Offering.

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus, which does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide whether to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a leading Hong Kong-based chain retail store of beauty, health and pharmaceutical products. According to Frost & Sullivan, in FY2025, our Group ranked third among beauty, health and pharmaceutical product retailers with a market share of 5.8% in terms of retail sales value in Hong Kong; and we were the largest pharmaceutical product retailer by retail sales value in Hong Kong, with a market share of 5.2% and also the third largest pharmaceutical and health product retailer by revenue in Hong Kong, with a market share of approximately 4.2%. We focus on offering a wide variety of value-for-money products to our customers through our 31 retail stores in operation in Hong Kong under our "Lung Fung" (龍豐) brand as at the Latest Practicable Date and our various online sale platforms. Our flagship store at Gala Place in Mong Kok offers a spacious shopping environment with GFA of approximately 17,500 sq.ft..

We offer a wide variety of beauty products, health products, pharmaceutical products and other consumer goods such as household and daily essentials and food products, covering 11 categories, namely proprietary Chinese medicines, western medicines, health supplements, skincare, cosmetics, fragrances, personal care, maternal and infant products, food, pet food and household daily necessities.

We procure products from a large number of suppliers from around the world. As at 30 November 2025, we had over 600 suppliers including local distributors in Hong Kong, and overseas suppliers mainly located in Japan, South Korea, Southeast Asia, Europe and the U.S.. We strive to source quality products that cater to the popular demands of our target customers in a timely manner and we have set up a procurement office in Fukuoka, Japan to source local products that we believe appeal to our target customers. We strive to foster sustainable and collaborative partnerships with our suppliers to ensure product quality and stability of supply. Our Directors believe that our diversified network of suppliers gives us an edge in maintaining a quality, trendy and broad product mix at competitive prices which in turn strengthens our leverage in the market. We ensure the quality and authenticity of such products through our well-established suppliers network and stringent quality control procedure. We have maintained amicable direct business relationship with well-known brands. For instance, based on information provided by the relevant suppliers, we were the top purchaser of Friso's infant formula products in 2022 to 2024 in terms of the relevant supplier's annual total sales value to traditional sales channels in Hong Kong such as pharmacies, and we were the top purchaser of Fortune Pharmacal's Coltalin 36S and Coltalin-GP Extra 36S products in 2022 to 2024 in terms of Fortune Pharmacal's annual total sales value to pharmacies in Hong Kong.

For FY2023, FY2024, FY2025 and 8MFY2026, our total revenue was HK$1,094.0 million, HK$2,020.7 million, HK$2,460.5 million and HK$2,035.1 million, respectively, representing a CAGR of 50.0% over the three full financial years. Our year-on-year same-store sales growth amounted to 64.2% from FY2023 to FY2024, while a same-store sales drop of 6.0% was recorded from FY2024 to FY2025. Our same-store sales remained stable for 8MFY2026 compared to 8MFY2025. Our revenue growth was primarily attributed to the opening of new stores and we have opened one, three, nine and six new stores in FY2023, FY2024, FY2025 and from 1 April 2025 to the Latest Practicable Date, respectively. We recorded a growth of 95.8% in terms of the revenue generated from the beauty, health and pharmaceutical product sector between FY2023 and FY2024, significantly outpacing the industry average growth rate for the sector of 19.0%. We relied on bank borrowings to finance the expansion of our store network. For details of our indebtedness, please refer to the section "Financial Information — Indebtedness" for further information. Please also refer to the paragraph headed "Selected data from our consolidated statements of financial position" of this section for further information in relation to the Group's net current liabilities position.

BUSINESS MODEL

We operate a chain of retail stores focusing on beauty, health and pharmaceutical products and other consumer goods such as household and daily essentials and food products under our "Lung Fung" (龍豐) brand. We operate retail stores in Hong Kong and various online sales channels including our official online store (https://eshop.lungfung.hk/) and stores on major Chinese e-commerce platforms such as TMall, WeChat Mini-Program and JD.com. We procure products from a large number of suppliers around the world, including brand manufacturers, authorised agents and the brands' distributors in Hong Kong, wholesalers and OEM and ODM manufacturers.

Our retail stores

Our retail business is supported by our well-established network of strategically located retail stores in Hong Kong. As at the Latest Practicable Date, we operated 31 retail stores in Hong Kong with an aggregate UFA exceeding 123,000 sq.ft., covering major tourism and shopping areas, residential areas and office commercial areas. Our network of retail stores consists of 6 retail stores located on Hong Kong Island, 11 retail stores located in Kowloon and 14 retail stores located in the New Territories. The majority of our retail stores are street-level shops which offer the benefit of high pedestrian flow and provide convenience to customers. We typically opt for physical stores with larger floor area — the UFA of our retail stores in operation ranges from approximately 570 sq.ft. to 12,900 sq.ft., with an average of over 4,180 sq.ft. per store as at the Latest Practicable Date. Please refer to the section headed "Business — Our Retail Network" in this prospectus for further information about our retail stores.

Our online sales platforms

Apart from our network of physical retail stores in Hong Kong, we have established online sales channels to facilitate our customers' purchases without the constraints of opening hours and location. We operate our official online store, which primarily serves local Hong Kong customers, and online stores on three major e-commerce platforms in the PRC under an e-commerce trader business model on TMall, WeChat Mini-Program and JD.com. Please refer to the section headed "Business — Online Sales Platforms" in this prospectus for further information about our online sales platforms.

Our products

We strive to offer a wide variety of products to our customers beyond the scope of a typical pharmacy and we constantly evaluate market trends to satisfy customers' needs. Originated as a pharmacy focusing on beauty products, health products and pharmaceutical products, we have gradually expanded to provide other consumer products such as snacks and pet food to attract a wider range of customers, such as the younger generation. We sold over 49,000 SKUs over the Track Record Period. We sold approximately 28,800 SKUs in FY2025, of which over 6,800 SKUs were beauty products, over 4,200 SKUs were health products, over 3,000 SKUs were pharmaceutical products, and over 14,000 SKUs were other consumer products, demonstrating the breadth and depth of our product offerings. We typically stock over 9,000 SKUs per store, with some larger stores carrying up to around 13,000 SKUs. Leveraging on our established retail store network and our experience in sales of consumer products, we have been developing and offering our private label products. As at 30 November 2025, we had established over 40 private label brands. As at the Latest Practicable Date, we had over 700 SKUs available for sale under our private label brands. Please refer to the section headed "Business — Our products" in this prospectus for further information about our products.

Our customers

The vast majority of our customers are walk-in retail customers at our retail stores and we also sell to retail customers through our online sales platforms. We also supply, on wholesale basis, beauty, health and pharmaceutical products and other consumer products to corporate customers, mainly trading companies and local pharmacies in Hong Kong. Please refer to the section headed "Business — Customers" in this prospectus for details.

Our pricing policy

One of our key business strategies is to offer our wide range of products to our customers at competitive prices. Our pricing strategy takes into account various factors including product categories, uniqueness, supply quantity, current market demand and the strategic goals of our Group. When determining the prices of our products, we adopt a rigorous approach that utilises both objective data and judgment depending on the type of products and the brand, as we offer a very diverse range of products. Please refer to the section headed "Business — Procurement and Suppliers — Pricing Policy" in this prospectus for further details.

Our suppliers

We centrally procure products from a large number of suppliers from around the world, including brand owners, manufacturers or their authorised or licensed distributors, dealers or agents or trading companies in Hong Kong and overseas. Our overseas suppliers are mainly located in Japan, Korea, Europe, the U.S. and Australia. For FY2023, FY2024, FY2025 and 8MFY2026, approximately 40.4%, 42.1%, 44.3% and 46.3% of our total purchases, respectively, were from Official Channel Suppliers, and we also purchase products from suppliers other than Official Channel Suppliers. Please refer to the section headed "Business — Procurement and Suppliers — Supply Channels" for details.

We have established strong and stable relationship with many of our major suppliers. During the Track Record Period, three of the five largest suppliers for each of FY2023, FY2024 and FY2025 were suppliers which we have collaborated for over 15 years. For FY2023, FY2024, FY2025 and 8MFY2026, total purchases from our five largest suppliers for each year/period in aggregate accounted for approximately 22.8%, 21.6%, 21.7% and 22.4%, respectively, of our total purchase, and our largest supplier for each year/period accounted for approximately 5.3%, 4.9%, 5.4% and 6.0%, respectively, of our total purchases. Please refer to the section headed "Business — Procurement and Suppliers — Suppliers" in this prospectus for further details.

COMPETITIVE LANDSCAPE

We operate in a highly competitive market. The overall market is highly fragmented, characterized by numerous small and medium-sized players, including independent pharmaceutical and beauty retailers. According to Frost & Sullivan, the total retail sales value of consumer goods in Hong Kong amounted to HK376.8 billion in 2024 and is expected to grow to HK457.5 billion by 2029. In particular, the beauty, health and pharmaceutical segment which is within the aforesaid consumer goods market recorded a total market size of HK29,474.9 million in FY2025. Our Group held the third position in the Hong Kong beauty, health and pharmaceutical retailers market in FY2025, which represents 5.8% of the market shares within the year. The top five retailers collectively held a 27.4% market share in FY2025. Our Group's 95.8% growth in terms of revenue generated from the beauty, health and pharmaceutical product sector between FY2023 and FY2024 significantly outperformed the industry average growth rate of 19.0%, reinforcing its strong competitive position and ranking.

OUR COMPETITIVE STRENGTHS

We believe that our success is attributable to, among other things, the following competitive strengths:

- our brand is well trusted and accepted by the Hong Kong retail market
- we have established a well-selected wide portfolio of product categories complementing our leading market position
- we offer one-stop shopping experience with comprehensive product offering to maximise consumer engagement
- we have established a strong and efficient supply chain with stable relationship with our key suppliers and well-developed modern warehousing and logistics systems
- our founder and management team have extensive experience in retail beauty, health and pharmaceutical products industry and long-term commitment to social and charitable initiatives contributing to significant brand value for Lung Fung in local community

OUR BUSINESS STRATEGIES

Our objective is to maintain our leading position in Hong Kong's retail beauty, health and pharmaceutical products industry. We plan to further enhance our influence and market share through the implementation of the following strategies, thereby continuously expanding our business:

- expand our local physical retail network to increase market share
- expand product variety and optimise product mix and continue to strengthen our private labels
- strengthen our supply chain procurement and warehousing and logistics capabilities
- further enhance our online sales capabilities and optimise our online-offline omni-channel sales network
- implement employee recruitment and training strategy to promote sustainable business development

SHAREHOLDERS INFORMATION

Immediately following the completion of the Global Offering and Capitalisation Issue (assuming the Over-allotment Option is not exercised), TTK Holding will hold 75% of the Company. TTK Holding is an investment holding company owned by Mr. Tse, Mrs. Tse and Ms. Tse as to 97.29%, 2.70% and 0.01%, respectively. Therefore, TTK Holding, Mr. Tse, Mrs. Tse and Ms. Tse will be the Controlling Shareholders of our Company and will continue to hold a controlling interest in our Company upon completion of the Global Offering and the Capitalisation Issue. Details of the background of our Mr. Tse and Ms. Tse are set out in the section headed "Directors and Senior Management" in this prospectus.

Our Controlling Shareholders confirmed that, as at the Latest Practicable Date, apart from the business operated by us, they and their respective close associates and/or companies controlled by them do not hold or conduct any business which competes, or is likely to compete, either directly or indirectly, with our business, and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

OUR EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT

Our Board consists of five Directors, comprising two executive Directors and three independent non-executive Directors. Our management team comprises our two executive Directors and other members of senior management who are each responsible for different material aspects of our operation and management. Please refer to section headed "Directors and Senior Management" in this prospectus for details of our Directors and senior management team.

KEY FINANCIAL INFORMATION

The following is a summary of our key financial information during the Track Record Period. We have derived the summary from our audited consolidated financial information as set out in the Accountants' Report included as Appendix I to this prospectus. The following summary should be read together with the audited consolidated financial information in the Accountants' Report, including the accompanying notes, and the information as set forth in the section headed "Financial Information" in this prospectus.

Selected data from our consolidated statements of profit or loss and other comprehensive income

	FY2023		FY2024		FY2025		8MFY2025		8MFY2026	
	HK$'000	%	*HK$'000*	%	*HK$'000*	%	*HK$'000* (Unaudited)	%	*HK$'000*	%
Revenue	1,094,011	100.0	2,020,731	100.0	2,460,478	100.0	1,510,369	100.0	2,035,135	100.0
Cost of sales	(821,802)	(75.1)	(1,427,915)	(70.7)	(1,682,861)	(68.4)	(1,031,402)	(68.3)	(1,406,405)	(69.1)
Gross profit	272,209	24.9	592,816	29.3	777,617	31.6	478,967	31.7	628,730	30.9
Other income	26,345	2.4	26,629	1.3	30,326	1.2	20,317	1.3	22,822	1.1
Other gains and losses	7	0.0	(471)	(0.0)	(700)	(0.0)	(671)	(0.0)	(578)	(0.0)
Decrease in fair value of investment properties	(17,690)	(1.6)	(16,596)	(0.8)	(53,482)	(2.2)	(47,162)	(3.1)	(11,140)	(0.5)
Selling and distribution expenses	(232,462)	(21.2)	(321,738)	(15.9)	(431,606)	(17.5)	(272,806)	(18.1)	(380,946)	(18.7)
Administrative expenses	(41,110)	(3.8)	(47,067)	(2.3)	(52,584)	(2.1)	(36,165)	(2.4)	(41,111)	(2.0)
Finance costs	(32,506)	(3.0)	(52,716)	(2.6)	(51,550)	(2.1)	(35,329)	(2.3)	(27,881)	(1.4)
Listing expenses	—	—	—	—	—	—	—	—	(11,132)	(0.6)
(Loss) profit before tax	(25,207)	(2.3)	180,857	9.0	218,021	8.9	107,151	7.1	178,764	8.8
Income tax expense	(1,933)	(0.2)	(36,321)	(1.8)	(47,589)	(1.9)	(27,277)	(1.8)	(30,381)	(1.5)
(Loss) profit for the year/ period	(27,140)	(2.5)	144,536	7.2	170,432	7.0	79,874	5.3	148,383	7.3

Set out below the breakdown of revenue by products, sales channels and geographical locations:

	FY2023		FY2024		FY2025		8MFY2025		8MFY2026	
	HK$'000	%	*HK$'000*	%	*HK$'000*	%	*HK$'000* (Unaudited)	%	*HK$'000*	%
Beauty products	306,014	28.0	668,228	33.1	818,044	33.3	499,932	33.1	667,216	32.8
Health products	174,752	16.0	357,656	17.7	433,752	17.6	276,827	18.3	369,039	18.1
Pharmaceutical products	246,529	22.5	398,219	19.7	473,105	19.2	277,446	18.4	354,641	17.4
Other consumer products	366,716	33.5	596,628	29.5	735,577	29.9	456,164	30.2	644,239	31.7
Total	1,094,011	100.0	2,020,731	100.0	2,460,478	100.0	1,510,369	100.0	2,035,135	100.0

We believe that the purchase of over-the-counter medicine by the returning Mainland Chinese tourists in FY2023 contributed to the higher revenue contribution by pharmaceutical products in FY2023. In addition as the quarantine measures were lifted and daily life resumed after the COVID-19 pandemic, local Hong Kong customers also increased their purchases of cosmetics and skin care products, which contributed to the higher revenue contribution of the beauty products segment for FY2024, FY2025 and 8MFY2026.

	FY2023		**FY2024**		**FY2025**		**8MFY2025**		**8MFY2026**	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Retail sales through retail stores	1,027,169	93.9	1,958,982	96.9	2,391,643	97.2	1,464,799	97.0	1,988,312	97.7
Retail sales through online platforms	44,637	4.1	38,160	1.9	42,682	1.7	27,330	1.8	30,203	1.5
Wholesale sales	22,205	2.0	23,589	1.2	26,153	1.1	18,240	1.2	16,620	0.8
Total	1,094,011	100.0	2,020,731	100.0	2,460,478	100.0	1,510,369	100.0	2,035,135	100.0

	FY2023		**FY2024**		**FY2025**		**8MFY2025**		**8MFY2026**	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Hong Kong	1,042,634	95.3	1,978,086	97.9	2,412,855	98.1	1,481,230	98.1	2,007,398	98.6
Chinese Mainland	51,377	4.7	42,645	2.1	47,623	1.9	29,139	1.9	27,737	1.4
Total	1,094,011	100.0	2,020,731	100.0	2,460,478	100.0	1,510,369	100.0	2,035,135	100.0

Set out below the breakdown of gross profit and gross profit margin by products, sales channels and geographical locations:

	FY2023		**FY2024**		**FY2025**		**8MFY2025**		**8MFY2026**	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Beauty products	89,398	29.2	206,259	30.9	272,992	33.4	165,072	33.0	219,517	32.9
Health products	67,596	38.7	174,955	48.9	238,170	54.9	148,284	53.6	201,479	54.6
Pharmaceutical products	36,728	14.9	73,310	18.4	86,215	18.2	54,548	19.7	64,168	18.1
Other consumer products	78,487	21.4	138,292	23.2	180,240	24.5	111,063	24.3	143,566	22.3
Total/Overall	272,209	24.9	592,816	29.3	777,617	31.6	478,967	31.7	628,730	30.9

	FY2023		FY2024		FY2025		8MFY2025		8MFY2026	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
							(Unaudited)			
Retail sales through retail stores	255,897	24.9	578,409	29.5	755,060	31.6	465,439	31.8	611,293	30.7
Retail sales through online platforms	13,272	29.7	13,036	34.2	20,553	48.2	12,335	45.1	15,177	50.2
Wholesale sales	3,040	13.7	1,371	5.8	2,004	7.7	1,193	6.5	2,260	13.6
	272,209	24.9	592,816	29.3	777,617	31.6	478,967	31.7	628,730	30.9

	FY2023		FY2024		FY2025		8MFY2025		8MFY2026	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
							(Unaudited)			
Hong Kong	257,832	24.7	578,786	29.3	756,281	31.3	466,174	31.5	615,599	30.7
Chinese Mainland	14,377	28.0	14,030	32.9	21,336	44.8	12,793	43.9	13,131	47.3
	272,209	24.9	592,816	29.3	777,617	31.6	478,967	31.7	628,730	30.9

During the Track Record Period, our revenue represented the sale of goods through our retail stores, online sales platforms and wholesale. During the Track Record Period, our revenue recorded significant growth, increasing from HK$1,094.0 million for FY2023 to HK$2,460.5 million for FY2025, representing a CAGR of 50.0% over the three financial years. Our revenue increased by 34.7% from HK$1,510.4 million for 8MFY2025, to HK$2,035.1 million for 8MFY2026. Our revenue increased by HK$926.7 million or 84.7% from HK$1,094.0 million in FY2023 to HK$2,020.7 million in FY2024, primarily due to the increase in same store growth and revenue contributed from our new stores. Our revenue further increased by HK$439.7 million or 21.8% from HK$2,020.7 million in FY2024 to HK$2,460.5 million in FY2025, primarily due to the revenue contributed from our new stores and partially offset by the slight decrease in same-store sales. Further, following our strategy to expand our retail network, nine new stores were opened in FY2025, reaching 25 stores in total as at 31 March 2025. The revenue contribution of the nine new stores amounted to HK$285.0 million in FY2025. Our year-on-year sales was relatively stable with a modest decrease of 5.9% from FY2024 to FY2025. During the Track Record Period, our major cost component, being our cost of sales, represents the cost of inventories sold which was the cost of products charged by our suppliers as determined with reference to a number of factors including the prevailing market conditions, the volume of orders and the type of products. We recorded cost of sales of HK$821.8 million, HK$1,427.9 million, HK$1,682.9 million and HK$1,406.4 million for FY2023, FY2024, FY2025 and 8MFY2026, respectively. A significant year-on-year same-store sales growth was recorded for FY2024 as compared to the preceding financial year, primarily driven by the reopening of the border following COVID-19 and the subsequent recovery in local consumer confidence during the return to normality. With the reopening of the border, there was relatively stronger revenue growth in stores which were located in districts popular with tourists, including our stores in Northern New Territories districts such as Sheung Shui and Fanling (with the same-store sales growth rate of these stores being approximately 65.1%) and our stores in the commercial and shopping areas in Kowloon districts such as Mongkok and Tsim Sha Tsui (with the same-store sales growth rate of these stores being approximately 63.2%). The modest decline in same-store sales growth observed in FY2025 as compared to the preceding financial year was largely attributable to the high baseline established in the preceding year. The revenue from our comparable stores during 8MFY2026 was generally stable as compared to the same period of the preceding financial year, mainly due to a drop in sales recorded by our retail shops located in the New Territories which was offset by growth in sales by our retail shops located in major tourists and shopping areas in Kowloon and the Hong Kong Island.

Our gross profit represented revenue less cost of sales. Our gross profit amounted to HK$272.2 million, HK$592.8 million, HK$777.6 million, HK$479.0 million and HK$628.7 million for FY2023, FY2024, FY2025, 8MFY2025 and 8MFY2026, respectively, while the gross profit margin was 24.9%, 29.3%, 31.6%, 31.7% and 30.9% in the respective year/period. Our gross profit increased by HK$320.6 million or 117.8% from HK$272.2 million for FY2023 to HK$592.8 million for FY2024 resulting from increase in revenue and increase in gross profit margin from 24.9% for FY2023 to 29.3% for FY2024, which was primarily due to (i) increase in profit margin attained by our health products because the new health products sourced and sold during the year entailed relatively higher gross profit margin following our strategy to enhance our margin; (ii) the increase in revenue contribution from the health products which has relatively higher gross profit margin amongst our products following our effort to continue optimising our product offerings; (iii) price adjustments with a general increase in the selling price of our products during the relevant period; and (iv) the decrease in cost per unit purchased because we obtained more discounts from our suppliers as a result of bulk purchase which was benefited from the economies of scale with our continuous expansion of retail network and hence the scale of purchases. Our gross profit increased by HK$184.8 million or 31.2% from HK$592.8 million for FY2024 to HK$777.6 million for FY2025. Such increase in gross profit was mainly contributed by the increase in revenue. Our gross profit margin increased from 29.3% in FY2024 to 31.6% in FY2025, primarily due to (i) increase in profit margin attained by our health products; and (ii) the decrease in cost per unit purchased because we obtained more discounts from our suppliers as a result of bulk purchase which was benefited from the economies of scale with our continuous expansion of retail network and hence the scale of purchases. The gross profit margin of our health products increased from 48.9% in FY2024 to 54.9% in FY2025 was primarily due to (i) new health products sourced and sold during the year which entailed relatively higher gross profit margin following our strategy to enhance our margin; and (ii) increase in selling price for our existing products following our price adjustment during the year. Our gross profit increased by HK$149.8 million or 31.3% from HK$479.0 million for 8MFY2025 to HK$628.7 million for 8MFY2026. Such increase in gross profit was mainly contributed by the increase in revenue. Our gross profit margin remained relatively stable at 31.7% for 8MFY2025 and 30.9% for 8MFY2026.

We recorded loss for the year of HK$27.1 million for FY2023. Our net loss in FY2023 was mainly attributable to the COVID-19 pandemic which resulted in lower sales and revenue due to the drastic drop in the number of tourists visiting Hong Kong. We improved to record profit for the year of HK$144.5 million for FY2024 with a net profit margin of 7.2%. The turnaround was primarily due to the opening of the border after the pandemic gradually subsided coupled with the lifting of stringent travel restrictions and mandatory quarantine measures in FY2023. Our profit for the year increased by HK$25.9 million or 17.9% from HK$144.5 million for FY2024 to HK$170.4 million for FY2025 primarily due to increase in gross profit partially offset by increase by selling and distribution expenses. The net profit margin remained relatively stable at 7.2% for FY2024 and 6.9% for FY2025. Our profit for the period 8MFY2026 increased by HK$68.5 million or 85.8% from HK$79.9 million for 8MFY2025 to HK$148.4 million for 8MFY2026. The net profit margin increased from 5.3% for 8MFY2025 to 7.3% for 8MFY2026 primarily due to the reduction in the decrease in fair value of investment properties.

Selected data from our consolidated statements of financial position

	As at 31 March			As at 30 November
	2023	2024	2025	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current assets	288,203	393,025	436,597	664,409
Current liabilities	1,082,054	1,066,621	1,080,259	1,061,520
Net current liabilities	(793,851)	(673,596)	(643,662)	(397,111)
Non-current assets	891,471	941,936	852,374	672,577
Non-current liabilities	112,672	138,820	164,330	220,035
Total (deficit)/equity	**(15,052)**	**129,520**	**44,382**	**55,431**

We recorded net current liabilities during the Track Record Period primarily due to the current portion of bank borrowings, which was mainly for our operations as well as the additions of plant and equipment for our expansion of retail networks which were non-current. Our net current liabilities decreased from HK$793.9 million as at 31 March 2023 to HK$673.6 million as at 31 March 2024 and further decreased to HK$643.7 million as at 31 March 2025. Our net current liabilities further decreased to HK$397.1 million as at 30 November 2025. We recorded net liabilities of HK$15.1 million as at 31 March 2023, which was subsequently improved to net asset position as at 31 March 2024 and 31 March 2025 due to accumulation of profits. The decrease in net current liabilities from 31 March 2023 to 31 March 2024 was primarily due to the (i) increase in inventories of HK$49.4 million mainly for replenishment of inventories in our retail stores; (ii) increase in amounts due from related parties of HK$22.3 million; and (iii) decrease in bank overdrafts of HK$20.0 million. The decrease in net current liabilities from 31 March 2024 to 31 March 2025 was primarily due to (i) increase in inventories of HK$110.6 million mainly for replenishment of inventories in our retail stores; and (ii) decrease in amounts due to related parties of HK$35.3 million resulting from repayment. The decrease in net current liabilities as at 30 November 2025 was primarily due to the increase in (i) current portion of amounts due from related parties of HK$148.5 million following the expected repayment timeline; and (ii) inventories of HK$66.3 million mainly for replenishment of inventories in our retail stores. The increase in the net current liabilities to HK$413.2 million as at 31 March 2026 was primarily due to the (i) decrease in current portion of amount due from related parties of HK$126.5 million; (ii) decrease in bank overdraft of HK$80.0 million; (iii) increase in inventories of HK$20.0 million mainly from replenishment of inventories in our retail stores; and (iv) decrease in tax payable of HK$12.8 million. Please refer to the section "Financial Information — Net Current Liabilities" for further information.

Our net deficit of HK$15.1 million as at 31 March 2023 turned around to net assets of HK$129.5 million as at 31 March 2024 primarily due to the decrease in accumulated losses of HK$144.7 million mainly attributable to the profit for the year of HK$144.5 million in FY2024.

Our net assets decreased to HK$44.4 million as at 31 March 2025 primarily due to the decrease in retained earnings resulting from the dividends recognized as distribution of HK$255.0 million in FY2024, partially offset by the profit for the year of HK$170.4 million in FY2025.

Our net assets then increased to HK$55.4 million as at 30 November 2025 primarily due to the increase in retained earnings attributable to the profit for the year of HK$148.4 million in 8MFY2026, partially offset by the decrease in other reserve of HK$137.0 million resulting from deemed distribution arising from cancellation of shares upon group reorganization in FY2025. See "History, Reorganization and Corporate Structure — Reorganization — Allotment of shares of capital reduction in LFP" for details.

Selected data from our consolidated statements of cash flows

	FY2023	FY2024	FY2025	8MFY2025	8MFY2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Net cash from operating activities	716,180	1,233,920	1,462,415	896,345	1,081,612
Net cash used in investing activities	(17,854)	(89,785)	(93,548)	(51,442)	(42,127)
Net cash used in financing activities	(631,732)	(1,105,870)	(1,350,431)	(848,231)	(1,038,512)
Net increase/(decrease) in cash and cash equivalents	66,594	38,265	18,436	(3,328)	973
Total cash and cash equivalents at beginning of year/period	(167,062)	(100,548)	(62,291)	(62,291)	(43,867)
Total cash and cash equivalents at end of year/period	(100,548)	(62,291)	(43,867)	(65,614)	(42,859)
REPRESENTED BY:					
Cash and cash equivalents	43,137	61,408	61,182	31,671	49,896
Bank overdrafts	(143,685)	(123,699)	(105,049)	(97,285)	(92,755)

We recorded net cash from operating activities of HK$716.2 million, HK$1,233.9 million, HK$1,462.4 million and HK$1,081.6 million for FY2023, FY2024, FY2025 and 8MFY2026, respectively. The generation of net cash and the year-on-year increase in net cash inflow from operating activities was contributed by the increase in sale revenue. We recorded net cash outflow from investing activities of approximately HK$17.9 million, HK$89.8 million, HK$93.5 million and HK$42.1 million for FY2023, FY2024, FY2025 and 8MFY2026, respectively. The net cash outflow from investing activities was primarily contributed by purchase of property, plant and equipment and net advances to related parties. We recorded net cash outflow from financing activities of approximately HK$631.7 million, HK$1,105.9 million, HK$1,350.4 million and HK$1,038.5 million for FY2023, FY2024, FY2025 and 8MFY2026, respectively. The net cash outflow from financing activities was primarily contributed by repayments of lease liabilities, repayments of bank borrowings and to related parties and interests paid on bank borrowings.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our business operation remained stable after the Track Record Period and up to the date of this prospectus. There was no material change to our general business model and the economic environment remained generally stable up to the date of this prospectus.

Our Directors consider that, save for the expenses in connection with the Listing, which are non-recurring in nature, there had been no material adverse change in the financial or trading position or prospects of our Group since 30 November 2025 and up to the date of this prospectus.

Since 1 December 2025 and up to the date of this prospectus, we have opened two new retail stores, in Jordan and Admiralty.

We have engaged a third-party service provider which will be responsible for the management, operation and development of our e-commerce platforms in the Chinese Mainland. Please refer to the section headed "Business — Online Sales Platforms" for details.

WORKING CAPITAL

After taking into consideration of the financial resources presently available to us, including our cash and bank balances, the available facilities to our Group, the expected operating cash flow and the estimated net proceeds from the Global Offering, our Directors are of the opinion that we have sufficient working capital to meet our financial obligations for at least 12 months from the date of this prospectus.

DIVIDENDS AND DIVIDEND POLICY

During FY2023, Dragon Mind Creation Limited declared dividends of HK$13.0 million to its shareholder. During FY2025, LFP, Top Harvest Pharmaceuticals Company Limited and Pearl Lake Global Limited declared dividends of HK$200.0 million, HK$33.0 million and HK$22.0 million, respectively, to their respective shareholders. As advised by our Hong Kong Legal Counsel, the aforesaid dividends were declared and settled out of profits available for distribution of Dragon Mind Creation Limited, LFP and Top Harvest Pharmaceuticals Company Limited at the material time, in compliance with the Companies Ordinance (Cap. 622) and the respective articles of association of the relevant subsidiaries[(Note)]. On 10 February 2026 and 21 May 2026, our Company declared dividends of HK$130 per share totaling HK$130,000,000 and HK$23 per share totaling HK$23,000,000, respectively, which were settled by way of an offsetting with our Group's amounts due from related parties. Except the aforesaid, our Company did not declare or pay any dividend during the Track Record Period and up to the Latest Practicable Date.

Our Company does not have any formal dividend policy or pre-determined dividend payout ratio. However, subject to the relevant laws and our constitutional documents, the Board intends to, following the Listing, recommend an annual dividend of no less than 50% of our profit for the year available for distribution to the Shareholders, subject to consideration of various factors, including our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at the material time. Notwithstanding the aforesaid, our Company may not be able to distribute any dividend or may reduce or cease any dividend distribution in certain circumstances where our Company has net cash outflow from operating activities in the year of the consolidated statement of accounts, or the amount of proposed investments or acquisitions of our Company during the year exceeds its operating cash inflow in the same year. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Islands Companies Act including, save for interim dividend, the approval of our Shareholders. Under the Articles of Association, the Company may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors.

Note: Under the laws of the British Virgin Islands, the place of incorporation of Pearl Lake Global Limited ("PLG"), and the memorandum and articles of association of PLG, the directors of PLG may by resolution authorise a distribution by the company as they think fit if they are satisfied on reasonable grounds that, immediately after the distribution, (i) the value of the company's assets exceeds its liabilities, and (ii) the company is able to pay its debts as they fall due. Our Directors confirmed that at the material time when PLG declared the relevant dividends, the directors of PLG were satisfied on reasonable grounds that the value of PLG's assets exceeded its liabilities and PLG was able to pay its debts as they fell due.

OFFERING STATISTICS

	Based on the Offer Price of HK$5.18 per Offer Share	Based on the Offer Price of HK$6.38 per Offer Share
Market capitalisation *(Note 1)*	HK$2,590 million	HK$3,190 million
Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 November 2025 per Share *(Note 2, 3)*	HK$1.33	HK$1.62

Notes:

(1) The calculation of market capitalisation is based on 500,000,000 Shares expected to be in issue immediately following the completion of the Global Offering and the Capitalisation Issue.

(2) The number of shares used for the calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group per Share is based on 500,000,000 Shares, being Shares in issue immediately following the Reorganization and after the completion of the Capitalization Issue and the Global Offering, assuming the Reorganization, the Capitalization and the Global Offering had been completed on 30 November 2025. It does not take into account (i) any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, or (ii) any Shares which may be issued or repurchased by the Company pursuant to the general mandates.

(3) Our Company declared dividends of HK$130,000,000 on 10 February 2026 and HK$23,000,000 on 21 May 2026 which were settled by way of offsetting with the Group's amounts due from related parties. Accordingly, the unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 November 2025 per Share would have decreased to approximately HK$1.03 and HK$1.32, based on Offer Price of HK$5.18 and HK$6.38 per Offer Share, respectively.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$672.1 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, assuming an Offer Price of HK$5.78 per Share, being the mid-point of the Offer Price. We currently intend to apply these net proceeds for the following intended purposes in the amounts set forth below:

(i) Approximately HK$245.9 million, representing 36.6% of the net proceeds, is expected to be used for expanding, enhancing and optimising our physical and online sales network, among which approximately HK$81.7 million is expected to be used for expanding our physical retail store network by opening up to 11 new retail stores in Hong Kong during the period from the Listing Date to 31 March 2029; approximately HK$127.0 million is expected to be used for inventory procurement for the opening of additional retail stores; approximately HK$23.8 million is expected to be used for recruitment and training of store staff, beauty consultants and registered pharmacists to be stationed at the new retail stores; and approximately HK$13.4 million is expected to be used for expanding our online sales channels;

(ii) Approximately HK$23.5 million, representing 3.5% of the net proceeds, is expected to be used for brand management and marketing to increase mass awareness of our Group and the effectiveness of our marketing activities, among which approximately HK$13.4 million is expected to be used for engaging entertainers and KOLs as ambassadors for our Group and placing commercial advertisement on major television channels; and approximately HK$10.1 million is expected to be used for implementing our online marketing and promotion activities;

(iii) Approximately HK$23.5 million, representing 3.5% of the net proceeds, is expected to be used for strengthening our supply chain capability through expanding and upgrading our existing procurement office and warehouse in Japan and warehouse in Korea;

(iv) Approximately HK$76.8 million, representing 11.4% of the net proceeds, is expected to be used for upgrading and enhancing our information technology systems, mainly for implementing a new warehouse management system and upgrading our point-of-sales system;

(v) Approximately HK$134.4 million, representing 20.0% of the net proceeds, is expected to be used to repay our outstanding loans;

(vi) Approximately HK$100.8 million, representing 15.0% of the net proceeds, is expected to be used to pursue selective strategic investment and acquisition opportunities and further develop strategic partnerships to expand our business scale and our geographic coverage; and

(vii) Approximately HK$67.2 million, representing 10.0% of the net proceeds, is expected to be used as general working capital of our Group.

PROFIT ESTIMATE FOR THE YEAR ENDED 31 MARCH 2026

The following profit estimate has been prepared based on the audited consolidated results of our Group for the eight months ended 30 November 2025 and the unaudited consolidated results based on the management accounts of our Group for the four months ended 31 March 2026. The Profit Estimate has been prepared on a basis consistent in all material respects with the accounting policies normally adopted by our Group as set out in the Accountants' Report as set out in Appendix I to this Prospectus. See Appendix IIB to this Prospectus for further details. The estimated consolidated profit attributable to owners of the Company for the year ended 31 March 2026 is not less than HK$265 million.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Global Offering. We estimate that our listing expenses will be approximately HK$50.4 million (assuming an Offer Price of HK$5.78 per Offer Share (being the mid-point of the indicative Offer Price range) and no exercise of the Over-allotment Option), of which approximately HK$30.6 million is directly attributable to the issue of our Offer Shares and will be deducted from equity, HK$11.1 million has been expensed in our consolidated statements of profit or loss in 8MFY2026 and approximately HK$8.7 million is expected to be expensed after the Track Record Period. Our estimated listing expenses include: underwriting-related expenses, representing underwriting commission and fees of approximately HK$24.4 million; non-underwriting-related professional fees of approximately HK$23.0 million, and other fees and expenses of approximately HK$3.0 million. The listing expenses above are the best estimate as of the Latest Practicable Date and for reference only and the actual amount may differ from this estimate.

SUMMARY OF RISK FACTORS

There are certain risks involved in our operations which may be beyond our control. These risks are further described in the section headed "Risk Factors" in this prospectus. You should read that entire section carefully before deciding whether to invest in the Offer Shares. The following are some of the principal risk factors that we face:

- We face the risk of market cannibalization between our existing retail stores and any new locations we open

- our business and operational results could be materially and adversely affected if we are unable to offer the products at prices that are attractive to consumers or maintain competitive pricing

- any negative publicity, allegations, complaints or claims made against us may adversely affect our reputation, business, financial position, results of operations and price of our Shares as our success hinges on the strong recognition of our brand, "Lung Fung," within Hong Kong's retail market
- our financial results rely on the performance of both our existing and new retail stores, which can be impacted by various factors, many of which may be beyond our control
- our historical financial and operational results may not reliably predict future performance, and we may not be able to maintain the levels of revenue and profitability we have previously achieved
- we recorded net current liabilities and net liabilities during the Track Record Period, and we cannot assure you that we will not have net current liabilities and net liabilities in the future
- we face potential liabilities or claims related to intellectual property rights infringement and false trade descriptions concerning our parallel-imported products

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.

"8MFY2025"	the eight months ended 30 November 2024
"8MFY2026"	the eight months ended 30 November 2025
"Accountants' Report"	the accountants' report of our Company, details of which are set out in Appendix I to this prospectus
"affiliate(s)"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles" or "Articles of Association"	the amended and restated articles of association of our Company conditionally, adopted on 18 May 2026 effective upon the Listing, a summary of which is set out in "Appendix IV — Summary of the Constitution of our Company and Cayman Islands Company Law", as amended from time to time
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audited Financial Statements"	the audited consolidated financial statements of our Company for the Track Record Period, as included in "Accountants' Report" in Appendix I
"Board" or "Board of Directors"	the board of directors of our Company
"business day" or "Business Day"	any day (other than a Saturday, Sunday, or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"BVI"	the British Virgin Islands
"Capitalization Issue"	the issue of 374,000,000 Shares to be made upon capitalization of certain sums standing to the credit of the share premium account of our Company as referred to in "Appendix V — Statutory and General Information — A. Further Information About Our Group — 3. Resolutions in writing of our sole Shareholder passed on 18 May 2026"
"Capital Market Intermediaries"	the capital market intermediaries as named in the section headed "Directors and Parties Involved in the Global Offering" in this prospectus
"Cayman Islands Companies Act" or "Companies Act"	the Companies Act (As Revised) of the Cayman Islands

"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"China" or "the PRC" or "Chinese Mainland"	People's Republic of China, and, unless the context requires otherwise and solely for the purpose of this prospectus such as describing legal or tax matters, authorities, entities, or persons, excluding Hong Kong Special Administrative Region, Macao Special Administrative Region, and Taiwan region of the People's Republic of China
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented or otherwise modified from time to time
"Company" or "our Company"	Lung Fung Group Holdings Limited 龍豐集團控股有限公司, the holding company of our Group after the Reorganization and the listing vehicle for the Listing, which is an exempted company with limited liability incorporated on 3 October 2025 in the Cayman Islands and the Shares of which are to be listed on the Main Board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholders"	has the meaning ascribed thereto in the Listing Rules, and unless the context otherwise requires, collectively refers to, Mr. Tse, Mrs. Tse, Ms. Tse and TTK Holding (for more details, see the section headed "Relationship with the Controlling Shareholders" in this prospectus); and "Controlling Shareholder" means any one of them
"COVID-19"	a novel strain of coronavirus
"Deed of Indemnity"	the deed of indemnity dated 25 May 2026 and entered into by the Controlling Shareholders in favor of our Company (for ourselves and as trustee for our subsidiaries), particulars of which are set out in "Appendix V — Statutory and General Information — D. Other Information — 12. Estate duty, tax and other indemnity"
"Director(s)"	the director(s) of our Company
"ESG"	environmental, social and governance
"Extreme Conditions"	extreme weather conditions caused by a super typhoon as announced by the Hong Kong government
"F&S" or "Frost & Sullivan"	Frost & Sullivan Limited, our industry consultant and an Independent Third Party

"F&S Report"	an independent market research report commissioned by us and prepared by Frost & Sullivan
"FINI"	"Fast Interface for New Issuance," an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listings
"FY"	unless as otherwise defined, any financial year ended 31 March
"FY2023"	the financial year ended 31 March 2023
"FY2024"	the financial year ended 31 March 2024
"FY2025"	the financial year ended 31 March 2025
"FY2026"	the financial year ended 31 March 2026
"General Rules of HKSCC"	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Government Authority"	any government, regulatory, or administrative commission, board, body, authority, or agency, or any stock exchange, self-regulatory organization, or other non-government regulatory authority, or any court, judicial body, tribunal, or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign, or supranational
"Group", "our Group", "we", "our" or "us"	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
"Guide"	the Guide for New Listing Applicants published by the Stock Exchange effective from 1 January 2024 (as amended, supplemented or otherwise modified from time to time)
"HK$", "Hong Kong dollars", "HK dollars", "HKD" or "cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"**HK eIPO White Form**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name, submitted online through the designated website at **www.hkeipo.hk**
"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** service provider designated by our Company as specified on the designated website at **www.hkeipo.hk**

"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC EIPO"	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant's stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"HKSCC Operational Procedures"	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC's services and the operations and functions of HKSCC Systems, as from time to time in force
"HKSCC Participant(s)"	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
"HKSCC Rules"	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
"HKSCC Systems"	CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Legal Counsel"	Ms. Queenie W.S. Ng, barrister-at-law, our Hong Kong legal advisor with respect to regulatory and compliance matter
"Hong Kong Offer Shares"	the 12,500,000 Shares being initially offered by our Company for subscription pursuant to the Hong Kong Public Offering subject to adjustments as described in "Structure of the Global Offering"
"Hong Kong Public Offering"	the offering of the Hong Kong Offer Shares for subscription by the public in Hong Kong (subject to adjustment as described in "Structure of the Global Offering") at the Offer Price (plus brokerage, SFC transaction levy, AFRC transaction levy and Hong Kong Stock Exchange trading fee), on and subject to the terms and conditions described in this prospectus, as further described in "Structure of the Global Offering — Hong Kong Public Offering"
"Hong Kong Share Registrar"	Tricor Investor Services Limited

"Hong Kong Takeovers Code" or "Takeovers Code"	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in "Underwriting — Hong Kong Underwriters"
"Hong Kong Underwriting Agreement"	the underwriting agreement dated 26 May 2026, relating to the Hong Kong Public Offering and entered into by us, our Controlling Shareholders, the executive Directors, the Sole Sponsor, the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries
"Independent Third Party(ies)"	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not our connected persons or associates of our connected persons as defined under the Listing Rules
"International Offer Shares"	the 112,500,000 Shares being initially offered by our Company for subscription at the Offer Price pursuant to the International Offering together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option subject to adjustments as described in "Structure of the Global Offering"
"International Offering"	the offer of the International Offer Shares by the International Underwriters at the Offer Price outside the United States in offshore transactions in accordance with Regulation S as described in "Structure of the Global Offering"
"International Underwriters"	the group of underwriters, led by the Sole Global Coordinator, that is expected to enter into the International Underwriting Agreement to underwrite the International Offering
"International Underwriting Agreement"	the underwriting agreement relating to the International Offering expected to be entered into by, among others, our Company and the International Underwriters on or about the Price Determination Date, as further described in "Underwriting — Underwriting Arrangements and Expenses — The International Offering" in this prospectus
"Joint Bookrunners"	the joint bookrunners as named in the section headed "Directors and Parties Involved in the Global Offering" in this prospectus
"Joint Lead Managers"	the joint lead managers as named in the section headed "Directors and Parties Involved in the Global Offering" in this prospectus
"Latest Practicable Date"	19 May 2026, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
"LFP"	Lung Fung Pharmaceutical (Group) Limited (龍豐藥業(集團)有限公司), a company incorporated under the laws of Hong Kong with limited liability on 8 June 2007 and wholly owned by LF Retail Holding Limited, and is therefore an indirect wholly-owned subsidiary of our Company after the Reorganization

"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date on which dealings in our Shares first commence on the Main Board of the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company adopted on 3 October 2025, a summary of which is set out in "Appendix IV — Summary of the Constitution of Our Company and Cayman Islands Company Law", as amended from time to time
"MPF"	mandatory provident fund
"Ms. Tse"	Ms. Tse Chui Ying (謝翠瑩), an executive Director, one of our Controlling Shareholders and the daughter of Mr. Tse and Mrs. Tse
"Mr. Tse"	Mr. Tse Siu Hoi (謝少海), the chairman of our Board, the chief executive officer of our Company, an executive Director, one of our Controlling Shareholders, the spouse of Mrs. Tse and the father of Ms. Tse
"Mrs. Tse"	Ms. Chan Yuen Fong Shirley (陳婉芳), one of our Controlling Shareholders, the spouse of Mr. Tse and the mother of Ms. Tse
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage, SFC transaction levy, Stock Exchange trading fee, and AFRC transaction levy)
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
"Official Channel Supplier(s)"	supplier(s) which are the brand owners, manufacturers or their authorised or licensed distributors, dealers or agents in Hong Kong for the relevant product(s)

"Over-allotment Option"	the option expected to be granted by our Company to the International Underwriters, exercisable by the Overall Coordinator (for itself and on behalf of the International Underwriters), pursuant to which our Company may be required to allot and issue up to an aggregate of 18,750,000 additional new Shares at the Offer Price to cover, among other things, over-allocations in the International Offering, if any
"Overall Coordinator" and "Sole Global Coordinator"	DBS Asia Capital Limited
"PDPO"	Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong)
"PRC Legal Advisor"	Jincheng Tongda & Neal Law Firm
"Price Determination Agreement"	the agreement to be entered into by the Overall Coordinator (on behalf of the Underwriters) and our Company on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on or around Wednesday, 3 June 2026 (Hong Kong time) on which the Offer Price is determined by the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and us
"Principal Share Registrar and Transfer Office"	Conyers Trust Company (Cayman) Limited, an Independent Third Party
"prospectus"	this prospectus being issued in connection with the Hong Kong Public Offering
"Receiving Banks"	DBS Bank (Hong Kong) Limited and Bank of China (Hong Kong) Limited
"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant Parties"	our Group, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any other capital market intermediaries involved in the Global Offering, any of our or their respective affiliates or directors, officers, employees or agents or any other person or party involved in the Global Offering
"Reorganization"	the reorganization of our Group in preparation of the Listing. For more details, please see "History, Reorganization and Corporate Structure"
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Future Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time

"Shareholder(s)"	holder(s) of Shares
"Shares"	ordinary shares in the capital of our Company with nominal value of HK$0.0001 each
"Sole Sponsor"	DBS Asia Capital Limited
"Stabilizing Manager"	DBS Asia Capital Limited
"Stock Borrowing Agreement"	the stock borrowing agreement expected to be entered into on or about 3 June 2026 between the Stabilization Manager (or its affiliates acting on its behalf) and TTK Holding, pursuant to which TTK Holding will agree to lend up to 18,750,000 Shares to the Stabilization Manager on terms set forth therein
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"Top Harvest"	Top Harvest Pharmaceuticals Company Limited (五豐藥業有限公司), a company incorporated under the laws of Hong Kong with limited liability on 26 April 2002 and wholly owned by TH Wholesale Holding Limited, and is therefore an indirect wholly-owned subsidiary of our Company after the Reorganization
"Track Record Period"	the period comprising FY2023, FY2024, FY2025 and 8MFY2026
"TTK Holding"	TTK Holding Limited, a company incorporated under the laws of the BVI with limited liability on 25 September 2025 and owned as to 97.29%, 2.7% and 0.01% by Mr. Tse, Mrs. Tse and Ms. Tse, respectively, and one of our Controlling Shareholders
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. Securities Act"	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"US$", "USD" or "U.S. dollars"	United State dollars, the lawful currency for the time being of the United States

In this prospectus, the terms "associate", "close associate", "connected person", "connected transaction", "core connected person", "controlling shareholder", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this prospectus have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in the prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese version shall prevail. English translations of company names and other terms from the Chinese language are provided for identification purposes only.

This glossary of technical terms contains explanations of certain technical terms used in this prospectus. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"CAGR"	compound annual growth rate, calculated by subtracting one from the result of dividing the ending value by its beginning value raised to the power of one divided by the period length
"EBITDA"	earnings before interest, taxes, depreciation and amortisation
"GDP"	gross domestic product
"GFA"	gross floor area
"POS system"	point of sale system
"SKU"	acronym for stock keeping unit, a unique identifier for each distinct product and service that can be purchased
"sq.ft."	square feet
"sq.m."	square metres
"UFA"	usable floor area

This prospectus contains certain forward-looking statements and information relating to our Company and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words "aim", "anticipate", "believe", "could", "consider", "continue", "estimate", "expect", "forecast", "going forward", "intend", "is/are likely to", "may", "might", "ought to", "plan", "predict", "project", "propose", "potential", "prospects", "seek", "should", "shall", "will", "would", "with a view to" and the negative of these terminologies and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These forward-looking statements are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including the risk factors as described in the section headed "Risk Factors" in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing by our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- our future debt levels and capital needs;
- future developments, trends and conditions in the industry and markets in which we operate;
- our business strategies, plans, objectives and our various measures to implement or achieve these strategies, plans and objectives;
- our ability to meet the changing needs of our customers;
- general economic, political and business conditions in the markets in which we operate;
- the effects of the global financial markets and economic crisis;
- the general economic trends and conditions;
- our ability to reduce costs;
- our dividend distribution plan and dividend policy;
- our financial condition and performance;
- our capital expenditure plans;
- changes in competitive conditions and our ability to compete under these conditions;
- the amount and nature of, and potential for, future development of our business;
- our ability to recruit and retain employees and personnel;
- capital market developments;
- the actions and developments of our competitors;
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, prices, operations, margins, risk management and overall market trends;
- other statements in this prospectus that are not historical facts;
- realisation of the benefits or our future plans and strategies; and
- other factors beyond our control.

The information and assumptions contained in the forward-looking statements have not been independently verified by the Relevant Parties and no representation is given as to the accuracy or completeness of such information or assumptions on which the forward-looking statements are made. Additional factors that could cause actual performance or achievements of our Group to differ materially include, but are not limited to, those discussed under "Risk Factors" and elsewhere in this prospectus.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking statements and information.

In this prospectus, statements of or references to our intentions or those of our Directors are made as at the date of this prospectus. Any such information may change in light of future developments. All forward-looking statements and information contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

Investing in our Shares involves risks. Before deciding to invest in the Shares, you should carefully consider all of the information in this prospectus, including the following risk factors, in light of the circumstances and your own investment objectives. The occurrence of any of the following events could materially adversely affect our business, financial condition and results of operations, in which case the trading price of our Shares could also decline, and you could lose part or all of your investment. You should pay particular attention to the fact that we are a company incorporated in Cayman Islands and that our principal operations are conducted in Hong Kong and are governed by a legal and regulatory environment that may differ significantly from that of other countries.

We believe that there are certain risks involved in our operations, many of which are beyond our control. These risks can be broadly categorized into: (i) risks relating to our business; (ii) risks relating to our industry; and (iii) risks relating to the Global Offering. You should consider carefully our business and prospects in light of the challenges we face, including the ones discussed in this section.

RISKS RELATING TO OUR BUSINESS

We face the risk of market cannibalization between our existing retail stores and any new locations we open.

Our strategy includes opening additional retail stores in areas where we already have established stores. However, the capacity and growth potential in some of these target locations, along with demand from our target customers, may be limited, potentially undermining our expansion plans.

The overlap in geographic areas could lead to unexpected competition between our existing and new retail stores, resulting in market cannibalisation. For instance, if customers choose to shop at a newly opened store instead of an existing one, the overall sales performance of the retail network may not increase as anticipated. Instead, we could see a redistribution of sales that does not contribute positively to our total revenue.

This cannibalization effect can have several negative consequences. New locations may underperform due to diminished customer traffic, leading to lower-than-expected sales and profitability. Additionally, if existing stores experience a decline in sales as a result of new openings, we may face challenges in maintaining operational efficiency and profitability across our entire retail network.

Moreover, the financial implications of market cannibalization can be significant. Increased competition between our own stores could lead to higher marketing costs as we attempt to attract customers to each location. Additionally, any decline in sales at existing stores could necessitate price reductions or promotional efforts that further erode profit margins.

Consequently, our new locations may not perform as well as anticipated, adversely impacting the overall performance of our retail network and our profitability.

If we are unable to offer the products at prices that are attractive to consumers or maintain competitive pricing, our business and operational results could be materially and adversely affected.

We face challenges in maintaining our pricing competitiveness. For instance, we may lack sufficient bargaining power when negotiating terms with our suppliers, which can result in us having to set higher prices for our products. Even if we can set prices as expected, our profit margins may decrease. Additionally, increases in cost may be passed on to us by our suppliers, putting further pressure on us to raise prices. Any increase in product prices could lead to a decline in our sales volume and, more importantly, damage our brand image and positioning, making us less competitive in the marketplace. Consequently, any of these factors could adversely affect our overall profitability, business operations, financial condition, and results.

Moreover, the prices of the products we sell can be influenced by general economic conditions. For example, inflation may compel us to raise prices, which could negatively impact our sales. Adverse economic conditions could also escalate costs for us, including shipping rates, freight costs, and store occupancy expenses, further reducing our sales or increasing our cost of sales, selling expenses or general and administrative expenses. Our pricing strategy and competitive pressures may limit our ability to pass these increased costs onto consumers without jeopardising our competitive position, ultimately reducing our profitability and materially affecting our business, financial condition, and results. Additionally, price reductions by our competitors may force us to lower our prices, leading to a corresponding decrease in profitability. As a result, we may encounter periods of intense competition in the future, which could significantly impact our profitability and operational results.

Our success hinges on the strong recognition of our brand, "Lung Fung," within Hong Kong's retail market. Any negative publicity, allegations, complaints or claims made against us may adversely affect our reputation, business, financial position, results of operations and price of our Shares.

Our Group may face negative publicity and allegations from our customers and competitors from time to time, we cannot guarantee that similar allegations, complaints, or claims will not arise in the future, nor can we ensure that we can prevent the recurrence of such incidents. Any allegations, complaints, or claims against us, regardless of their validity, could lead to negative publicity, potential liability, and adversely impact our reputation and share price. Moreover, addressing these allegations, complaints, or claims may require us to divert management and other resources, which could further adversely affect our business and operational results. If any complaint escalates into a claim against us, even if ultimately unsuccessful, we may still need to allocate resources to address the claim. Liabilities arising from such claims could negatively impact our financial position and operational results.

Moreover, as we continue to grow in size, expand our product offerings, and extend our geographic reach, maintaining high quality, appeal, and affordability for the products we sold may become increasingly challenging. Should consumers perceive or experience a decline in product quality, or feel that we fail to deliver consistently high-quality products, our brand value could suffer, which would have a material and adverse effect on our business.

As we continue to grow by opening additional retail stores, maintaining the quality and consistency of our brand image may become increasingly challenging. We cannot guarantee that our customers' confidence in our brand will remain unwavering. Therefore, it is imperative that we remain vigilant in our brand management efforts to ensure sustained success in a competitive market.

Our financial results rely on the performance of both our existing and new retail stores, which can be impacted by various factors, many of which may be beyond our control.

Our financial outcomes hinge on our ability to increase sales and efficiently manage costs across all retail locations. There is no guarantee that the performance of our current stores will remain stable, nor that our new stores will meet our expectations. Specifically, the success of our stores largely relies on our capacity to enhance customer visits and increase the average transaction value per customer visit. Several significant factors beyond our control could negatively impact customer visits and spending per transaction, including, but not limited to:

- growing competition in the retail market for beauty, health and pharmaceutical, and other consumer products;
- shifts in consumer preferences;
- customer sensitivity to price increases for the products we sell;
- our brand's reputation and consumer perceptions regarding the variety, quality, and pricing of our product offering;
- customer experiences while shopping in our retail stores;
- changes in the economy, such as recessions or inflation, can influence consumer spending; and
- expansion and promotion of competitors

The profitability of our retail stores is also subject to cost increases that are either entirely or partially beyond our control, including, but not limited to:

- rental expenses for both existing and new retail locations;
- procurement prices for products acquired from suppliers;
- employee expenses;
- information technology and logistics costs; and
- costs associated with significant disruptions in our supply chain.

If any of these factors materialize and we are unable to implement effective measures to mitigate their negative impacts, the profitability of our retail stores, as well as our overall financial position and performance, could be adversely affected.

Our historical financial and operational results may not reliably predict future performance, and we may not be able to maintain the levels of revenue and profitability we have previously achieved.

Historically, our revenue growth has primarily been driven by the expansion of our store network. 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.

Several factors may contribute to fluctuations in our same store sales growth, including:

- the size and geographic location of stores.
- a decrease in new store openings and the closure of existing stores.
- the ability of stores to maintain and increase sales to existing customers, attract new consumers, and meet consumer demands.
- the frequency of consumer visits to stores and the variety and quantity of products purchased.
- the pricing of our products, as well as changes in our pricing strategies or those of our competitors.
- the timing and costs of marketing and promotional programs conducted by us.
- our capability of to manage inventory effectively and deliver an excellent consumer experience.
- the competitive landscape we face, including the entry of new competitors, the introduction of new products or services, and competitors' marketing efforts.
- the impact of epidemics and pandemics, such as the COVID-19 outbreak.
- seasonal variations in consumer demand.

As a result, historical same store sales growth may not be a reliable indicator of our future performance. Same store sales growth may decline and may not expected to see significant growth in the near future.

We recorded loss for the year for FY2023 and we cannot assure you that we will not incur net loss in the future.

We recorded loss for the year of HK$27.1 million for FY2023, which was mainly attributable to the COVID-19 pandemic which resulted in lower sales and revenue due to the reduced number of tourists visiting Hong Kong. See "Financial Information — Results of Operations" and "Financial Information — Review of Historical Results Of Operation".

We cannot assure you that we will not record net loss in the future. A loss for the year may expose us to financial and liquidity risk which may affect our operating cash flow and may further affect our credit rating and shareholder equity, thus our business operations and financial condition could be materially and adversely affected.

We recorded net current liabilities and net liabilities during the Track Record Period, and we cannot assure you that we will not have net current liabilities and net liabilities in the future.

As at 31 March 2023, 2024 and 2025 and 30 November 2025, we recorded net current liabilities of HK$793.9 million, HK$673.6 million, HK$643.7 million and HK$397.1 million, respectively, and net liabilities of HK$15.1 million, net assets of HK$129.5 million, HK$44.4 million and HK$55.4 million, respectively. The net current liabilities as at the dates above were mainly due to the current portion of bank borrowings, which was mainly for our cost of operations as well as the additions of property, plant and equipment for our expansion of retail networks. In respect of bank loans and bank overdrafts from a bank with carrying amounts of HK$284.9 million, HK$337.4 million, HK$303.9 million and HK$302.4 million as at 31 March 2023, 2024 and 2025 and 30 November 2025, we breached a financial covenant of the relevant bank facility stipulating a maximum net value of the related party balances of the relevant subsidiary of our Group. The relevant bank has agreed to waive its right to demand immediate repayment of the outstanding bank loans and bank overdrafts as at 31 March 2023, 2024 and 2025. Such waivers were only related to the respective reporting dates and did not stipulate a specific waiver period. As the carrying amounts of such bank loans and bank overdraft have already been classified under current liabilities as at 31 March 2023, 2024 and 2025 as a result of the repayable on demand clause of the relevant bank facilities, the breach has not resulted in a change in the classification of the bank loans and bank overdrafts.

We cannot assure you that we will not record net current liabilities and net liabilities in the future. Our net current liabilities and net liabilities may expose us to liquidity risk which could restrict our ability to make necessary capital expenditures or develop business opportunities, thus our business, financial condition and results of operations could be materially and adversely affected.

Furthermore, a net current liability position may expose us to the risk of shortfalls in liquidity. This in turn would require us to seek adequate financing from sources such as equity or equity-linked instruments and external debt, which may not be available on terms favorable or commercially reasonable to us or at all. We cannot assure you that we will always be able to raise the necessary funding to finance our current liabilities and other debt obligations. Our ability to arrange financing and the cost of such financing are dependent on the economic conditions, capital and debt market conditions, lending policies of banks, and other factors. In the event we are unable to obtain adequate financing to meet our working capital requirements, we may be forced to delay, adjust, reduce or abandon our planned strategies. Our business, prospects and financial condition may be materially and adversely affected if our cash flow and capital resources are insufficient to finance our current liabilities or other debt obligations.

We face intense competition in the retail sector of beauty, health and pharmaceutical products

The retail sector of beauty, health and pharmaceutical products is highly competitive and we compete with other offline and online retailers of different scale. According to Frost & Sullivan, in 2024, the Hong Kong retail market for beauty, health and pharmaceutical products featured more than 5,000 participants, with offline chain retail stores occupying a dominant position in the overall market. Due to the similar nature of products offered, competitors may compete heavily on price which may compress our profit margins. We may not be able to source certain products, for example, due to exclusivity arrangements between their suppliers and our competitors, which may decrease our appeal to customers. We may also need to compete with other competitors for prime locations in different areas, which may drive up our operation costs.

In addition, with the increasing popularity of online shopping, we also compete with domestic or foreign competitors which do not operate physical stores in Hong Kong. During the Track Record Period, our revenue was primarily contributed from sales in our retail stores. We may face a loss of existing customers if they opt to purchase the products through online channels of our existing or potential competitors, which may subsequently affect our sales volume and profitability. Due to the intense competition, we may also be unable to increase or maintain the selling prices of our products to increase or maintain our gross profit margin, which may affect our profitability.

We may encounter significant challenges stemming from shifts in consumer preferences, perceptions, and spending habits.

The F&S Report highlights that the consumer goods retail market, health products retail market, pharmaceutical products retail market and beauty products retail market are particularly susceptible to variations in market demand and evolving consumer preferences, perceptions, and spending habits. Additionally, media coverage regarding the safety, quality, and efficacy of beauty and skincare, health and supplement, pharmaceutical, maternal and infant, personal care, food and household daily products, and the raw materials, ingredients, and manufacturing processes associated with them can severely impact consumer confidence in these products. Negative reports or controversies in these areas may lead consumers to question the safety and value of the products we sell, ultimately affecting their purchasing decisions.

In FY2025, we sold approximately 28,800 SKUs of products. Our success is significantly reliant on our ability to provide a diverse range of products, identify emerging market trends, and adapt to the evolving preferences of consumers. The retail landscape is dynamic, and consumer interests can shift rapidly due to various factors, including economic conditions, cultural trends, and competitive actions. There is no guarantee that our current offerings will consistently meet the changing demands of consumers.

If there is a shift in consumer preferences at any point, the demand for these products may decline significantly. This decline could have material adverse effects on our business, financial condition, and overall operational results. Moreover, our inability to adapt our product offerings in response to these market changes may lead to a decrease in sales, which could further exacerbate the situation. In addition to reduced sales, changes in consumer preferences could place downward pressure on pricing, compelling us to lower our prices to maintain competitiveness. This situation may also lead to increased marketing expenses as we strive to re-engage consumers and regain their trust.

Even if we successfully anticipate these shifts in preferences, we cannot assure you that we will be able to introduce enhanced or new products in a timely manner that align with consumer demand. The process of market research to identify new products to bring to the market can be complex and time-consuming. Delays in bringing new or latest products to market can result in missed opportunities, allowing competitors to capitalize on trends and capture market share.

Additionally, our reliance on consumer feedback and market research to guide product sourcing carries inherent risks. If our analysis is flawed or if we misinterpret consumer signals, we risk sourcing products that do not resonate with our target audience. This could lead to increased inventory levels of unsold products, resulting in potential write-downs and negatively impacting our financial performance. If we fail to anticipate or respond to changes in customer preferences, or if we do not bring suitable products to market promptly, our market share, sales, and profitability could suffer.

Additionally, our lack of familiarity with these products may complicate quality inspection and control, as well as proper handling, storage, and delivery. We may experience higher return rates on new products, receive more consumer complaints, and face costly product liability claims, all of which could damage our brand reputation and financial performance.

Furthermore, we may have limited purchasing power in these new product categories, making it difficult to negotiate favourable terms with suppliers. To gain market share or remain competitive, we may need to adopt aggressive pricing strategies. Achieving profitability in these new categories may prove challenging, and our profit margins, if any, could be lower than expected, adversely impacting our overall profitability and operational results. We cannot guarantee that we will be able to recover our investments in introducing these new product categories.

We face potential liabilities or claims related to intellectual property rights infringement and false trade descriptions concerning our products.

Our products are sourced from brand owners, manufacturers or their authorised or licensed distributors, dealers or agents in Hong Kong (i.e. suppliers who are authorised by the brand owners directly or indirectly through the primary distributors, dealers or agents as sub-distributors, dealers or agents), and (ii) other suppliers, which include overseas suppliers of products for which, to our knowledge, there is/are official channels of supply in Hong Kong, which are generally known as "parallel import" product supplier, as well as suppliers of products for which there is no official channel of supply in Hong Kong.

We have obtained legal opinions from our Hong Kong Legal Counsel regarding the potential liabilities associated with the buying and selling of parallel-imported products under Hong Kong law. For further details, please refer to the section titled "Business — Supply Channels".

We cannot guarantee that our suppliers will not breach the warranty provided by them to us on the authenticity and legality of the products supplied and on the absence of infringement of trademarks, copyrights, or other intellectual property rights. Additionally, there may be disputes or legal proceedings involving our suppliers or our Group regarding the sale of parallel-imported products in Hong Kong. Furthermore, we cannot assure that any future changes in Hong Kong laws or their interpretations concerning the legality of parallel import arrangements will not adversely affect our Group's operations and profitability.

We may be involved in legal and other disputes from time to time arising from allegations relating to intellectual property rights infringement and false trade descriptions concerning our products.

It is critical that we operate our business without infringing upon the intellectual property rights of third parties, including patents, copyrights, trade secrets and trademarks. However, we cannot be certain that our operations or any aspects of our business do not, or will not, infringe upon or otherwise violate patents, copyrights, trademarks, know-how, trade secrets or other intellectual property rights held by other parties, whether such claims are valid or otherwise. Any claims against us, with or without merit, could be time-consuming and costly to defend or litigate, divert our management's attention and resources or result in the loss of goodwill associated with our brand. The validity and scope of intellectual property claims involve complex legal and factual questions and analysis and, therefore, entail significant risks and uncertainties. If we are found to have violated the intellectual property rights of any third party, we may be subject to liabilities for our infringement activities, which could result in a judgment, fine or settlement involving a payment of a material sum of money, prohibitions from using such intellectual property, or requirements for incurring licensing fees or developing alternatives of our own. Such significant monetary liabilities and/or restrictions or prohibitions from using the intellectual property at question may materially disrupt our business, financial condition and results of operations.

Our Official Channel Suppliers may cease their business relationship with us at any time.

We may be subject to protracted disputes or legal proceedings involving our supplier(s) or our Group in relation to our parallel-imported products, in Hong Kong. These disputes may arise from intellectual property rights infringement and false trade descriptions concerning our parallel-imported products and could affect our relationship with such Official Channel Supplier(s), which may lead to the termination of our business relationship with such supplier(s). Even without any ongoing disputes or legal proceedings, our suppliers, including our Official Channel Suppliers, could cease their business relationship with us at any time. Depending on whether we are able to secure alternative sources of product supply on a timely basis, our business and results of operations may be adversely affected.

Our business and operations are vulnerable to food safety issues, product liability claims, and product recalls.

Like other retailers, we may face product liability claims or recalls if any of the products we sell are found to be defective, unfit for consumption, or responsible for causing illness. This risk is particularly relevant for beauty and skincare, health and supplement, pharmaceutical, maternal and infant, personal care, food and household daily products, which may become unfit due to contamination, tampering by unauthorized third parties, or other issues arising during production, procurement, transportation, or storage. As we do not manufacture these products, we could be implicated in legal proceedings related to product liability if safety or quality issues arise.

We cannot guarantee that we will be able to avoid product recalls or liability claims due to deficiencies in product quality, contamination, or other food safety issues in the future. Although we receive ingredient information for the products we sell, we cannot guarantee that we will detect all harmful or prohibited substances in the products we procure and sell.

If any product liability claims are made against us in the future, regardless of their outcome, the negative publicity could harm our reputation. Additionally, the full extent of our financial liability under a product liability claim may not be fully covered by our insurance, and any claims could lead to legal costs and expenses associated with product recall campaigns or rectifying product defects. Such circumstances could adversely affect our business, operational results, and financial condition.

Expanding our product offering may expose us to new challenges and increased risks.

Introducing new SKUs, expanding into various product categories, and increasing the number of products can present significant risks and challenges. Our unfamiliarity with these new products, coupled with a lack of relevant consumer data, may hinder our ability to accurately anticipate consumer demand and preferences. This misjudgement could lead to potential inventory write-off.

Our Group faces the risk of inventory obsolescence, which could adversely impact our cash flow and liquidity.

We are exposed to the risk of inventory obsolescence. Our business is influenced by customer preferences and behaviours, which are beyond our control. A significant decline in customer demand for the products we sell may lead to lower sales and a slowdown in inventory consumption, resulting in reduced inventory turnover. Our retail business involves the storage and stocking of a variety of beauty and skincare, health and supplement, pharmaceutical, maternal and infant, personal care, food and household daily products, each with different shelf lives.

Our inventories primarily consist of beauty and skincare, health and supplement, pharmaceutical, maternal and infant, personal care, food and household daily products. As at 31 March 2023, 2024, 2025 and 30 November 2025, our inventories were approximately HK$176.0 million, HK$225.4 million, HK$336.0 million, and HK$402.4 million, respectively. Our average inventory turnover days were approximately 63 days, 51 days, 61 days, and 63 days for FY2023, FY2024, FY2025 and 8MFY2026, respectively.

For FY2023, FY2024 and FY2025 and 8MFY2026, we have written off approximately HK$0.9 million, HK$0.4 million, HK$1.2 million, and HK$0.4 million, respectively, due to the disposal of damaged, unsold, or expired products, as well as stock loss. However, we have not made any allowances for inventory resulting from product expiry or damage during the Track Record Period.

We cannot guarantee that customer preferences and economic conditions will remain stable. Unexpected changes in demand for the products we sell may lead to overstocked inventories, which could decrease inventory values. Additionally, shifts in economic conditions or customer activity may render our inventory obsolete.

If we are unable to manage our inventory effectively in the future, our liquidity and cash flow may be negatively impacted. Additionally, should we fail to source products that align with consumer preferences, the volume of slow-moving or expired inventory may increase. This could force us to sell slow-moving items at reduced prices or dispose of expired products, which would materially and adversely affect our financial position and operational results.

Our Group faces risks relating to non-ownership of intellectual property rights of our private label products.

Our Group offers a range of private label products which are sourced from and manufactured by third-party OEM/ODM suppliers. Our Group generally does not acquire the underlying intellectual property rights in relation to the production of such products or generated from the development of such products, hence our Group has limited or no exclusivity over such products.

As a result, competitors or other retailers may source and sell substantially similar products from the same or similar OEM/ODM suppliers, thereby weakening our Group's ability to differentiate its offerings which may adversely affect our profit margins. In addition, our Group is reliant on our OEM/ODM suppliers for the continued supply of these private label products. Any disruption in supply, deterioration in product quality, increase in production costs, or refusal by suppliers to continue manufacturing for us could materially and adversely affect the availability, pricing and profitability of our private label product lines. Furthermore, our Group have limited ability to prevent third parties from copying or replicating our private label products, which may diminish brand recognition and adversely affect the sales of such products.

We generally do not enter into long-term agreements with our suppliers, which may negatively impact our business if we fail to secure a stable supply of products.

Generally, we do not enter into long-term contracts with our suppliers, including brand owners.

We may encounter delays in replenishing popular items if they sell out quickly. We cannot guarantee that our suppliers will provide us with sufficient goods to meet customer demand. Even if we maintain strong relationships with our suppliers, they may face challenges that prevent them from remaining in business, such as economic conditions, labour disputes, regulatory or legal issues, natural disasters, or other factors. If we are unable to procure products at all or obtain favourable terms, our business, financial condition, and operational results could be adversely affected.

Any failure to adequately address complaints or warnings from government authorities related to our business operations or products could materially impact our business and operational results.

During the Track Record Period and up to the Latest Practicable Date, our Group has received several complaints and warning letters from relevant government authorities in Hong Kong. For more details, please refer to the section titled "Business — Non-compliance and enquiries from government authorities" in this prospectus.

If there are any future in incidents of non-compliance with any laws and regulations and enforcement actions are taken by the relevant authorities, our Group or our Directors may face penalties, and our Directors could also be held liable for these non-compliances. Additionally, there is no guarantee that our business, financial position, and future prospects including our reputation and relationships with customers will not be adversely affected by these historical non-compliance incidents.

Furthermore, if similar complaints or claims arise against us in the future, even if they are without merit or unsuccessful, they could require us to divert management and other resources from our core business activities. This situation may erode customer confidence in the products we sell, which could materially and adversely affect our cash flow, profitability, financial condition, and overall business prospects.

Our marketing activities are vital to the success of our Group, and any failure to maintain or enhance our marketing capabilities could materially harm the market share, brand recognition, and reputation of our brand.

The effectiveness of our marketing efforts is a significant determinant of our success. We employ a diverse range of marketing strategies, utilizing both offline and online channels. This includes collaborating with key opinion leaders (KOLs), and employing sales promoters and product consultants. We also conduct in-store promotions and have introduced a membership program to encourage purchase at our stores. Additionally, we utilize online advertisements through social media platforms and offline advertisements to reach a broader audience. These various marketing initiatives are essential not only for the success of our brand but also for the overall success of our Group. For further details, please refer to the section titled "Business — Marketing and Promotion" in this prospectus.

However, our ability to sustain or develop our marketing capabilities may be adversely affected by several factors. This includes our capacity to accurately identify consumer preferences and effectively manage media resources, as well as compliance with government regulations on advertisements. Any challenges that negatively impact the scale and effectiveness of our marketing capabilities may adversely affect the market share, brand recognition, and reputation of our brand.

Furthermore, a significant increase in our marketing expenses, whether due to market conditions or other factors could negatively impact the profitability of our Group.

Our Group faces risks relating to sales concentration at key retail stores.

During the Track Record Period, the Group derived a significant portion of its total revenue generated from retail stores from a limited number of retail stores. Specifically, revenue generated from the Group's top three retail stores accounted for 46.3%, 38.0%, 28.0% and 22.1% of its total revenue generated from retail stores for FY2023, FY2024, FY2025 and 8MFY2026, respectively.

Any material decline in sales performance at these key stores, whether due to reduced foot traffic, increased local competition, store renovation, temporary closure, labour shortages, or changes in local economic conditions, could have a disproportionate and adverse impact on the Group's overall revenue and profitability. Furthermore, the loss of any of these top-performing stores due to non-renewal of leases, adverse regulatory actions, or other unforeseen events could materially and adversely affect the Group's business, financial performance and results of operations.

As most of our retail stores are situated on leased properties, we face risks associated with the commercial real estate rental market in Hong Kong. Disputes with our landlords may arise, and if we are unable to secure the renewal of existing leases on commercially favourable terms, our business, operational results, and ability to execute our growth strategy could be adversely affected.

During the Track Record Period, save for one retail store in Sheung Shui which is located on premises owned by our Group, we leased the premises for all the other retail stores, offices, and warehouse. Consequently, rental expenses represent a significant portion of our operating costs. For FY2023, FY2024 and FY2025 and 8MFY2026, our total cash outflow for leases of retail stores, offices, and the operational facilities of our warehouses amounted to approximately HK$93.4 million, HK$133.1 million, HK$168.8 million and HK$133.8 million, respectively.

Typically, our lease agreements have an initial term ranging from one to four years. Our substantial operating lease obligations expose us to significant risks, including increased vulnerability to adverse economic conditions, limitations on obtaining additional financing, and reduced cash available for other purposes. Any increase in rental costs in Hong Kong could adversely impact our business, financial condition, and operational results.

Rents may increase during the lease term or after the initial period, either at a fixed rate or in line with prevailing market rates. In instances where we lack the option to renew a lease agreement, we must negotiate renewal terms with the landlord, who may demand a rent increase and/or substantial changes to the lease terms.

Regarding our existing leases, disputes may arise with landlords concerning our current tenancies, potentially leading to claims or litigation, and we may not be able to renew these tenancies. We also compete with other retailers for prime locations in a highly competitive market for retail premises, and there is no guarantee that we will successfully enter into new lease agreements for desirable locations or renew existing leases under favourable terms.

Consequently, any inability to secure leases for attractive locations on commercially favourable terms could have a materially adverse effect on our business, financial condition, or operational results. Furthermore, if a lease is renewed at a significantly higher rent than our existing terms, or if any existing favourable conditions are not extended, we will need to assess whether renewing under these modified terms is in our best interest.

Should we fail to renew leases for our retail stores, we may be forced to close or relocate those stores. This would result in loss of sales during the closure period and could incur installation, renovation, and other costs and risks associated with new premises. Additionally, revenue and profit generated at a relocated store may fall short of the previous levels. Therefore, any inability to renew existing leases on commercially favourable terms could materially adversely affect our business, financial condition, or operational results.

The current locations of our retail stores may become less attractive, and we may struggle to identify and secure appealing new sites on reasonable terms, or potentially at all, due to intense competition from other retailers for high-quality locations.

As at the Latest Practicable Date, the majority of our retail stores were situated in commercial and tourist areas across Hong Kong. The success of these locations is heavily influenced by their strategic positioning and accessibility to consumers. As consumer preferences evolve, the desirability of these sites may shift, and the competition for locations with high pedestrian traffic is exceptionally fierce. There is no assurance that our current locations will remain favourable, especially as new market entrants and existing competitors seek to secure prime real estate.

Should any of our existing locations become less desirable, and if we are unsuccessful in obtaining new locations that meet our criteria for attractiveness and accessibility on favourable terms, our ability to implement and execute our growth strategy could be significantly hindered. This situation could lead to reduced pedestrian traffic, lower sales volumes, and ultimately impact our overall financial performance.

If we are forced to accept less advantageous lease terms or higher rental rates, our operating margins could be negatively affected. Moreover, securing locations in emerging or less saturated markets may require significant investments in marketing and brand awareness to attract consumers in those areas. If any of our existing locations become unattractive and we are unable to secure desirable new locations on favourable terms, our ability to execute our growth strategy may be adversely impacted.

The owners of some of our leased properties for retail stores have received building orders or warning notices. Any necessary rectification work conducted to comply with these orders or notices may impact our operations and performance.

During the Track Record Period, our Group had been charged and pleaded guilty to three counts of unauthorised building structures involving the construction of signboards on the external wall of the shopfront of two of our retail stores. Our Group was fined a total of HK$26,941. As at the Latest Practicable Date, there were unresolved building orders and warning notices pertaining to the premises for our three retail stores. For more details about the building order and warning notice, please refer to the section titled "Business — Properties — Leased properties" and "Business — Building Order and Warning Notice Against Our Leased Properties for Our Retail Stores."

There is no assurance that premises on which our retail stores are located are free from unauthorised structures. If any such structures need to be removed or rectified, it could disrupt the operations of the affected retail stores and adversely impact our overall performance.

Our warehouse is situated in a single location, making us vulnerable to operational breakdowns, natural disasters, or other events that could disrupt our business.

Our warehouses occupy multiple floors within a single building in Fanling, Hong Kong, which exposes us to risks of operational breakdowns due to accidents. In the event of a fire, flood, or any other natural disaster, or any circumstance beyond our control that hampers our ability to operate the warehouses, we may incur substantial additional expenses to evacuate the premises and relocate to an alternative site. Any interruption or prolonged suspension of operations, or damage to or destruction of our warehouses due to operational breakdowns or catastrophic events, could prevent us from supplying products to our customers, which may materially and adversely affect our business, financial condition, or operational results.

Additionally, the products stored in our warehouses are at risk of theft, which could severely disrupt our operations. We cannot guarantee that our insurance policies in place will adequately compensate us for any losses resulting from damage to our warehouses or disruptions to our operations. Any such losses could materially and adversely impact our business, financial condition, or operational results.

We face certain risks related to the transportation and delivery of the products, including potential delays caused by the suspension or interruption of services by our in-house logistic team, as well as increases in logistics costs.

During the Track Record Period, we sourced the products from suppliers all over the world. Generally, these suppliers arrange for the delivery of the products to our warehouse using fleet transportation and bear the associated transportation costs. For the products, we utilise our own logistics team to deliver to our retail stores.

For more details on our logistics arrangements, please refer to the section titled "Business — Inventory Management, Warehousing and Logistics — Warehousing and Logistics" in this prospectus. Fleet transportation carries inherent risks, including accidents, property loss or damage, fires, collisions, and interruptions due to mechanical failures, adverse traffic conditions, or extreme weather. If any of these events occur, we cannot guarantee timely procurement of the products to meet the customers' demand or the ability to deliver products to our retail stores as planned. Should transportation services for the products from suppliers to our warehouses and/or from our warehouses to the retail stores be suspended or disrupted, and we are unable to secure alternative transportation options promptly, our business operations, reputation, and profitability may be significantly and adversely affected.

There is no assurance that our logistics service fees will remain stable or that they will not increase in the future. If logistics service fees rise and we are unable to identify alternative providers at reasonable rates, our net profits may be reduced, thereby adversely affecting our financial condition and operational results.

Rising global political tensions may negatively impact our business.

Historically, international market conditions and the regulatory environment have been influenced by geopolitical frictions, regional conflicts, and competition among nations. Changes in trade policies, treaties, and restrictions, or the mere perception of such changes, could lead to a decline in economic conditions in the countries and territories from which we source our products and where we sell them. This could materially adversely affect our business, operational results, and financial position.

During the Track Record Period, we procured products from various overseas countries and regions. Our activities with foreign suppliers expose us to potential interruptions or cancellations in sales and procurement, along with increased costs stemming from restrictive trade policies, tariffs, and duties or the perception that such changes might occur. Growing frictions and tensions in international relations could also indirectly reduce demand for our products. Any discord between these countries or regions could render us vulnerable to negative operational, financial, and reputational impacts.

Increased political tensions might lower the levels of cross-border trade, investment, and other economic activities, which would materially and adversely affect global economic conditions and the stability of trading and financial markets, ultimately impacting our business, financial health, and operational results. Potential political tensions and trade disputes may also hinder our ability to develop or maintain business relationships with our foreign suppliers. If we do not respond to these unexpected developments promptly and effectively, our business, financial condition, and operational results may be significantly compromised.

If we are unable to effectively manage our expansion plans or secure sufficient funding for them, our business and growth prospects may be significantly hindered.

We aim to grow our business by opening additional retail stores in Hong Kong. For more details, please refer to the section titled "Business — Our Strategies" in this prospectus. Should our expansion efforts prove to be wholly or partially unsuccessful, or if we struggle to manage our new retail locations, our cash flow and profitability could be adversely affected. In such cases, we may need to seek additional financing to meet our cash requirements.

Taking on debt could increase our financial costs and may impose operating and financing covenants that restrict our expansion plans and operations, as well as our ability to pay dividends. Moreover, our ability to secure additional capital on acceptable terms is subject to various uncertainties that may be beyond our control. We cannot guarantee that future financing will be available to us in amounts or on terms that are acceptable or favourable, or even available at all. If we are unable to obtain financing on satisfactory terms, our business, financial condition, operational results, and growth prospects may suffer.

Additionally, our expansion plans may place considerable demands on our management and various resources, including operational, technological, and financial capacities. To effectively manage and support our growth, we may need to enhance our existing operational and administrative systems, strengthen our financial and management controls, improve our ability to recruit, train, and retain qualified management personnel, as well as front-line staff, administrative, sales, and marketing teams; and continue nurturing our relationships with suppliers and customers.

All of these efforts will require substantial time and attention from our senior management and could incur significant additional expenses. We cannot assure you that we will effectively manage future growth, and our ability to capitalize on new business opportunities may be materially compromised if we fail to do so. This, in turn, could adversely impact our business, financial condition, operational results, and overall prospects.

Our results of operations may experience fluctuations due to seasonality and other factors.

Various elements can cause our overall results to vary from period to period, including the timing of new store openings, associated pre-opening costs, operating expenses for newly launched stores, losses related to store closures, and seasonal fluctuations that differ by region. Typically, we generate higher revenue during the months of July and August and from December to February. Our Directors attribute such spikes to festive promotions in our retail stores during summer holidays and major public holidays such as Christmas, New Year, and Chinese New Year.

This seasonal pattern can lead to fluctuations in our operating results, making it difficult to use comparisons of our performance across different periods as reliable indicators of future performance. Moreover, if our operations are disrupted by unforeseen events during these festive seasons, our business, financial condition, and results of operations could be adversely affected.

Our success relies heavily on our key personnel, and any loss of their services or inability to attract suitable replacements could severely disrupt our business and growth prospects.

The continuous contributions of our executive directors and senior management are essential to our operations. In particular, we depend on the expertise and experience of Mr. Tse, our Chairman of the Board and Executive Director, as well as Ms. Tse, our Executive Director, in formulating our group's strategic planning and overall business development. For more details about our key personnel, please refer to the section titled "Directors and Senior Management" in this prospectus.

If one or more key personnel are unable or unwilling to continue in their roles, we may struggle to find adequate replacements, which could lead to significant disruptions in our business operations and strategic implementation. This situation may materially and adversely affect our financial condition and operational results. Additionally, we may incur substantial costs in recruiting new personnel and training existing employees, further increasing our operational expenses and negatively impacting our profitability.

We operate as an e-commerce trader in the PRC which is subject to different regulatory and licensing requirements as compared to our operations in Hong Kong.

We operate as an e-commerce trader on major e-commerce platforms in the PRC to conduct cross-border sales to customers located in the PRC. Such cross-border e-commerce trading is subject to the PRC's legal and regulatory regime which is different from Hong Kong legal and regulatory requirements. Under the PRC's legal and regulatory regime, there are specific licensing requirements on the sale, promotion and importation of various products, including pharmaceutical products, which we sell on our e-commerce platforms in the PRC. The regulatory landscape is evolving and subject to interpretation by relevant PRC authorities, including the State Administration for Market Regulation. In the past, we have received enquiries from the relevant authorities which required our responses and actions. There is no assurance that our business model as an e-commerce trader targeting the PRC market will continue to be permissible in the PRC, or that the regulatory framework will not change adversely. Any changes in the legal and regulatory requirements or interpretation of applicable laws and regulations may affect our scope of business, which may result in a reduction of the range of products that we may offer in the PRC or the cessation of our business altogether. If additional licences or approvals are required to operate our existing business or when we expand our business, we may need to incur additional time and costs to ensure compliance and apply for such licences or approvals, which may lead to operational disruptions or necessitate a restructuring of our business model. Furthermore, we may be subject to regulatory guidance, enquiries, investigations, or enforcement actions by the PRC authorities, which may be escalated to corrective or punitive orders, administrative penalties and litigation proceedings, all of which could cause adversely affect our operations, reputation and financial performance. Any compulsory alterations to our business practices pursuant to any such governmental or court order might also adversely affect our financial performance and growth prospects.

We are exposed to fluctuations in foreign currency exchange rates.

Some of our purchases are made from various overseas suppliers, including Japan and Korea, with the settlement currency for these transactions predominantly in Japanese yen and Korean won. In contrast, all our sales are generally conducted in Hong Kong dollars. The foreign currencies we deal with are not linked to the Hong Kong dollar, leading to potential fluctuations in their exchange rates.

Foreign exchange differences are classified as other gains and losses, and we recorded foreign exchange gains of approximately HK$75,000, exchange losses of HK$0.3 million, HK$1.0 million, and HK$0.5 million for FY2023, FY2024, FY2025 and 8MFY2026, respectively. Although the Hong Kong dollar is currently pegged to the U.S. dollar, there is no guarantee that this policy will remain unchanged in the future.

Our Group does not have a foreign currency hedging policy in place. Instead, we typically utilize trust receipt loans, invoice financing, and letters of credit to settle purchases in foreign currencies. Fluctuations in foreign exchange rates can significantly impact our procurement costs in Hong Kong dollars. To maintain our market competitiveness, we may find it challenging to raise retail prices to offset losses incurred from the depreciation of the Hong Kong dollar. Consequently, any depreciation of the Hong Kong dollar against foreign currencies could adversely affect our operational results.

Our insurance policies may not provide sufficient coverage for liabilities arising from claims and litigation, and our insurance premiums may increase over time.

We maintain various insurance policies that cover, among other things: (i) statutory employees' compensation for all full-time and part-time employees; (ii) contractors' public liability for interior and exterior decoration, renovation, repairs, maintenance, and reinstatement work at our retail stores; (iii) shop package insurance for contents, stock, and third-party public liability within our retail locations; (iv) stock coverage for items in our offices and warehouses; (v) medical insurance for our full-time employees; and (vi) marine cargo insurance.

However, there may be situations where we are not covered for certain types of losses, damages, or liabilities. If we are held liable for uninsured losses or if claims for insured losses exceed our coverage limits, our business, financial condition, and operational results could be materially and adversely affected.

RISKS RELATING TO OUR INDUSTRY

We operate in a highly competitive industry and cannot guarantee that we will be able to compete successfully.

According to the F&S Report, the retail market is very competitive, with numerous chain retailers operating 20 or more stores in Hong Kong. Our larger competitors may possess greater financial and marketing resources, while our smaller competitors may be more agile in responding to changes in pricing and consumer preferences.

Key competitive factors in our industry include pricing, the ability to keep up with market trends, and product quality. If we fail to compete effectively or cost-efficiently against our rivals, we risk losing market share or being unable to expand it, which could materially and adversely affect our business, operational results, financial condition, and future prospects.

We rely heavily on the Hong Kong retail sales market, and any slowdown in the Hong Kong economy could adversely impact our business, operational results, and financial performance.

During the Track Record Period, the vast majority of our revenue was generated from retail sales in our retail stores in Hong Kong, with the remainder coming from sales to wholesale customers and retail sales through online platforms. Our Directors anticipate that retail sales through retail stores in Hong Kong will remain our primary source of income following our Listing.

If Hong Kong encounters adverse economic or market conditions due to factors beyond our control, such as a local economic downturn (including any actual or forecasted recession), a decline in tourism, natural disasters, outbreaks of contagious diseases, or terrorist attacks, our overall business and operational results may be significantly affected. Consequently, any perceived or actual weakening of the economic, market, political, or regulatory environment in Hong Kong that impacts consumer spending could materially and adversely impact our business, financial condition, operational results, and future prospects.

Our employee expenses may rise due to factors beyond our control, such as changes in employee protection legislation.

For FY2023, FY2024 and FY2025 and 8MFY2026, our employee expenses were approximately HK$105.2 million, HK$174.0 million, HK$223.4 million, and HK$194.5 million, respectively. Although we have historically maintained a relatively stable ratio of employee expenses to revenue, this ratio may increase in the future due to factors beyond our control, including inflation rates, minimum wage changes, and laws related to employee salaries and benefits.

Specifically, salary levels in Hong Kong's retail industry have generally been rising. According to the F&S Report, from 2020 to 2024, the average monthly salary for all occupations in the retail sector increased at a CAGR of 2.6%, rising from HK$19,354.0 in 2020 to HK$21,471.0 in 2024. Additionally, the statutory minimum wage in Hong Kong was increased to HK$42.1 per hour effective 1 May 2025. Our operations must comply with this minimum wage requirement, and any further increases will lead to higher employee expenses.

We may not be able to effectively raise our prices to offset these increased employee costs, which could result in losing some customers due to higher prices. In such cases, our business, financial condition, and operational results could be materially and adversely affected.

We operate in a regulated industry, which exposes our Group to potential liabilities from litigation that could impact our business operations and reputation.

The retail business which our Group is principally engaged in, is regulated by various laws and regulations relating to food safety, food labelling, consumer goods safety and intellectual property rights in Hong Kong, such as those set out in the "Regulatory Overview" section.

In compliance with relevant legislation and regulations, our Group is required to obtain the necessary licenses, certificates, or registrations to operate our business. These licenses and certificates may impose specific requirements regarding labelling, advertising, and the importation of certain products. During our regular business operations, we face the risk of liability arising from non-compliance with these laws and regulations, particularly if our employees are not well-versed in the applicable rules. Such actions could lead to adverse publicity, which may negatively impact our brand and reputation.

RISKS RELATING TO THE GLOBAL OFFERING

An active trading market for our Shares on the Stock Exchange might not develop or be sustained, and the market price of our Shares may be volatile.

After the completion of the Global Offering, we cannot guarantee that a vibrant trading market for our Shares will emerge or remain stable on the Stock Exchange. The Offer Price of our Shares is established through negotiations between our Company and the Overall Coordinator (acting on behalf of the Underwriters), which may not reflect the trading price of our Shares after the Global Offering. Consequently, the market price of our Shares could fall below the Offer Price at any time after the Global Offering.

Our Controlling Shareholders may have significant influence over our operations, potentially misaligning with the interests of independent Shareholders.

Immediately following the Global Offering, our Controlling Shareholders will hold approximately 75% of the Shares, excluding the effects of the Over-allotment Option. The interests of our Controlling Shareholders may differ from those of other Shareholders. If conflicts arise between their interests and those of independent Shareholders, the latter may be adversely affected by the decisions made by the Controlling Shareholders. Additionally, they may have considerable influence over the outcome of corporate transactions and other matters requiring Shareholder approval, such as mergers, asset sales, and the election of Directors. Our Controlling Shareholders are not obligated to prioritize the interests of other Shareholders.

The price and trading volume of our Shares may experience volatility, potentially leading to significant losses for investors participating in the Global Offering.

Various factors, including changes in our revenue, earnings, cash flows, new investments, regulatory updates, key personnel changes, or competitors' actions, could lead to unexpected fluctuations in the market price or trading volume of our Shares. Stock prices have experienced notable volatility in recent years, which may not always correlate directly with the performance of the companies involved. Such volatility, along with broader economic conditions, could adversely impact Share prices, leading to significant losses for investors.

Investors in our Shares during the Global Offering will face immediate dilution and may encounter further dilution if we issue additional Shares in the future.

The Offer Price of our Shares exceeds the net tangible assets value per Share before the Global Offering, meaning that investors will experience immediate dilution in the pro forma net tangible assets value per Share. To support business growth, we may consider issuing additional Shares in the future to raise funds for expansion, ongoing operations, or acquisitions. If these additional funds are raised through new shares or equity-linked securities issued outside a pro-rata basis to existing Shareholders, then (i) the ownership percentage of existing Shareholders may decrease, leading to further dilution and a reduction in earnings per Share, (ii) new securities may have rights, preferences, or privileges that are superior to those of existing Shareholders, and/or (iii) investors may see further dilution in the net tangible assets value per Share if additional Shares are issued at a price lower than the net tangible assets value.

Significant future sales or divestments of Shares by major Shareholders could negatively impact the prevailing market price of our Shares.

Certain Shareholders are subject to specific lock-up periods, as detailed in the section titled "Underwriting" of this prospectus. However, we cannot ensure that these Shareholders will not sell Shares after the lock-up periods expire. The sale of large quantities of our Shares in the public market, or even the perception that such sales may occur, could have a materially adverse effect on the prevailing market price of our Shares. Consequently, the market price upon trading commencement could be lower than the Offer Price.

The Offer Price will be determined on the Price Determination Date, but trading will not begin until the Shares are delivered.

The Shares will not start trading on the Stock Exchange until delivery, which is anticipated to occur a few Business Days after the expected Price Determination Date. During this interim period, investors may be unable to sell or trade their Shares, exposing them to the risk that the price may be lower when trading begins due to unfavourable market conditions or other adverse developments during that time.

Investors should be cautious about relying on facts, forecasts, estimates, and statistics in this prospectus related to the economy and our industry from official government sources.

The facts, forecasts, estimates, and other statistics presented in this prospectus regarding the economy and our industry have been sourced from official government materials. While we have taken reasonable care to compile and reproduce this information, we cannot guarantee its accuracy or completeness. The information derived from government publications has not been independently verified by the Relevant Parties. As such, no assurances are made regarding its reliability.

It is important to note that due to potential flaws in data collection methods or discrepancies between published data and actual market conditions, the information may be inaccurate or not directly comparable to statistics from other countries. The statistics and industry data sourced from official government publications may also differ from information available from other sources. Consequently, investors should exercise caution and not place undue reliance on these facts, forecasts, estimates, and statistics when making investment decisions.

If securities or industry analysts do not publish research reports about our business, or if they downgrade their recommendations regarding our Shares, the market price and trading volume of our Shares may decline.

The trading market for our Shares will be influenced by research and reports published by industry or securities analysts. A downgrade by any of these analysts could lead to a decline in the price of our Shares. If analysts cease coverage of our Company or fail to publish reports regularly, we may lose visibility in the financial markets, potentially causing a decrease in our stock price or trading volume.

We may incur increased costs as a result of becoming a listed company.

Due to the Global Offering, we may face heightened administrative and compliance requirements that could lead to significant costs. As a public company, our management team will need to develop the expertise necessary to meet various regulatory obligations, including corporate governance and investor relations. Our management will need to evaluate our internal controls with new standards and implement necessary changes. We cannot guarantee that we will manage these demands effectively and in a timely manner. Failure to do so could adversely affect our operational efficiency, financial health, and market perception.

We may not be able to distribute dividends to our Shareholders.

We cannot guarantee when or in what form dividends will be paid on our Offer Shares after the Global Offering. The Board proposes dividends based on several factors, including our financial performance, capital requirements, and overall business conditions. We may not have sufficient profits to make dividend distributions in the future, even if our financial statements indicate profitability.

Investors may face challenges in enforcing their Shareholder rights.

Our Company is an exempted company incorporated in the Cayman Islands with limited liability, and the laws of the Cayman Islands differ in certain respects from those of Hong Kong or other jurisdictions where investors may reside. Our corporate affairs are governed by the Memorandum and Articles of Association, the Companies Act, and the common law of the Cayman Islands. The rights of Shareholders to take legal actions against our Company and/or our Directors, actions by minority Shareholders, and the fiduciary duties of our Directors to our Company under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedents in the Cayman Islands, as well as from English common law, which has persuasive but not binding authority on a court in the Cayman Islands. The rights of Shareholders and the fiduciary duties of our Directors under Cayman Islands law may not be as clearly established as they would be under statutes or judicial precedents in Hong Kong or other jurisdictions where investors reside. In particular, the Cayman Islands has a less developed body of securities laws. As a result of all of the above, Shareholders may have more difficulty in exercising their rights in the face of actions taken by the management of our Company, Directors or major Shareholders than they would as shareholders of a Hong Kong company or company incorporated in other jurisdictions.

Forward-looking information in this prospectus is subject to risks and uncertainties.

This prospectus includes certain statements and information that are forward-looking, employing terminology such as "anticipate", "believe", "could", "going forward", "intend", "plan", "project", "seek", "expect", "may", "ought to", "should", "would", or "will", as well as similar expressions. You are advised that relying on any forward-looking statement entails risks and uncertainties, and that the assumptions underlying such statements may prove to be inaccurate, which would consequently render the forward-looking statements themselves incorrect. Given these and other risks and uncertainties, the presence of forward-looking statements in this prospectus should not be interpreted as representations or guarantees by us that our plans and objectives will be realized. These statements should be evaluated in the context of various significant factors, including those outlined in this section. Subject to the requirements of the Listing Rules, we do not plan to publicly update or revise the forward-looking statements in this prospectus, whether due to new information, future events, or otherwise. Therefore, you should not place excessive reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by this cautionary statement.

WAIVER IN RESPECT OF STRICT COMPLIANCE WITH RULE 4.04(1) OF THE LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH SECTION 342(1) IN RELATION TO PARAGRAPH 27 OF PART I AND PARAGRAPH 31 OF PART II OF THE THIRD SCHEDULE TO THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Rule 4.04(1) of the Listing Rules requires this prospectus to include, among other things, details of the financial results of the company for the financial year immediately preceding the issue of this prospectus, being the year ended 31 March 2026 or such shorter period as may be acceptable to the Stock Exchange.

Section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires, subject to section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, all prospectuses to state the matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and set out the reports specified in Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

According to paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, a listing applicant is required to include in its prospectus a statement as to the gross trading income or sales turnover (as may be appropriate) of the listing applicant during each of the three financial years immediately preceding the issue of its prospectus, as well as an explanation of the method used for the computation of such income or turnover and a reasonable breakdown of the more important trading activities.

According to paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, a listing applicant is required to include in its prospectus a report by the auditors of the listing applicant with respect to profits and losses and assets and liabilities in respect of each of the three financial years immediately preceding the issue of the prospectus.

According to section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFC may issue, subject to such conditions (if any) as it thinks fit, a certificate of exemption from compliance with the relevant requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interests of the investing public and compliance with the relevant requirements would be irrelevant or unduly burdensome, or is otherwise unnecessary or inappropriate.

Chapter 1.1A of the Guide for New Listing Applicants has provided the conditions for granting a waiver from strict compliance with Rule 4.04(1) of the Listing Rules.

The Accountants' Report for each of the three years ended 31 March 2025 and the eight months ended 30 November 2025 has been prepared and is set out in Appendix I to this prospectus.

Pursuant to the relevant requirements set out above, our Company is required to include three full years of audited accounts for the three years ended 31 March 2026 in this prospectus. As such, an application has been made to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules, and such waiver has been granted by the Stock Exchange on the conditions that:

(a) this prospectus will be issued on or before 28 May 2026 and the Company's Shares will be listed on or before 30 June 2026, i.e. three months after the latest financial year-end;

(b) in accordance with Chapter 1.1A of the Guide for New Listing Applicants, a profit estimate for the financial year ended 31 March 2026 has been included in this prospectus, in compliance with Rules 11.17 to 11.19 of the Listing Rules and a Directors' statement that there is no material and adverse change to the financial and trading positions or prospects of our Company, with specific reference to the trading results from 1 December 2025 to 31 March 2026; and

(c) our Company obtains a certificate of exemption from the SFC on strict compliance with paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

An application has also been made to the SFC for a certificate of exemption from strict compliance with the requirements under section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and a certificate of exemption has been granted by the SFC under section 342A(1)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that:

(a) the particulars of the exemption are disclosed in this prospectus; and

(b) the Prospectus will be issued on or before 28 May 2026 and the Company's Shares will be listed on the Stock Exchange on or before 30 June 2026, i.e. three months after the latest financial year-end.

The applications to Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules and to the SFC for a certificate of exemption from strict compliance with the requirements under section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance have been made on the grounds, among others, that strict compliance with the above requirements would be unduly burdensome and the waiver and exemption would not prejudice the interests of the investing public as:

(a) there would not be sufficient time for our Company and the reporting accountants of our Company (the "**Reporting Accountants**") to finalize the audited financial statements for the year ended 31 March 2026 for inclusion in this prospectus. If the financial information for the year ended 31 March 2026 is required to be audited, our Company and the Reporting Accountants would have to carry out substantial volume of work to prepare, update and finalize the Accountants' Report and this prospectus, and the relevant sections of the prospectus will need to be updated to cover such additional period. This would involve additional time and costs since substantial work is required to be carried out for audit purposes. It would be unduly burdensome for the audited results for the year ended 31 March 2026 to be finalized in a short period of time. Our Directors consider that the benefits of such work to the existing and prospective shareholders of our Company may not justify the additional work and expenses involved and the delay of the listing timetable;

(b) our Directors and the Sole Sponsor confirm, after performing sufficient due diligence work up to the date of this prospectus, that there has been no material adverse change to the financial and trading positions or prospects of the Group since 1 December 2025 (immediately following the date of the latest audited statement of financial position in the Accountants' Report set out in Appendix I to this prospectus) up to the date of this prospectus, and there has been no event since 1 December 2025 which would materially affect the information contained in the Accountants' Report as set out in Appendix I to this prospectus, the financial information section, the profit estimate as set out in Appendix IIB to this prospectus and information regarding the Company's recent development subsequent to the Track Record Period and up to the date of this prospectus;

(c) our Company and the Sole Sponsor are of the view that the Accountants' Report covering the three years ended 31 March 2025 and the eight months ended 30 November 2025, together with the profit estimate for the year ended 31 March 2026 (in compliance with Rules 11.17 to 11.19 of the Listing Rules) included in this prospectus have already provided the potential investors with adequate and reasonably up-to-date information in the circumstances to form a view on the track record and earnings trend of our Company; and our Directors confirm that all information which is necessary for the investing public to make an informed assessment of the activities assets and liabilities, financial position, trading position, management and prospects has been included in this prospectus. Therefore, the waiver and exemption would not prejudice the interests of the investing public; and

(d) our Company will comply with the requirements under Rules 13.46(2) and 13.49(1) of the Listing Rules in respect of the publication of our annual results and annual report. Our Company currently expects to issue our annual results and annual report for the financial year ended 31 March 2026 on or before 30 June 2026 and 31 July 2026, respectively. In this regard, our Directors consider that the Shareholders, the investing public as well as potential investors of our Company will be kept informed of the financial results of our Group for the financial year ended 31 March 2026.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make this prospectus or any statement herein misleading.

THIS HONG KONG PUBLIC OFFERING AND THE PROSPECTUS

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus set out the terms and conditions of the Hong Kong Public Offering. See ''How to Apply for Hong Kong Offer Shares'' for details of the procedures for applying for the Hong Kong Offer Shares.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and conditions set out herein and therein. No person has been authorised to give any information or make any representations other than those contained in this prospectus and, if given or made, such information or representations must not be relied on as having been authorised by any of the Relevant Parties. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with our Shares shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information in this prospectus is correct as of any subsequent time.

STRUCTURE OF THE GLOBAL OFFERING AND UNDERWRITING

See ''Structure of the Global Offering'' for details of the structure of the Global Offering, including its conditions and the arrangements relating to the Over-allotment Option and stabilisation.

The Listing is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement. See ''Underwriting'' for details of the Underwriters and the underwriting arrangements.

RESTRICTIONS ON OFFER OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to confirm, and is deemed by his acquisition of Hong Kong Offer Shares to have confirmed, that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered, any Offer Shares in circumstances that contravene any such restrictions.

No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the securities laws of such jurisdiction pursuant to registration with or an authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered and sold, and will not be offered or sold, directly or indirectly in the PRC or the United States.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company has applied to the Listing Committee for the granting of the listing of and permission to deal in the Shares in issue and to be issued pursuant to the Global Offering (including any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option). Dealings in the Shares on the Stock Exchange are expected to commence on the Listing Date.

Save as disclosed in this prospectus, no part of our share capital or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the Stock Exchange granting the listing of, and permission to deal in, our Shares on the Stock Exchange and we complying with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All necessary arrangements have been made for the Shares to be admitted into CCASS. All activities under CCASS are subject to the general rules of HKSCC and HKSCC operational procedures in effect from time to time. You should seek the advice of your stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect your rights and interests.

HONG KONG REGISTER OF MEMBERS AND STAMP DUTY

All Shares issued by us pursuant to applications made in the Hong Kong Public Offering will be registered on our register of members to be maintained by our Hong Kong Share Registrar, Tricor Investor Services Limited, in Hong Kong. Our principal register of members will be maintained by our principal share registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands.

No stamp duty is payable by applicants in the Global Offering.

Dealings in the Shares registered on our register of members in Hong Kong will be subject to Hong Kong stamp duty.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of, dealing in or exercising any rights in relation to, the Shares. None of the Relevant Parties accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding, disposition of, dealing in, or exercising any rights in relation to, the Shares.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations of certain RMB amounts into Hong Kong dollars at a specified rate. Unless we indicate otherwise, the translations of RMB into Hong Kong dollars and vice versa have been made at the rate of HK$1.00 to RMB0.91023 in this prospectus.

No representation is made that any amount in RMB or Hong Kong dollars can be or could be, or have been, converted at the above rate or any other rate or at all.

LANGUAGE

If there is any inconsistency between this prospectus and its Chinese translation, this prospectus shall prevail. For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

ROUNDING

Amounts and percentage figures, including share ownership, operating and financial data in this prospectus, may have been subject to rounding adjustments. In this prospectus, where information is presented in millions, amounts of less than one hundred thousand have been rounded to the nearest hundred thousand, unless otherwise indicated or the context requires otherwise. Amounts presented as percentages have been rounded to the nearest tenth of a percent, unless otherwise indicated or the context requires otherwise. Accordingly, total of rows or columns of numbers in tables may not be equal to the apparent total of the individual items.

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
Mr. Tse Siu Hoi (謝少海)	68, San Uk Tsuen, Lung Yeuk Tau, New Territories, Hong Kong	Chinese
Ms. Tse Chui Ying (謝翠瑩)	68, San Uk Tsuen, Lung Yeuk Tau, New Territories, Hong Kong	Chinese
Independent non-executives Directors		
Mr. Chu Woon Ming (朱煥明)	12 Santa Monica Avenue, Royal Palms, Phase A, Yuen Long, New Territories, Hong Kong	Chinese
Mr. Yau Sheung Yu (尤向宇)	Flat D, G/F, Tower 15, 21 Fo Chun Road, Mayfair by the Sea II, Pak Shek Kok, Tai Po, New Territories, Hong Kong	Chinese
Ms. Woo Pui Yan Joyce (胡珮茵)	4G Pine Mansion, Taikoo Shing, Hong Kong	Chinese

Further information is set out in the section headed ''Directors and Senior Management'' in this prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor, Overall Coordinator, Sole Global Coordinator, Joint Bookrunner, Joint Lead Manager and Capital Market Intermediary	**DBS Asia Capital Limited** 73/F The Center 99 Queen's Road Central Hong Kong
Joint Bookrunners, Joint Lead Managers and Capital Market Intermediaries ***(in alphabetical order)***	**CMB International Capital Limited** 45/F, Champion Tower 3 Garden Road Central Hong Kong
	Phillip Securities (Hong Kong) Limited 11/F United Centre 95 Queensway Hong Kong
	SPDB International Capital Limited 33/F, SPD Bank Tower One Hennessy 1 Hennessy Road Hong Kong
	uSmart Securities Limited Room 2405–06, 24/F 308 Central Des Voeux Sheung Wan Hong Kong
Legal advisors to our Company	*As to Hong Kong law:* **Deacons** 5/F Alexandra House 18 Chater Road Central Hong Kong
	As to Hong Kong regulatory and compliance matters: **Ms. Queenie W.S. Ng** *Barrister-at-law, Hong Kong* Unit D, 33/F, United Centre, 95 Queensway, Admiralty, Hong Kong
	As to Cayman Islands law: **Conyers Dill & Pearman** 29/F One Exchange Square 8 Connaught Place Central Hong Kong
	As to PRC law: **Jincheng Tongda & Neal Law Firm** 11th Floor, China World Tower A, No. 1 Jianguo Menwai Avenue, Chaoyang District, Beijing

Legal advisors to the Sole Sponsor and the Underwriters	*As to Hong Kong law:* **King & Wood** 13/F Gloucester Tower The Landmark 15 Queen's Road Central Central Hong Kong
Auditor and reporting accountant	**Deloitte Touche Tohmatsu** *Certified Public Accountants and Registered Public Interest Entity Auditor* 35/F, One Pacific Place 88 Queensway Hong Kong
Compliance Advisor	**DBS Asia Capital Limited** 73/F The Center 99 Queen's Road Central Hong Kong
Industry consultant	**Frost & Sullivan Limited** Suite 3006, Two Exchange Square 8 Connaught Place Central Hong Kong
Property Valuer	**AVISTA Valuation Advisory Limited** Suites 2401–06, 24/F Everbright Centre No. 108 Gloucester Road Wan Chai, Hong Kong
Receiving bank	**DBS Bank (Hong Kong) Limited** 16/F The Center 99 Queen's Road Central Hong Kong **Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong

Registered Office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters and Principal Place of Business in Hong Kong	5/F, Lung Fung Group Centre, 23 Yip Cheong Street, Fanling, New Territories, Hong Kong
Company's Website	**https://www.lungfung.hk** ***(Note: the information on this website does not form part of this prospectus)***
Company Secretary	Ms. Lam Yin Ling 31/F, 148 Electric Road, North Point, Hong Kong
Authorized Representatives	Ms. Lam Yin Ling 31/F, 148 Electric Road, North Point, Hong Kong Mr. Tse Siu Hoi 68, San Uk Tsuen, Lung Yeuk Tau, New Territories, Hong Kong
Audit Committee	Ms. Woo Pui Yan Joyce *(Chairlady)* Mr. Chu Woon Ming Mr. Yau Sheung Yu
Remuneration Committee	Mr. Yau Sheung Yu *(Chairman)* Mr. Chu Woon Ming Ms. Woo Pui Yan Joyce Mr. Tse Siu Hoi
Nomination Committee	Mr. Chu Woon Ming *(Chairman)* Mr. Yau Sheung Yu Ms. Woo Pui Yan Joyce Ms. Tse Chui Ying

Principal Share Registrar and Transfer Office	**Conyers Trust Company (Cayman) Limited** Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong Share Registrar	**Tricor Investor Services Limited** 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Principal banks	**DBS Bank (Hong Kong) Limited** 11th Floor, The Center, 99 Queen's Road Central, Hong Kong
	Bank of China (Hong Kong) Limited 14th Floor, Bank Of China Tower, No.1 Garden Road, Hong Kong
	Hang Seng Bank, Limited Hang Seng Bank Bldg., 83 Des Voeux Road Central, Hong Kong
	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central, Hong Kong
	Chong Hing Bank Limited Ground Floor, Chong Hing Bank Centre, 24 Des Voeux Road Central, Hong Kong

The information contained in this section, unless otherwise indicated, have been derived from various official government publications and other publications generally believed to be reliable and the market research report prepared by Frost & Sullivan which we commissioned. We believe that the sources of information from official government sources, namely Nominal GDP in Hong Kong released by IMF, Annual Household Consumption Expenditure in Hong Kong released by Census and Statistics Department of Hong Kong, Total Visitor Arrivals in Hong Kong released by Hong Kong Tourism Board and Total Retail Sales of Consumer Goods in Hong Kong released by Census and Statistics Department of Hong Kong, are appropriate sources for information from official government sources and have taken reasonable care in extracting and reproducing information from official government sources. Our Directors and the Sole Sponsor have exercised reasonable care in selecting and identifying the named information sources, compiling, extracting and reproducing the information, and ensuring no material omission of the information. We have no reason to believe that information from official government sources is false or misleading in any material respect or that any fact has been omitted that would render information from official government sources false or misleading in any material respect. None of the Relevant Parties, except for Frost & Sullivan, has independently verified information from official government sources nor give any representation as to the accuracy or completeness of information from official government sources. As such, you should not unduly rely upon information from official government sources in making, or refraining from making, any investment decision.

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on the consumer goods retail industry in Hong Kong. The report prepared by Frost & Sullivan for us is referred to in this listing document as Industry Report. We agreed to pay Frost & Sullivan a fee of HKD450,000 which we believe reflects market rates for reports of this type.

Founded in 1961, Frost & Sullivan has 40 offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists globally. Frost & Sullivan's services include technology research, independent market research, economic research, corporate best practices advising, training, client research, competitive intelligence and corporate strategy.

We have included certain information from the Industry Report in this listing document because we believe this information facilitates an understanding of the consumer goods retail industry in Hong Kong for the prospective investors. The Industry Report includes information of the consumer goods retail in Hong Kong as well as other economic data, which have been quoted in the listing document. Frost & Sullivan's independent research consists of both primary and secondary research obtained from various sources in respect of the consumer goods retail industry in Hong Kong. Primary research involved in-depth interviews with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database. Projected data were obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related factors. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Industry Report, various official government publications and other publications.

In compiling and preparing the research, Frost & Sullivan assumed that the social, economic and political environments in the relevant markets are likely to remain stable in the forecast period, which ensures the steady development of the consumer goods retail industry in Hong Kong.

OVERVIEW OF MACRO ECONOMY IN HONG KONG

Nominal GDP (Hong Kong), 2020–2029E

According to the Census and Statistics Department of the Hong Kong Government, Hong Kong's nominal GDP grew at a CAGR of 4.4%, rising from HK$2,675.8 billion in 2020 to HK$3,177.0 billion in 2024. This economic growth was primarily driven by the government's effective measures to control recurring COVID-19 outbreaks starting in 2020. However, a 2.1% decline in nominal GDP occurred in 2022 due to a severe COVID-19 outbreak that significantly impacted economic activity and sentiment in Hong Kong.

Looking forward, Hong Kong authorities are expected to prioritize consistent and stable macroeconomic policies to ensure sustained economic stability. The ongoing recovery of the tourism sector is also a key driver of economic growth. According to projections by the International Monetary Fund (IMF), Hong Kong's nominal GDP is forecasted to increase from HK$3,292.0 billion in 2025 to HK$3,936.1 billion in 2029, with a CAGR of 4.6%.

Annual Household Consumption Expenditure, 2020–2029E

Driven by rising annual disposable income, Hong Kong's annual household consumption expenditure grew from HK$362,760 in 2020 to HK$427,857 in 2024, reflecting a CAGR of 4.2%. With per capita disposable income projected to increase, annual household consumption expenditure is expected to reach HK$538,172 by 2029, with a CAGR of 4.9% from 2025 onward.

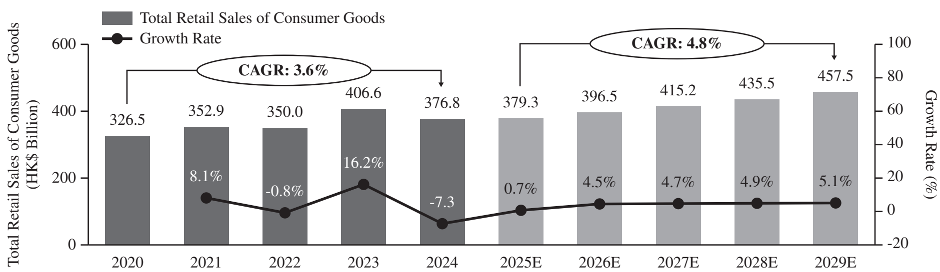
Total Visitor Arrivals (Hong Kong), 2020–2029E

According to the Hong Kong Tourism Board, total visitor arrivals plummeted from 3.6 million in 2020 to just 0.1 million in 2021, a 97.5% decline, primarily due to stringent travel restrictions and mandatory quarantine measures during the COVID-19 pandemic. However, effective government measures to control the virus led to a significant rebound in tourism in 2023 and 2024, with visitor arrivals achieving a CAGR of 87.5% from 2020 to 2024. Following the end of the COVID-19 pandemic, inbound visitor numbers are projected to recover steadily, reaching 67.5 million by 2029, with a CAGR of 8.3% from 2025 onward.

Total Retail Sales of Consumer Goods (Hong Kong), 2020–2029E

Hong Kong's total retail sales of consumer goods grew moderately from HK$326.5 billion in 2020 to HK$376.8 billion in 2024, achieving a CAGR of 3.6%. The drop in total retail sales of consumer goods in Hong Kong in 2024 is primarily due to evolving consumption dynamics in the post-pandemic landscape. Key contributing factors included shifts in spending preferences among mainland Chinese visitors, who increasingly prioritized experiential, cultural, and entertainment options over traditional shopping; a relatively strong Hong Kong dollar that influenced regional price competitiveness; and greater outbound travel by local residents, including cross-border visits to nearby cities in the Greater Bay Area for leisure and purchases. These developments led to softer performance in certain discretionary categories, such as luxury goods, jewellery, and durable items. Despite significant disruptions to economic activities, particularly in offline retail due to the COVID-19 pandemic, increasing disposable income and effective government measures have driven the recovery of the consumption market. With stable economic growth and a strong rebound in the tourism sector, total retail sales of consumer goods are projected to continue rising, reaching HK$457.5 billion by 2029, with a CAGR of 4.8% from 2025 to 2029.

Total Retail Sales of Consumer Goods (Hong Kong), 2020–2029E



Source: Census and Statistics Department of Hong Kong, Frost & Sullivan

OVERVIEW OF CONSUMER GOODS RETAIL IN HONG KONG

Definition and Segmentation

Consumer Goods Retail refers to the sector encompassing the sale of everyday consumer products directly to end-users for personal, household, or pet use, through physical stores, e-commerce platforms, and hybrid omni-channel models. As a key pillar of the retail industry in Hong Kong, it could be further divided into (i) beauty products, (ii) health products and (iii) pharmaceutical products and (iv) household and daily essentials and foods.

Value Chain Analysis

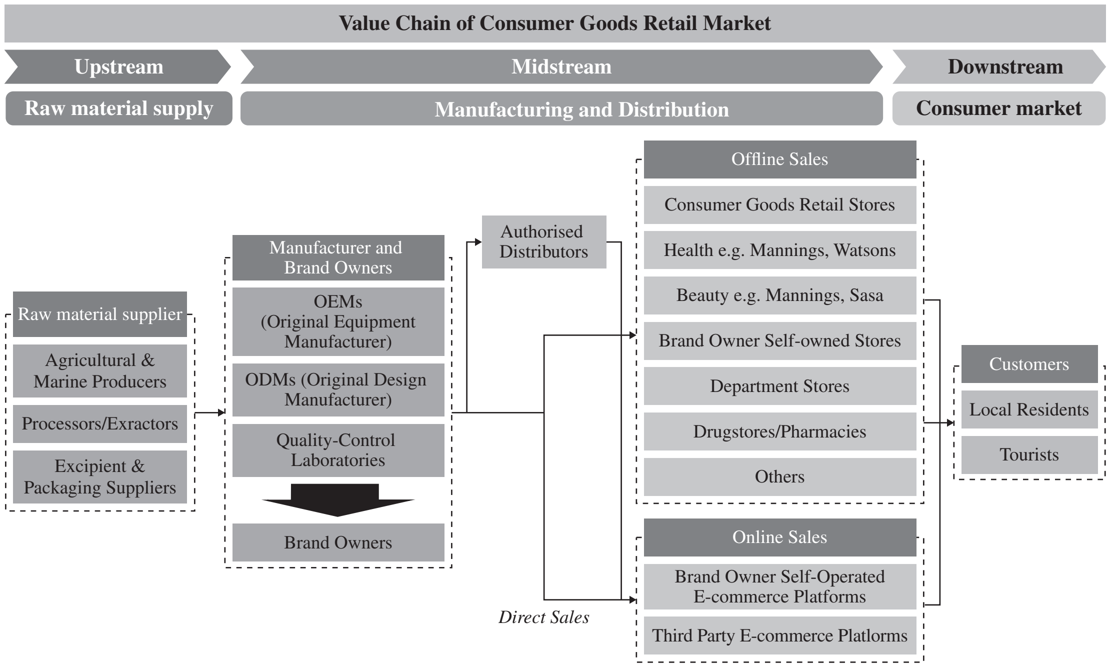
In the consumer goods retail markets, the value chain can be divided into three clearly delineated tiers that pass materials and information sequentially downstream.

The industry value chain begins with upstream agricultural and marine producers that cultivate or harvest botanical, animal and algal inputs, as well as mineral and synthetic beauty, health and pharmaceutical products precursors.

In the midstream, manufacturing and brand stewardship sector include Original-Equipment Manufacturers ("**OEMs**") who provide toll production to brand owners that supply their own formulas; Original-Design Manufacturers (ODMs) offer turnkey, factory-designed formulations. Independent quality-control laboratories verify compliance with Good Manufacturing Practice ("**GMP**"), microbiological and heavy-metal standards, while Brand Owners direct formulation strategy, marketing and intellectual-property management.

Finished goods are then flow to a dual retail architecture. Offline channels comprise consumer goods retail chain stores, brand owner self-owned stores, department stores, drugstores/pharmacies and others, where merchandising fees and in-store promotion determine shelf visibility. Parallel to this, online channels include brand owner self-owned e-commerce sites and major third-party marketplaces, both of which furnish real-time sell-through data that feeds back to brand and manufacturing partners for demand planning.

The final purchasers are domestic residents and a cohort of inbound tourists, whose spending is often concentrated in flagship retail districts.

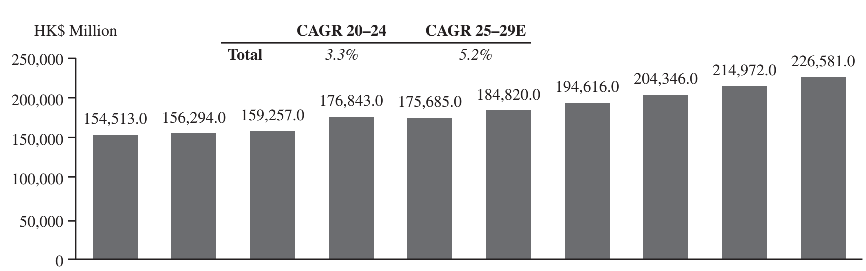


Source: Frost & Sullivan

Market Size of Beauty, Health and Pharmaceutical, Food, Beverages, and Related Products by Retail Sales Value in Hong Kong

Retail sales value of beauty, health and pharmaceutical, food, beverages, and related products in Hong Kong increased from HK$154,513.0 million in 2020 to HK$175,685.0 million in 2024, representing a CAGR of 3.3% from 2020 to 2024. The growth is attributed to reopening of borders and tourism resurgence, economic normalization, digital transformation and e-commerce acceleration. The reopening of borders in 2023 spurred a tourism surge, particularly from mainland Chinese visitors, boosting demand for beauty products and daily essentials. The rapid shift to e-commerce and omni-channel models during the pandemic sustained growth, with platforms like Taobao and local apps thriving. Together these dynamics support the industry revenue to be projected to reach HK$226,581.0 million by 2029, implying an accelerated CAGR of approximately 5.2% during 2025 to 2029.

Retail Sales Value of Beauty, Health and Pharmaceutical, Food, Beverages, and Related Products (Hong Kong), 2020–2029E



Source: Census and Statistics Department of Hong Kong, Frost & Sullivan

Market Drivers and Trends

1. Surging demand for one-stop shopping experience

The consumer goods retail market in Hong Kong is experiencing growth due to enhanced accessibility through both online and physical retail channels. E-commerce platforms have improved product visibility and expanded customer reach, while companies are increasingly leveraging chain retailers like Watsons, Mannings and the Group to tap into their convenience and widespread popularity. Central to this growth is Hong Kong consumers' strong preference for one-stop shopping experiences, where busy urban lifestyles and limited time drive demand for a single retail destination that seamlessly combines (i) beauty products, (ii) health products and (iii) pharmaceutical products, and (iv) household and daily essentials and foods under one roof. This integrated approach eliminates the need to visit multiple specialized outlets, offering convenience for families, working professionals, and elderly shoppers alike who can pick up vitamins and supplements, over-the-counter medicines, skincare and cosmetics, as well as groceries, cleaning supplies, and pantry staples in a single trip. These stores drive market expansion by actively broadening their product categories to meet this one-stop demand, evolving from traditional pharmacy or beauty-focused formats into comprehensive lifestyle hubs. For instance, retailers now stock extensive ranges of functional foods, nutritional supplements, prescription and OTC medications, premium beauty lines, and everyday household items all strategically displayed to encourage cross-category purchases. In this regards, the Group promotes one-stop shopping experience by offering spacious and comfortable environment along with diverse product offering. Our retail store at Gala Place in Mong Kok, offers a spacious shopping environment with a GFA of approximately 17,500 sq.ft.. Eye-catching promotions, bundled offers, and loyalty programs further reinforce the appeal, fostering consumer confidence in the reliability and variety available in one trusted location. Together, online and off-line channels serve diverse groups, from older adults seeking accessible health solutions to younger consumers exploring trendy beauty and wellness items, further contributing to the continued rise of beauty, health and pharmaceutical, and daily essentials products in Hong Kong.

2. Continued Product Expansion

The beauty, health and pharmaceutical products industry in Hong Kong is witnessing robust growth, driven by product diversification. In particular, the introduction of plant-based, organic, and personalized supplements, which broaden market appeal and cater to diverse demographics, including health-conscious millennials, fitness enthusiasts, and aging populations seeking targeted solutions like cognitive or joint health support. Integrated retail strategies are adopted by major retail chain stores such as Watsons, Mannings, and the Group, as well as various e-commerce platforms, offering extensive product coverage that includes cosmetics, health supplements, medicines, foods, personal care items, and a wide range of household goods. These strategies combine physical and online channels to enhance customer experience, streamline operations, and optimize inventory management. By leveraging data analytics, loyalty programs, and omni-channel approaches, these retailers ensure seamless access to diverse products, catering to evolving consumer preferences across beauty, wellness, and everyday essentials. These offerings intensify competition and spur innovation, aligning with global wellness trends such as clean-label products and sustainable sourcing.

3. Recovery of tourism

According to the Hong Kong Tourism Board's report, total visitor arrivals has recorded only 3.6 million and continued decreased by 97.5% to 0.1 million in 2021, mainly due to the severe travel restrictions and mandatory quarantine measures implemented in response to the COVID-19 pandemic. Tourism activities in Hong Kong rebounded significantly in 2023 and 2024 with the visitor arrival of 34.0 million in 2023 and 44.5 million in 2024. The recovery of Hong Kong's tourism sector has driven sales of beauty, health and pharmaceutical products. Major retail chains benefit from increased tourist footfall in shopping hubs like Tsim Sha Tsui and Causeway Bay, where visitors, especially from Chinese Mainland purchase portable items such as skincare, supplements, and medicines due to their quality and duty-free appeal.

4. Rising popularity of Japanese and Korean consumer products in HK

The rising popularity of Japanese and Korean consumer products, particularly in beauty, health and pharmaceutical, drives retail sales in Hong Kong due to their cultural appeal, perceived quality, and strong demand from both locals and tourists. K-Beauty (e.g., Dr.Jart+, Laneige) and J-Beauty (e.g., SK-II, Shiseido) products, including skincare, cosmetics, and supplements like collagen drinks, are highly sought after for their innovative formulations and association with Asian beauty trends like "glass skin," fueled by social media and cultural phenomena like K-pop. Together with the tourism recovery in Hong Kong, the demand is further enlarged, as mainland Chinese tourists purchase these products in bulk for their authenticity and duty-free pricing.

Market Challenges

1. Increased competition

Increased competition presents a market challenge for sales of beauty, health and pharmaceutical products in Hong Kong, as the influx of local and international brands, e-commerce platforms, and cross-border platforms, are all vying for a share of the market. The crowded digital advertising space, including social media and livestreams, requires high marketing budgets to stand out, particularly for smaller brands competing with large retail chain stores. To succeed, companies must innovate with unique formulations or niche offerings and leverage targeted digital strategies.

2. Evolving consumer preferences

Evolving consumer preferences in Hong Kong's beauty, health and pharmaceutical products market underscore the dynamic nature of consumer behavior, shaped by cultural shifts, social media trends, and growing health consciousness. To stay competitive, brands must show agility by actively tracking market trends, consumer feedback, and new technologies. Companies need to innovate their product lines, refine marketing approaches, and enhance real-time customer engagement to meet these demands. Brands that fail to adapt risk losing market share to competitors who more swiftly align with changing consumer expectations.

Cost Analysis

The consumer goods retail market in Hong Kong is encountering dynamic cost pressures across various operational areas. Labor expenses are a key factor, with average monthly wages in the wholesale, retail, and import/export sectors increasing from HK$19,353.5 in 2020 to HK$21,471.0 in 2024, reflecting a 2.6% CAGR, and projected to rise further at a 2.5% CAGR through 2029 due to a competitive labor market and demand for skilled logistics and wholesale professionals. Conversely, private office rental and private retail costs have declined, with -2.3% and -0.9% CAGR from 2020 to 2024 respectively, and a continued decrease expected at -0.4% and -0.4% CAGR through 2029 respectively, driven by hybrid work models, reduced office footprints post-pandemic, increased supply in non-core districts, and corporate moves to cost-effective areas, as well as high vacancy rates and abundant supply of private retail. Meanwhile, warehouse rental costs have remained robust, growing at a 1.9% CAGR from 2020 to 2024 and projected to increase at 1.5% through 2029, fueled by ongoing demand for logistics and storage facilities to support e-commerce and inventory management needs.

The Merchandise Trade Index Numbers for Imports in Hong Kong showed relative stability with mild fluctuations from 2020 to 2024, according to the Census and Statistics Department. During this period, the import price experienced contained movements influenced by global supply chain dynamics, commodity price trends, and post-pandemic recovery factors. Prices were generally subdued in 2020–2021 amid COVID-19 disruptions and low global inflation, followed by modest upward pressures in 2022–2023 from rising commodity costs and supply normalization, before stabilizing or easing slightly in 2024 due to a strong Hong Kong dollar, competitive sourcing from the Chinese Mainland, and moderated global inflationary trends. Overall, merchandise trade index numbers for imports in Hong Kong increased from 100.0 in 2020 to 115.3 in 2024 at a CAGR of 3.6%, contributing to manageable cost pressures for the economy compared to volume-driven trade growth. Import price index in Hong Kong is forecasted to exhibit modest and contained upward trends from 2025 to 2029 at a CAGR of 3.3% from 2025 to 2029, aligning with the economy's stable medium-term outlook and moderate inflation expectations.

Market Share of Consumer Goods Products Retailer in Hong Kong

In FY2025, the overall consumer goods products retailer market in Hong Kong was relatively competitive, with the top five retailers accounting for an aggregate market share of 19.6% in terms of retail sales value. The Group has accounted for a market share of 1.4% in terms of retail sales value of consumer goods products in Hong Kong in FY2025.

OVERVIEW OF PHARMACEUTICALS PRODUCTS RETAIL SALES IN HONG KONG

Definition and Segmentation

Pharmaceutical products refer to substances or preparations used for the prevention, diagnosis, treatment, or alleviation of diseases, disorders, or medical conditions in humans. This category includes:

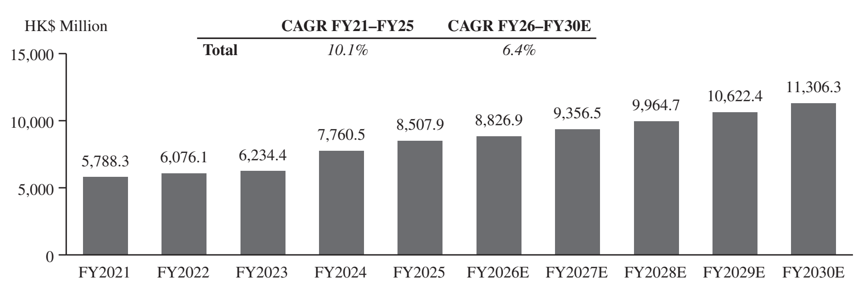
- Western medicine refers to scientifically formulated drugs and medications developed through modern medical research and clinical trials, typically regulated by health authorities (e.g., Hong Kong's Department of Health). These include prescription drugs (e.g., antibiotics, antihypertensives), over-the-counter (OTC) medications (e.g., painkillers like ibuprofen, cold remedies), and vaccines. They are characterized by standardized chemical compositions, clinical testing, and evidence-based therapeutic claims.

- Chinese medicine refers to traditional Chinese medicinal products derived from herbal, animal, or mineral sources, based on principles of Traditional Chinese Medicine (TCM). These include herbal decoctions, powders, pills, tinctures, and topical applications (e.g., ginseng, astragalus, or proprietary Chinese medicines like Po Chai Pills). In Hong Kong, these are regulated under the Chinese Medicine Ordinance and include both proprietary Chinese medicines (pre-packaged) and raw herbs prescribed by TCM practitioners.

Market Size of Pharmaceuticals Products by Retail Sales Value in Hong Kong

The pharmaceuticals products market in Hong Kong grew from HK$5,788.3 million in FY2021 to HK$8,507.9 million in FY2025, with a CAGR of 10.1%. This growth is driven by aging population and rising healthcare expenditure. This demographic shift amplified the need for pharmaceuticals, as elderly patients require more frequent and specialized medications. Enhancements to the drug registration process by the Department of Health's Pharmacy and Poisons Board reduced approval times from 12–18 months pre-2020 to 9–15 months by FY2024–FY2025, facilitating quicker market entry for innovative therapies. The introduction of the "1+" mechanism in 2023 expedited approvals for drugs already registered in reference markets like the US, EU, or Japan. The pandemic spurred demand for vaccines, antivirals, and immune-boosting drugs, with OTC pharmaceuticals seeing uptick. Looking forward, the market is projected to reach HK$11,306.3 million by FY2030, with a CAGR of 6.4% from FY2026 to FY2030.

Retail Sales Value of Pharmaceuticals Products (Hong Kong), FY2021–FY2030E



Source: Census and Statistics Department of Hong Kong, Frost & Sullivan

Market Outlook

Trend in TCM integration — TCM is a cornerstone of Hong Kong's healthcare culture, with a history spanning centuries and widespread use in managing conditions like joint pain, fatigue, and respiratory issues. Pharmaceutical products incorporating TCM ingredients such as anti-inflammatory drugs with turmeric or cough syrups with loquat extract resonate with consumers who trust TCM's natural, holistic benefits. To capitalize, pharmaceutical companies are investing in R&D for TCM-based formulations, to ensure regulatory compliance with Hong Kong's Pharmacy and Poisons Ordinance, and leverage digital marketing to highlight authenticity and efficacy. The market participants who effectively blend TCM with pharmaceutical innovation will likely see sustained sales growth, capturing both local and regional markets.

Shift towards personalized medicine — Hong Kong consumers, with high health literacy and access to digital platforms, increasingly seek pharmaceuticals that address their specific needs, such as OTC drugs for targeted conditions like joint pain or skin health. This demand for customization drives sales of personalized OTC products and prescription drugs, particularly in categories like dermatology and nutraceuticals.

OVERVIEW OF HEALTH PRODUCTS RETAIL SALES IN HONG KONG

Definition and Segmentation

Health products refer to over-the-counter wellness items that are taken or applied to maintain or enhance normal bodily functions and to ease everyday discomfort; and over-the-counter aesthetic items that are taken or applied to refine body shape and enhance visible skin quality. Health products are categorised into:

- Nutritional and herbal supplements, are orally consumed preparations, such as pills, capsules, tablets, powders, granules, liquids or semi-solids, formulated to complement the diet and support internal health. Typical benefit areas include immune defence, cognitive performance, bone density, eye protection, cardiovascular and hepatic function, blood-vessel elasticity and overall metabolic balance.

- External analgesic products, are topical preparations such as hydrogel patches, creams, gels, sprays, that are applied to intact skin, as well as physical aids such as tourmaline or magnetic wraps, supports and belts that generate heat or compression to relieve muscular, joint or neuropathic pain.

- Body-shaping preparations are primarily ingestible formulations such as fibre or enzyme powders, probiotic and botanical capsules, metabolic booster tablets and similar products designed to aid fat metabolism, reduce bloating and firm body contours.

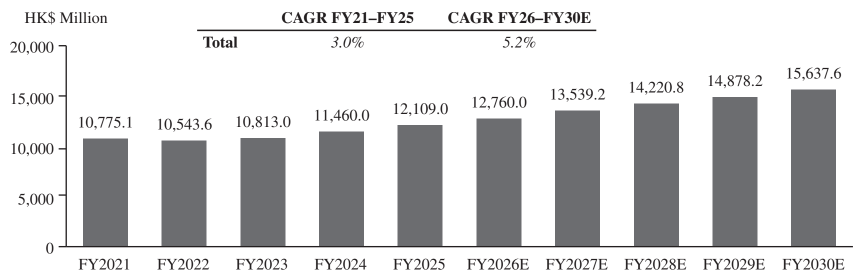
- Skin-beautifying nutrients are oral doses delivered as powders, granules, liquids, shots, tablets, capsules or gummies that supply collagen peptides, ceramides, antioxidants, coenzymes, carotenoids, vitamins, minerals or NMN.

Market Size of Health Products by Retail Sales Value in Hong Kong

Retail sales value of health product in Hong Kong grew from HK$10,775.1 million in FY2021 to HK$12,109.0 million in FY2025, achieving a CAGR of about 3.0%, despite retail disruptions caused by the COVID-19 pandemic. This resilience stems from several factors, namely increasing health awareness post-COVID that has made daily supplementation more common, expanding the consumer base beyond older demographics; an aging population is boosting per-capita spending on preventive nutrition for joint, cardiovascular, and cognitive health; the rise of cross-border e-commerce platforms that has enhanced product variety and price transparency.

Supported by increasing awareness of health, aging population and surging demand for personalized and natural products, the retail sales value of health products in Hong Kong is expected to rise at a CAGR of 5.2% from FY2026 to FY2030, reaching HK$15,637.6 million in FY2030.

Retail Sales Value of Health Products (Hong Kong), FY2021–FY2030E



Source: Census and Statistics Department of Hong Kong, Frost & Sullivan

Market Outlook

Dynamic lifestyles and fitness enthusiasts — The growing number of fitness enthusiasts and athletes in Hong Kong significantly drives demand for health products. The need for convenient, portable product formats suits the city's fast-paced lifestyle, while influencer endorsements and community-led fitness trends further boost market expansion. As the fitness culture continues to thrive, brands providing innovative, science-backed supplements tailored to active consumers are ideally positioned to leverage the increasing demand for health products.

Advancements in Formulation — The demand for health products in Hong Kong is propelled by the growing trend of innovative formulations. These advanced formulations enhance the effectiveness of supplements by improving bioavailability, ensuring that key ingredients like glucosamine, chondroitin, collagen, or curcumin are absorbed more efficiently. By addressing evolving consumer needs, enhancing product efficacy, and helping brands stand out in a competitive market, innovative formulations are a key driver of growth in the health products market in Hong Kong.

OVERVIEW OF BEAUTY PRODUCTS RETAIL SALES IN HONG KONG

Definition and Segmentation

Beauty products encompass a broad category of personal care items designed to enhance or maintain appearance, hygiene, or aesthetic appeal. This includes:

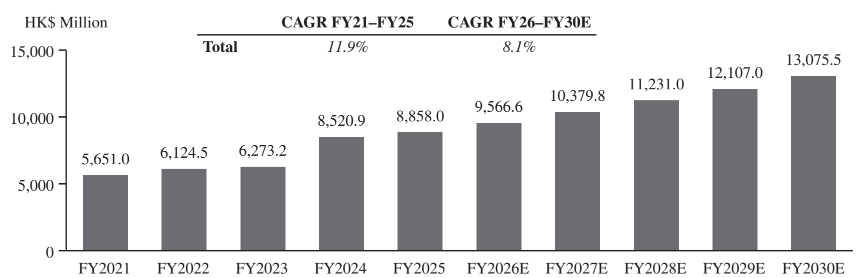
- Cosmetics products applied to the face, body, or hair to enhance appearance, such as makeup (e.g., lipstick, foundation, eyeshadow, mascara), nail polish, and hair styling products (e.g., hair dye, gels). These are primarily used for aesthetic purposes, including color, coverage, or styling.

- Skincare products formulated to maintain, protect, or improve the condition of the skin, including cleansers, moisturizers, serums, toners, sunscreens, exfoliants, and treatments (e.g., anti-aging creams, acne solutions). These focus on skin health, hydration, protection, or addressing specific dermatological concerns.

Market Size of Beauty Products by Retail Sales Value in Hong Kong

Hong Kong's beauty products retail market expanded from HK$5,651.0 million in FY2021 to HK$8,858.0 million in FY2025, with a CAGR of approximately 11.9%, and is projected to reach HK$13,075.5 million by FY2030, representing a CAGR of approximately 8.1% for FY2026 to FY2030. The robust surge in FY2024 is attributed to the lifting of social-distancing and border controls during the year, with pent-up demand producing a wave of discretionary purchases that restored store traffic. Tourist arrivals provided an incremental boost to flagship counters and travel retail. Looking ahead, measures set out in the Government Development Blueprint for Hong Kong Tourism Industry 2.0 are expected to sustain a moderate rise in visitor footfall, while the main drivers will remain an affluent resident base, continued premiumisation and the rapid digitalisation of beauty retail.

Retail Sales Value of Beauty Products (Hong Kong), FY2021–FY2030E



Source: Census and Statistics Department of Hong Kong, Frost & Sullivan

Market Outlook

Diversification of Consumer Base — The beauty products market in Hong Kong, encompassing cosmetics like makeup and hair styling products as well as skincare items such as serums and anti-aging creams, is experiencing growth due to a diversifying consumer base that now includes fitness-focused men and younger consumers alongside the traditional female audience, expanding purchasing power across gender, age, and lifestyle segments.

Shortening product-launch — The rapid introduction of new beauty products, including cosmetics like makeup and nail polish and skincare items such as serums, sunscreens, and anti-aging treatments, through cross-border e-commerce supports the growth in Hong Kong's beauty market, enabling brands to swiftly meet the city's trend-driven consumer demands.

COMPETITIVE LANDSCAPE

In FY2025, the Hong Kong retail market for beauty, health and pharmaceutical products is highly competitive, featuring more than 5,000 participants. In terms of distribution channels, offline chain retail channels occupy a dominant position in the overall market, with the top 5 chain retailers accounting for approximately 27.4% of the market share by retail sales value. However, the overall market is highly fragmented, characterized by numerous small and medium-sized players, including independent beauty and pharmaceutical retailers. The key players are categorized as follows:

(1) Omni-channel large-scale chain retailers, represented by local players including Mannings, the Group, and Watsons, etc., mainly offer comprehensive beauty, health and pharmaceutical product lines, along with professional services, established online channels, integrated O2O services, and membership systems, together building a competitive advantage across core areas of Hong Kong. Furthermore, their cost advantages derived from high purchasing volumes and mature supply chains provide them with irreplaceable advantages in the market.

(2) Overseas specialty chain retailers, such as Donki and Matsukiyo from Japan, enter niche markets with differentiated positioning, focusing on products and categories from specific countries. They establish a unique competitive edge by attracting customers with competitive pricing and distinctive product categories. They also offer one-stop shopping through large stores, building a reputation through stable supply and unique offline shopping experiences.

(3) Local small and medium-sized chains and independent pharmacies, such as community pharmacies, primarily sell pharmaceuticals while offering partial beauty and health products, and some offer personalized health services. However, such players are deeply rooted in certain regions or communities in Hong Kong with a limited consumer base, which leads to difficulties in future business scaling.

Amidst the continued growth of Hong Kong's beauty, health and pharmaceutical retail market, there remains room for new entrants, who will inevitably require overcoming a series of barriers, including capital investment, establishing a robust supplier network, supply chain management, and selecting offline store locations, etc.

Ranking and Market Share of Pharmaceutical Product Retailer in Hong Kong

In FY2025, the pharmaceuticals products market in Hong Kong was relatively competitive, with the top five retailers accounting for an aggregate market share of 15.5% in terms of retail sales value.

The Group ranked first among pharmaceutical product retailers with a market share of 5.2% in terms of retail sales value of pharmaceuticals products in Hong Kong in FY2025

Ranking and Market Share of Top Five Pharmaceutical Product Retailers by Revenue (Hong Kong), FY2025

Ranking	**Company**	**Retail sales value of Pharmaceuticals Products**	**Market Share**
		(HK$ Million)	*(%)*
1	**The Group**	**444.0**	**5.2**
2	Company A	416.0	4.9
3	Company B	298.6	3.5
4	Company C	121.6	1.4
5	Company D	35.3	0.4
	Top 5 Sub-total	*1,315.5*	*15.4*
	Others	*7,192.4*	*84.6*
	Total Market Size	*8,507.9*	*100.0*

Source: Census and Statistics Department of Hong Kong, Annual Reports of Listed Companies, Frost & Sullivan

Note: The revenue of ranking is compiled by the revenue generated for the year ended 31 March 2025.

Company A is operated by a Singapore- and London-listed retail group and is a leading Hong Kong chain retailer of beauty, health, and personal care products.

Company B is operated by a Hong Kong-listed multinational conglomerate and is one of the largest Hong Kong chain retailers of beauty, health, and personal care products.

Company C is a private chain pharmacy group in Hong Kong.

Company D is a subsidiary of a Japan-listed drugstore chain and entered the Hong Kong market in 2022, primarily dealing in beauty, health, and personal care products.

Ranking and Market Share of Top Five Health and Pharmaceutical Products Retailer by Revenue (Hong Kong), FY2025

Ranking	Company	Retail sales value of Health & Pharmaceuticals Products	Market Share
		(HK$ Million)	*(%)*
1	Company A	2,080.0	10.1
2	Company B	1,876.8	9.1
3	**the Group**	**872.0**	**4.2**
4	Company C	152.0	0.7
5	Company D	88.2	0.4
	Top 5 Subtotal	*5,069.0*	*24.5*
	Others	*15,547.9*	*75.5*
	Total Market Size	*20,616.9*	*100.0*

Source: Census and Statistics Department of Hong Kong, Annual Reports of Listed Companies, Frost & Sullivan

Note: The revenue of ranking is compiled by the revenue generated for the year ended 31 March 2025.

- In FY2025, the health and pharmaceutical products market in Hong Kong was relatively competitive, with the top five retailers accounting for an aggregate market share of 24.6% in terms of retail sales value.

- The Group ranked 3rd among health and pharmaceutical product retailers with a market share of 4.2% in terms of retail sales value of health and pharmaceutical products in Hong Kong in FY2025.

Ranking and Market Share of Beauty, Health and Pharmaceutical Product Retailers in Hong Kong

In FY2025, the overall beauty, health and pharmaceutical product retailer market in Hong Kong was relatively competitive, with the top five retailers accounting for an aggregate market share of 27.4% in terms of retail sales value. The Group ranked third among beauty, health and pharmaceutical product retailers with a market share of 5.8% in terms of the total retail sales value of beauty, health and pharmaceutical products in Hong Kong in FY2025.

In terms of the year-on-year growth rate, the Group recorded a growth rate of 95.8% in terms of the revenue generated from the beauty, health and pharmaceutical product sector between FY2023 and FY2024, significantly outpacing the industry average growth for the sector of 19.0%.

Ranking and Market Share of Top Five Beauty, Health and Pharmaceutical Product Retailers in terms of Retail Sales Value (Hong Kong), FY2025

Ranking	Company	Retail sales value of Health & Pharmaceuticals & beauty products *(HK$ Million)*	Market Share *(%)*
1	Company A	3,120.0	10.6
2	Company B	2,888.8	9.8
3	**The Group**	**1,697.0**	**5.8**
4	Company D	195.9	0.7
5	Company C	161.5	0.5
	Top 5 Sub-total	*8,063.2*	*27.4*
	Others	*21,411.7*	*72.6*
	Total Market Size	*29,474.9*	*100.0*

**Note:* The ranking includes market players with full coverage of (i) beauty products, (ii) health products and (iii) pharmaceutical products, in FY2025.

The revenue of the ranking is compiled by the revenue generated for the year ended 31 March 2025.

Source: Census and Statistics Department of Hong Kong, Annual Reports of Listed Companies, Frost & Sullivan

Ranking of Top Five Health & Pharmaceuticals & Beauty Products Retailer by Revenue Per Store (Hong Kong), FY2025

Ranking	Company	Retail sales value of health & pharmaceuticals & beauty products per store *(HK$ Million)*
1	**the Group**	**60.6**
2	Company D	16.3
3	Company B	15.7
4	Company A	9.5
5	Company C	8.5

**Note:* The ranking includes market players with full coverage of (i) beauty products, (ii) health products and (iii) pharmaceutical products, in FY2025.

The revenue of the ranking is compiled by the revenue generated for the year ended 31 March 2025.

Source: Census and Statistics Department of Hong Kong, Annual Reports of Listed Companies, Frost & Sullivan

- In FY2025, the top five overall beauty, health and pharmaceutical product retailers by revenue per store are the Group, Company D, Company B, Company A and Company C with approximately HK$60.6 million, HK$16.3 million, HK$15.7 million, HK$9.5 million, and HK$8.5 million, respectively.

- The Group ranked 1st among beauty, health and pharmaceutical product retailers in Hong Kong in terms of the revenue per store in FY2025.

Entry Barriers

1. Retail Network and Store Location

Securing prime retail locations with high foot traffic is another major entry barrier. The success of beauty and health chains largely depends on accessibility and visibility within densely populated areas, shopping malls, and transportation hubs. New entrants may find it difficult to obtain comparable sites without paying significantly higher rents or accepting less favorable locations, reducing their ability to attract consumers and achieve economies of scale.

2. Supply Chain Management

Efficient and large-scale supply chain management forms another major entry barrier in this market, especially leading retailers have established centralized procurement systems, automated warehouse operations, and advanced logistics networks that allow for fast product replenishment, accurate inventory control, and cost optimization. New entrants typically lack the financial scale, system integration, and supplier coordination required to build such a supply chain network. Therefore, they are likely to face higher inventory costs, and reduced efficiency, which directly impact profitability and service quality.

3. Relationships with Upstream Suppliers

Strong and stable relationships with upstream suppliers, including pharmaceutical manufacturers, health supplement producers, and global beauty brands, are critical for ensuring product authenticity, stable supply, and competitive pricing. New entrants, lacking such established networks, often face higher procurement costs, limited product variety, and longer lead times, which reduce their ability to attract consumers seeking one-stop shopping experiences for trusted brands.

4. Capital Requirement

Operating in this sector requires substantial capital investment in inventory procurement, store renovation, warehouse logistics, and rental of prime retail locations. Therefore, only companies with strong financial resources and established operational capabilities can sustain profitable operations in this highly competitive retail environment.

The following sets out a summary of certain aspects of Hong Kong laws and regulations which are relevant to our Group's business operations in Hong Kong.

(A) LAWS AND REGULATIONS IN RELATION TO FOOD SAFETY AND PHARMACEUTICAL PRODUCTS

1. Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong)

The legal framework governing food safety in Hong Kong is primarily set out in Part V of the Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong) ("**PHMSO**") and its subsidiary legislation. Under the PHMSO, food manufacturers and sellers are required to ensure that all food intended for sale is fit for human consumption and complies with applicable requirements on food safety, food standards and labelling.

Given that the Group's business encompasses the retail and wholesale sale of, *inter alia*, pharmaceuticals, wellness products, and grocery items (including food and beverages), its operations fall within the regulatory ambit of the PHMSO and its subsidiary legislation. The Group is required to ensure that all such products offered for sale comply with the applicable statutory requirements on food safety, standards, and labelling.

Section 50 of the PHMSO prohibits the manufacture, advertising and sale in Hong Kong of food that is injurious to health. A contravention of this provision constitutes an offence punishable by a level 3 fine of HK$10,000 and imprisonment for 3 months. Section 52 provides that, subject to the statutory defences set out in Section 53 of PHMSO, a seller who sells to the prejudice of a purchaser any food which is not of the nature, substance, or quality demanded commits an offence which likewise carries a penalty of level 3 fine of HK$10,000 and imprisonment for 3 months. According to Section 54, any person who sells or offers for sale any food that is intended for, but unfit for, human consumption commits an offence punishable by a level 5 fine of HK$50,000 and imprisonment for 6 months. Section 61 of the PHMSO makes it an offence for any person for any person to sell or display for sale any food accompanied by a label that falsely describes the food or is likely to mislead as to its nature, substance, or quality, unless it can be shown that the person neither knew nor could, with reasonable diligence, have discovered the false or misleading nature of the label. It is likewise an offence to publish, or to be involved in the publication of, any advertisement that falsely describes food or is likely to mislead as to its nature, substance, or quality. An offence under Section 61 is punishable by a level 5 fine of HK$50,000 and imprisonment for 6 months.

The FEHD is the authority responsible for the enforcement of the relevant food safety laws and regulations. It may take samples of all kinds of food products at their point of entry to Hong Kong. It may prohibit or restrict their importation. In addition, under Section 59 of the PHMSO, the FEHD may examine any food which is, or which appears to be, intended for human consumption, and seize and remove such food or its packaging if appears to be unfit for human consumption.

2. Food and Drugs (Composition and Labelling) Regulations (Chapter 132W of the Laws of Hong Kong)

Food and Drugs (Composition and Labelling) Regulations (Chapter 132W of the Laws of Hong Kong) ("**FDCLR**") is a subsidiary legislation of PHMSO which regulates the advertising and labelling of food.

Regulation 3 of the FDCLR requires that food manufactured shall conform to the standards set out in Schedule 1 thereof. Any person who advertises for sale, sells or manufactures for sale any food which does not meet these standards commits an offence and is liable to a level 5 fine of HK$50,000 and imprisonment for 6 months. Regulation 4A provides that unless exempted under Schedule 4, prepackaged food must be marked and labelled in accordance with Schedule 3. The required particulars under Schedule 3 to the FDCLR in relation to prepackaged food include:

(i) the food name or designation;
(ii) the list of ingredients;
(iii) durability indication, i.e. "best before" or "use by" date;
(iv) statement of special conditions for storage or instructions for use;
(v) name and address of manufacturer or packer;
(vi) count, weight or volume; and
(vii) language requirement, i.e. the marking or labelling of prepackaged food shall be in either English or Chinese or in both languages.

Regulation 4B further requires that prepackaged food to be marked and labelled with its energy value and nutrient content as prescribed in Part 1 of Schedule 5, and provides that any nutrient claims made on the packaging or in advertisement should comply with Part 2 of Schedule 5. Contravention of Regulations 4A and/or 4B of the FDCLR is an offence punishable by a level 5 fine of HK$50,000 and imprisonment for 6 months.

3. Food Safety Ordinance (Chapter 612 of the Laws of Hong Kong)

The Food Safety Ordinance (Chapter 612 of the Laws of Hong Kong) ("**FSO**") was enacted to strengthen food safety control in Hong Kong. It establishes a regulatory framework that includes a mandatory registration scheme for food importers and food distributors under Sections 4 and 5, as well as record-keeping requirements to facilitate food traceability under Section 24. Under the FSO, all food traders must keep proper documentation of the source and distribution of their food products, enabling authorities to track food movement throughout the supply chain.

Under Section 8 of the FSO, FEHD may refuse an application for registration of food importer and food distributor if the applicant has repeatedly contravened the FSO within 12 months immediately preceding the application, or if the applicant's previous registration was revoked within that period. Further, FEHD, under Section 14, FEHD may revoke an existing registration where the registered person has repeatedly contravened the FSO in the preceding 12 months, or where the registered person (in the case of a natural person) has died or (in the case of a corporation) has been wound up.

FEHD has implemented a Demerit Point System in order to provide an objective basis for exercising its power to revoke a registration under section 14 of the FSO. Under this system, if a registered food importer or food distributor is convicted of an offence under the FSO in connection with its business, a prescribed number of demerit points will be imposed and entered against his registration. Upon conviction of the relevant offences, these points will be recorded by reference to the date of the offence rather than the date of conviction. Where the same offence is committed within a 12-month period, the specified demerit points will be doubled, trebled, or quadrupled on the second, third, and fourth occasions respectively. If a registrant accumulates 20 or more points within any 12-month period, its registration may be revoked.

Sections 21 to 24 of the FSO require that any person who, in the course of business, imports, acquires, or supplies by wholesale food in Hong Kong to keep record of their transactions. Essentially, the record must contain, *inter alia:* (i) the date the food was acquired, imported or supplied; (ii) the name and contact details of the person from whom the food was acquired or imported, or to whom the food was supplied; (iii) the place from where the food was imported (in the case of importation); (iv) the total quantity of the food; and (v) a description of the food. Section 26 of the FSO requires that the records for food with shelf-life of 3 months or less be kept for at least 3 months, while records for food with shelf-life exceeding 3 months must be kept for 24 months. Under Sections 27 and 28, FEHD may inspect such records, make use them in exercising its statutory powers or performing its functions under the FSO, and disclose to the public any information contained in such records when FEHD is satisfied that public disclosure of the information is necessary for the protection of public health. A contravention of these provisions constitutes an offence punishable by a level 3 fine of HK$10,000 and imprisonment for 3 months.

The subsidiary of our Company responsible for importation and wholesaling is registered as a food importer and a food distributor under the registration scheme, and is therefore subject to the relevant regulatory requirement under the FSO.

4. Pharmacy and Poisons Ordinance (Chapter 138 of the Laws of Hong Kong)

The Pharmacy and Poisons Ordinance (Chapter 138, Laws of Hong Kong) ("**PPO**") regulates the importation, manufacture, labelling, distribution, and sale of pharmaceutical products and poisons in Hong Kong, with the primary aim of safeguarding public health. The PPO establishes a licensing and control framework to ensure that only safe, effective, and properly labelled pharmaceutical products are supplied in the market. Both PPO and its subsidiary legislation Pharmacy and Poisons Regulations ("**PPR**") are administered and enforced by the Drug Office of the Department of Health ("**DOH**").

Under the PPO, pharmaceutical products must generally be registered with the Pharmacy and Poisons Board of Hong Kong before they can be manufactured, imported, or sold. The Board maintains a register of pharmaceutical products and determines applications for registration, taking into account product safety, efficacy, and quality. PPO further classifies certain substances as "poisons," divided into Part I and Part II of the Poisons List, as well as specific "Prescription-only Medicines." Substances under Part I and all prescription-only medicines may only be sold at pharmacies under the supervision of a registered pharmacist and on presentation of a doctor's prescription. Part II poisons, while still restricted, may be sold at pharmacies without prescription, but must be dispensed by or under the supervision of a registered pharmacist. Licensing requirements are also imposed under the PPO. Any person who wishes to manufacture, wholesale, or retail pharmaceutical products or poisons must obtain the appropriate licence (e.g. manufacturer's licence, wholesale dealer's licence, or retailer's licence). Licensees are subject to ongoing compliance obligations, including proper record-keeping, safe storage, and accurate labelling. Pursuant to Sections 33 and 34 of the PPO, any person who is guilty of an offence under the PPO shall unless a penalty is otherwise expressly provided, be liable on conviction to a level 6 fine of HK$100,000 and to imprisonment for 2 years.

As the Group engages in the retail sale of pharmaceuticals and health products, it must ensure that all pharmaceutical products offered for sale are duly registered with the Pharmacy and Poisons Board, and that prescription-only medicines and Part I poisons are dispensed strictly under the supervision of a registered pharmacist and in compliance with prescription requirements. The Group must also maintain valid retail licences where required, implement proper storage and labelling practices, and ensure staff are adequately trained in handling restricted medicines.

5. Antibiotics Ordinance (Chapter 137 of the Laws of Hong Kong)

The Antibiotics Ordinance and its subsidiary legislation, the Antibiotics Regulations, (Cap. 137A) regulate the sale and supply of substances as specified in Schedule 1 to the Antibiotics Regulations, both of which are also administered and enforced by the Drug Office of the DOH. Under Section 4 of the Antibiotics Ordinance, no person shall sell or otherwise supply any substance to which the Antibiotics Ordinance applies or any preparation of which any such substance is an ingredient or part unless he falls within the types of persons listed in Section 4(1)(a) to (c) of the Antibiotics Ordinance. Any person who contravenes this section commits an offence and is liable to a level 5 fine of HK$50,000 and to imprisonment for 12 months.

6. Chinese Medicine Ordinance (Chapter 549 of the Laws of Hong Kong)

The Chinese Medicine Ordinance (Chapter 549 of the, Laws of Hong Kong) ("**CMO**") establishes the statutory framework for the regulation of Chinese medicine in Hong Kong. Its objectives are to safeguard public health, ensure the safety, quality, and efficacy of Chinese medicines, and regulate the practice of Chinese medicine practitioners. The CMO provides for the regulation of both Chinese herbal medicines and proprietary Chinese medicines (pCm). Proprietary Chinese medicines must be registered with the CMC before they can be imported, manufactured, or sold in Hong Kong. The registration process assesses safety, quality, and efficacy, and requires products to be properly labelled in accordance with statutory requirements. CMO also imposes licensing requirements for wholesale and retail sale of proprietary Chinese medicines. Licensees must comply with conditions relating to storage, record-keeping, labelling, and safe supply. Under Section 134 of the CMO, no person shall sell or distribute by way of wholesale; or possess for the purpose of wholesale any propriety Chinese medicine without a wholesaler licence in proprietary Chinese medicine, Contravention of Section 134 constitutes an offence and is liable to a fine at level 6 of HK$100,000 and imprisonment for 2 years.

As the Group engages in the retail sale of health and wellness products, including Proprietary Chinese medicines, it must ensure that all proprietary Chinese medicines offered for sale are properly registered under the CMO, and that relevant wholesale or retail licences are maintained. Labelling and advertising of Chinese medicines must comply with statutory requirements, and products should only be sourced from licensed manufacturers or distributors.

(B) LAWS AND REGULATIONS IN RELATION TO RETAIL BUSINESS

1. Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong)

The Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong) ("**TDO**") seeks to prohibit false trade description, misleading, false or incomplete information, false marks and misstatements in relation to goods and services supplied in the course of trade. Under Section 2 of the TDO, the definition of trade description is broad and includes, *inter alia*, references to quantity, method of manufacture, composition, fitness for purpose, availability, compliance with a standard specified or recognised by any person, price, approval by any person, a person by whom they have been acquired, the goods being of same kind as goods supplied to a person, place or date of manufacture, etc. Section 2 further provides that a trade description which is false to a material degree, or which, though not strictly false, is misleading such that it is likely to be taken as a materially false description, will be regarded as a false trade description.

Section 7 of TDO makes it an offence for any person who, in the course of any trade or business, applies a false trade description to any goods or supplies or offer to supply any goods to which a false description is applied. Section 7A extends this prohibition to services, making it an offence for a trader to apply a false trade description to a service supplied or offered to a consumer, or to supply or offer such a service. In addition, Section 12 prohibits the import or export of goods to which a false trade description or a forged trade mark has been applied. Sections 13E, 13F, 13G, 13H and 13I of TDO provide that a trader commits an offence if the trader engages, in relation to a consumer, in a commercial practice that is a misleading omission, or is aggressive, or constitutes bait advertising, or constitutes a bait and switch, or wrongly accepting payment for a product. Any person who commits an offence under Sections 7, 7A, 13E, 13F, 13G, 13H or 13I shall be liable, on conviction on indictment, to a fine of HK$500,000 and to imprisonment for 5 years, and on summary conviction, to a level 6 fine of HK$100,000 and imprisonment for 2 years. However, Sections 30L and 30M empower an officer authorised by the Commissioner of Customs and Excise, with the written consent of the Secretary for Justice, to accept a written undertaking from a business or individual not to continue, repeat or engage in conduct constituting an offence under the TDO. Upon acceptance of such an undertaking, neither the Commissioner of Customs and Excise nor the authorised officer may commence or continue an investigation or proceedings in respect of the matter to which the said undertaking relates.

2. Undesirable Medical Advertisements Ordinance (Chapter 231 of the Laws of Hong Kong)

The Undesirable Medical Advertisements Ordinance (Chapter 231 of the Laws of Hong Kong) (“**UMAO**”) regulates the advertising of medicines and treatments in Hong Kong, with the purpose of protecting the public from misleading, false, or potentially harmful claims relating to medical products and services. UMAO restricts certain advertisements relating to medical and health matters. It applies to health and beauty supplements and products companies like our Group to protect public heath through prohibiting or restricting the publication of advertisements for medicine, surgical appliance or treatment that may induce the seeking of improper management of certain health conditions. According to Section 3 of the UMAO, unless by or with due authorisation from relevant authorities, no advertisement shall be published or caused to be published if it is likely to lead to the use of any medicine, surgical appliance or treatment for: (a) the treatment or prevention of any disease or condition listed in column 1 of Schedule 1 to the UMAO, except for a purpose specified in column 2 of the said Schedule; and (b) the treatment of human beings for any purpose listed in Schedule 2 to the UMAO. Section 2 of the UMAO defines “medicine” to include any kind of medicament or other curative or preventive substance, and whether a proprietary medicine, a patent medicine, a Chinese herbal medicine, a proprietary Chinese medicine, or purported natural remedy. Section 2 of the UMAO further provides that the sale of medicine in a labelled container or package shall constitute the publication of an advertisement. Section 3B of the UMAO provides that no person shall publish, or cause to be published, an advertisement for an orally consumed product which makes for the product a claim specified in column 1 of Schedule 4 to the UMAO, or any similar claim, except as allowed under the provisions in column 2 of that Schedule 4. Any person who contravenes Section 3 or 3B of the UMAO commits an offence and shall be liable upon a first conviction to a fine at level 5 of HK$50,000 and imprisonment for 1 year.

3. Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong)

The Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong) ("**SOGO**") governs the formation, performance and enforcement contracts for the sale of goods in Hong Kong and the transfer of title in goods sold. The SOGO also sets out certain implied terms or conditions and warranties relating to the safety and suitability of goods supplied under a contract of sale for goods in Hong Kong, including:

(i) where there is a sale of goods by description, the goods shall correspond with the description;

(ii) where the seller sells goods in the course of a business, the goods shall be of a merchantable quality, i.e. (a) as fit for the purpose or purposes for which the goods of that kind are commonly bought; (b) of such standard of appearance and finish; (c) as free from defects (including minor defects); (d) as safe; and (e) as durable, as it is reasonable to expect having regard to any description applied to them, the price (if relevant) and all the other relevant circumstances;

(iii) where the seller sells goods in the course of a business and the buyer makes known to the seller (whether expressly or by implication) any particular purpose for which the goods are being bought, the goods supplied under the contract shall be reasonably fit for that purpose.

Section 55 of the SOGO provides that where a seller is in breach of a warranty, the buyer is not entitled, solely on that basis, to reject the goods. Instead, the buyer may either rely on the breach of warranty to reduce or extinguish the price payable, or bring an action against the seller for damages for such breach of warranty.

4. Consumer Goods Safety Ordinance (Chapter 456 of the Laws of Hong Kong)

The Consumer Goods Safety Ordinance (Chapter 456 of the Laws of Hong Kong) ("**CGSO**") imposes a statutory duty on manufacturers, importers and suppliers of consumer goods (i.e. goods which are ordinarily supplied for private use or consumption) to ensure that such consumer goods are safe. Section 6 of CGSO provides that no person may supply, manufacture or import consumer goods into Hong Kong unless such consumer goods comply with the general safety requirement under the CGSO or with any applicable safety standard(s) or safety specification(s) approved by the Secretary for Commerce and Economic Development for that category of consumer goods. A person who contravenes Section 6 commits and offence and is liable (i) on first conviction, to a level 6 fine of HK$100,000 and imprisonment for 1 year; (ii) on subsequent convictions, to a fine of HK$500,000 and to imprisonment for 2 years; and (iii) in case of a continuing offence, a further fine of HK$1,000 for each day during which the offence continues, in addition to the penalties above. Where the Commissioner of Customs and Excise reasonably believes that consumer goods do not comply with an approved standard, or with a safety standard or safety specification established by regulation, the Commissioner is empowered under the CGSO to (i) serve a prohibition notice prohibiting a person from supplying those consumer goods for a specified period not exceeding 6 months; and (ii) serve a recall notice requiring the immediate withdrawal of any consumer goods if there is a significant risk that the consumer goods will cause a serious injury and do not comply with the approved standard or a safety standard or safety specification established by regulation. Any person who fails or refuses to comply with such prohibition notice or recall notice commits an offence and is liable (i) on first conviction, to a level 6 fine of HK$100,000 and imprisonment for 1 year; (ii) on subsequent convictions, to a fine of HK$500,000 and to imprisonment for 2 years; and (iii) in case of a continuing offence, a further fine of HK$1,000 for each day during which the offence continues, in addition to the penalties above.

5. Dutiable Commodities Ordinance (Chapter 109 of the Laws of Hong Kong)

The Dutiable Commodities Ordinance (Cap. 109, Laws of Hong Kong) (“**DCO**”) regulates the control, importation, manufacture, and sale of dutiable commodities in Hong Kong, including liquor, tobacco, hydrocarbon oil, and methyl alcohol. Its subsidiary legislation, the Dutiable Commodities (Liquor) Regulations (Cap. 109B) (“**DCLR**”) provides under Regulation 37(1) that no person may, in the course of business, sell or supply intoxicating liquor to a minor. Regulation 37(4) further clarifies that where a non-alcoholic product is sold together with intoxicating liquor as a gift, the transaction will be regarded as a supply of liquor. A contravention of Regulation 37(1) constitutes an offence, punishable on summary conviction by a level 5 fine of HK$50,000.

Regulation 41 of DCLR requires that any person who, in the course of business, (a) sells or supplies intoxicating liquor in a face-to-face distribution at a place; or (b) offers to do so, must ensure a sign containing both the Chinese and English versions of the prescribed notice is displayed at a prominent position at the place. The prescribed notice must be rectangular in shape, with sides measuring at least 38 cm by 20 cm, set out in plain and readily legible characters and letters, and in a colour that contrasts with the background. According to the Schedule of DCLR, the prescribed content of the notice is “Under the law of Hong Kong, intoxicating liquor must not be sold or supplied to a minor in the course of business” and “根據香港法律,不得在業務過程中,向未成年人售賣或供應令人分醉的酒類.” A person who contravenes Regulation 41 commits an offence and is liable on summary conviction to a level 4 fine of HK$25,000.

6. Pesticides Ordinance (Chapter 133 of the Laws of Hong Kong) and Pesticides Regulations (Chapter 133A of the Laws of Hong Kong)

Section 7 of the Pesticides Ordinance (Chapter 133 of the Laws of Hong Kong) prohibits any person from importing, causing to import into Hong Kong, manufacturing, selling, offering or exposing for sale, or supplying or offering to supply any registered pesticide save under and in accordance with a licence. The Agriculture, Fisheries and Conservation Department (“**AFCD**”) maintains a register of pesticides with Part I listing those in a form ready for immediate use without processing and intended for general domestic use, and Part II listing all other pesticides. Any person who contravenes Section 7 commits an offence and is liable on conviction to a level 5 fine of HK$50,000 and imprisonment for 1 year. In addition, any holder of a licence who contravenes any of the conditions of the licence commits an offence and is liable on conviction to a level 4 fine of HK$25,000 and imprisonment for 6 months. The Pesticides Regulations (Chapter 133A of the Laws of Hong Kong) provides that a holder of a pesticide licence shall not sell, expose for sale, or supply any registered pesticide, whether by retail or in a form ready for retail sale or supply, unless the container or any external packaging near, in a conspicuous position, a label in both English and Chinese setting forth clearly and distinctly and not in any way obscured or obliterated, the prescribed particulars of the pesticide, including but not limited to, the word “Poison” and the characters “毒藥”, the expression “Keep out of reach of children” and the characters “遠離孩童”, the registration number of the pesticide, the trade name, chemical name and common name of the pesticide, the composition by percentage of all active ingredients, the net weight etc. Any person who contravenes these labelling requirements commits an offence and is liable on conviction to a level 1 fine of HK$2,000 and imprisonment for 6 months. The subsidiaries selling pesticides have obtained a retail licence for Part I registered pesticides, details of which are set out in the section headed “Business — Licence and Registrations” hereof.

7. Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong)

The Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (‘‘**PDPO**’’) aims to safeguard the privacy of individuals in relation to personal data. Section 2 of the PDPO defines ‘‘personal data’’ as any data (i) relating directly or indirectly to a living individual; (ii) from which it is practicable for the identity of the individual to be directly or indirectly ascertained; and (iii) in a form in which access to or processing of the data is practicable. The PDPO regulates the conduct of a data users, i.e. person who, either alone or jointly or in common with other persons, controls the collection, holding, processing or use of the personal data. The PDPO sets out six data protection principles which all data user need to comply with, namely:

Principle 1	Purpose and manner of collection: Personal data should be collected by means which are lawful and fair, and should be collected for a lawful purpose directly related to a function or activity of the data user. The data collected should be necessary, adequate but not excessive. The data subject should be informed of the purpose and the classes of persons to whom the data may be transferred.
Principle 2	Accuracy and duration of retention: Practicable steps shall be taken to ensure that the personal data is accurate and is not kept longer than is necessary.
Principle 3	Use of personal data: Unless consent of the data subject is obtained, personal data must only be used for the purpose for which the data is collected or for a directly related purpose.
Principle 4	Security of personal data: Practicable steps shall be taken to ensure that the personal data held by a data user are protected against unauthorised or accidental access, processing, erasure, loss or use.
Principle 5	Information to be generally available: Practicable steps shall be taken to ensure that personal data policies and practices are generally available to the public regarding the types of personal data it holds and the main purposes for which the personal data is used.
Principle 6	Access to personal data: Data subjects must be given access to their personal data and be allowed to mark corrections of their personal data.

Section 38 of the PDPO empowers the Privacy Commissioner for Personal Data to initiate an investigation against a data user if a complaint is received, or if there is reasonable ground to believe that the data user has done an act or practice or engaged in an act or practice in relation to personal data that may contravene the PDPO. The Commissioner may, under Section 50, issue an enforcement notice directing the data user to remedy the contravention and/or take steps to prevent its recurrence. A data user who fails to comply with an enforcement notice commits an offence and is liable, on first conviction, to a level 5 fine of HK$50,000 and imprisonment for 2 years. As the Group collects personal information such as names, email addresses and telephone numbers from customers who joined its membership scheme and via online purchases, it qualifies as a data user pursuant to the PDPO and is subject to the principles and requirements as set out therein. In this regard, the Group has established internal guidelines to ensure compliance with the PDPO.

8. Competition Ordinance (Chapter 619 of the Laws of Hong Kong)

The Competition Ordinance (Chapter 619 of the Laws of Hong Kong) aims, *inter alia*, to prohibit conduct that prevents, restricts or distorts competition in Hong Kong, and to prohibit mergers that have the effect of substantially lessening competition in Hong Kong. There are three competition rules under the Competition Ordinance, namely, the First Conduct Rule, the Second Conduct Rule and the Merger Rule. The First Conduct Rule prohibits anti-competitive agreements if the object or effect of the agreement, concerted practice or decision is to prevent, restrict or distort competition in Hong Kong. The Second Conduct Rule prohibits abuse of market power if the object or effect of the conduct is to prevent, restrict or distort competition in Hong Kong. Penalties for infringement of the First Conduct Rule and the Second Conduct Rule that may be imposed by the Competition Tribunal include, *inter alia*, financial penalty that may amount to 10% of the turnover of the companies concerned for up to 3 years in which the contravention occurs (Section 93), disqualification order against a director (Section 101) and prohibition order (Section 151A) etc.

9. The Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong)

The Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) requires every entity which carries on a business in Hong Kong to apply for business registration. The Group held valid business registration certificates throughout the Track Record Period and as at the Latest Practicable Date.

10. The Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong)

The Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) ("**IRO**") is an ordinance for the purposes of imposing taxes on property, earnings and profits in Hong Kong. The IRO provides, *inter alia*, that persons, which include corporations, partnerships, trustees and bodies of persons, carrying on any trade, profession or business in Hong Kong are chargeable to tax on all profits (excluding profits arising from the sale of capital assets) arising in or derived from Hong Kong from such trade, profession or business. The IRO also contains provisions relating to, among others, permissible deductions for outgoings and expenses, set-offs for losses and allowances for depreciation.

11. Dangerous Goods Ordinance (Chapter 295 of the Laws of Hong Kong)

The storage, conveyance, manufacture and use of dangerous goods in Hong Kong are principally governed by the Dangerous Goods Ordinance (Chapter 295 of the Laws of Hong Kong) ("**DGO**") and its subsidiary legislation, including the Dangerous Goods (Application and Exemption) Regulation 2012 (Chapter 295E of the Laws of Hong Kong) ("**DGR**").

Under section 6 of the DGO, save as otherwise permitted, no person shall manufacture, store, convey or use any dangerous goods except under and in accordance with a licence granted under the DGO. A contravention of Section 6 constitutes an offence under Section 14(1) of the DGO, punishable on a first conviction by a fine of HK$100,000 and imprisonment for 6 months, and on subsequent conviction by a fine of HK$200,000 and imprisonment for 12 months.

Perfumery products, spirits and disinfectants with alcohol content sold by the Group are classified as Class 3 dangerous goods (flammable liquids) under Schedule 2 to the DGO. Accordingly, the storage of such products in a warehouse and retail shops is, in principle, subject to the licensing requirements under the DGO unless an applicable exemption applies.

The DGR, being a subsidiary legislation made under the DGO, provides a specific exemption regime for dangerous goods stored in consumer packs from the licensing requirements under Section 6 of the DGO. Pursuant to Section 19(2) of the DGR, the storage of dangerous goods in consumer packs in a warehouse compartment is exempt from the licensing requirement under section 6 of the DGO if (a) the quantity of each type of dangerous goods does not exceed the prescribed consumer pack (warehouse) exempt quantity for its class; and (b) the aggregate quantity of such dangerous goods does not exceed 5,000 units. For storage in uninhabited compartments including retail shop premises, under Section 19(1) of the DGR, the maximum exempted quantity is 1,000 units. For the purposes of the DGR, "consumer packs" refer to pre-packed dangerous goods where the receptacle size does not exceed the maximum package size specified in Schedule 2. In the case of perfumery products and disinfectants with alcohol content (Class 3), the maximum package size is 1 unit, and where the goods are in liquid form, 1 unit is equivalent to 1 litre.

The Group stores pre-packed perfume in its warehouse, all of which are in consumer pack form. For warehouse storage, the Group complies with Section 19(2) of the DGR in that the quantity of perfumery products does not exceed the applicable consumer pack (warehouse) exempt quantity as prescribed in Schedule 5 of the DGR (being 1,500 units for Packing Group II or 5,000 units for Packing Group III*(Note)*, as applicable), and in any event the aggregate quantity does not exceed 5,000 units. For retail shop storage, disinfectants with alcohol content and spirits, all in consumer pack form, are stored at the Group's retail shop premises for immediate sale in limited quantities at all material times, and in any event not exceeding the applicable consumer pack exempt quantities under Section 19(1) of the DGR applicable to uninhabited compartment including retail shop (being 300 units for Packing Group II or 1,000 units for Packing Group III)*(Note)*, and the aggregate quantity at each premises does not exceed 1,000 units. As advised by our Hong Kong Legal Counsel, our Group had been in compliance with the DGO and DGR during the Track Record Period and up to the Latest Practicable Date, and, having considered the quantity of the relevant products stored at our warehouse and retail shops, no dangerous goods licence is required under Section 6 of the DGO in respect of the Group's operations.

(C) LAWS AND REGULATIONS IN RELATION TO PARALLEL IMPORTATION

1. Copyright Ordinance (Chapter 528 of the Laws of Hong Kong)

Section 30 of the Copyright Ordinance (Chapter 528 of the Laws of Hong Kong) ("**Copyright Ordinance**") provides that the copyright in a work is infringed if a person, without the licence of the copyright owner, imports into or exports from Hong Kong, otherwise than for his private or domestic use, a copy of the work which is, and which he knows or has reason to believe to be, an infringing copy of the work. Further, Section 31 of the Copyright Ordinance provides that the copyright in a work is infringed by a person who, without the licence of the copyright owner:

(i) possesses for the purpose of or in the course of any trade or business;
(ii) sells or lets for hire, or offers or exposes for sale or hire;
(iii) exhibits in public or distributes for the purpose of or in the course of any trade or business; or

Note: Pursuant to Schedule 2 of the DGR, only alcoholic beverage which contain more than 35% alcohol by volume is subject to the DGO and DGR regimes. Hence, for alcoholic beverage with less than 35% alcohol by volume, storage of which does not require any licence under the DGO. Spirits with more than 35% but not more than 70% alcohol by volume are classified as Class 3 dangerous goods under Schedule 2 as "Alcoholic Beverages/Packing Group III" and are subject to consumer pack exempt if the quantity does not exceed 1,000 units for shop storage and 5,000 units for warehouse storage (if applicable). For spirits with more than 70% alcohol by volume, they are under "Alcoholic Beverages/Packing Group II" and are subject to consumer pack exempt if the quantity does not exceed 300 units for retail shop storage and 1,500 units for warehouse storage (if applicable).

(iv) distributes (otherwise than for the purpose of or in the course of any trade or business) to such an extent as to affect prejudicially the owner of the copyright,

a copy of the work which is, and which he knows or has reason to believe to be, an infringing copy of the work.

2. Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong)

The Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong) ("**TMO**") governs the registration, use and protection of registered trade marks in Hong Kong. Trade mark protection in Hong Kong is territorial in nature, therefore, trade marks registered in other countries or regions do not automatically enjoy protection in Hong Kong. In order to obtain protection as registered trade marks in Hong Kong, trade marks must be registered under TMO and the Trade Marks Rules (Chapter 559A of the Laws of Hong Kong). According to Section 10 of the TMO, a registered trade mark is a property right obtained by registration under the ordinance, and the owner of a registered trade mark has the rights and is entitled to the remedies provided by the ordinance. Section 14 further provides that the owner of a registered trade mark has exclusive rights in the trade mark which are infringed by use of the trade mark in Hong Kong without his consent. Our Group is the registered owner of the trade marks as set out in "Other Information — B. Further Information about our Business — 2. Our material intellectual property rights" in Appendix V hereto. Conducts which amount to infringement of a registered trade mark are set out in Section 18 of TMO, which include, *inter alia*, (i) the use, in the course of trade or business, of a sign identical to the registered trade mark in relation to goods or services to those for which it is registered; (ii) the use, in the course of trade or business, of a sign identical to the trade mark in relation to goods or services which are similar to those for which it is registered; and the use of the sign in relation to such goods or services is likely to cause confusion on the part of the public. Pursuant to Section 22 of TMO, the registered owner of a trade mark is entitled to commence infringement proceedings once any infringement by third parties occurs, and is entitled to seek remedies including damages, injunctions, taking of accounts or such other relief as is available in respect of infringement of any other property right. The trade mark owner may also apply to the court for an order for delivery up and an order for disposal pursuant to Sections 23 and 25 of TMO.

3. The Law on Passing Off

Passing off is a common law action available to protect unregistered trade mark rights. To succeed in an action for passing off, the following elements must be established: (i) that an owner's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature; (ii) that there is a misrepresentation (whether intentional or unintentional) by a third party leading or likely to lead the public to believe that the goods or services offered by the third party are goods or services of the owner; and (iii) that damage has been or is likely to be suffered by the owner as a result of such misrepresentation. Misrepresentation is an essential element of a passing off action. To establish a likelihood of deception or confusion in the absence of direct misrepresentation, two factual elements are generally required: (i) that a name, mark or other distinctive feature used by the owner has acquired a reputation among a relevant class of persons; and (ii) that members of that class would mistakenly infer from a third party's use of a name, mark or other feature which is the same or sufficiently similar that the third party's goods or business are from the same source or are connected with the owner. Examples of misrepresentation recognised in common law passing off cases include: misrepresentation that the owner's goods of one class or quality are of another class or quality, misrepresentation that second-hand or used goods of the owner are new, misrepresentation that altered or adulterated goods are goods of the owner's original manufacture, misrepresentation that the goods are covered by the owner's guarantee when they are not so covered, and misrepresentation that a person is the authorised dealer of the owner when such person is not so authorised. Under the common law, parallel import, i.e. the importation and resale of genuine goods that were lawfully put on the market elsewhere in the world by the intellectual property rights owner (or with the owner's consent, whether express or implied) and that such goods are imported in parallel with the rights owner's own authorised imports into the jurisdiction, does not generally amount to passing off, as there is no misrepresentation regarding the origin of the goods. However, where an importer alters the contents, names or labels of the products, such conduct may give rise to actionable passing off.

4. Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) and the Import and Export (General) Regulations (Chapter 60A of the Laws of Hong Kong)

The Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) ("**IEO**") provides for the regulation and control of, among others, the import of articles into Hong Kong. Under section 6C of the IEO, no person shall import any article specified in Schedule 1 to the Import and Export (General) Regulations (Chapter 60A of the Laws of Hong Kong) ("**IEGR**") except under and in accordance with an import licence. Any person who contravenes this section shall be guilty of an offence and shall be liable on conviction to a fine of HK$500,000 and to imprisonment of 2 years. Under Schedule 1 of IEGR, prohibited articles that require a licence for import includes, among others, pesticides.

5. Import and Export (Registration) Regulations (Chapter 60E of the Laws of Hong Kong)

Regulations 4 and 5 of the Import and Export (Registration) Regulations (Chapter 60E of the Laws of Hong Kong) provide that every person who imports or exports any article other than an exempted article shall lodge an accurate and complete import or export declaration relating to such article using services provided by a specific body with the Commissioner of Customs and Excise within 14 days after the importation or exportation of the article. As the Group import products from overseas, we are subject to the Import and Export (Registration) Regulations.

Any person who, without reasonable excuse, fails or neglects to declare within 14 days after importation or exportation is liable on summary conviction to a fine of HK$1,000, together with a further fine of HK$100 for each day during which such declaration remains outstanding. Furthermore, any person who knowingly or recklessly lodges with the Commission of Customs and Excise a declaration that is inaccurate in any material particular commits an offence offence and is liable on summary conviction to a fine of HK$10,000. Further, under Regulation 7, a penalty is payable by any person who fails to lodge the declaration within 14 days after the importation or exportation. Where the total value of the articles specified in a declaration does not exceed HK$20,000, the penalty payable is: (i) HK$20 for lodgment after 14 days but within 1 month and 14 days; (ii) HK$40 for lodgment after 1 month and 14 days but within 2 months and 14 days; and (iii) HK$100 for lodgment after 2 months and 14 days. If the total value of articles specified in a declaration exceeds HK$20,000, the penalty amounts are doubled to HK$40, HK$80 and HK$200 respectively. Any penalty payable under Regulation 7 constitutes a civil debt due to the Government of the HKSAR, recoverable by proceedings at the District Court, and is payable when the declaration to which the penalty relates is lodged with the Commissioner of Customs and Excise.

(D) GENERAL COMPLIANCE

1. Occupiers Liability Ordinance (Chapter 314 of the Laws of Hong Kong)

Our Group conducted our business in leased or licenced properties and we are considered to be the occupier of such properties under the Occupiers Liability Ordinance (Chapter 314 of the Laws of Hong Kong) ("**OLO**"). As such, we are required to comply with the Occupiers Liability Ordinance, which regulates the obligations of a person occupying or having control of premises on which injury or damage resulting to persons or goods lawfully on the land or other property from dangers.

2. Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong)

The purpose of the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) ("**OSHO**") is to ensure the safety and health of employees when they are at work; to prescribe measures that will contribute to making the workplaces of employees safer and healthier for them; to improve the safety and health standards applicable to certain hazardous process, plant and substances used or kept in workplaces; and generally to improve the safety and health aspects of working environments of employees. The employer shall ensure the safety and health at work of all his employees by (i) providing and maintaining plant and work systems that are safe and without risks to health; (ii) making arrangements for ensuring safety and absence of risks to health in connection with the use, handling, storage or transport of plant or substances; (iii) providing all necessary information, instruction, training and supervision as may be necessary to ensure the safety and health at work of his employees; (iv) maintaining the workplace in a condition that is safe and without risks to health; (v) providing or maintaining safe means of access to and egress from the workplace; and (vi) providing and maintaining a working environment that is safe and without risks to health.

Failure to comply with the above requirements constitutes an offence and the employer is liable on conviction to a fine of HK$200,000. An employer who fails to comply intentionally, knowingly or recklessly commits an offence and is liable on conviction to a fine of HK$200,000 and to imprisonment for 6 months. Under Sections 9 and 10 of the OSHO, the Commissioner for Labour may serve an improvement notice on an employer, or an occupier of premises where a workplace is located, if the employer or occupier contravenes the provisions of the ordinance, or the Commissioner for Labour may serve a suspension notice to the employer or the occupier of premises where there is an imminent risk of death or serious bodily injury in the premises. Failure to comply with the improvement notice constitutes an offence and is liable to a fine of HK$200,000 and to imprisonment for 12 months, while failure to comply with the suspension notice constitutes an offence and is liable to a fine of HK$500,000 and to imprisonment for 12 months.

3. Gambling Ordinance (Chapter 148 of the Laws of Hong Kong)

The Gambling Ordinance (Chapter 148 of the Laws of Hong Kong) regulates gambling-related activities in Hong Kong. Under Section 22(1) of the Gambling Ordinance, any person who promotes, conducts and/or organizes a lottery, a game of tombola, a game of amusement with prizes or a trade promotion competition in Hong Kong is required to obtain a licence. In particular, under Section 22(l)(a)(iv) of the Gambling Ordinance, any person engaged in trade or business and organising and conducting a trade promotion competition is required to obtain a trade promotion competition licence from the Home Affairs Department. Under Section 2 of the Gambling Ordinance, trade promotion competition is defined as a competition or other scheme promoted, conducted or managed for the purpose of promoting a trade or business or the sale of any product. According to the Licensing Guidelines in the Guide for Applicants of Trade Promotion Competition Licence ("**Application Guide**") published by the Office of the Licensing Authority of the Home Affairs Department, typical examples of a trade promotion competition are lucky draws organised by department stores or restaurants to boost sales and promote business. Under Section 22(3) of the Gambling Ordinance, the trade promotion competition licence is subject to the prescribed conditions and to any other conditions which the public officer appointed by the Secretary for Home Affairs may impose. The prescribed conditions are set out in Form 4A under the Gambling Regulations (Chapter 148A of the Laws of Hong Kong) ("**Gambling Regulations**"), which include:

(1) no prize offered shall be a money prize;
(2) no fee shall be charged for entering the competition;
(3) advertising in respect of the competition shall refer to the licence by stating its number in the prescribed manner; and
(4) within ten days from the date of the drawing or judging of the competition, details of the results shall be published in one English and one Chinese newspaper circulating in Hong Kong, and a copy of the relevant newspaper cuttings shall be forwarded to the public officer appointed by the Secretary for Home Affairs.

Pursuant to Section 22(2) of the Gambling Ordinance, a trade promotion competition licence may be granted either for a specific competition or for renewable period of 12 months. Nevertheless, according to the Licensing Guidelines in the Application Guide, the general rule is that a licence will not be granted for a period of more than three months, nor will it be extended. So, in essence, the law permits up to 12 months, but the licensing authority's guidelines impose a practical constraint (in most cases) of no more than three months. As the Group launches non-periodical lucky draw events as part of our trade promotion activities, we obtained the Trade Promotion Competition Licence issued by the Secretary for Home Affairs pursuant to the requirements under Gambling Ordinance and Gambling Regulations based on the nature of the events on short term basis which cover the duration of the lucky draw events.

4. Employment Ordinance (Chapter 57 of the Laws of Hong Kong)

The Employment Ordinance (Chapter 57 of the Laws of Hong Kong) ("**Employment Ordinance**") regulates the general conditions of employment and matters connected therein in Hong Kong. It provides for the payment of wages, restrictions on deductions from wages, the grant of statutory holidays, and the termination of contract, among other things. Further, employees under a continuous contract are entitled to benefits such as maternity leave, sickness allowance, paid annual leave, rest days, severance and long service payment under the Employment Ordinance.

5. Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)

The Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) provides for the establishment and regulation of non-governmental mandatory provident fund schemes, enabling for members of the workforce to accumulate financial benefits for retirement. Unless otherwise exempted, employers are required to arrange their employees who are aged between 18 and 64 and employed for not less than 60 days to be enrolled as a member of a mandatory provident fund scheme ("**MPF Scheme**"). An employer who without reasonable excuse fails to enroll his employees in a MPF

Scheme commits an offence and is liable on conviction to a fine of HK$350,000 and to imprisonment for 3 years, while an employer who without reasonable excuse fails to comply with the contribution requirement is liable to a fine of HK$450,000 and to imprisonment for 4 years.

6. Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong)

The Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) ("**MWO**") provides that an employee is entitled to be paid wages not less than the minimum wage in respect of any wage period. The prescribed minimum hourly wage rate at present is HK$42.10 per hour, effective from 1 May 2025. Pursuant to Section 15, a provision of a contract of employment that purports to extinguish or reduce any right, benefit or protection conferred on the employee by the MWO is void. The MWO applies to every employee being engaged under a contract of employment to which the Employment Ordinance applies, except those who are employed as a domestic worker in, or in connection with, a household and who dwells in that household free of charge, a student intern, or a work experience student during a period of exempt student employment.

7. Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong)

The Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) ("**ECO**") establishes a no-fault, non-contributory employee compensation system for work injuries, and lays down the rights and obligations of employees and employers respectively in respect of injuries sustained by, or death of, employees as a result of an accident arising out of and in the course of employment, or in respect of specified occupational diseases suffered by the employees. If an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer shall be generally liable to pay compensation in accordance with the ECO. The following sets out a summary of certain aspects of the PRC laws and regulations which are relevant to our Group's sales of pharmaceutical, health and beauty products to Chinese Mainland via e-commerce platforms.

(E) LAWS AND REGULATIONS IN RELATION TO CROSS-BORDER E-COMMERCE BUSINESS

According to the Circular on Improving the Regulation for Cross-border E-commerce Retail Imports (《關於完善跨境電子商務零售進口監管有關工作的通知》) promulgated by the Ministry of Commerce ("**MOFCOM**"), the National Development and Reform Commission ("**NDRC**"), the Ministry of Finance ("**MOF**"), the General Administration of Customs ("**GAC**"), the State Taxation Administration ("**SAT**") and the State Administration for Market Regulation ("**SAMR**") on November 28, 2018 with effect from January 1, 2019, the cross-border E-commerce retail imports shall be regulated as goods imported for personal use, which shall not be subject to the license approval, registration or filing requirements for the first-time importation of the goods. The cross-border E-commerce retail imports shall satisfy the following criteria: (i) the goods are included in the Cross-Border E-Commerce Retail Import List (《跨境電子商務零售進口商品清單》), intended solely for personal use, and comply with the applicable tax policies for cross-border e-commerce retail imports; (ii) transactions are conducted through e-commerce platforms connected with the customs system, enabling verification of transaction, payment and logistics electronic information ("three-document matching"); (iii) where transactions are not conducted through customs-connected e-commerce platforms, express delivery operators or postal enterprises may, upon entrustment by relevant e-commerce enterprises or payment enterprises, assume corresponding legal responsibilities and transmit transaction and payment information to customs.

According to the Announcement on Regulatory Matters concerning Cross-Border E-commerce Retail Imports and Exports (《關於跨境電子商務零售進出口商品有關監管事宜的公告》) promulgated by the GAC on December 10, 2018 and implemented on January 1, 2019, goods imported through "Imports via Direct Purchase" (直購進口) in cross-border e-commerce and those applicable to the import policy of "Bonded Imports via Online Shopping"(網購保稅進口) are subject to the regulation as inbound items for personal use but not subject to the requirements for initial import approval, registration and recordation of relevant goods.

(F) LAWS AND REGULATIONS IN RELATION TO IMPORT OF DRUGS

According to the Drug Administration Law of the PRC (《中華人民共和國藥品管理法), which was promulgated by Standing Committee of the National People's Congress on September 20, 1984 and amended on February 28, 2001, December 28, 2013, April 24, 2015 and August 26, 2019, and took effect on December 1, 2019, the Regulations for the Implementation of the Drug Administration Law of the PRC (《中華人民共和國藥品管理法實施條例》), which was promulgated by State Council on August 4, 2002 and amended on February 6, 2016, March 2, 2019, the Administrative Measures for the Import of Drugs (《藥品進口管理辦法》), which was promulgated by National Medical Products Administration and GAC on 18 August 2003, as amended with effect from 24 August 2012, the drug importation enterprise must obtain the Drug Import Registration Certificate (進口藥品註冊證) (or Pharmaceutical Products Registration Certificate (醫藥產品註冊證)) or Approval Document for Import of Drugs (進口藥品批件) before it can make the import filings for the imported drugs. However, according to the aforementioned regulations, Chinese individuals are allowed to carry or mail small quantities of drugs into China for personal self-use only and such drugs are not required to obtain the Drug Import Registration Certificate (進口藥品註冊證) or other approval documents. As such, Chinese individuals may purchase drug products for personal use from cross-border e-commerce businesses such as the Group and, thus, the Group is not required to obtain the Drug Import Registration Certificate (進口藥品註冊證) (or Pharmaceutical Products Registration Certificate (醫藥產品註冊證)) or Approval Document for Import of Drugs (進口藥品批件) before it can sell drug products to customers located in the PRC.

(G) LICENSING AND CUSTOMS REQUIREMENTS FOR CONDUCTING SALES VIA ONLINE PLATFORMS IN THE PRC

According to the Announcement on Regulatory Matters concerning Cross-Border E-commerce Retail Imports and Exports (《關於跨境電子商務零售進出口商品有關監管事宜的公告》) promulgated by the General Administration of Customs on December 10, 2018 and implemented on January 1, 2019, the Circular on Improving the Regulation for Cross-border E-commerce Retail Imports (《關於完善跨境電子商務零售進口監管有關工作的通知》) promulgated by the MOFCOM, the NDRC, the MOF, the GAC, the SAT and the SAMR on November 28, 2018 with effect from January 1, 2019, cross-border e-commerce platform enterprises, logistics enterprises, payment enterprises and other enterprises involved in cross-border e-commerce retail import business shall complete registration procedures with local customs. Overseas cross-border e-commerce enterprises shall entrust agents incorporated in the PRC ("**Domestic Agents**") to complete registration procedures with the customs where the Domestic Agents are located. In other words, in order to conduct export sales of relevant products to Chinese Mainland via e-commerce platforms, the Group shall entrust qualified Domestic Agents, which shall undergo registration procedures with local customs and complete customs clearance for the Group. The cross-border e-commerce enterprise and its Domestic Agents shall be subject to the regulation and supervision of customs and other relevant authorities, and shall bear civil liability jointly and severally. The Group, as an overseas cross-border e-commerce operator, is otherwise generally not required to obtain other licences to conduct its e-commerce business in the PRC subject to the requirements as described in the foregoing paragraph headed "(A) Laws and Regulations In Relation To Cross-Border E-Commerce Business".

OVERVIEW

Our Group's history dates back to 1992 when Lung Fung Dispensary (龍豐中西大藥房), the predecessor of our Group, was founded by Mr. Tse, our Founder, Controlling Shareholder, Chief Executive Officer, executive Director, and Chairman of the Board. We opened the first Lung Fung pharmacy in Lung Fung Garden, Sheung Shui. From humble beginnings as a small pharmacy, we have gradually evolved into a chain retail operator offering beauty, health and pharmaceutical products with 31 retail stores in operation in Hong Kong as of the Latest Practicable Date. Our objective is to further strengthen our leading position in Hong Kong's retail beauty, health and pharmaceutical products industry.

We have built our brands — "Lung Fung," "Lung Fung Mall," and "Lung Fung Cosmetic" into widely recognised retail names across Hong Kong, establishing a robust local store network. Our retail store network has consistently grown, with new stores opened in late 2024 at Kai Tak Sports Park, followed by additional stores opened in the first and second quarter of 2025 in Whampoa, Kwun Tong, Tuen Mun, Fortress Hill, and Aberdeen, along with Kornhill and Sha Tin, as well as new stores in Jordan and Admiralty opened in 2026, bringing the total number of our stores to 31 as at the Latest Practicable Date.

In addition to actively expanding our retail network locally, we established a back office in Guangzhou, the PRC in 2018 and a procurement office in Japan in 2019. In 2024, we further expanded our supply chain efforts to include Korea. This enhanced direct procurement capability has allowed the Group to exercise more effective control over product quality and pricing, enabling us to offer the public high-quality products at affordable prices.

On 3 October 2025, our Company was incorporated in the Cayman Islands as an exempted company with limited liability. and, as part of our Reorganization, became the holding company of our Group with our business being conducted through our subsidiaries. Over the course of our business history, our shareholding structure has remained stable, with the Controlling Shareholders maintaining control over our operating subsidiaries. Certain of our operating subsidiaries were wholly-owned by our employees on trust for the benefit of Mr. Tse prior to our Reorganization. For further details on the shareholding structure of our Group companies, see "— Shareholding and Corporate Structure — Group companies" in this section below.

Immediately upon completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised), Mr. Tse, Mrs. Tse and Ms. Tse, through TTK Holding, will together control approximately 75% of the voting rights in our Company and hence are our Controlling Shareholders.

OUR MILESTONES

The following is a summary of our Group's key development milestones:

Date	Event
October 1992	The first Lung Fung pharmacy was opened.
June 2007	The flagship operating company, Lung Fung Pharmaceutical (Group) Limited, was incorporated.
January 2010	We set up our headquarters in Lung Fung Group Centre located in Fanling, where a five-storey building occupies over 120,000 square feet and houses various back-office departments.
June 2018	Our first flagship store in Kowloon with size over 6,000 square feet opened in Mong Kok.
May 2019	Procurement office was established in Japan to enhance supply from Japan.
August 2020	The Lung Fung Group flagship stores on Tmall was established.
	The Lung Fung Group's official online shopping platform was launched.
December 2020	The Lung Fung Group's WeChat mini program was launched.
November 2022	Our first branch on Hong Kong Island opened in Central.
November 2023	Lung Fung at the Gala Place, Mong Kok was officially opened, with gross floor area of approximately 17,500 square feet, which is the largest store of our Group.
November 2024	The number of members using the Lung Fung mobile application surpassed 200,000.
August 2025	We opened our 29th retail store in Shatin, achieving our highest number of retail stores since the founding of our Group.

SHAREHOLDING AND CORPORATE STRUCTURE

Group companies

As at the Latest Practicable Date, our Group comprises our Company and 49 subsidiaries established in the BVI, Hong Kong, the PRC and Samoa, all of which are, directly and indirectly, wholly-owned by our Company. The following table sets out information regarding our subsidiaries.

Name	Date and place of incorporation	Date of commencement of business	Share capital *(Note 1)*	Interest attributable to our Group after the Reorganization	Principal business activities during the Track Record Period	Shareholders prior to Reorganization
Subsidiaries engaged in our retail business (collectively, "Retail Companies")						
Lung Fung Dispensary (Main Store) Limited	2 June 2004 (Hong Kong)	2 June 2004	100	100%	Operation of Lung Fung Dispensary	100% held by Ms. Chan Yuen Yi, sister of Mrs. Tse and sister-in-law of Mr. Tse, on trust for the benefit of Mr. Tse
Great Harvest Enterprise Limited	5 June 2006 (Hong Kong)	5 June 2006	1	100%	Operation of Lung Fung Mall	100% held by Mr. Tse
Lung Fung Dispensary (3rd Store) Limited	15 October 2007 (Hong Kong)	15 October 2007	100	100%	Operation of Lung Fung Mall	100% held by Mr. Tse
Robust Harvest Asia Limited	17 April 2008 (Hong Kong)	17 April 2008	100	100%	Operation of Lung Fung Pop Up store	100% held by Ms. Tse
Best Harvest Enterprises Limited	13 January 2009 (Hong Kong)	13 January 2009	100	100%	Operation of Lung Fung store	100% held by Ms. Tse
Gain Ocean International Limited	23 July 2009 (Hong Kong)	23 July 2009	100	100%	Operation of Lung Fung Mall	100% held by Mr. Tse
Tai Tak Pharmacy Limited	16 October 2009 (Hong Kong)	16 October 2009	100	100%	Operation of Lung Fung Mall	100% held by Kong Yau Kwan, an employee of our Group, on trust for the benefit of Mr. Tse
Forever Rising Worldwide Limited	30 October 2009 (Hong Kong)	30 October 2009	1,000	100%	Operation of Lung Fung Mall	100% held by Mr. Tse
Tai Fung Medicine Company Limited	4 June 2010 (Hong Kong)	4 June 2010	100	100%	Operation of Lung Fung Pop Up store	99% held by Mr. Chan Wai Kong (the brother of Mrs. Tse and brother-in-law of Mr. Tse. Mr. Chan Wai Kong is also a member of the senior management of the Company (purchasing director of the Company) and a director of Tai Fung Medicine Company Limited, a wholly-owned subsidiary of the Company) on trust for the benefit of Mr. Tse 1% held by Mr. Tse

Name	Date and place of incorporation	Date of commencement of business	Share capital (Note 1)	Interest attributable to our Group after the Reorganization	Principal business activities during the Track Record Period	Shareholders prior to Reorganization
True Harvest Dispensary Company Limited	12 August 2010 (Hong Kong)	12 August 2010	100	100%	Operation of Lung Fung Mall	50% held by Mr. Tam Shu Wing (an employee of our Group), on trust for the benefit of Mr. Tse 50% held by Mrs. Tse on trust for the benefit of Mr. Tse
Man Wah Dispensary Limited	7 June 2011 (Hong Kong)	7 June 2011	100	100%	Operation of Lung Fung store	100% held by Mr. Tse
Man Fung Dispensary Limited	3 August 2011 (Hong Kong)	3 August 2011	100	100%	Operation of Lung Fung Dispensary	100% held by Mr. Tse
Great Dragon Industrial Limited	17 January 2013 (Hong Kong)	17 January 2013	1	100%	Operation of Lung Fung Mall	100% held by Ms. Tse
Able Harvest Asia Investment Limited	7 March 2013 (Hong Kong)	7 March 2013	1	100%	Operation of Lung Fung Cosmetic	100% held by Ms. Tse
Well Harvest (China) Limited	1 September 2015 (Hong Kong)	1 September 2015	100	100%	Operation of Lung Fung Cosmetic	100% held by Mrs. Tse on trust for the benefit of Mr. Tse
Allied Way International Investment Limited	17 June 2016 (Hong Kong)	17 June 2016	100	100%	Operation of Lung Fung Mall	100% held by Ms. Tse
China Smart Capital Investment Limited	1 November 2016 (Hong Kong)	1 November 2016	10,000	100%	Operation of Lung Fung Mall	100% held by Ms. Tse
Max Dragon Capital Investment Limited	1 November 2016 (Hong Kong)	1 November 2016	10,000	100%	Operation of Lung Fung Mall	100% held by Ms. Tse
Success Power Industrial Limited	2 January 2018 (Hong Kong)	2 January 2018	1	100%	Operation of Lung Fung Mall	100% held by Ms. Tse
Full Honest Asia Limited	18 January 2018 (Hong Kong)	18 January 2018	1	100%	Operation of Lung Fung Mall	100% held by Ms. Tse
Great Harvest Asia Investment Limited	23 May 2018 (Hong Kong)	23 May 2018	1	100%	Operation of Lung Fung Mall	100% held by Mr. Tse
Max Great Corporation Limited	31 August 2018 (Hong Kong)	31 August 2018	1	100%	Operation of Lung Fung store	100% held by Ms. Tse
Full Well International Enterprise Limited	18 October 2019 (Hong Kong)	18 October 2019	1	100%	Operation of Lung Fung Mall	100% held by Pearl Lake Global Limited
Golden Period Management Limited	28 June 2023 (Hong Kong)	28 June 2023	1	100%	Operation of Lung Fung store	100% held by Ms. Tse
Rich Stand Limited	10 May 2024 (Hong Kong)	10 May 2024	1	100%	Operation of Lung Fung Mall	100% held by Ms. Tse
Rich More Investment Limited	12 July 2024 (Hong Kong)	12 July 2024	1	100%	Operation of Lung Fung Mall	100% held by Ms. Tse
Harvest Concept International Limited	15 October 2024 (Hong Kong)	15 October 2024	1	100%	Operation of Lung Fung Mall	100% held by Ms. Tse
Access Holdings Limited	10 January 2025 (Hong Kong)	10 January 2025	1	100%	Operation of Lung Fung Mall	100% held by Ms. Tse
Master Grand Investment Limited	8 April 2025 (Hong Kong)	8 April 2025	1	100%	Operation of Lung Fung Mall	100% held by LFP

Name	Date and place of incorporation	Date of commencement of business	Share capital (Note 1)	Interest attributable to our Group after the Reorganization	Principal business activities during the Track Record Period	Shareholders prior to Reorganization
Subsidiaries engaged in our wholesale business (collectively, "Wholesale Companies")						
Top Harvest Pharmaceuticals Company Limited	26 April 2002 (Hong Kong)	26 April 2002	100	100%	Wholesale	90% held by Mrs. Tse 10% held by Ms. Chan Yuen Yi on trust for the benefit of Mr. Tse
Huge Harvest Trading Limited	16 November 2006 (Hong Kong)	16 November 2006	100	100%	Wholesale	100% held by Mr. Tse
Dai Ching Holdings Company Limited	10 June 2009 (Hong Kong)	10 June 2009	100	100%	Wholesale	100% held by Chan Wai Lung (brother of Mrs. Tse and brother-in-law of Mr. Tse and an employee of our Group) on trust for the benefit of Mr. Tse
Lucky Talent Corporation Limited	13 October 2016 (Hong Kong)	13 October 2016	1	100%	Wholesale	100% held by Mr. Tse
Subsidiary engaged in advertising and promotion agency business						
Dragon Mind Creation Limited	3 August 2015 (Hong Kong)	3 August 2015	100	100%	Advertising and promotion agency	100% held by Mr. Tse
Subsidiaries engaged in overseas sourcing and private label business						
Pearl Lake (Hong Kong) Limited	24 October 2016 (Hong Kong)	24 October 2016	1	100%	Private label business	100% held by Pearl Lake Global Limited
Lung Fung Investment (China) Limited	3 August 2018 (Hong Kong)	3 August 2018	100	100%	Investment holding	100% held by LFG (Note 2)
Lung Fung Investment (Japan) Limited	22 May 2019 (Hong Kong)	22 May 2019	100	100%	Overseas sourcing	100% held by LFG (Note 2)
Pearl Lake Global Limited	23 October 2019 (BVI)	23 October 2019	1	100%	Investment holding	100% held by LFG (Note 2)
Tak Fung International Trading Development (Guangzhou) Co., Ltd (德豐國際貿易發展(廣州)有限公司)	24 December 2018 (the PRC)	24 December 2018	RMB6.4 million	100%	Wholesale	100% held by Lung Fung Investment (China) Limited
Subsidiaries engaged in the general management and administrative matters of our Group (collectively, "Other Companies")						
Lung Fung Pharmaceutical (Group) Limited	8 June 2007 (Hong Kong)	8 June 2007	100,000	100%	Retail, wholesale and investment holding	100% held by Mr. Tse
Kidbrooke Group Limited	16 September 1997 (Samoa)	16 September 1997	1	100%	Property holding	100% held by LFP
Harvest Smart Holdings Limited	12 January 2018 (Hong Kong)	12 January 2018	1	100%	Property holding	100% held by LFP
San Fung Health Limited	30 April 2005 (Hong Kong)	30 April 2005	1	100%	Non-operating	100% held by Chan Yuen Yi on trust for the benefit of Mr. Tse
Grand Harvest Worldwide Limited	3 November 2010 (Hong Kong)	3 November 2010	100	100%	Lease Management	100% held by LFP
Fancy Mind Corporation Limited	4 January 2019 (Hong Kong)	4 January 2019	1	100%	Non-operating	100% held by Wong Sze Chun (an employee of our Group) on trust for the benefit of Mr. Tse

Name	Date and place of incorporation	Date of commencement of business	Share capital (Note 1)	Interest attributable to our Group after the Reorganization	Principal business activities during the Track Record Period	Shareholders prior to Reorganization
Intermediate holding companies						
LF Retail Holding Limited	9 October 2025 (BVI)	9 October 2025	7	100%	Investment holding	100% held by our Company
TH Wholesale Holding Limited	9 October 2025 (BVI)	9 October 2025	3	100%	Investment holding	100% held by our Company
PL Beautie Limited	9 October 2025 (BVI)	9 October 2025	2	100%	Investment holding	100% held by our Company
LF Consultancy Limited	9 October 2025 (BVI)	9 October 2025	2	100%	Investment holding	100% held by our Company

Notes:

1. The share capital structure of our subsidiaries incorporated in Hong Kong, the BVI and Samoa refer to their issued shares. The share capital structure of our subsidiary established in the PRC refer to their registered capital. As at the Latest Practicable Date, all shares or share capital under the "Share capital" column were fully paid-up.

2. Lung Fung Group Co., Ltd. ("**LFG**") is a company incorporated in Hong Kong and is wholly owned by Mr. Tse.

During the Track Record Period, all of our subsidiaries were controlled by our Controlling Shareholders and, save for our Reorganization, there was no significant change in the beneficial shareholding of our subsidiaries.

We have adopted a complex group structure with several subsidiaries, a common practice in the retail industry in Hong Kong, where a separate company is established for each store outlet. This approach provides us with flexibility regarding licensing, compliance, and leasing arrangements when opening and closing store outlet as part of our normal business operations. Since each of our operating subsidiaries manages only one store, our Directors do not view any individual subsidiary as materially significant in relation to our overall performance results.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and as at the Latest Practicable Date, save for the Reorganization, we did not conduct any acquisitions, disposals or mergers that we consider to be material to us.

SHAREHOLDING CHANGES IN MEMBERS OF OUR GROUP DURING THE TRACK RECORD PERIOD

On the dates specified below, Mr. Tse, or as the case may be, Mrs. Tse transferred his/her entire interest in the following companies to Ms. Tse at nominal consideration. Such a matter of family planning and arrangement among Mr. Tse, Mrs. Tse and Ms. Tse and not a commercial divestment of his/her interests in the relevant companies.

Below is the details of the changes in shareholdings of the members of our Group during the Track Record Period and before the Reorganization.

Company	Transferor	Transferee	Date of transfer	Number of share(s) transferred	Consideration
Robust Harvest Asia Limited (豐業亞太有限公司)	Mr. Tse	Ms. Tse	1 April 2025	100	100
Best Harvest Enterprises Limited (大豐盛企業有限公司)	Mr. Tse	Ms. Tse	1 April 2025	100	100
Great Dragon Industrial Limited (浩龍實業有限公司)	Mr. Tse	Ms. Tse	1 April 2025	1	1
Able Harvest Asia Investment Limited (威豐亞太投資有限公司)	Mr. Tse	Ms. Tse	1 March 2025	1	1
Allied Way International Investment Limited (滙進國際投資有限公司)	Mrs. Tse	Ms. Tse	1 April 2025	100	100
China Smart Capital Investment Limited (華俊創富有限公司)	Mrs. Tse	Ms. Tse	24 March 2025	1	1
	Sole Blossom Limited *(Note 1)*	Ms. Tse	24 March 2025	9,999	9,999
Max Dragon Capital Investment Limited (盛龍創富有限公司)	Mrs. Tse	Ms. Tse	25 February 2025	1	1
	Sole Blossom Limited *(Note 1)*	Ms. Tse	25 February 2025	9,999	9,999
Success Power Industrial Limited (興威實業有限公司)	Mr. Tse	Ms. Tse	28 January 2025	1	1
Full Honest Asia Limited (豐誠亞洲有限公司)	Mr. Tse	Ms. Tse	1 April 2025	1	1
Max Great Corporation Limited (韋豐有限公司)	Mr. Tse	Ms. Tse	28 January 2025	1	1
Golden Period Management Limited (金時管理有限公司)	Mr. Tse	Ms. Tse	28 January 2025	1	1
Rich Stand Limited (富起有限公司)	Mr. Tse	Ms. Tse	28 January 2025	1	1

Note:

1. Sole Blossom Limited is a company wholly owned by Mrs. Tse.

REORGANIZATION

Prior to the Reorganization, we were a group of private companies directly or indirectly held by our Controlling Shareholders. In preparation for the Listing, we undertook a series of restructuring steps for the purpose of transferring assets and businesses from our Controlling Shareholders to our Company and streamlining our corporate and shareholding structure.

Reorganization steps

In preparing for the Listing, our Group carried out the Reorganization which involved the following steps:

Incorporation of our Company

Our Company was incorporated on 3 October 2025 as an exempted company with limited liability under the laws of the Cayman Islands, with an authorized share capital of HK$390,000 divided into 3,900,000,000 ordinary shares with a par value of HK$0.0001 each. It is the holding company of our subsidiaries, and its principal business activity is investment holding. Upon our Company's incorporation, one fully-paid subscriber's share was immediately transferred to TTK Holding. Following the share transfer, the issued share capital of our Company was wholly owned by TTK Holding.

Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 12 November 2025.

Incorporation of LF Retail Holding Limited, TH Wholesale Holding Limited, PL Beautie Limited and LF Consultancy Limited

On 9 October 2025, each of LF Retail Holding Limited, TH Wholesale Holding Limited, PL Beautie Limited and LF Consultancy Limited was incorporated in the BVI with an authorized share capital of US$10,000 divided into 10,000 ordinary shares of a single class with par value of US$1.00 each. Upon the incorporation of these companies, one share (being 100% of the issued share capital of each of LF Retail Holding Limited, TH Wholesale Holding Limited, PL Beautie Limited and LF Consultancy Limited) was issued and allotted to our Company. Upon completion of such issuance, each of LF Retail Holding Limited, TH Wholesale Holding Limited, PL Beautie Limited and LF Consultancy Limited became a direct wholly-owned subsidiary of our Company.

Acquisition of the Retail Companies, San Fung Health Limited and Fancy Mind Corporation Limited

Prior to our Reorganization, each of the Retail Companies, San Fung Health Limited and Fancy Mind Corporation Limited was, either directly or indirectly, wholly-owned by Mr. Tse or Ms. Tse.

On 20 October 2025, our Company, via LF Retail Holding Limited as the purchaser's nominee, acquired all shares of the Retail Companies, San Fung Health Limited and Fancy Mind Corporation Limited from their respective legal and beneficial owner(s).

The consideration for the transfer of share(s) in five of the Retail Companies was settled by the allotment and issue of an aggregate of 73 shares in our Company, all credited as fully paid, free from all encumbrances and together with the benefit of all rights and profits attaching thereto, to TTK Holding. The determination of the relevant consideration was based on the net asset value of each of these Retail Companies as at the reference date. For the transfer of share(s) in each of the rest of the Retail Companies, San Fung Health Limited and Fancy Mind Corporation Limited, the consideration is HK$1 as these companies recorded a net liability as at the reference date and the consideration was settled in cash.

In consideration of the nomination by our Company of LF Retail Holding Limited to take up the relevant shares in those five Retail Companies, LF Retail Holding Limited allotted and issued five shares to our Company.

Upon completion of the above, all Retail Companies, San Fung Health Limited and Fancy Mind Corporation Limited became indirectly wholly-owned subsidiaries of our Company.

Allotment of shares and capital reduction in LFP

Prior to our Reorganization, LFP was directly wholly-owned by Mr. Tse.

On 16 October 2025, LF Retail Holding Limited subscribed for 100,000 shares in LFP. Upon completion of the shares subscription in LFP, LFP was owned as to 99% by LF Retail Holding Limited and 1% by Mr. Tse. In consideration of HK$10 for the 100,000 new shares in LFP issued to LF Retail Holding Limited, LF Retail Holding Limited allotted and issued one share, credited as fully paid, to our Company.

On 22 October 2025, LFP passed a Shareholder's resolution in relation to a reduction of its registered capital by repaying HK$137,000,000 paid-up share capital comprising 1,000 ordinary shares to Mr. Tse, through the offsetting of HK$137,000,000 due from an entity indirectly wholly-owned by Mr. Tse. In consideration of Mr. Tse agreeing to have his shares in LFP cancelled, Mr. Tse directed TTK Holding to receive 935,079 new shares as his nominee, all credited as fully paid, issued by our Company. The capital reduction was completed on 28 November 2025 and LFP became an indirectly wholly-owned subsidiary of our Company.

Acquisition of the Wholesale Companies

Prior to our Reorganization, each of the Wholesale Companies was, directly or indirectly, wholly owned by Mr. Tse and/or Mrs. Tse.

On 20 October 2025, our Company, via TH Wholesale Holding Limited as the purchaser's nominee, acquired all shares in the Wholesale Companies from their respective legal and beneficial owner(s).

The consideration for the transfer of shares in two of the Wholesale Companies was settled by the allotment and issue of an aggregate of 34,043 shares in our Company, all credited as fully paid, free from all encumbrances and together with the benefit of all rights and profits attaching thereto, to TTK Holding. The determination of the relevant consideration was based on the net asset value of each of these Wholesale Companies as at the reference date. For the transfer of shares in each of the rest of the Wholesale Companies, the consideration is HK$1 as these companies recorded a net liability as at the reference date and the consideration was settled in cash.

In consideration of the nomination by our Company of TH Wholesale Holding Limited to take up the relevant shares in those two Wholesale Companies, TH Wholesale Holding Limited allotted and issued two shares to our Company.

Upon completion of the above, all Wholesale Companies became indirectly wholly-owned subsidiaries of our Company.

Acquisition of Pearl Lake Global Limited, Lung Fung Investment (China) Ltd and Lung Fung Investment (Japan) Limited

Prior to our Reorganization, each of Pearl Lake Global Limited, Lung Fung Investment (China) Limited and Lung Fung Investment (Japan) Limited was, directly or indirectly, wholly owned by LFG.

On 20 October 2025, our Company, via PL Beautie Limited as its nominee, acquired all shares in each of Pearl Lake Global Limited, Lung Fung Investment (China) Limited and Lung Fung Investment (Japan) Limited from LFG.

The consideration for the transfer of share in Pearl Lake Global Limited was settled by the allotment and issue of an aggregate of 30,592 shares in our Company, all credited as fully paid, free from all encumbrances and together with the benefit of all rights and profits attaching thereto, to TTK Holding. The determination of the consideration was based on the net asset value of Pearl Lake Global Limited as at the reference date. For the transfer of share in each of Lung Fung Investment (China) Limited and Lung Fung Investment (Japan) Limited, the consideration is HK$1 as these companies recorded a net liability as at the reference date and the consideration was settled in cash.

In consideration of the nomination by our Company of PL Beautie Limited to take up the shares in Pearl Lake Global Limited, PL Beautie Limited allotted and issued one share to our Company.

Upon completion of the above, each of Pearl Lake Global Limited, Lung Fung Investment (China) Limited and Lung Fung Investment (Japan) Limited became an indirectly wholly-owned subsidiary of our Company.

Acquisition of Dragon Mind Creation Limited

Prior to our Reorganization, Dragon Mind Creation Limited was directly wholly owned by Mr. Tse.

On 20 October 2025, our Company, via LF Consultancy Limited as its nominee, acquired all shares of Dragon Mind Creation Limited from Mr. Tse, who was the sole legal and beneficial owner of Dragon Mind Creation Limited.

The consideration for the transfer of share in Dragon Mind Creation Limited was settled by the allotment and issue of 212 shares in our Company, all credited as fully paid, free from all encumbrances and together with the benefit of all rights and profits attaching thereto, to TTK Holding. The determination of the consideration was based on the net asset value of Dragon Mind Creation Limited as at the reference date.

In consideration of the nomination by our Company of LF Consultancy Limited to take up the shares in Dragon Mind Creation Limited, LF Consultancy Limited allotted and issued one share to our Company.

Upon completion of the above, Dragon Mind Creation Limited became an indirectly wholly-owned subsidiary of our Company.

Capitalization Issue

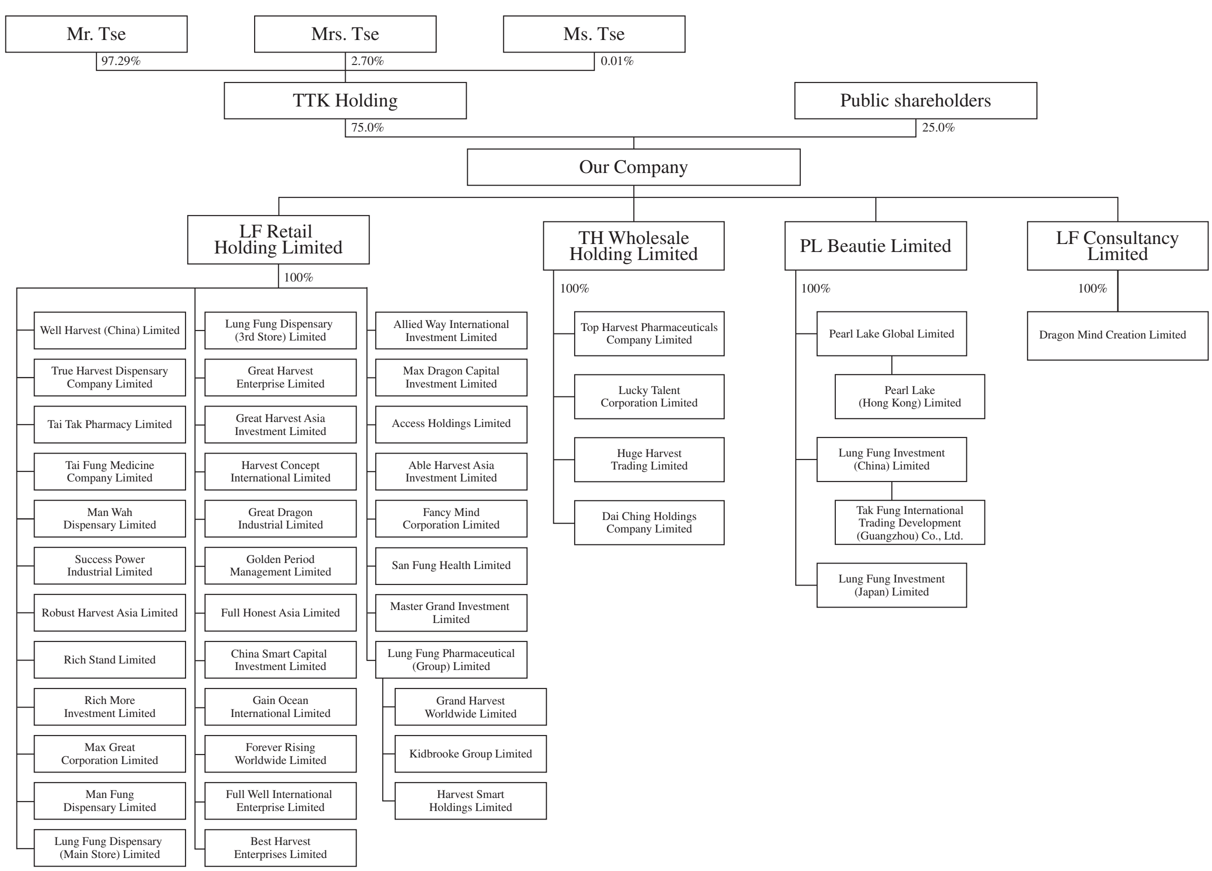
On 18 May 2026, our sole Shareholder have resolved that, conditional upon the share premium account of our Company being credited as a result of the allotment and issue of the Offer Shares by the Company pursuant to the Global Offering, our Directors are authorized to capitalize an amount of HK$37,400 standing to the credit of the share premium account of our Company by applying such sum thereof towards the paying up in full at par a total of 374,000,000 Shares for allotment and issue to the holders of Shares whose names appear on the register of members of our Company at the close of business on 11 May 2026 in proportion (as near as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing respective shareholding in our Company.

Details of the resolutions of our sole Shareholder dated 18 May 2026 are set out in "Appendix V — Statutory and General Information — A. Further Information About Our Group — 3. Resolutions in writing of our sole Shareholder passed on 18 May 2026" in this prospectus.

As at the date of this prospectus, with the exception of the Capitalization Issue which will take place on the Listing Date, all steps of our Reorganization have been properly and legally completed and settled and no approval is required from the relevant regulatory authorities.

Post-Listing corporate structure

The following chart sets out the shareholding and corporate structure of our Group upon completion of the Capitalization Issue and Global Offering (assuming the Over-allotment Option is not exercised).



Public Float

Rule 8.08(1) of the Listing Rules requires that there must be an open market in the securities for which listing is sought. This will normally mean that for a class of securities new to listing, at least a minimum prescribed percentage of that class of securities must be held by the public at the time of listing. Where the expected market value of the class of securities at the time of listing does not exceed HK$6,000,000,000, the minimum prescribed percentage is 25%.

Based on (i) the indicative Offer Price range being HK$5.18 per Offer Share at the low-end and HK$6.38 per Offer Share at the high-end, and (ii) 500,000,000 Shares in issue immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), in any event, where the Offer Price is at HK$6.38, being the high-end of the indicative Offer Price range, it is expected that the market value of our Shares at the time of Listing will be HK$3,190,000,000. Accordingly, as the market value of the class of securities at the time of listing will not exceed HK$6,000,000,000, at least 25% of the total number of issued Shares must be held by the public at the time of Listing (assuming an Offer Price of HK$6.38 per Offer Share).

Apart from the 375,000,000 Shares held by TTK Holding Limited, which is owned as to 97.29%, 2.70% and 0.01% by Mr. Tse, Mrs. Tse and Ms. Tse (Mr. Tse and Ms. Tse being our Executive Directors, with TTK Holding Limited, Mr. Tse, Mrs. Tse and Ms. Tse being our Substantial Shareholders), representing in aggregate 75% of our total issued Shares immediately upon the completion of the Share Split and the Global Offering (assuming the Over-allotment Option is not exercised) and which will not count towards the public float for the purpose of Rule 8.08(1) of the Listing Rules, Shares held by all other Shareholders will be counted towards the public float, representing 25% of the total issued Shares. Accordingly, the Company will satisfy the public float requirement under Rule 8.08(1) of the Listing Rules.

Free Float

Rule 8.08A of the Listing Rules provides that, there must be sufficient shares for which listing is sought by a new applicant that are held by the public and available for trading upon listing. This will normally mean that the portion of the class of shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (1) represent at least 10% of the total number of issued shares in the class of shares for which listing is sought (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50,000,000; or (2) have an expected market value at the time of listing of not less than HK$600,000,000.

On the basis that (i) no Offer Shares will be allocated under the Global Offering to any core connected person of our Company or person which is not regarded as a member of the public under Rule 8.24 of the Listing Rules and (ii) all Shares to be issued to the cornerstone investors (if any) are excluded for the purpose of satisfying the free float requirement (assuming the Over-allotment Option is not exercised) and assuming an Offer Price of HK$5.18, being the low-end of the indicative Offer Price range, upon completion of the Global Offering, it is expected that 125,000,000 Shares, with an expected market value at the time of listing of approximately HK$647,500,000, will be held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise) at the time of the listing. Accordingly, the Company will satisfy the free float requirement under Rule 8.08A of the Listing Rules.

NO PRE-IPO INVESTMENT

There was no pre-IPO investor to our Group before and after our Reorganization within the meaning of the Listing Rules.

OVERVIEW

Mission & Vision — Creating a shopping experience of "More Choices, More Fun" for every customer

We are a leading Hong Kong-based chain retail store of beauty, health and pharmaceutical products under our "Lung Fung" (龍豐) brand. According to Frost & Sullivan, in FY2025, our Group ranked third among beauty, health and pharmaceutical product retailers with a market share of 5.8% in terms of retail sales value in Hong Kong; and we were the largest pharmaceutical product retailer by retail sales value in Hong Kong, with a market share of 5.2%, and also the third largest health and pharmaceutical product retailer by revenue in Hong Kong, with a market share of approximately 4.2%. We focus on offering a wide variety of value-for-money products to our customers through our 31 retail stores in operation in Hong Kong as at the Latest Practicable Date and our various online sales platforms. Leveraging over 30 years of experience, we have cultivated a strong capability to effectively identify and capture consumer demand in the local retail market and established ourselves as a one-stop beauty, health and pharmaceutical products provider. We have developed expertise in product selection, strategically offering a diversified product portfolio with over 49,000 SKUs of products sold over the Track Record Period and approximately 28,800 SKUs of products sold in FY2025, covering 11 core categories including beauty and skincare, healthcare and supplement, pharmaceutical, maternal and infant, personal care, food and household daily products.

As at the Latest Practicable Date, we had 31 physical retail stores in Hong Kong covering major prime locations and communities, including Central, Tsim Sha Tsui, Mong Kok and Causeway Bay with an aggregate UFA exceeding 123,000 sq.ft.. Furthermore, our online sales channels, namely "Lung Fung Mall" online store and on e-commerce platforms in the PRC such as WeChat, Tmall and JD.com, complement our physical retail store network, enabling us to accommodate the diverse shopping preferences and habits of our customers.

We possess strong supply chain procurement capability and sourced from over 600 suppliers as at 30 November 2025, including international brand owners and authorised agents, ensuring a stable supply of a wide variety of products in a timely manner. We have maintained business relationship with three of our top five suppliers for each of FY2023, FY2024 and FY2025 for over 15 years. To enhance our procurement efficiency and better address consumers' evolving demands, we have established a procurement office in Japan to enhance our direct engagement with suppliers in Japan. Apart from sourcing a majority of our products from different suppliers, we also offer some products under our own private labels such as "Tse Tai Kung" (謝太公). As at 30 November 2025, we had established over 40 private label brands, covering proprietary Chinese medicines and health products. We engage OEM and ODM manufacturers for the production of our private label products while we remain responsible for the quality control over these products.

By offering a diversified product portfolio through our physical retail network, we aim to provide customers with a pleasant and one-stop shopping experience. Our objective is to provide customers with the convenience of accessing a wide selection of daily lifestyle products in a single visit, aligned with their individual preferences and needs.

During the Track Record Period, our revenue recorded significant growth, increasing from HK$1,094.0 million for FY2023 to HK$2,460.5 million for FY2025, representing a CAGR of 50.0% over the three financial years. Our revenue increased by 34.7% from HK$1,510.4 million for 8MFY2025, to HK$2,035.1 million for 8MFY2026. We recorded gross profit of HK$272.2 million, HK$592.8 million and HK$777.6 million, respectively, over the past three financial years, with a CAGR of 69.0%; with our gross profit margin increased from 24.9% for FY2023 to 31.6% for FY2025, and remained relatively consistent at 30.9% for 8MFY2026. We achieved robust growth in net profit, turning around from a loss of HK$27.1 million for FY2023 caused by the COVID-19 pandemic to a profit of HK$144.5 million for FY2024 and further increased by 17.9% to HK$170.4 million for FY2025. We recorded a growth of 95.8% in terms of the revenue generated from the beauty, health and pharmaceutical product sector between FY2023 and FY2024, significantly outpacing the industry average growth rate for the sector of 19.0%.

OUR STRENGTHS

1. Our brand is well trusted and accepted by the Hong Kong retail market

Throughout our operational history, we believe our brand "Lung Fung" has established itself as a trusted brand, recognised for delivering value-for-money offerings and guaranteed authenticity. We have established internal control verification procedure to ensure product authenticity, and we have obtained the "Rx" certification for licensed pharmacies from the Hong Kong Department of Health and the "No Fakes Pledge" Scheme certification from the Intellectual Property Department. These authoritative certifications guarantee our commitment to authentic products and integrity in business operations.

Since the opening of our first store in Sheung Shui in 1992, we have maintained a steadfast commitment to a Hong Kong-centric business model. In our formative years, due to cost considerations and limited market penetration, we strategically concentrated our store locations in the New Territories, where operational costs were more manageable. As our customer base and brand reputation grew over time, we took a significant step forward by establishing our first Kowloon store in 2018, marking a transition from a community-based retail approach to a strategic presence in prime urban locations. Leveraging our extensive business experience and wide range of product offering, we opened our Central flagship store in 2022, followed by another flagship store at Gala Place, Mong Kok in 2023.

According to Frost & Sullivan, in FY2025, the overall beauty, health and pharmaceutical product retailer market in Hong Kong was relatively competitive, with the top five retailers accounting for an aggregate market share of 27.4% in terms of retail sales value. In terms of the year-on-year growth, we recorded a growth of 95.8% in terms of the revenue generated from the beauty, health and pharmaceutical product sector between FY2023 and FY2024, significantly outpacing the industry average growth rate for the sector of 19.0%.

This performance underscores the effectiveness of our locally focused and adaptive business strategy, which enabled us to capture increased market share during a time of broad industry contraction.

2. We have established a well-selected wide portfolio of product categories complementing our leading market position

We have established a wide supplier network which facilitates us in establishing a well selected portfolio of product categories, which complements our leading position in the Hong Kong beauty, health and pharmaceutical products retail industry through our outstanding product capabilities and category advantages. Firstly, we sold over 49,000 SKUs of products during the Track Record Period and typically stock over 9,000 SKUs per retail store. Our vast and diverse product range not only offers consumers the convenience of "one-stop shopping" experience but also forms the foundation of our robust supply chain advantage. With such large-scale procurement volume, we are able to secure more favorable purchase prices and more stable supply chains, while also offering consumers broader opportunities for price comparison and selection. Secondly, our products cover 11 main categories, including proprietary Chinese medicines, western medicines, health supplements, skincare products, cosmetics, perfume, personal care, household sundries, maternal and infant care products, food and pet supplies. Our large product portfolio enables us to meet the diversified needs of different customer groups thus widening our customer base.

We have also maintained amicable direct business relationship with well-known brands. We have direct relationship with brands including Fortune Pharmacal, GlaxoSmithKline, Advance Pharmaceutical, Ma Pak Leung, Nin Jiom Medicine, Hisamitsu Pharmaceutical, Colgate, Friso, Vitasoy and Walch. We were the top purchaser of products under some well-known brands — for instance, based on information provided by the respective suppliers, we were the top purchaser of Friso's infant formula products in 2022, 2023 and 2024 in terms of the relevant supplier's annual total sales value to traditional sales channels in Hong Kong such as pharmacies and we were the top purchaser of Coltalin 36S and Coltalin-GP Extra 36S products in 2022, 2023 and 2024 in terms of Fortune Pharmacal's annual total sales value to pharmacies in Hong Kong. We hold a requisite license issued by the Hong Kong Department of Health, which allows us to employ registered pharmacists to provide professional consulting services. This signifies that we are not only qualified to offer general medicine, but also to provide dispensing services for prescription medicines (with a doctor's prescription), which distinguish us from most of the other beauty, health and pharmaceutical products shops.

Leveraging over 30 years of extensive experience in the beauty, health and pharmaceutical products retail industry, we have successfully developed our private label business and is growing steadily. As at 30 November 2025, we had established over 40 private label brands, covering a total of over 700 SKUs available for sale as at the Latest Practicable Date, in product categories such as proprietary Chinese medicines, skincare products and health supplements. We analyse and monitor local consumer trends through a variety of channels, including membership data, sales hotspots, and social media insights. When we identify unmet consumer needs or market demand that are not fully fulfilled by products sourced from our third-party suppliers, we will proactively seek to meet these demands through the development and introduction of our own private label products. Finally, our private label embraces localised marketing strategies to achieve effective brand penetration. For example, our own Chinese medicine brand, "Tse Tai Kung (謝太公)", engages local artists and key opinion leaders (KOLs) who are well-known to the Hong Kong general public to endorse the brand, effectively enhancing its brand image and sales.

3. We offer one-stop shopping experience with comprehensive product offering to maximise consumer engagement

Our retail stores in Hong Kong had an average size of over 4,180 sq.ft.. We are committed to providing consumers with a comprehensive, one-stop shopping experience.With our extensive product portfolio, we have successfully created an immersive "one-stop shopping" experience for customers, where consumers can embark on a shopping journey that simultaneously fulfills their diverse needs for beauty products, health products, pharmaceuticals, maternal and infant care products and even pet food in each visit. As at the Latest Practicable Date, we had 15 registered pharmacists and over 38 beauty consultants stationed across our 31 retail stores in operation in Hong Kong.

While we prioritize storage efficiency by optimizing our product racks to accommodate a broad range of products, thereby offering our customers an extensive selection of products, we are also committed to ensuring that the overall in-store environment remains comfortable. Our store layouts are carefully designed to avoid overcrowding, with well-organised product displays and clearly defined aisles that allow for easy navigation. This enables customers to locate their desired products quickly and effortlessly, enhancing both shopping satisfaction and operational flow. We continually review and fine-tune our store configuration based on customer feedback and shopping patterns to ensure an optimal balance between inventory presentation and customer experience.

We regularly update the layout of our products in response to evolving promotional and marketing strategies. These changes may be driven by various factors, such as the launch of new products, seasonal campaigns, or the need to highlight specific promotional items to increase their visibility and drive sales. By adjusting the product arrangement, we aim to create a dynamic and engaging in-store experience that captures our customers' attention. These periodic layout revisions also help ensure that our store remains visually appealing and feels fresh with every visit. We believe that a well-curated and frequently refreshed product display not only enhances the shopping experience but also encourages product discovery by the customers and increases their satisfaction. We believe that this three-dimensional strategy of "brand uniqueness + product diversity + immersive experience" has successfully enabled us to transcend the traditional beauty, health and pharmaceutical products retail model.

4. We have established a strong and efficient supply chain with stable relationship with our key suppliers and well-developed modern warehousing and logistics systems

With over three decades of experience in retail business, we have successfully built a highly efficient and stable supply chain, with comprehensive warehousing, logistics and quality control systems, which is the key foundation for us to provide a comprehensive product offering with competitive pricing. We maintain stable relationship with our existing suppliers and we have established long-term cooperative relationships with our key suppliers, among which three of our five largest suppliers for each of FY2023, FY2024 and FY2025 have over 15 years of business relationship with us. We believe our stable relationship with suppliers allows us to maintain advantages in both products and prices. To enhance procurement efficiency and better address customers' evolving demands, we have established a procurement office in Japan to enable more direct engagement with suppliers.

Moreover, our modern warehousing and logistics system supports the efficient operation of our retail network and enables omni-channel coordination. Our warehouse and logistics center in Fanling spans over 110,000 square feet across six floors. This integrated headquarters facility combines warehousing, operation, and distribution, and is equipped with advanced temperature control and ventilation systems, the temperature and humidity monitoring systems ensure optimal storage conditions for drugs, cosmetics and other specialised products. We also utilise an integrated warehouse management system to monitor inventory status in real time and automatically generate replenishment requests for our physical retail stores. In terms of logistics network, we have established a delivery system from our central warehouse to retail stores, enabling high-frequency replenishment for physical retail stores at least once per day generally. We operate our own logistics vehicle fleet equipped with GPS tracking and temperature control systems to ensure the safety and timeliness of product transportation. In terms of quality control, we have established a rigorous quality management system covering all our operation processes. For supplier access management, we implement a rigorous vetting process that requires all suppliers to provide quality management system certifications (ISO9001/GMP) and established a professional quality inspection team to evaluate suppliers based on their experience, production capacity, agency certification, supply chain transparency, pricing and compliance to ensure product quality.

5. Founder and management team with extensive experience in retail beauty, health and pharmaceutical products industry and long-term commitment to social and charitable initiatives contributing to significant brand value for Lung Fung in local community

Our founder, Chairman, executive Director and Controlling Shareholder, Mr. Tse, is a seasoned participant in Hong Kong's retail beauty, health and pharmaceutical products industry with over 35 years of experience. Mr. Tse joined the pharmacy retail sector in the 1980s, personally witnessing the industry's evolution and transformation. He possesses insight of consumer demands and local market trends in Hong Kong. Particularly during the COVID-pandemic, when Hong Kong's overall retail market was underperforming, Mr. Tse seized the opportunity and led Lung Fung to achieve counter-cyclical expansion through flexible operational strategies. Mr. Tse has integrated entrepreneurial spirit, business acumen and risk management capabilities into Lung Fung's corporate development, forming Lung Fung's unique business philosophy. Mr. Tse possesses comprehensive expertise across critical areas including procurement strategy, store operations and supply chain management, enabling him to swiftly make strategic decisions that align closely with actual market conditions.

We have established a strong and experienced management team. The core management has deep retail industry experience, with some members having previously worked for internationally renowned retail groups, bringing advanced management concepts and a global perspective to Lung Fung. Among them, Ms. Tse serves as Executive Director of Lung Fung, overseeing Lung Fung's own-brand products and operations, including skincare products and personal care products. She has consistently driven the expansion of our private label business while introducing innovative operational concepts to Lung Fung. We have a stable management team, with a number of senior management members having been with our Group for many years, ensuring the effective continuity of our corporate culture and business philosophy.

Moreover, we consistently uphold the principle of "Taking from society and giving back to society," actively fulfilling our corporate social responsibilities. Mr. Tse has been actively engaged in local public service, holding multiple public offices to provide advice and assistance on local affairs and development. We also actively participated in various charitable initiatives, which not only helped residents navigate challenging times but also further cemented Lung Fung's reputation as a guardian of community health.

OUR STRATEGIES

Our objective is to maintain our leading position in Hong Kong's retail beauty, health and pharmaceutical products industry. We plan to further enhance our influence and market share through the implementation of the following strategies, thereby continuously expanding our business.

1. Continuously expanding the local physical retail network to increase market share

During the Track Record Period, over 90% of our total revenue was derived from our physical retail network. As at the Latest Practicable Date, we operated a total of 31 retail stores in Hong Kong, covering multiple prime locations across Hong Kong Island, Kowloon and the New Territories. Based on our deep understanding of customer preferences, market trends and the retail landscape, we believe that by leveraging the flexible offline store operation model, we can gradually expand the geographic coverage of our local retail stores in Hong Kong and continue to optimise and consolidate our store layout to enhance our core competitiveness among Hong Kong's retail beauty, health and pharmaceutical products sector peers.

We strongly believe that the beauty, health and pharmaceutical products retail market in Hong Kong holds immense potential. In recent years, following the COVID-19 pandemic, the Hong Kong retail industry has shown a steady recovery trend, with overall development prospects looking positive. According to Frost & Sullivan, retail sales value of consumer goods retail in Hong Kong reached HK$175.7 billion in 2024 and is projected to achieve a CAGR of 5.2% over the next five years, with the retail sales value expected to reach HK$226.6 billion by 2029. Concurrently, Hong Kong's tourism sector maintains robust momentum, with inbound visitors reaching 44.5 million in 2024, representing a CAGR of 87.5% compared to the COVID-pandemic period in 2020. The number of inbound visitors are expected to reach 67.5 million by 2029. Among them, Mainland tourists remain the primary tourist group, while the number of overseas tourists also continues to grow. Please refer to the section headed "Industry Overview" for more information about the market trend.

We plan to open up to 11 new retail stores in Hong Kong during the period from the Listing Date to 31 March 2029 utilizing proceeds from this Listing, covering locations with various demographics (both residential and commercial areas) including opening retail stores in high pedestrian-traffic areas, such as Causeway Bay, Tsim Sha Tsui, Central. With the use of Listing net proceeds, we currently target to open approximately 4, 4 and 3 retail stores in Hong Kong Island, Kowloon and New Territories, respectively from the Listing Date to 31 March 2029, depending on the market dynamics and subject to the availability of suitable premises. Please refer to the paragraph headed "Use of Proceeds — Physical sales network" under "Future Plans and Use of Proceeds" section for further information. In addition, we also plan to open new retail stores utilizing our existing financial resources. We, therefore, intend to open between 18 to 21 new retail stores from the Listing Date until 31 March 2029, with approximately six to seven new retail stores each financial year. When identifying suitable locations for new stores, we carefully evaluate the target geographical coverage, anticipated foot traffic and sales potential of the area and compare it with the geographic coverage of our existing stores to ensure there is no material overlap and the healthy expansion of our offline sales network and prevent cannibalization between stores. Our management is experienced in closely monitoring the sales performance of retail stores within the same district to assess whether and how the sales of one retail store may affect the sale of another retail store in the same district or area. For example, we managed to achieve overall growth in total revenue in areas such as Canton Road of Tsim Sha Tsui and Shatin where we opened an additional new store during FY2025 and 8MFY2026 respectively. We recorded a growth of 14.6% (from June to November 2024 to June to November 2025) and 49.8% (from August to November 2024 to August to November 2025) in our revenue from our retail stores in these two areas, respectively, which demonstrates our ability to manage cannibalisation and over-expansion risk. We will only open a new store where we consider that the density of customers and sufficiency of demand justify the opening of a new store in relatively close proximity to a pre-existing store.

We plan to focus on expanding new, high-quality stores ranging from 4,000 to 15,000 square feet. This will further leverage Lung Fung's strengths by offering more spacious and comfortable shopping environments alongside wider and more diverse product selection. Moreover, economies of scale will enable us to provide customers with more competitive pricing and a wider variety of product categories.

At the same time, we will continue to conduct product promotions from time to time with and launch themed marketing campaigns.

2. Expand product variety and optimise product mix and continue to strengthen our private labels

Our business success and growth are attributable to the diversity of our product offering. We are committed to capturing market trends and consumer preferences through a robust product mix, thereby securing a greater market share. Leveraging our well-established overseas procurement network over the years, we will continue to closely monitor consumption trends and changes in customer preferences, actively introducing new product categories with strong market potential to further expand our market share. In addition to maintaining coverage of leading brands, we intend to increase the offering of second- and third-tier brands in key product categories based on customer feedback and preferences, ensuring that we remain a market leader in terms of product comprehensiveness. With respect to product categories, we will continue to expand beyond our existing 11 major categories, exploring emerging categories to cover a wider range of household consumption products and meet increasingly diversified consumer needs. Riding on our Group's supplier network in Japan, our Group intends to diversify its product offerings by expanding to selling Japan-sourced goods, primarily beef, fruits, and fresh produce in certain store outlets, primarily including our larger retail stores, while broadening our product range, we will continuously adjust and optimise the product mix across all Hong Kong stores based on our understanding and analysis of customer attributes and preferences in different districts. For example, we plan to introduce more premium and newly launched products at large stores located in high-spending areas (such as our Central branch), and subsequently refine the product mix based on the sales performance of these products.

We also intend to further develop our private label business. We will continue to invest to drive the sustained growth of our private label portfolio, thereby enhancing our overall profitability. Given the strong growth potential of the beauty, health and pharmaceutical products market, we will allocate sufficient resources to this segment. From a product development perspective, we will continue to pursue private label innovation driven by consumer insights, reinforcing our development foundation. By analysing offline store data, member consumption patterns, and community interactions, we have an accurate understanding of local consumer concerns and trends, and are able to translate these insights directly into product design and functional specifications. Furthermore, in quality control and production, we will continue to strengthen strategic cooperation with existing OEM/ODM manufacturers while developing new strategic relationship with suitable manufacturers based on product development needs. We will oversee the entire production process, including packaging and quality inspection, and ensure all products meet our stringent quality standards. Finally, we will continue to develop distinctive localised marketing strategies to deepen brand penetration. We plan to actively collaborate with popular Hong Kong artists and KOLs to promote our brands or co-create contents based on product characteristics, thereby strengthening brand affinity and emotional connection with local consumers. In summary, we are committed to achieving growth in both scale and reputation for our private labels through a combined strategy of precise consumer-driven development, supply chain collaboration and tailored marketing strategy to enhance the competitiveness and customer loyalty of our private label products.

3. Strengthen supply chain procurement and warehousing and logistics capabilities

Enhancing supply chain procurement capabilities

To support our continued business expansion, we have established a detailed strategy to strengthen our supply chain and procurement capabilities, aiming to build a more resilient, efficient, and differentiated global supply network.

Firstly, we will focus on deepening strategic business relationship with existing suppliers and brand owners. Capitalising on our long-term strategic cooperation relationship with suppliers and sharing with them our sales forecasts and inventory data, we aim to achieve more efficient joint demand planning and accelerate product responsiveness. At the same time, we will continue to expand our cooperation with partner brands by introducing their sub-brands and other product lines, as well as co-developing Hong Kong-exclusive or co-branded products where appropriate. This approach will create unique marketing effect and enhance product diversification while leveraging economies of scale to reduce costs.

Accordingly, we will also further optimise and enhance our centralised procurement and overseas direct sourcing model. Building on our successful procurement experience in Japan, we plan to enhance local procurement office and warehouses in the key strategic markets of South Korea and Japan staffed with professional procurement teams. These teams will not only source supply resources but also gain deeper insights into domestic consumption habits and identify innovative products to ensure that procured items meet the needs of our target customers. We will continue to formulate global procurement strategies such as by negotiating core terms and standardising quality control across the organisation to streamline our procurement process and achieve "central coordination + regional cultivation".

We will also proactively expand direct cooperation with new suppliers, manufacturers, and brand owners in order to introduce distinctive products and brands that are popular but have yet to enter the Hong Kong market thereby further enhance our product differentiation and appeal to an expanded target customer base.

Enhancement of automated warehousing and logistics systems

We believe that an efficient logistics and distribution system is crucial to maintaining competitiveness, optimising inventory management, and ensuring timely stock replenishment for our retail stores. As our retail network expands, the importance of our warehousing and logistics systems will continue to grow. Accordingly, we plan to allocate additional resources to further strengthen this infrastructure.

Our logistics centre in Fanling occupies a GFA of over 110,000 sq.ft. and serves as a regional distribution hub for local and cross-border goods distribution. To better support future business development, we plan to expand our warehousing capacity and invest in the development of an automated warehouse management system to optimise the utilisation of both existing and new warehouse space. The system will have functionalities including automated search, sorting, collection, and transfer processes, as well as a logistics visualisation platform. These features will enable precise inventory control and efficient order management, effectively reducing inter-regional transfer times and operating costs, accelerating inventory turnover, and supporting sales network expansion and market responsiveness. In terms of logistics, we will enhance digital and automation integration by upgrading our transportation management system to achieve intelligent route planning and real-time tracking, thereby improving delivery efficiency and customer satisfaction. In addition, we plan to design and implement an automatic loading and unloading system and optimise the layout of a multi-tier warehousing network to enhance responsiveness and service flexibility for stores and customers. These measures will help us establish an efficient, flexible, and sustainable supply chain infrastructure.

4. Further enhance online sales capabilities and optimise online-offline omni-channel sales network

We will systematically enhance our online sales capabilities to advance our strategic objective of integrated online-offline omni-channel development. In terms of channel expansion, we plan to strengthen our sales through the major e-commerce platforms currently in partnership with us, such as Tmall and JD.com, while proactively expanding into emerging social e-commerce channels such as Douyin, leveraging content-driven marketing to reach a broader consumer base in Chinese Mainland. As at the Latest Practicable Date, we had engaged a third-party service provider to enhance the operational effectiveness and efficiency and to further develop our sales through the major e-commerce platforms in the Chinese Mainland. Please refer to the paragraph headed "Online Sales Platforms" in this section for further details. In parallel, we will continue to optimise our online flagship store and mobile application, with enhanced user interface convenience and payment efficiency to ensure a seamless online shopping experience.

For membership management, we will develop an intelligent membership system powered by big data analytics to deliver precise product recommendations and personalised marketing based on consumer behaviour. By introducing a tiered membership programme, differentiated member benefits and exclusive offers, as well as a member referral reward scheme, we aim to strengthen customer loyalty and encourage repeat purchases. Meanwhile, we will focus on optimising our cross-border logistics system by collaborating with quality logistics service providers to offer multiple real-time, trackable delivery options. We will also enhance data security through encryption technologies and regular security audits to safeguard customer information.

Through this three-pronged approach — expansion of e-commerce channels, upgrading of membership systems, and optimisation of supporting services, we aim to build a more integrated and competitive digital sales ecosystem, laying a solid foundation for future business growth. These initiatives will significantly enhance our online market penetration and further strengthen our digital sales channels and capabilities.

5. Implement employee recruitment and training strategy to promote sustainable business development

To support our ongoing business expansion and strategic execution, we attach great importance to building a strong and capable talent pool. We will continue to improve our internal training and recruitment systems, selecting and retaining outstanding employees through a structured performance incentive and talent development mechanism. The following is our specific talent management strategic plan:

— To support the expansion of our new retail stores, we plan to continue recruiting sales associates, sales consultants and registered pharmacists to provide professional sales services and enhance the in-store customer experience;

— To support the expanding product offerings into food and ancillary categories, we will recruit experienced personnel, including merchandisers and specialists in perishable goods, to maintain product quality and inventory management;

— To strengthen our online sales operations, we intend to recruit information technology talents with expertise in digital marketing and technical development, expand our marketing and promotion teams, and further enhance our technical capabilities, so as to optimise our e-commerce platforms and online sale channels;

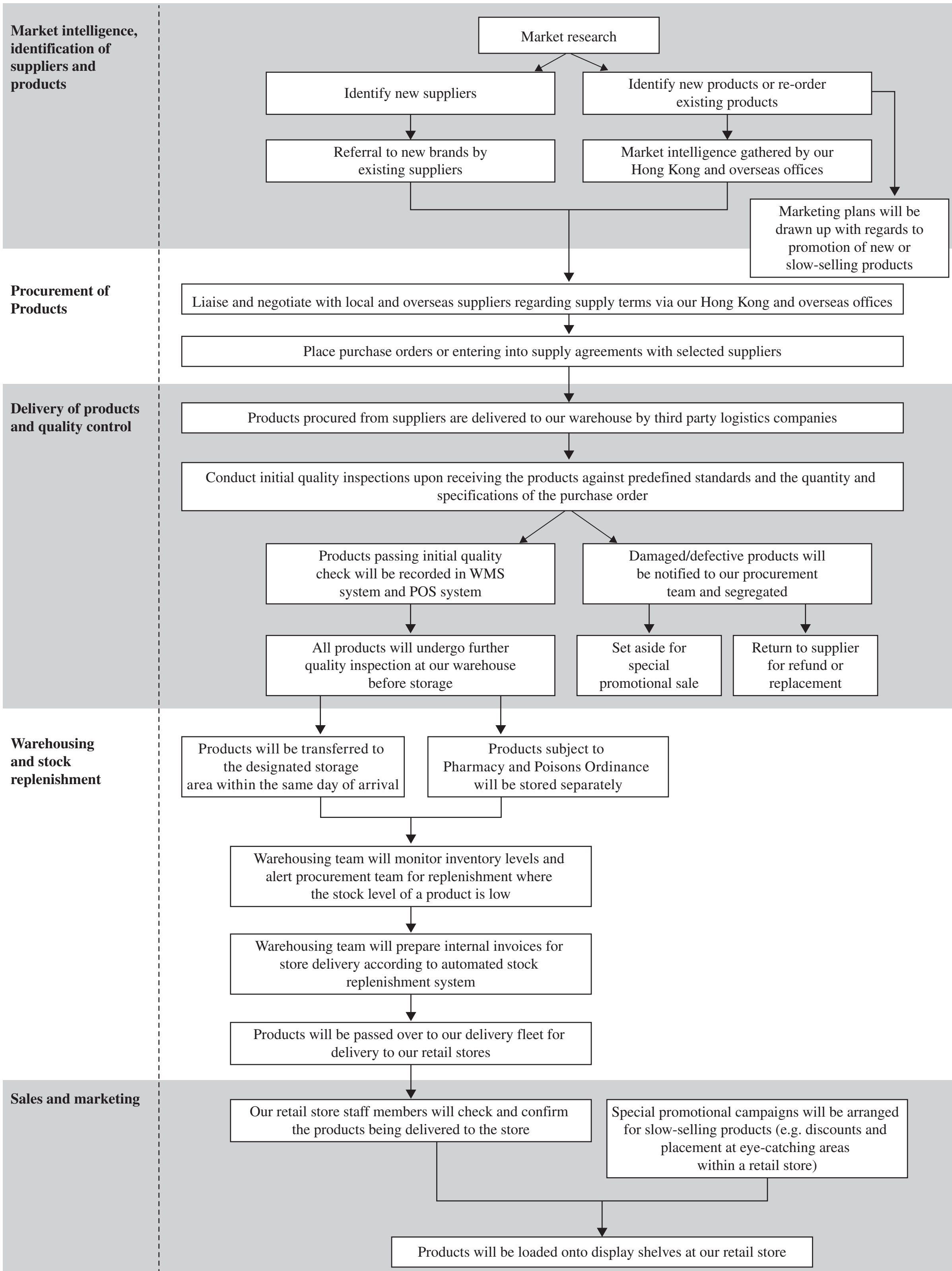
— We will continue to enhance and expand our warehousing and logistics to cater for our business expansion and growth strategies.

BUSINESS MODEL

We generate our revenue principally through the sale of beauty, health and pharmaceutical products and other consumer goods such as household and daily essentials and food products at our 31 retail stores under our "Lung Fung" (龍豐) brand in Hong Kong as at the Latest Practicable Date and through our various online sales platforms. Our product range covers 11 categories namely proprietary Chinese medicines, western medicines, health supplements, skincare, cosmetics, fragrances, personal care, maternal and infant products, food, pet food and household daily necessities. We offer a wide range of products as demonstrated by the number of SKUs we have sold during the Track Record Period and being stocked at each of our retail stores on a daily basis. Our products are principally sourced from brand owner manufacturers, authorised distributors or agents and other distributors, and a small part of our products are manufactured by OEM and ODM manufacturers for our private labels.

During the Track Record Period, our retail store network contributed the majority of our revenue. For FY2023, FY2024, FY2025 and 8MFY2026, we recorded revenue of HK$1,027.2 million, HK$1,959.0 million, HK$2,391.6 million and HK$1,988.3 million, respectively, from sales through retail stores, representing 93.9%, 96.9%, 97.2% and 97.7% of our total revenue; meanwhile, we recorded HK$44.6 million, HK$38.2 million, HK$42.7 million and HK$30.2 million of sales through our online sales platforms, representing 4.1%, 1.9%, 1.7% and 1.5% of our total revenue for the respective financial years and financial period.

The following diagram illustrates our key business operation processes:



OUR RETAIL NETWORK

Our retail business is supported by our well-established network of strategically located retail stores in Hong Kong. As at the Latest Practicable Date, we operated 31 physical retail stores in Hong Kong with an aggregate UFA exceeding 123,000 sq.ft., covering major tourism and shopping areas, residential areas and office commercial areas. In line with our business strategy which focuses on our physical retail network as the main sales channel, sales from our retail network contributed the vast majority of our total revenue during the Track Record Period. Please refer to section "Financial Information — Description of Selected Items in Consolidated Statements of Profit or Loss — Revenue" of this prospectus for details of the revenue contribution from this segment. According to Frost & Sullivan, in FY2025, we were (i) the third largest beauty, health and pharmaceutical product retailer in terms of retail sales value in Hong Kong, with a market share of approximately 5.8%; (ii) the largest pharmaceutical products retailer by revenue in Hong Kong, with a market share of 5.2%; and (iii) the third largest health and pharmaceuticals products retailer by revenue in Hong Kong, with a market share of approximately 4.2%.

Of our 31 retail stores in operation as at the Latest Practicable Date, 6 retail stores were located on Hong Kong Island, 11 retail stores were located in Kowloon and 14 retail stores were located in the New Territories. Among the retail stores:

- 21 of them were branded as "Lung Fung Mall", which are generally larger in size with GFA over 3,000 sq.ft. and offer a greater number of products covering beauty products, health products, pharmaceutical products and other consumer products;

- Four were branded as "Lung Fung", generally with GFA under 3,000 sq.ft.[1] and offer a wide variety of products covering beauty products, health products, pharmaceutical products and other consumer products;

- Two were branded as "Lung Fung Cosmetic", which are smaller in shop size and primarily offer pharmaceutical products other than prescribed drugs items, beauty products, health products and a selected range of other consumer products;

- Two were branded as "Lung Fung Dispensary", which are attended by a registered pharmacist and primarily offer pharmaceutical products including prescribed drugs items, health products as well as a selected range of other consumer products;

- Two are branded as "Lung Fung Pop Up", which are temporary in nature in terms of renovation and continuity. Both "Lung Fung Pop Up" stores offer a variety of products covering pharmaceutical products other than prescribed drugs items, beauty products, health products and other consumer products.

[1] Except for the Lung Fung store located at Gala Place, Dundas Street, Mong Kok with a GFA of approximately 17,500 sq.ft. and UFA of approximately 12,900 sq.ft..

Our flagship Lung Fung Mall store in Central

Our flagship and largest store by GFA in Hong Kong located at Dundas Street, Mong Kok

Our Lung Fung store in Tsim Sha Tsui

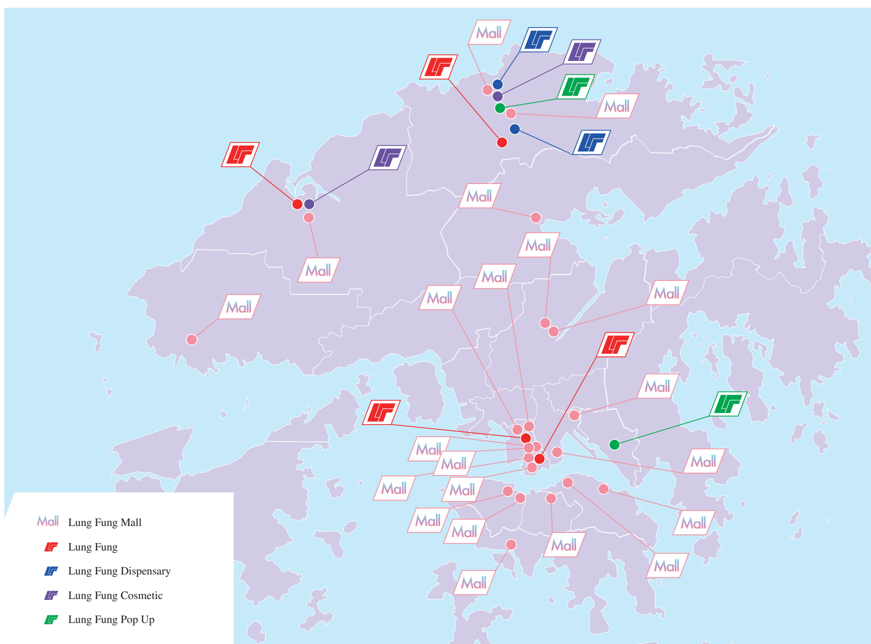
Our Lung Fung Dispensary store in Fanling

The majority of our retail stores are street-level shops which offer the benefit of high pedestrian flow and provide convenience to customers. As we strive to stock a wide variety of products at our retail stores and provide a spacious environment for our customers, we typically opt for physical stores with larger floor area. Our largest retail store, located in Mong Kok, offers a spacious shopping environment with a GFA of approximately 17,500 sq.ft. and a UFA of approximately 12,900 sq.ft.. As at the Latest Practicable Date, the UFA of our retail stores ranges from approximately 570 sq.ft. to 12,900 sq.ft., with an average of over 4,180 sq.ft. per store. Of our 31 retail stores in operation, one of them is situated at premises owned by our Group, three are situated at premises leased by our Group from entities controlled by our Controlling Shareholders and the remaining 27 are situated at premises leased from independent third-party landlords. As at the Latest Practicable Date, we had entered into a lease agreement with an independent third-party landlord for a new retail store which is expected to commence operation in early 2027. For FY2023, FY2024, FY2025 and 8MFY2026, our average sales per square foot was approximately HK$17,550, HK$29,270, HK$26,100 and HK$17,220[Note]. The significant increase in average sales per square foot in FY2024 was primarily driven by the reopening of

Note: Average sales per square foot for the year/period is calculated by dividing (i) our revenue from offline retail sales for the year/period by (ii) the sum of the approximate total GFA of all our retail stores at the beginning of the year/period and that at the end of the year/period divided by two.

the border following COVID-19 and the subsequent recovery in local consumer confidence during the return to normality, and the decline in the average sales per square foot for 8MFY2026 was mainly due to a drop in sales recorded by our retail shops located in the New Territories as the visitors from the Chinese Mainland have shifted their spending to less pricey products. We have been strategically expanding our network of physical retail stores during the Track Record Period — we added 1 new store, 3 new stores and 9 new stores for FY2023, FY2024 and FY2025, respectively, and a further 6 new stores between 1 April 2025 and the Latest Practicable Date. In 2025, we have established new stores at various new locations such as Whampoa, Fortress Hill and Aberdeen to further expand our retail store network to cover untapped areas.

For illustrative purposes only, the map below indicates the approximate locations of our retail stores as at the Latest Practicable Date:

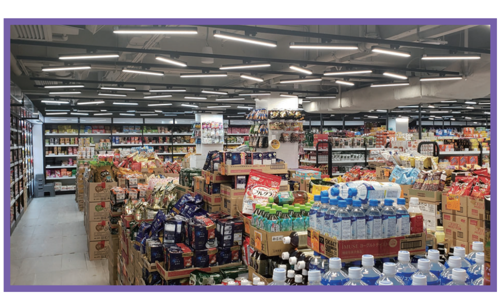


Over the years, we have strategically and gradually developed from a regional pharmacy chain located in the New Territories serving primarily customers from the northern part of Hong Kong and cross-border tourists from the PRC, to having over 30 stores across Hong Kong in major residential, commercial and tourist areas. As at 30 November 2025, the majority of our revenue was generated from our retail stores located in Kowloon and New Territories, consistent with the fact that the majority of our retail stores are located in Kowloon and New Territories. As we plan to expand our presence on Hong Kong Island through opening more new retail stores, our Directors expect that more revenue, in terms of both value and proportion, will be generated from our retail stores located on Hong Kong

Island. The following table sets out the number of our retail stores and proportion of revenue contributed by our retail stores located on Hong Kong Island, Kowloon and New Territories, respectively, for 8MFY2026:

Area	Number of retail stores	Revenue (HK$ million)	Percentage
Hong Kong Island	5	341	17.2%
Kowloon	10	899	45.2%
New Territories	14	748	37.6%
Total	**29**	**1,988**	**100%**

We believe that our physical retail stores are well-positioned to serve our customers, especially for health and pharmaceutical products. Physical retail stores offer better customer engagement through personalized interactions, thereby helping customers make more informed decisions and enhance their confidence in our products. For instance, our well-trained frontline salespersons can directly attend to customers' enquiries in real-time and offer recommendations based on their knowledge and experience with our products. Similarly, we offer our customers an opportunity to try our products in person, for example through "testers" and other selected product samples, which provide them with a better opportunity to understand the quality and functions of the products. Targeting the younger generation of customers who may prefer learning about the product themselves, we display barcodes for our products so that customers can conveniently obtain the relevant product information online on their mobile devices. For FY2023, FY2024, FY2025 and 8MFY2026, revenue generated from our top three retail stores by revenue in aggregate accounted for 46.3%, 38.0%, 28.0% and 22.1% of our total revenue generated from retail stores for the respective financial year/period. During the Track Record Period, our top three retail stores by revenue for each financial year/period were those with UFA exceeding 3,000 square feet. For each of FY2023 and FY2024, two of the top three retail stores by revenue were located in major tourist and shopping areas in Kowloon, namely Tsim Sha Tsui and Mong Kok, whilst one was located in the New Territories, namely Yuen Long for FY2023 and Sheung Shui for FY2024, respectively. As for FY2025 and 8MFY2026, all top three retail stores by revenue were located in major tourist and shopping areas in Kowloon, namely Tsim Sha Tsui and Mong Kok, one of which being our flagship store in Mong Kok. In order to mitigate the concentration of sales in certain stores, we have strategically opened new stores in popular tourist and shopping areas where there is sufficient demand and customer flow, and expanded into other residential areas where there is sufficient demand and spending power from local residents, e.g. Kai Tak, Aberdeen. The gradual decrease in the revenue contribution from the top three retail stores as a proportion to our total revenue generated from retail stores during the Track Record Period demonstrates the effectiveness of our strategy to mitigate the sales concentration in certain stores. Please refer to the paragraph headed "Risk Factors — Risks Relating to Our Business — Our Group faces risks relating to sales concentration at key retail stores" in relation to the risk of sales concentration at certain stores.




The actual environment of our retail stores

As at the Latest Practicable Date, we employed 15 registered pharmacists to station at designated retail stores to manage the dispensaries section supplying prescribed drug products. During the Track Record Period and up to the Latest Practicable Date, each of our retail stores that offered prescribed drug products was attended by a registered pharmacist, who is responsible for managing the dispensary section, and we had complied with the relevant laws and regulations in Hong Kong for the sale of such prescribed drug products in all material respects.

As compared to traditional pharmacies or chain pharmacy stores, we generally offer a wider range of products and SKUs in stores of larger size to provide customers with a one-stop shop experience. To cater for customers demand in different areas, there are some variations in the product offering available at each retail store depending on the location, e.g. whether it is located in residential areas, business or tourist districts.

We plan to consolidate some of our current smaller retail stores into larger ones upon the expiry of the current leases in order to provide a wider range of products in a more spacious environment, which we believe will help increase customer flow and average unit sales.

The following table sets out our average and range of spending per offline retail transaction at our retail stores for the years/period indicated:

Year/Period	**FY2023**	**FY2024**	**FY2025**	**8MFY2026**
Average spending per transaction *(HK$)*	169	220	209	188
Range of spending per transaction *(HK$)*[1]	1 to 567,600	1 to 165,000	1 to 342,000	1 to 176,000

The average spending per offline retail transaction was relatively lower in FY2023 mainly due to COVID-19 pandemic where travel restrictions and quarantine measures were imposed during the majority of FY2023 which negatively affected the spending power of consumers. The average spending per offline retail transaction in FY2024 increased mainly due to the return of customers from Chinese Mainland and their spending on health products and pharmaceutical products after the pandemic, and it remained stable in FY2025. The average spending per offline retail transaction for 8MFY2026 decreased as compared to FY2024 and FY2025 as we opened more retail stores in residential areas targeting household customers. Household customers tend to spend less per transaction as compared to tourists, thereby lowering the average spending per transaction.

Management of retail stores

Our operation controller (retail) is responsible for overseeing the operation of our retail network. Our operation team comprises our operation controller (retail), three district managers, 29 shop managers and over 500 frontline salespersons at our retail stores as at 30 November 2025.

Pursuant to the Pharmacy and Poisons Ordinance (Cap 138) ("**PPO**"), every licensed retail pharmacy operated is required to store and dispense all regulated medicines in full compliance with the mandated code of practice. To ensure adherence, we have established a detailed internal procedure and operating guidelines requiring all registered pharmacists and relevant personnel to comply with. Regarding licensing requirements and daily operational procedures under the PPO, our senior pharmacists oversee the management of both new license applications and renewals and establish daily operational guidelines.

1 The spending spreads over a large range as it may cover single purchase of lower priced items, such as cotton swabs, wet swipes or similar personal care items to high purchase prices such as involving bulk purchase of beauty products, wine or branded products.

Our district managers are responsible for the implementation of our sales strategy and policy in the respective regions and manages the operation of the retail stores in that region. The frontline salespersons at our retail store are managed by a store manager at each of the store who reports to the regional manager. The store manager of each retail store is responsible for managing the salespersons at the store, monitoring and adjusting the automatic replenishment requests, placing replenishment requests through our system based on the daily sales of the retail store, and inspecting the stock for their physical appearance and expiry dates. Stock replenishment generally arrives on the same day as or the next day after the replenishment request is made.

Retail store location selection and opening of new stores

The number of our retail stores grew from 14 as at 1 April 2022 to 31 retail stores in operation as at the Latest Practicable Date. Our management team is directly responsible for the overall planning of our retail store network and identifying and selecting suitable locations for new stores.

We strategically locate our retail stores across different districts and areas. A primary consideration is market demand and purchasing power of a certain area — where there is sufficient demand and depth, we will consider opening a store or multiple stores in an area. We adopt a structured methodology when evaluating and identifying suitable sites for potential new stores. We carefully select sites which our Directors believe can bring sufficient customer flow, optimize revenue potential and cater to our target customers in order to mitigate risks associated with underperforming sites. In line with retail industry practices, we generally conduct comprehensive site analysis which takes into account demographic profiling, economic indicators, market dynamics, competitive landscape and our management's judgment. Key factors of our site analysis include:

(i) Pedestrian flow: We prioritize locations with high pedestrian traffic as it directly correlates to visibility and impulsive purchases typical in the retail sector. Locations are evaluated based on daily pedestrian flow metrics and the site's ability and attractiveness to draw visitors from other areas in order to leverage cross-regional demand and enhance sales volume beyond local residents;

(ii) Estimated spending power of customers: We analyze the target area's economic profile such as average household income, disposable income levels and consumers' spending patterns on health and wellness products; and

(iii) Nature and types of customers: We also consider the characteristics of customers in the target area, including factors such as age, gender, needs, lifestyle and health consciousness. For instance, we consider commercial areas which are populated by professionals and tourists with higher demand for quality products and premium areas can enhance the image of our Group, while residential areas populated by household families have a higher demand for more economical products at accessible locations which in turn facilitates repeated and regular purchases.

An example illustrating our retail store location strategy is our presence in Mong Kok, a popular commercial and shopping area in which we operate three separate stores where each store targets a distinct group of customers: we have a retail store located near the MTR Station to attract the vast amount of pedestrian flow on the street; we have another retail store located among the cluster of sportswear shops to attract tourists shopping in the area; we also have a flagship store — our largest retail store in Hong Kong — which offered the largest range of products with approximately 13,000 SKUs as at the Latest Practicable Date.

We constantly search for and evaluate suitable premises to expand our retail store network, such as by expanding into new areas to reach new customers and offer more convenience to repeated customers located in different areas. When selecting the location of a new retail store, we typically consider factors including our existing presence in the vicinity, the pedestrian flow, the spending power of customers and the demographic and type of customers of that area. For instance, we opened new retail stores in Fortress Hill and Whampoa in 2025 in order to establish a presence in those dense residential areas and tap into the strong demand for pharmaceutical and household products from residents in the vicinity. Before we decide on the location of a new store, we will conduct feasibility studies such as conducting estimations on sales performance and possible returns. Once our management team has decided on a location to establish a new retail store, we will then identify suitable premises to set up the retail store with help from property agents. Our operations team will be responsible for negotiating the lease with the landlord and managing the related documentations.

In order to avoid competition and cannibalisation among our retail stores, when identifying a suitable location for our new retail stores, we will take into account the geographical coverage of the location compared to that of our existing retail stores in order to ensure that our sales networks do not materially overlap or there is sufficient demand and purpose to justify establishing multiple retails within a closer proximity. For example, in popular tourist and shopping areas like Tsim Sha Tsui and Mong Kok, we generally target both tourists and local consumers and will consider opening a new store if our Directors are of the view that the market has not yet saturated and can absorb an additional store. By way of example, our Company's existing store on Carnarvon Road, Tsim Sha Tsui, had a sales revenue of approximately HK$171.6 million in FY2023. Our Company opened a new store on Canton Road, Tsim Sha Tsui, in June 2023 and for FY2024, the Carnarvon Road and Canton Road stores respectively reported sales revenue of approximately HK$273.6 million and HK$134.0 million. In addition, depending on the characteristics of a particular store such as its precise location and size, different stores in a closer proximity may slightly tilt towards a specific group of customers in terms of the product range stocked, such as overseas visitors, local family customers and office worker customers. In other areas such as residential areas, we may open stores within a relatively close proximity targeting residential customers if there is sufficient demand considering the purchasing power and consumption pattern the target customer group. Besides, our management closely monitors the sales performance of retail stores within the same district to assess whether the sales of one retail store will cannibalize the sales of other retail store(s) in the same district. For example, we managed to achieve overall growth in total revenue in areas such as Canton Road of Tsim Sha Tsui and Shatin where we opened an additional new store during FY2025 and 8MFY2026 respectively, where we recorded a growth of 14.6% (from June to November 2024 to June to November 2025) and 49.8% (from August to November 2024 to August to November 2025) in our revenue from our retail stores in these two areas, respectively. The density of customers and sufficiency of demand justified the introduction of a new store in relatively close proximity to a pre-existing store and demonstrated our ability to manage cannibalisation and over-expansion risk.

The estimated capital investment per store, excluding inventory, is between HK$5 million to HK$10 million, which includes the costs of renovation and purchase of equipment and fixtures.

The following table sets out the details of our retail stores opened and closed during the Track Record Period and up to the Latest Practicable Date:

	FY2023	FY2024	FY2025	From 1 April 2025 to the Latest Practicable Date
Number of retail stores				
Number at the commencement of the year/period	14	13	16	25
Number of retail stores opened during the year/period	1	3	9	6
Number of retail stores closed during the year/period	2	0	0	0
Total number at the end of the year/period	13	16	25	31

We closed two retail stores in FY2023, upon the expiry of the respective leases, in Sheung Shui, the New Territories, as there had been four stores in that area at the relevant time and the market demand in that area was subdued due to decreased level of spending by cross-border visitors and local customers in the area. There was no other closure of retail stores during the rest of the Track Record Period.

We opened 19 stores during the Track Record Period and up to the Latest Practicable Date, of which six new stores commenced business after 1 April 2025. The average store breakeven period was within three months after the opening of the store. As at the Latest Practicable Date, 5 stores had not achieved investment payback[1], majority of which commenced business after 1 April 2025. For stores that achieved investment payback during the Track Record Period, they generally achieved investment payback between two to eight months.

In FY2023 and FY2025, there were two and one loss-making stores respectively. The loss incurred by the two stores (which were subsequently closed in the same year as abovementioned) in FY2023 was mainly attributable to the closure of borders for a substantial period during FY2023, as both stores were located in the northern part of Hong Kong to which the tourists from the Chinese Mainland contributed a large portion of their revenue. The store which made a loss in FY2025 was only opened in the second half of FY2025, as such the store had not reached breakeven yet. There was no loss-making store in FY2024 and 8MFY2026.

[1] Investment payback is estimated by referring to the number of months at which the accumulated EBITDA of a new shop needed to equal the total initial capital expenditure spent on that store.

Same store sales growth

During the Track Record Period, in addition to the expansion of our retail store network, our same-store sales had also increased significantly, with a CAGR of approximately 28.1% from the beginning of FY2023 to the end of FY2025. 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. The table below sets out the revenue from same-store sales of our retail stores for the respective years and periods:

	FY2023	FY2024	FY2024	FY2025	8MFY2025	8MFY2026
Number of Comparable Stores	12		12		15	
Sales of Comparable Stores *(HK$'000)*	968,785	1,590,500	1,690,808	1,590,391	1,352,522	1,352,720
Same-store sales growth	64.17%		(5.94)%		0.01%	

A significant year-on-year same-store sales growth was recorded for FY2024 as compared to the preceding financial year, primarily driven by the reopening of the border following COVID-19 and the subsequent recovery in local consumer confidence during the return to normality. According to Frost & Sullivan, the reopening of borders in 2023 spurred a tourism surge, particularly visitors from the PRC, and boosted demand for beauty products and daily essentials. The modest decline in same-store sales growth observed in FY2025 as compared to the preceding financial year was largely attributable to the high baseline established in the preceding year. The revenue from our Comparable Stores for 8MFY2026 was generally stable as compared to 8MFY2025, mainly due to a drop in sales recorded by our retail shops located in the New Territories which was offset by growth in sales of our retail shops in major tourists and shopping areas in Kowloon and the Hong Kong Island. Sales generated from our Group's Comparable Stores located in the New Territories accounted for approximately HK$556.5 million and HK$548.6 million for 8MFY2025 and 8MFY2026, respectively, while sales generated from our Group's Comparable Stores located in major tourist and shopping areas in Kowloon and Hong Kong Island, namely stores located in Mong Kok, Tsim Sha Tsui and Central, accounted for approximately HK$796.1 million and HK$804.1 million for 8MFY2025 and 8MFY2026, respectively.

We believe the decrease in sales recorded by our retail shops located in the New Territories for 8MFY2026 was mainly due to cross-border customers gradually shifting to online shopping for their purchase of health, pharmaceutical and daily consumable products instead of physically visiting Hong Kong to purchase such products, as well as the implementation of more stringent cross-border measures for eligible items which can be brought back to Chinese Mainland. The growth in sales attributable to retail shops located in Kowloon and Hong Kong Island in 8MFY2026 was mainly due to our strategic expansion to central business districts and household areas targeting local customers.

Please refer to the section "Financial Information — Key Factors Affecting Our Results of Operations — Same store sales" of this prospectus for details of our same-store sales performance.

ONLINE SALES PLATFORMS

Apart from our network of physical retail stores in Hong Kong, we have established online sales channels to facilitate our customers' purchases without the constraints of opening hours and location. We operate our official Lung Fung online store at https://eshop.lungfung.hk/ ("**Official Online Store**") which primarily serves local Hong Kong customers and we operate as an e-commerce trader on three major e-commerce platforms in the PRC, namely Lung Fung Group Overseas Flagship Store (龍豐集團海外旗艦店) on Tmall International ("**Tmall Store**"), Lung Fung Mall (微信龍豐商城) on WeChat Mini-Program ("**WeChat Store**") and Lung Fung Group Overseas Store (龍豐集團海外賣場店) on JD.com ("**JD Store**"). Please refer to section "Financial Information — Description of Selected Items in Consolidated Statements of Profit or Loss — Revenue" of this prospectus for further details of the revenue contribution from this segment.

Our Official Online Store offers a 24-hour 7-days-a-week channel for our customers to purchase our products. We believe that our Official Online Store supplements our physical retail store network by allowing customers to conveniently make and repeat their purchases without having to visit our retail stores in person. Our Official Online Store targets local customers in Hong Kong and we offer delivery services for orders within Hong Kong via third party logistics service providers. During the Track Record Period, we sold over 6,500 SKUs on our Official Online Store. During the Track Record Period and up to the Latest Practicable Date, all orders placed through our Official Online Store were centrally processed by a designated retail store which was responsible for the packing and shipping of the items.

The layout of our Official Online Store.

To better reach out to customers in Chinese Mainland, we operate as a foreign e-commerce trader on China's major e-commerce platforms, through our Tmall Store, WeChat Store and JD Store. Due to cross-border restrictions such as licensing and customs requirements, the SKU number of products available on our e-commerce platforms in Chinese Mainland is fewer than those available at our physical retail stores. The list prices of our products on our Chinese Mainland e-commerce platforms are generally higher than the same items available at our physical retail stores due to the addition of import value-added tax (VAT) and logistics costs. For orders from customers located in Chinese Mainland placed through our e-commerce platforms, we engage Independent Third Party logistics service companies to assist the fulfilment and delivery of such orders. In practice, our Group delivers products to the warehouse of the logistics service companies in Hong Kong, who will then sort the products according to each order placed, prepare documents for customs clearance and arrange for the delivery of the products to the customers in the Chinese Mainland. As advised by the PRC Legal Adviser, the aforesaid arrangement complied with the applicable PRC laws during the Track Record Period and up to the Latest Practicable Date. For further information about our arrangement with the logistics service provider, please refer to the paragraph headed "Inventory Management, Warehousing and Logistics — Warehousing and Logistics" in this section.

During the Track Record Period, we sold over 7,000 SKUs on our e-commerce platforms across Tmall Store, WeChat Store and JD Store. As at the Latest Practicable Date, we had engaged an experienced service provider, an Independent Third Party, which would be responsible for the daily management and operations and also the development of our e-commerce platforms in the Chinese Mainland. Under this arrangement, the service provider will be responsible for the sales and promotion activities for our e-commerce platforms, such as arranging the layout of our online stores on the platforms, the liaison with the e-commerce platforms, advising on the range of our product offering and conducting marketing campaign. Through this strategy, we intend to leverage on the service provider's expertise and experience in operating e-commerce platforms in the Chinese Mainland in order to enhance our exposure and marketing and sales to our target customers more effectively and efficiently.

In compliance with the relevant regulations as disclosed in the paragraph headed "Regulatory Overview — (G) Licensing And Customs Requirements For Conducting Sales Via Online Platforms In The PRC", as advised by our PRC Legal Adviser, our Group has appointed our PRC subsidiary as the qualified Domestic Agent for our online business in the Chinese Mainland. Pursuant to our contractual arrangement, our PRC subsidiary is mainly responsible for, at a monthly service fee, assisting us in satisfying regulatory obligations such as customs declaration and inspections, verifying the authenticity of the transactions, acting as our representative for the receipt of documents and inquiries and assuming primary responsibility for product quality and safety. As advised by our PRC Legal Adviser, we have complied with the relevant PRC laws and regulations for conducting sales in the Chinese Mainland through e-commerce platforms during the Track Record Period and up to the Latest Practicable Date.

We believe that our physical retail store network will foster the growth of our online sales platforms as our physical retail store network enhances both our reputation and brand image, which in turn enhances customers' confidence in our Group. In November 2025, the number of our members using the Lung Fung App surpassed 300,000. During FY2025, we recorded an average monthly active users[(Note)] of approximately 54,413 on our mobile app Lung Fung App. The number of registered users and monthly active users on the Lung Fung App increased from year to year due to (i) an increase in awareness of our brand following our expansion of retail shops to new areas and reaching out to new customers and (ii) an increase in advertising efforts and related expenditure to boost the popularity of

Note: "Monthly active users" refers to users who have interacted with the Lung Fung App at least once in a calendar month; for the purpose of calculating "monthly active users", each user who has interacted with the Lung Fung App at least once in a calendar month will be counted as one active user for the month regardless of the number of times the user has interacted with the Lung Fung App. The number of monthly active users in the table below reflects the average number of monthly active users for FY2023, FY2024, FY2025 and 8MFY2026.

our brand and our membership programme. The following table sets out the number of registered users and monthly active users on the Lung Fung App at the end of each year/period of the Track Record Period:

	For the year ended/ As at 31 March			For the eight months ended/ As at 30 November
	2023	2024	2025	2025
Registered users	110,532	157,333	234,228	314,051
Monthly active users	22,236	34,392	54,413	89,369

Customers ordering from our online sales platforms are protected by our data privacy protection policy and relevant terms and conditions. All user data collected from our online sales platforms are encrypted.

The frontpage layout of our Tmall Store

The frontpage layout of our JD Store

The frontpage layout of our WeChat Store

OUR PRODUCTS

We offer a comprehensive range of products covering principally beauty products, health products, pharmaceutical products and other consumer products. Our key strategy is to offer a broad and diversified product portfolio at relatively economic and affordable prices. By leveraging the offering of more well-known and popular products at competitive prices, we aim to attract customer flow into our retail stores which in turn increases the exposure and sales opportunities for other brands and our own private label products.

We strive to offer a wide variety of products to our customers beyond the scope of a typical pharmacy and we constantly evaluate market trends to satisfy customers' needs. Originated as a pharmacy focusing on beauty products, health products and pharmaceutical products, we have gradually expanded to provide other consumer products such as snacks and pet food to attract a wider range of customers, such as the younger generation. We sold over 49,000 SKUs over the Track Record Period. We sold approximately 28,800 SKUs in FY2025, which was consistent with approximately 30,000 SKU and approximately 29,000 SKU which we sold in FY2023 and FY2024, respectively. Of the over 28,800 SKUs we sold during FY2025, of which over 6,800 SKUs were beauty products, over 4,200 SKUs were health products, over 3,000 SKUs were pharmaceutical products, and over 14,000 SKUs were other consumer products, demonstrating the breadth and depth of our product offerings. We typically stock over 9,000 SKUs per retail store, with some larger retail stores carrying up to around 13,000 SKUs. The table below sets forth the number of SKUs of each of the four main categories of products we had sold during the Track Record Period:

Product segment	Principal products	Number of SKUs sold during the Track Record Period
Beauty products	Skincare and cosmetics products and fragrances	10,554
Health products	Health supplements	6,303
Pharmaceutical products	Proprietary Chinese medicines and Western medicines	3,920
Other consumer products	Personal care, maternal and infant products, food, pet food and household daily necessities	28,683
Total		49,460

The following table sets out the indicative range of shelf life of the principal products of each of our four main product categories during the Track Record Period:

Product segment	Principal products	Indicative range of shelf life
Beauty products	Skincare and cosmetics products and fragrances	3 years
Health products	Health supplements	3–5 years
Pharmaceutical products	Proprietary Chinese medicines and Western medicines	3–5 years
Other consumer products *(Note)*	Personal care, maternal and infant products, pet food and household daily necessities	1–3 years

Note: The shelf life of food products varies significantly and is not included

		Average selling price per unit			
Product segment	**Principal products**	**FY2023**	**FY2024**	**FY2025**	**8MFY2026**
		(HK$)	*(HK$)*	*(HK$)*	*(HK$)*
Beauty products	Skincare and cosmetics products and fragrances	74.6	94.0	94.0	92.1
Health products	Health supplements	37.2	77.3	79.5	81.7
Pharmaceutical products	Proprietary Chinese medicines and Western medicines	33.4	43.0	45.3	44.7
Other consumer products	Personal care, maternal and infant products, food, pet food and household daily necessities	31.4	35.8	36.2	32.7

The average selling price per unit of all product categories increased in FY2024 because of the return of the Chinese Mainland tourists after the travel restrictions and quarantine measures were lifted after the COVID-19 pandemic, as the products purchased by the Chinese Mainland tourists were in general of a higher price range. The average selling price per unit of other consumer products decreased in 8MFY2026 due to a general decrease in purchase cost of newly introduced items.

Together with the wide range of product offering mentioned above, our Directors believe that one of our major competitive edges is our ability to continuously refresh our product offerings by introducing new products and phasing out slow-selling products. In particular, our local and overseas procurement teams are responsible for conduct market studies to assess consumer trends and identify new products that they believe will appeal to our customers. Our local and overseas procurement teams are also responsible for liaising with existing or new suppliers for such supplies. We typically procure from brand owners, authorised dealers and trading companies. Please refer to the section "Procurement and Suppliers" below for further details about our procurement channels and process. For FY2023, FY2024 and FY2025 and 8MFY2026, we introduced over 6,500, 7,700, 6,000 and 4,300 SKUs of new products to our retail stores, respectively.

Beauty products

We offer a wide range of beauty products which can be categorized under skincare and cosmetics products and fragrances. For 8MFY2026, we stocked over 6,000 SKUs of beauty products, with diverse unit selling prices generally ranging from HK$2.0 to HK$6,400. Beauty products at the lower end of the price range include double eyelid tapes, facial foam cleansers and makeup sponges, while products at the higher end of the price range include certain types of skin revitalization cream, certain serum concentrate and certain nourishing face care cream. Other products include face moisture masks, acne treatment gel, cushion foundation, eye shadow palettes and fragrances. The following are examples of the beauty products we offer.

Examples of beauty products

Health products

Health products are classified as consumer goods/cosmetics, provided they make only supportive, maintenance, or aesthetic claims (e.g., "enhances skin hydration") without implying disease treatment or pharmacological modification. There is no pre-market registration requirement for health products, in contrast with the mandatory pre-market registration requirement for pharmaceutical products. We offer a wide range of health products such as Chinese and Western health supplements. For 8MFY2026, we stocked over 3,200 SKUs of health products, with diverse unit selling prices generally ranging from HK$0.5 to HK$3,500. Health products at the lower end of the price range include vitamin tablets, eye drops and pain-relieving patches, while products at the higher end of the price range include ganoderma spore capsules (靈芝孢子膠囊), and bovine bezoar pills (牛黃丸). Other examples include sea dog vitality supplements, nicotinamide mononucleotide (NMN) capsules and omega-3 fish oil. The following are examples of health products we offer.

Examples of health products

Pharmaceutical products

We offer a wide range of pharmaceutical products which can be categorized under proprietary Chinese medicines and Western medicines. Pharmaceutical products include western medicines and proprietary Chinese medicines as substances or preparations intended for the prevention, diagnosis, treatment, or alleviation of diseases, disorders, or medical conditions, or for restoring, correcting, or modifying physiological functions through pharmacological, immunological, or metabolic action. These require mandatory pre-market registration with the Pharmacy and Poisons Board or Chinese Medicines Board, demonstrating safety, efficacy, and quality. For 8MFY2026, we stocked over 2,600 SKUs of pharmaceutical products, with diverse unit selling prices generally ranging from HK$0.5 to HK$10,500. Pharmaceutical products at the lower end of the price range include pills and tablets sold on a per unit basis and dextrocilla syrup while products at the higher end of the price range include a type of medication for patients who have had a kidney or liver transplant to prevent rejection and a type of injectable medicine for weight management. Some of these items are prescribed drug items and can only be purchased at our designated retail stores which are attended by a registered pharmacist. The following are examples of pharmaceutical products we offer.

Examples of pharmaceutical products

Other consumer products

We offer a wide range of other consumer products which can be categorised under personal care, maternal and infant products, food and drinks, pet food and household daily necessities. For 8MFY2026, we stocked over 12,000 SKUs of other consumer products, with diverse unit selling prices generally ranging from HK$1.0 to HK$38,000. Other consumer products at the lower price range include confectionaries, pet food, bottled drinks and wet tissue papers, while products at the higher end include wild ginseng, Moutai (茅台酒) and edible bird's nest food products. Other examples include personal care products such as sunscreen lotion, hair growth treatment solutions for men, deodorant sprays, shampoo, and electric toothbrush; maternal and infant products such as prenatal vitamin tablets, infant formula milk powder and supplements for infants; food products such as condiments and wine; pet food and household daily necessities such as anti-bacteria cleanser sprays, glass cleaning solutions, dishwashing detergents, fabric refresher. The following are examples of other consumer products we offer.

Examples of other consumer products

Revenue breakdown by key product categories

The following table sets forth a breakdown of our revenue by product category in absolute amount and as a percentage of our total revenue comprising retail sales from our retail stores and our online sales platforms, wholesale and private label businesses for the periods indicated:

	FY2023		FY2024		FY2025		8MFY2026	
	Revenue (HK$'000)	*% of total revenue*	*Revenue (HK$'000)*	*% of total revenue*	*Revenue (HK$'000)*	*% of total revenue*	*Revenue (HK$'000)*	*% of total revenue*
Beauty products[(Note)]	306,014	28.0%	668,228	33.1%	818,044	33.3%	667,216	32.8%
Health products	174,752	16.0%	357,656	17.7%	433,752	17.6%	369,039	18.1%
Pharmaceutical products	246,529	22.5%	398,219	19.7%	473,105	19.2%	354,641	17.4%
Other consumer products	366,716	33.5%	596,628	29.5%	735,577	29.9%	644,239	31.7%
Total	1,094,011	100.0%	2,020,731	100.0%	2,460,478	100.0%	2,035,135	100.0%

The following table sets forth a breakdown of our approximate sales volume by product category and the percentage of our approximate total sales volume for the respective periods indicated:

	FY2023		FY2024		FY2025		8MFY2026	
	Units	*%*	*Units*	*%*	*Units*	*%*	*Units*	*%*
	(in million units, except for percentage)							
Beauty products	4.1	14.7	7.1	18.9	8.7	19.4	7.2	18.4
Health products	4.7	16.8	4.6	12.3	5.5	12.1	4.5	11.5
Pharmaceutical products	7.4	26.5	9.3	24.6	10.4	23.2	7.9	20.1
Other consumer products	11.7	42.0	16.7	44.2	20.3	45.3	19.7	50.0
Total	27.9	100	37.7	100	44.9	100	39.4	100.0

Private Label Products

Leveraging on our established retail store network and our in-depth experience in sales of consumer products, we have been developing and offering our private label products. The private label products are customized for us in accordance with our specifications and manufactured for us by Independent Third-Party OEM and ODM manufacturers for sale exclusively in our retail stores.

Our private label products include health supplements, skin care products and cosmetic products. Revenue from sales of our private label products increased gradually during the Track Record Period. For FY2023, FY2024 and FY2025 and 8MFY2026, revenue from sales of our private label products was HK$74.2 million, HK$216.1 million, HK$332.4 million and HK$292.6 million, respectively, representing 6.8%, 10.7%, 13.5% and 14.4% of our total revenue, respectively. For example, our "Tse

Note: Beauty products include skincare, cosmetics, fragrances products.

Tai Kung" (謝太公) label, a label which specialises in Chinese pharmaceuticals and health products, recorded sales revenue of HK$6.9 million, HK$31.4 million, HK$68.2 million and HK$66.3 million for FY2023, FY2024 and FY2025 and 8MFY2026, respectively.

Revenue breakdown by product

The following table sets forth a breakdown of our revenue by product category for private label products:

	FY2023	**FY2024**	**FY2025**	**8MFY2026**
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
Beauty products	22,456.2	48,173.0	60,725.9	51,414.3
Health products	34,895.0	132,398.9	210,791.3	188,523.0
Pharmaceutical products	11,697.4	25,187.4	32,280.5	23,627.8
Other consumer products	5,162.7	10,334.5	28,591.7	29,070.3
Total	**74,211.3**	**216,093.8**	**332,389.4**	**292,635.4**

We partner with OEM and ODM manufacturers to avoid incurring excessive development and manufacturing costs. Our OEM and ODM manufacturers are primarily located in South Korea, Taiwan, the United States, Europe and in Hong Kong. We carefully assess and select our OEM and ODM manufacturers based on whether they possess the manufacturing qualifications such as ISO 9001. We typically engage ODMs to manufacture products that are relatively prevalent on the market as the formulae and composition of such products have limited variance. We partner with OEMs to develop products that have strong market demand based on our observations and which are subject to a higher degree of originality and customization. We will consider customer needs and suggestions to ensure that the end products align with our customers' demand.

We engage Independent Third-Party OEM/ODM manufacturers to manufacture our private label products. Leveraging on the expertise of the OEM/ODM manufacturers in the production of the relevant products, we typically customize or modify existing composition, formula, products or semi-finished products provided by our OEM/ODM partners based on customers' feedback and our own experience and market research. Our Directors believe that such collaborative approach serves to shorten the time and reduce the costs in relation to product development — as compared to conducting substantial research and development in-house — and allows us to broaden our product offering in a more timely and cost-effective manner.

The private label products are generally customized for us in accordance with our specifications and packaging requirements and manufactured for us by the OEM/ODM manufacturers for sale exclusively in our retail stores. We generally do not acquire the intellectual property right generated in the development of the private label products by the OEM/ODM manufacturer, such as the product formulae, due to (i) the prevalence and availability of similar products in the market, including the availability and readiness of alternative product formulations and OEM/ODM manufacturers, and (ii) the non-patented nature of most of these product formulations and (iii) in line with the industry norm, the product formulations and ingredients of OEM/ODM products are typically provided by the OEM/ODM manufacturers to their customers. Please refer to the paragraph headed "Risk Factors — Risks Relating to Our Business — Our Group faces risks relating to non-ownership of intellectual property rights of our private label products" for risks related to intellectual property rights.

Pursuant to the supply agreements with our OEM/ODM manufacturers, we typically have a right to seek compensation from the OEM/ODM manufacturers, in the form of replacement or exchange of the items concerned, return or a corresponding refund, regarding items that were not manufactured to our required standard or where the items are defective within the warranty period or a specific period of time from the receipt of the items. During the Track Record Period and up to the Latest Practicable Date and to the best of our knowledge and based on our reasonable enquiry, the OEM/ODM manufacturers we partner with had generally been in compliance with Good Manufacturing Practice (GMP), Good Laboratory Practice (GLP) and other relevant requirements regulated by the Department of Health and other regulatory bodies in Hong Kong.

The following table summarises the typical major terms of collaboration with our OEM/ODM manufacturers:

Pricing	The price may be specified in the OEM/ODM agreement or in the purchase orders.
Roles and responsibilities	Typically, the OEM/ODM manufacturer will be responsible for manufacturing and supplying the product to us in accordance with the agreed product design, quality, composition and packaging.
Intellectual property rights	Typically, the OEM/ODM manufacturer will be granted authorization to apply the relevant trademark owned by us on the items to be produced by the OEM/ODM manufacturer for us.
Warranty	For more sensitive products such as cosmetics and skincare, the OEM/ODM contracts typically specify a warranty period with regards to the products supplied to us by the OEM/ODM manufacturer.
Period/Termination	Typically on purchase order basis or a specified duration such as one year. Parties may agree to terminate in writing.

We adopt a systematic approach when developing product items with OEM and ODM manufacturers. At the initial stage, we conduct market research and analyse feedback from our frontline salespersons regarding customers' needs and preferences. We also visit trade shows to keep ourselves updated about new products and trends in the market. Where we see suitable opportunities, we will work with our OEM and ODM manufacturers to develop the product. If the prototype is successfully developed, we will then proceed to mass producing the product. We will perform quality control checks of the finished product and will prepare for the launch of the product, such as preparing the package design, determining the price and offering internal trainings to our salespersons regarding the new product. The products under our private labels are primarily sold at our own retail stores. We typically register the trademarks of our private labels in Hong Kong, Macao, the PRC as well as the place where the product was manufactured. Our Directors believe that the development of products under our private label can help diversify our business, revenue base and improve the overall gross profit margin of our business.

As at 30 November 2025, we had established over 40 private label brands. As at the Latest Practicable Date, we had over 700 SKUs available for sale under our private label brands, including over 130 SKUs of beauty products, over 300 SKUs of health products, over 50 SKUs of pharmaceutical products[1] and over 260 SKUs of other consumer products.

1 Some of these pharmaceutical products require registration with the Pharmacy and Poisons Board of Hong Kong.

Under the Pharmacy and Poisons Regulations (Cap. 138A), pharmaceutical products must be registered with the Pharmacy and Poisons Board of Hong Kong before they can be sold, offered for sale, distributed or possessed for the purposes of sale, distribution or other use. As at the Latest Practicable Date, a total of seven products from our private labels had been registered as pharmaceutical products of which five were prescribed medicines, one was a pharmacy-only medicine and one was an over-the-counter medicine. As at the Latest Practicable Date, we were in the process of applying for the registration of two additional pharmaceutical products. The following table sets out a summary of our private label products which have been registered on the list of registered pharmaceutical products maintained by the Pharmacy and Poisons Board of Hong Kong:

Product name	**Registered holder**	**Legal Classification**	**Sale Requirement**
Dosin Tablets 10mg	Top Harvest Pharmaceuticals Company Limited *(Note 1)*	Part 1, Schedule 1 & Schedule 3 Poison	Prescription Only Medicines
Flucozole Capsules 150mg	Top Harvest Pharmaceuticals Company Limited *(Note 1)*	Part 1, Schedule 1 & Schedule 3 Poison	Prescription Only Medicines
Lochol Tab 10mg	Top Harvest Pharmaceuticals Company Limited *(Note 1)*	Part 1, Schedule 1 & Schedule 3 Poison	Prescription Only Medicines
Lochol Tab 20mg	Top Harvest Pharmaceuticals Company Limited *(Note 1)*	Part 1, Schedule 1 & Schedule 3 Poison	Prescription Only Medicines
Sinflo Tablets 200mg	Top Harvest Pharmaceuticals Company Limited *(Note 1)*	Part 1, Schedule 1 & Schedule 3 Poison	Prescription Only Medicines
Lorsedin Tablets 10mg	Top Harvest Pharmaceuticals Company Limited *(Note 1)*	Part 1 Poison	Pharmacy Only Medicines
Setin Tab 10mg	Top Harvest Pharmaceuticals Company Limited *(Note 1)*	Part 2 Poison	Over-The-Counter Medicines

Note 1: Top Harvest Pharmaceuticals Company Limited is a wholly-owned subsidiary of our Group.

We believe that our ability to develop and offer the private label products will be complementary to our business development which, will on one hand, allow us to effectively control the price premiums of our private label products and their qualities and thereby contribute to higher profitability of such products to our Group and on the other hand, further uplift our brand awareness and reinforce our brand recognition in the market. We will continuously identify suitable opportunities to develop additional private label products as and when appropriate.

PROCUREMENT AND SUPPLIERS

We centrally procure products from a large number of suppliers from around the world, including (i) brand manufacturers, (ii) authorised agents and the brands' distributors in Hong Kong, (iii) parallel import wholesalers in Hong Kong and overseas and (iv) OEM and ODM manufacturers. We mainly source from local distributors in Hong Kong as well as overseas suppliers located in Japan, South Korea, Southeast Asia, Europe and the U.S..

Procurement process

We strive to source quality products that cater to the popular demands of our target customers in a timely manner. To grasp the latest trend and to constantly enrich and refresh our product range, we have set up a procurement office in Fukuoka, Japan to source local products that we believe appeal to our target customers. We believe our dedicated and experienced overseas procurement team gives us an edge over our competitors due to their local intelligence and network as well as the ability to discover and identify new products. By gaining direct access to local distributors and suppliers, our overseas procurement team enables us to source seasonal or latest products directly from Japan in a timely manner before they become generally available in Hong Kong. Our overseas procurement teams visit trade shows in their areas to keep themselves abreast of new products and market trends.

We have adopted a thorough procedure to ensure that we have a wide range of products with sufficient inventory for daily operations and to further ensure the quality of the products. We monitor the inventory level of our products continuously. Through our inventory monitoring system, our warehouse will be alerted if an item falls below the pre-determined minimum stock level at a retail store and we will arrange for replenishment from our warehouse generally within one business day. If the item falls below the minimum stock level at our warehouse, we will arrange to place order from our suppliers for replenishment.

We conduct thorough quality inspections upon receiving the products against predefined standards and the specifications of the purchase order. We will then process the storage and sorting of the products at our warehouse.

Suppliers

We strive to foster sustainable and collaborative partnerships with our suppliers to ensure product quality and stability of supply. We generally select our suppliers based on factors such as whether they are the brand owners or authorised distributors, reputation, pricing and product authenticity. We monitor and evaluate our suppliers to ensure we have stable and quality sources of supply, which helps to reduce risks of sub-standard products.

After we approve a new supplier, we will place purchase orders for the selected products which specify the description and quantity of the products to be ordered, price, payment terms, delivery arrangement and our standard terms and conditions. We typically do not enter into long-term distribution agreement, but we have established a long-term relationship with most of our suppliers and we prefer to maintain flexibility in our choices of products to keeping our product portfolio fresh and up-to-date.

To maintain flexibility, which our Directors believe is our key competitive edge, and to better adapt to the constantly changing trends and demand from customers, we generally do not enter into any fixed or long-term distributorship agreement or procurement agreement with our suppliers. Instead, we purchase from our suppliers mainly by way of purchase orders on an as-needed basis. Our purchase orders set out, among other things, the products specifications and quantity to be ordered, unit price of each product, place of delivery, credit terms (if applicable) and may include warranties and representations provided by the suppliers for assuring, inter alia, the legality, the quality and the ingredients of the products supplied.

We had not experienced any significant issues or disputes with our suppliers and had not experienced any material fluctuations in purchase price when procuring products from our suppliers during the Track Record Period and up to the Latest Practicable Date. We had not experienced any major supply disruptions or shortages during the Track Record Period, although there were instances where immaterial disruptions did occur for certain items for reasons beyond our control such as instability in international logistics, insufficient raw materials experienced by our suppliers. We respond to such disruptions and shortages through procuring alternative products of similar type and price adjustments.

When procuring from authorised dealers, importers and exporters, we typically place purchase orders with them where the volume and products purchased under each order will depend on our actual needs at the time. This arrangement allows us to maintain flexibility and minimize the risks of over-stocking or slow-moving stock.

As at 30 November 2025, we had over 600 suppliers. We have established strong and stable relationship with many of our major suppliers. During the Track Record Period, three of the five largest suppliers in each of FY2023, FY2024 and FY2025 were suppliers which we have collaborated for over 15 years. On the other hand, we have been among the top and key purchasers of some of our suppliers of popular items. For example, based on information provided by the relevant supplier, we were among the top purchasers of certain products from the suppliers below in terms of annual total sales value:

Brand distributed by the supplier	Relevant product(s)	Year(s)	Ranking
Friso	Infant formula (milk powder) products	2022, 2023, 2024 *(Note 1)*	Top 1
Fortune Pharmacal	Coltalin 36S; Coltalin-GP Extra 36S	2022, 2023, 2024 *(Note 2)*	Top 1
	Extra Fast Coltalin-GP 36S	2023, 2024 *(Note 2)*	
	Coltalin GP Extra 24S	2022 *(Note 2)*	
Old Town White Coffee	3 In 1 Classic White Coffee; 3 In 1 Hazelnut White Coffee; 2-in-1 Sugar Free White Coffee	September to December 2024 *(Note 2)*	Top 2

Brand distributed by the supplier	Relevant product(s)	Year(s)	Ranking
Ma Pak Leung	Ma Pak Leung Bovine Bezoar Pill (10 pills)	2024 *(Note 3)*	Top 3
	Ma Pak Leung Pear Loquat Syrup	2024 *(Note 3)*	Top 4
	Ma Pak Leung Pear Loquat Candy	2024 *(Note 3)*	Top 4
Colgate	Colgate Dental Cream; Colgate Optic White; Colgate Total Toothpaste	2024 *(Note 3)*	Top 4

Notes:

1. In terms of annual total sales value to traditional sales channels in Hong Kong such as pharmacies.

2. In terms of annual total sales value to pharmacies in Hong Kong.

3. In terms of the distributor's general trade account.

Through our suppliers, we source products originated from different countries around the world.

The following table sets forth a breakdown of our purchase amounts and as a percentage of our total purchases by major regions based on the supplier's place of incorporation for FY2023, FY2024, FY2025 and 8MFY2026:

	FY2023		FY2024		FY2025		8MFY2026	
Region	**Purchase amount** *(HK$ million)*	**Percentage of our total purchases**	**Purchase amount** *(HK$ million)*	**Percentage of our total purchases**	**Purchase amount** *(HK$ million)*	**Percentage of our total purchases**	**Purchase amount** *(HK$ million)*	**Percentage of our total purchases**
Hong Kong *(Note 1)*	802.5	90.9%	1,332.7	91.2%	1,672.0	92.4%	1,332.8	90.4%
Japan	63.3	7.2%	97.2	6.7%	87.0	4.8%	79.5	5.4%
Korea	6.3	0.7%	12.9	0.9%	32.3	1.8%	45.3	3.1%
Rest of Asia *(Note 2)*	10.5	1.2%	16.6	1.1%	14.0	0.7%	15.5	1.0%
Europe *(Note 3)*	—	—	1.7	0.1%	4.5	0.3%	1.5	0.1%
Chinese Mainland	0.0	0.0%	0.1	0.0%	0.1	0.0%	0.1	0.0%

Notes:

1. This includes companies incorporated in Hong Kong which supply products made in Hong Kong, and also includes trading companies incorporated in Hong Kong which import products which are sourced from or made outside of Hong Kong, including Japan, Korea, the rest of Asia, Europe and the Chinese Mainland, and supply such products to us in Hong Kong.

2. Mainly Singapore, Taiwan, Indonesia and Thailand.

3. Mainly Belgium and the Netherlands.

We lease a warehouse in Korea and a procurement office and a warehouse in Japan. Warehousing services were provided by employees of our major supplier (''**Supplier A**''), including packing and order fulfillment to our Group. The costs of such labour at the warehouses are borne by Supplier A and indirectly covered by the revenue generated from our purchases. In addition, Supplier A has designated (i) an employee to serve as the representative of our Japan subsidiary without charge, and (ii) two employees to assist with the daily operation of our Japan procurement office, such as conducting market research and product development, whose cost are borne by us through reimbursement to Supplier A. As we are a key customer of Supplier A, the establishment of such procurement office supported by Supplier A is, in the Directors' view, a mutually beneficial commercial arrangement for both our Group and Supplier A — on the one hand, we are able to strengthen our procurement ability in Japan by utilising the local network and market intelligence offered by Supplier A in a cost-effective manner; on the other hand, the support offered by Supplier A ensures we have a stable source of procurement, which translates into stable source of business from a key customer for Supplier A. For details of the warehouse leases in Japan and Korea, please refer to the paragraph headed ''Inventory Management, Warehousing and Logistics — Warehousing and logistics'' in this section; for details of the office lease in Japan, please refer to the paragraph headed ''Properties — Leased Properties'' in this section.

Top five suppliers

For FY2023, FY2024, FY2025 and 8MFY2026, total purchases from our five largest suppliers for the respective year/period in aggregate accounted for 22.8%, 21.6%, 21.7% and 22.4%, respectively, of our total purchase, and total purchase from our largest supplier in each year/period accounted for approximately 5.3%, 4.9%, 5.4% and 6.0%, respectively, of our total purchases for the respective year/period. The following table sets out the details of our top five suppliers for the respective year/period:

	Supplier	Principal place of business	Principal business	Principal products purchased by us	Approximate years of relationship with us as at the Latest Practicable Date	Typical payment term	Typical payment method	Approximate total purchases *(HK$'000)*	Approximate percentage of our total purchase
For 8MFY2026									
1.	Supplier F	Hong Kong	Distribution and trading	Beauty products; Other consumer products	Over 2	Payment on Delivery	Telegraphic transfer	88,335	6.0%
2.	Supplier C	Hong Kong	Distribution and trading	Pharmaceutical products; health products; other consumer products	Over 20	Payment on Delivery; monthly payment with 30 days credit period	Telegraphic transfer	65,009	4.4%
3.	Supplier A	Japan	Distribution and trading	Pharmaceutical products; health products; other consumer products	Over 7	60% Deposit; 40% Payment on Delivery	Telegraphic transfer	62,644	4.3%
4.	Supplier E	Hong Kong	Distribution and trading	Health products	Over 20	Payment on Delivery; monthly payment with 30 days credit period	Telegraphic transfer	56,475	3.9%
5.	Supplier B *(Note 1)*	Hong Kong	Distribution and trading	Pharmaceutical products; health products; other consumer products	Over 15	Payment on Delivery; monthly payment with 30 days credit period	Telegraphic transfer	55,911	3.8%

	Supplier	Principal place of business	Principal business	Principal products purchased by us	Approximate years of relationship with us as at the Latest Practicable Date	Typical payment term	Typical payment method	Approximate total purchases *(HK$'000)*	Approximate percentage of our total purchase
For FY2025									
1.	Supplier B *(Note 1)*	Hong Kong	Distribution and trading	Pharmaceutical products; health products; other consumer products	Over 15	Payment on Delivery; monthly payment with 30 days credit period	Telegraphic transfer	95,379	5.4%
2.	Supplier F	Hong Kong	Distribution and trading	Beauty products; other consumer products	Over 2	Payment on Delivery	Telegraphic transfer	86,603	4.9%
3.	Supplier C	Hong Kong	Distribution and trading	Pharmaceutical products; health products; other consumer products	Over 20	Payment on Delivery; monthly payment with 30 days credit period	Telegraphic transfer	73,643	4.1%
4.	Supplier E	Hong Kong	Distribution and trading	Health products	Over 20	Payment on Delivery; monthly payment with 30 days credit period	Telegraphic transfer	67,854	3.8%
5.	Supplier A	Japan	Distribution and trading	Pharmaceutical products; health products; other consumer products	Over 7	60% Deposit, 40% Payment on Delivery	Telegraphic transfer	63,014	3.5%

	Supplier	Principal place of business	Principal business	Principal products purchased by us	Approximate years of relationship with us as at the Latest Practicable Date	Typical payment term	Typical payment method	Approximate total purchases *(HK$'000)*	Approximate percentage of our total purchase
For FY2024									
1.	Supplier B *(Note 1)*	Hong Kong	Distribution and trading	Pharmaceutical products; health products; other consumer products	Over 15	Payment on Delivery; monthly payment with 30 days credit period	Telegraphic transfer	71,797	4.9%
2.	Supplier A	Japan	Distribution and trading	Pharmaceutical products; beauty products; other consumer products	Over 7	60% Deposit, 40% Payment on Delivery	Telegraphic transfer	68,139	4.6%
3.	Supplier D *(Note 2)*	Hong Kong	Distribution and trading	Beauty products; other consumer products	Over 6	Payment on Delivery; monthly payment with 30 days credit period	Telegraphic transfer	66,457	4.5%
4.	Supplier E	Hong Kong	Distribution and trading	Health products	Over 20	Payment on Delivery; monthly payment with 30 days credit period	Telegraphic transfer	58,445	4.0%
5.	Supplier C	Hong Kong	Distribution and trading	Pharmaceutical products; health products; other consumer products	Over 20	Payment on Delivery; monthly payment with 30 days credit period	Telegraphic transfer	53,427	3.6%

	Supplier	Principal place of business	Principal business	Principal products purchased by us	Approximate years of relationship with us as at the Latest Practicable Date	Typical payment term	Typical payment method	Approximate total purchases *(HK$'000)*	Approximate percentage of our total purchase
For FY2023									
1.	Supplier A	Japan	Distribution and trading	Pharmaceutical products; beauty products; other consumer products	Over 7	60% Deposit, 40% Payment on Delivery	Telegraphic transfer	46,359	5.3%
2.	Supplier B *(Note 1)*	Hong Kong	Distribution and trading	Pharmaceutical products; health products; other consumer products	Over 15	Payment on Delivery; monthly payment with 30 days credit period	Telegraphic transfer	42,328	4.8%
3.	Supplier C	Hong Kong	Distribution and trading	Pharmaceutical products; health products; other consumer products	Over 20	Payment on Delivery; monthly payment with 30 days credit period	Telegraphic transfer	38,382	4.3%
4.	Supplier D *(Note 2)*	Hong Kong	Distribution and trading	Beauty products; other consumer products	Over 6	Payment on Delivery; monthly payment with 30 days credit period	Telegraphic transfer	37,150	4.2%
5.	Supplier E	Hong Kong	Distribution and trading	Health products	Over 20	Payment on Delivery; monthly payment with 30 days credit period	Telegraphic transfer	36,760	4.2%

Note 1: The approximate total purchases amount represents the aggregate purchase amount from various related parties of this supplier.

Note 2: The approximate total purchases amount represents the aggregate purchase amount from related parties of this supplier.

To the best of the knowledge and belief of our Directors, all of our five largest suppliers for each year/period during the Track Record Period are Independent Third Parties, and none of our Directors or any Shareholders, who owns more than 5% of the share capital of our Company as at the Latest Practicable Date, nor any of their respective associates, had any interest, directly or indirectly, in any of our five largest suppliers for each year/period during the Track Record Period.

Supply Channels

Our Suppliers

Our products are sourced from brand owners, manufacturers or their authorised or licensed distributors, dealers or agents or trading companies in Hong Kong or overseas suppliers from Japan, Korea, Europe, the U.S. and Australia.

For FY2023, FY2024, FY2025 and 8MFY2026, we purchased HK$357.9 million, HK$624.1 million, HK$802.2 million and HK$685.4 million, respectively, from Official Channel Suppliers, representing approximately 40.4%, 42.1%, 44.3% and 46.3%, respectively, of our total purchases during the respective year and period[(Note 1)].

We also purchase from the suppliers other than Official Channel Suppliers which generally enables us to purchase products at lower prices than purchase through the official channel and this also broadens our products offering, such as products that do not have an official distributor or otherwise unavailable in Hong Kong. When there is a business need, for example, where certain products are popular or around festive periods where the demand for certain products surges, we may concurrently procure the same products from both suppliers from official channels and other channels in order to meet the demand.[(Note 2)] We purchased HK$527.7 million, HK$857.0 million, HK$1,008.6 million and HK$794.2 million, respectively, from these suppliers, representing approximately 59.6%, 57.9%, 55.7% and 53.7% of our total purchases for FY2023, FY2024, FY2025 and 8MFY2026, respectively.

For purchase from these suppliers other than the Official Channel Suppliers, we have implemented enhanced due diligence measures for these suppliers to minimise product infringement risks. These measures include: (1) Pre-purchase verification: We obtain and review relevant documentation, including business licences, company search records, verification of client references, procurement channel scrutiny, and examination of import documents/agency certificates. Where goods are claimed to be sourced directly from manufacturers, manufacturer invoices are required, and independent third-party industry checks may be conducted; (2) Supply chain tracing: we also verify the origins of the supply by checking relevant documents such as purchase invoices from brand owners/manufacturers/authorised dealers or reputable retailers; (3) Written undertakings: Suppliers are required to provide written undertakings confirming products are genuine, legally sourced, and non-counterfeit. (4) Post-receipt verification: Additional checks upon product arrival include spot-checks, comparison against official retail channel products, cross-referencing batch numbers online, and third-party laboratory testing (where necessary) to ensure quality/substance matches official products; (5) Supplier cessation: During the Track Record Period, we ceased procurement from 8 suppliers other than Official Channel Suppliers due to their failure to provide proof of supply chain or product origin. These measures ensure product authenticity and mitigate infringement risks for non-official channel sources.

Note 1: Purchases from Official Channel Suppliers include our total purchases of all products procured from suppliers that we have identified, to the best of our knowledge after reasonable enquiry, as official channels based on the majority of the products we procured from them, and also include our purchases from OEM/ODM manufacturers for our private label products.

Note 2: Such products, although generally identical whether procured from official channels or not, may be of different versions which are intended for different regions and hence bear slight variations among them, for example, in terms of packing.

Regarding goods from suppliers other than the Official Channel Suppliers (regardless of whether an authorised supplier or dealer was appointed in Hong Kong), our Hong Kong Legal Counsel is of the view that the risks of intellectual property rights infringement or trade description issues are "negligible or relatively remote" provided strict adherence to the Group's precautionary measures (internal controls, protective terms). As elaborated in point (i) below, defence bases exist for any claims, and indemnity can be sought from the suppliers. In essence, in case of any civil claim of infringement of intellectual property rights, the restrictive statutory definition of "infringing copies" in that once the goods had been put on the market under the trade mark by or with the consent of the trade mark owner, their subsequent resale, even without the owner's consent, will not constitute infringement, together with the abovementioned precautionary measures, would provide a reasonable basis for defence of such claim. In addition, the warranties provided by our suppliers in the protective terms and conditions expressly contained in our standard purchase orders will generally entitle us to seek an indemnity and/or contribution from the relevant supplier should any such claim arise. Consequently, based on the aforesaid reasons, such purchases generally would not give rise to trade description or intellectual property issue or claim. Further, for goods purchased where there is no authorised supplier/dealers appointed in Hong Kong, certain cross jurisdictional hurdles may also exist for the overseas authorised suppliers or dealers to commence any intellectual property rights infringement or trade description claim in Hong Kong.

Having considered the business model and operation of our Group and the above-mentioned precautionary measures adopted by our Group, our Hong Kong Legal Counsel, Ms. Queenie W.S. Ng, is of the opinion that:

(i) the trade mark law in Hong Kong does not prohibit parallel importation. Generally, the sale and advertisement of genuine products in Hong Kong through parallel importation are not prohibited under the laws of Hong Kong. In particular, parallel trading activities fall within Section 20 of the Trade Marks Ordinance (Cap. 559) which provides for the exhaustion of trade mark rights. Under this provision, the resale of goods or products that have been placed on the market anywhere in the world by the trade mark owner, or with his consent (whether express, implied, conditional or unconditional) does not constitute trade mark infringement, unless the condition of the product has been changed or impaired after they have been put on the market and the use of the registered trade mark in relation to those products is detrimental to the distinctive character or repute of the trade mark; The basis of the view of our Hong Kong Legal Counsel is, among other things, the exhaustion of rights principle under the Trade Marks Ordinance pursuant to which a trade mark proprietor's rights are exhausted once genuine goods bearing the relevant trade mark have been put on the market anywhere in the world by or with the consent of the trade mark owner. Accordingly, the subsequent importation and resale of such genuine products in Hong Kong, including by way of parallel importation, will not constitute trade mark infringement given that the products are not materially altered or impaired;

(ii) as for copyright, the packaging of parallel-imported products will generally fall within the category of "accessory works"*(note)* for which the label affixed or displayed thereon, the container, the written instructions or other information incidental to the products not predominantly attributable to the economic value of the work are usually exempted as an infringement of copyright under Section 35(3) and Section 35(8) of the Copyright Ordinance, and will not trigger claims for copyright infringement;

(iii) we are not exposed to significant risks of intellectual property rights infringement and such risks (if any) are generally negligible or relatively remote provided that we strictly adhere to the precautionary measures including the internal control policies adopted and implemented by us described above; As such, purchases from suppliers other than the Official Channel Suppliers will also not give rise to any trade description issue or claim, given that the products are genuine and are not described, presented or marketed in a false or misleading manner, including as to their origin, quality or authorised distribution status;

(iv) in case of any civil claim of infringement of intellectual property rights, the restrictive statutory definition of "infringing copies" and its exceptions, together with the above-mentioned precautionary measures, would provide a reasonable basis for defence of such claim. In addition, the warranties provided by our suppliers in the protective terms and conditions expressly contained in our standard purchase orders will generally entitle us to seek an indemnity and/or contribution from the relevant supplier should any such claim arise;

(v) in the event of any prosecution for copyright infringement (which is the only category of intellectual property right en-countered by us in our business operations that may attract criminal liability), the restrictive statutory definition of "infringing copies", together with the applicable statutory exceptions, and our strict adherence to the precautionary measures described above, would likewise provide a reasonable basis for defence against any such allegation;

(vi) in the event of any alleged non-conformity of trade description laws in relation to products procured by us through parallel importation, we would similarly have a reasonable basis for defence against any prosecution for supplying goods with a false trade description. In addition, the protective terms and conditions contained in our standard purchase orders would generally entitle us to seek indemnity and/or contribution from the relevant supplier should any such issue arise; and

Note: As advised by our Hong Kong Legal Counsel, in layman terms, the exemption in respect of "accessory works" reflects the position that the real value of the goods lies in the products themselves (such as the cosmetic, skincare, perfume, food, health supplement etc.), rather than in the packaging, labels or instructions that accompany them. The packaging, labels and instructions are mainly used to identify the product, explain how it should be used and/or comply with regulatory requirements, and are not what consumers are paying for. As such, these materials are regarded as incidental to the products which fall within the definition of "accessory works" under Section 35(8) of the Copyright Ordinance, and selling genuine parallel-imported goods together with their original packaging will not generally, by itself, amount to copyright infringement.

(vii) Food labelling requirements are mandatory for sale of pre-packaged food in Hong Kong pursuant to Food and Drugs (Composition and Labelling) Regulations (Cap. 132W) ("FD(CL)R". Regulation 4B of the FD(CL)R concerns the nutrition labelling of prepackaged food and nutrition claim. Hence, the Group's compliance of this mandatory labelling requirement is not to be regarded as alteration of packaging as such, whether the product is imported from overseas or not, parallel or not parallel. No issue in relation to intellectual property rights infringement or trade description laws would arise because of the aforesaid legal requirement in relation to nutrition labelling.

Since the commencement of the retail business of our Group and up to the Latest Practicable Date, we had not been involved in any litigation proceedings for alleged infringement of intellectual property rights in respect of any parallel-imported products procured by us.

As we generally do not enter into framework or long-term purchase agreements with any suppliers, there is no exclusivity clauses in our purchase orders with our suppliers, we are generally at liberty to procure simultaneously from alternative sources. On the basis above, our Hong Kong Legal Counsel is of the view that there is no legality issue in relation to any breach of agreement with the Official Channel Suppliers or violation of exclusivity clauses.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material quality issues relating to products. All products procured, whether from suppliers of official channels or not, are subject to our standard product quality control procedures, pursuant to which any batch of products that fail to meet our standards upon examination will be rejected. Please refer to the paragraph below headed "— Internal controls and supplier due diligence" and the section headed "Business — Quality Control" for further information about our quality control procedures.

Internal controls and supplier due diligence

To ensure product authenticity and quality, in addition to the aforesaid measures for onboarding and ongoing monitoring of our suppliers, we have established a set of rigorous internal control policy which covers all products sold or proposed to be sold in Hong Kong by the Group.

Tracing the chain of supply

We rely primarily on tracing of the chain of supply to verify the authenticity and quality of products. We require, as the case may be, either the letter of authorisation or documentations capable of verifying the chain of supply in order to trace the origins of the product, including, as the case may be, (a) proof of authorised distributorship such as a letter of authorization issued by the brand owner or manufacturer showing that our supplier or its upstream supplier is an authorised distributor; (b) purchase invoices issued directly by the brand owner or manufacturer or their authorised dealer to our supplier; and (c) purchase invoices issued by reputable suppliers to our suppliers are authentic and legally source retailers such as local and overseas retailers or duty free shops in order to show that the products were procured from legitimate sources. Please refer to the paragraph headed "Supply Channels — Protective terms and conditions" in this section for further details of the undertaking.

For suppliers of official channels, we require them to provide relevant documentation depending on the duration of their authorisation, for example, if their authorisation lasts for one year, we would require relevant authorisation document to be provided for our review every year; for suppliers other than those from official channels, we obtain and review the relevant documentations and we only confirm the purchase order upon satisfactory review of the relevant documents.

Where we procure from new or less-established suppliers, we implement enhanced due diligence measures to ensure authenticity of the products, including reviewing the business licences and company search records of these suppliers, verification of current clients and related invoices, scrutiny of procurement channels and examination of import documents and agency certificates. Where goods are claimed to be sourced directly from manufacturers, we typically require provision of the manufacturer's invoices and we may conduct independent third-party checks within the industry through our own channels to confirm the reliability of the supply chain.

Supplier's undertaking

For suppliers who are not Official Channel Suppliers who are new to our Group or those with less market experience where we were not able to obtain much reference from industry intelligence regarding their market reputation, we will seek written undertakings from our suppliers confirming that all products supplied to us are genuine and lawfully obtained and that no counterfeit products will be supplied.

Ongoing monitoring of suppliers:

For ongoing monitoring, we perform annual assessments (or ad-hoc assessments if major issues arise). Ongoing monitoring measures include (i) confirming the validity of authorisation certificates and agreements, ensuring they have not expired or been revoked; (ii) obtaining updated certificates or confirmations if existing ones expire, and reviewing whether the product scope aligns with current procurement needs and (iii) conducting public domain checks are conducted to identify any adverse developments, such as regulatory actions or disputes. Any serious concerns identified during monitoring are escalated to legal and compliance for considering further action, such as suspension or termination of the supplier relationship.

For suppliers other than Official Channel Suppliers who we actively trade with, our procurement team is required to perform an annual assessment, and any serious concerns identified must be escalated to legal and compliance of considering further action, such as suspension or termination of the supplier relationship. During the Track Record Period, our Group had ceased procuring from 10 suppliers following ongoing assessment. Such cessation was primarily due to their failure to provide proof of supply chain or product origin and other commercial reasons such as a drop in demand of certain brands and products [(Note)].

Note: Our Group ceased procuring from 8 suppliers because of the suppliers' failure to provide proof of chain of supply.

Other internal control measures

In addition to the due diligence and monitoring measures on the suppliers, we have established a set of rigorous internal control policies to safeguard the quality and authenticity of inbound stocks supplied to us.

- **Product selection and internal approval:** for each product proposed to be purchased, our procurement team is required to conduct product assessment recording the product name, brand, SKU code and description, country of origin and any known or expected differences against the official Hong Kong version. Only products approved by our designated personnel will be added to our list of approved products;
- **Additional review for products posing higher quality, safety and regulatory risks:** for products such as pharmaceutical products, infant products, high-value cosmetics and skincare products, we will further review (i) the registration and licensing status of regulated products in Hong Kong, (ii) any differences in formulation, dosage or indication and whether these create clinical or regulatory concerns, and (iii) required warnings or usage restrictions;
- **Purchase control:** we will only issue purchase orders to suppliers who are on our list of approved suppliers or who are official channels and will only purchase products on our approved product list;
- **Inbound checks:** upon receiving products procured, we will verify the products against the purchase order and supplier invoice and conduct visual inspection. We will also check that batch number and expiry dates are clearly printed. Products with notable issues will be segregated and will be notified to our procurement team for follow up;
- **Labelling:** our procurement team will ensure that prior to the sale of the relevant products in Hong Kong, the product's packaging and labelling comply with applicable Hong Kong requirements and supplemental labels will be applied where necessary; and
- **Marketing and promotion:** we will ensure that marketing or promotional materials will comply with the Group's internal guidelines and applicable Hong Kong laws. Promotional contents with higher-risk must be submitted to designated members of our management team and, where applicable, external legal adviser for review before release.

Additional verification work upon receipt of the products

For products procured from sources other than the official channels, we typically conduct additional verification work upon the receipt of the products to ensure their authenticity, including (i) spot-checking the products upon arrival at warehouse; (ii) comparing identical products that are being sold via official retail channels to detect variations or discrepancies; (iii) cross-checking product information such as batch number appearing on the package of the product against online information and, (iv) where necessary, we may also conduct testings[(Note)] to ensure that the quality and substance of products supplied to us are identical to those available at official retail channels of the manufacturer or brand owner. We also have quality control procedures to perform rigorous examinations of the products, to ensure that the products are genuine, noting that they are sometimes different versions of the same products across different regions.

Note: Our Company engaged third party laboratories to conduct testings and the testing results revealed no material exception. Product testings were conducted whenever necessary, for example, before rolling out a new product or emergence of negative news about similar products.

Our internal policies and procedures as summarised above aims to safeguard the quality and authenticity of the products systematically in all material respects: (i) with regards to the source of supply, we assess the credibility of a supplier through understanding its business background and requiring proof of its supply chain to ensure that the products were supplied to it from reliable origins; (ii) with regards to the products, we conduct research on product information and characteristics to stay vigilant on potential defects, discrepancies and variances; and (iii) we also conduct inbound checks and quality control procedure (please refer to the paragraph headed "Quality Control — Quality Control of Products and Product Labelling" below for further details) upon the arrival of product items, including examining the appearance, physical characteristics and labelling of the item, to ensure that the products do not raise authenticity issues and faulty products will be rejected. According to the independent internal control review report, our Group's internal control measures are adequate and effective in ensuring the quality of our suppliers, including but not limited to product authenticity and quality.

Our Hong Kong Legal Counsel considered that suppliers undertakings are an effective safeguard in reducing the Group's risk of civil and criminal liability relating to product authenticity, intellectual property infringement and trade description issues, as they place primary responsibility on suppliers to ensure that the products are genuine, accurately described, legally compliant and non-infringing, and help demonstrate our Group has taken reasonable and commercially prudent steps to verify its supply chain. Although such undertakings may not absolve our Group from being prosecuted by the Government authorities or sued by other claimant, in the context of potential criminal liability, they support the Group in advancing a defence based on honest and reasonable belief of reliance of information and/or taken all reasonable precautions and exercised all due diligence to avoid the commission of the offence in product authenticity and trade description prosecution. If established to the satisfaction of the court, such defence operates as a complete defence to the charge, resulting in an acquittal. In the context of civil claims, the Group may rely on such contractual protections to commence third party proceedings against the supplier by joining the supplier to the action, with a view to seeking contribution, apportionment of liability and/or a full indemnity pursuant to the relevant contractual undertakings. This enables the Group, if found liable to the claimant, to shift or recover all or part of its liability from the supplier based on the supplier's breach of representations.

Our Group has also implemented a comprehensive internal control policy, which establishes structured controls over supplier due diligence, product approval, inspection, labelling, sales practices and incident handling, supported by ongoing monitoring and training. The effectiveness of our Group's policy and internal control is further supported by the absence of any criminal conviction against our Group in relation to counterfeit products and the fact that past complaints during the Track Record Period have not been substantiated or resulted in prosecution or civil action.

Overall, our Hong Kong Legal Counsel was of the view that the internal control policy demonstrates that the Group has implemented reasonable steps to ensure product authenticity and compliance, and to manage risks relating to intellectual property and trade descriptions in parallel imports, and in light of the implementation of the parallel import policy and the absence of any criminal and/or civil action against the Group in relation to the authenticity of its products, there is a reasonable basis to believe that the products sold by the Group are generally authentic and genuine. This is consistent with our Hong Kong Legal Counsel's view that our Group has not infringed intellectual property rights and the sale and advertisement of products in Hong Kong by way of parallel importation are not prohibited under the laws of Hong Kong.

Views of our Directors and the Sole Sponsor

Based on the views of our Hong Kong Legal Counsel, our Directors are of the view, and nothing material has come to the Sole Sponsor's attention that would cause it to disagree with the Directors' view, that there is no material risk of our Group with respect to alleged infringement of intellectual property rights, trade description issues and product authenticity relating to the sales of products procured from the suppliers other than Official Channel Suppliers. Based on the views of our Hong Kong Legal Counsel, our Directors and the Sole Sponsor further concur that there is no legality issue in relation to any breach of agreement with the Official Channel Suppliers or violation of exclusivity clauses.

Our Directors confirmed, and our Hong Kong Legal Counsel and the Sole Sponsor concurred, that during the Track Record Period and up to the Latest Practicable Date, except for piecemeal enquiries originated from certain customers, our Group had not been involved in any material formal government investigation, prosecution or dispute with the brand owners or authorized dealers with respect to product authenticity and we had not encountered any material issues concerning product authenticity. Our Directors believe, and the Sole Sponsor concurs, that this demonstrates the adequacy, soundness and effectiveness of our internal control system in place for safeguarding product authenticity. Our Directors believe that even if there is a possibility, as a matter of law, that certain intellectual right proprietors may institute legal proceedings against us in respect of the sales of parallel-imported products in Hong Kong and there is risks associated with false trade description on products, the possibility of our Group facing material legal claims and liabilities in these regards is remote. Our Directors confirm that our Group has not made any misrepresentation about the origins of our Group's products. Our Directors also confirm that we have not made any alteration to the packaging of products. We also have in place internal control policy which prevents alteration of packaging of the relevant products, including stringent checking policy where nutrition labelling needed to be made according to the Public Health and Municipal Services Ordinance, and only designated staff are given the authority to perform such tasks). We would ensure that the original information would not be obscured, e.g. product name, batch, expiry and regulatory marking etc., and all labelling works would be carried out under strict control. We also provide training to staff who performed the labelling, and there would be supervisory checks on the correctness and placement.

Procurement of products that require registration

In particular, when procuring products that require registration in Hong Kong such as regulated medicines, we have internal procedure and policies to ensure that such products comply with applicable registration requirement. First, our procurement team will cross-check whether the product has already been registered on the list of registered pharmaceutical products maintained by the Pharmacy and Poisons Board of Hong Kong. In addition, according to our internal control policy relating to procuring health products from suppliers other than Official Channel Suppliers, our pharmacists will (i) review the regulatory classification, registration status and clinical appropriateness of such products; (ii) review the health, therapeutic or dosage related aspects of such products; and (iii) advise on labelling, warnings, usage restrictions and customer information of such products. Further, upon the arrival of such products, we will examine the invoices and the packing of the products to confirm that the products are the registered products which we procured, including checking the registration identifier on the product packing and that appropriate warnings have been affixed. To ensure compliance with applicable laws and regulations, we only procure pharmaceutical products or proprietary Chinese medicines that require registration from the supplier of official channel. As we do not procure such products that require registration from suppliers other than Official Channel Suppliers, our Directors believe, and our Hong Kong Legal Counsel concurs, that it is unlikely to give rise to any regulatory concern in this respect.

As advised by our Hong Kong Legal Counsel, the person responsible for obtaining registration of a pharmaceutical product is the (i) licensed manufacturer, or (ii) the Hong Kong branch, subsidiary, representative, agent or distributor of the overseas manufacturer, or (iii) the licensed wholesale dealer contracting with the licensed manufacturer or who imported the pharmaceutical product. We generally do not procure unregistered pharmaceutical product that would require us to conduct registration, as this generally does not justify the time and cost that we have to incur for the registration.

Protective terms and conditions

We request the following terms from our suppliers or obtain representations, warranties and/or guarantees as part of the protective terms and conditions provided from our suppliers in our purchase order/supply agreement:

(i) the authenticity and legality of the products supplied;

(ii) the accuracy and completeness of product information including their ingredients, nutrition information, energy values, contents, suitable users, expiry date, instructions and/or precaution for use, import requirements and trade description;

(iii) the conformity with the description on ingredients, composition and materials provided on the product packaging;

(iv) there is no infringement of trademark, copyright or other intellectual property rights of the brand owner and/or manufacturer in the sale of products supplied; and

(v) where the products are procured by the supplier from the brand owner or its authorised manufacturer(s) or other intermediaries for resale to us, the products supplied to us have not been repackaged and have not been changed or modified in any respect after being released from the brand owner or its authorised manufacturer(s) up to delivery to us, which will result in the original conditions of the original genuine products be changed or impaired in any respect(s), and that no change whatsoever has been made which will or may lead to the products becoming infringing products or will lead to any legal dispute on infringement.

We have occasionally received inquiry letters from Official Channel Suppliers regarding our parallel importation during the Track Record Period. Such letters mainly notified us that certain products were offered for sale by us without authorisation from the Official Channel Suppliers and requested us to cease the sales of the relevant products. During the Track Record Period and up to the Latest Practicable Date, we had not ceased to offer any product due to any enquiry received from Official Channel Suppliers, as we were not legally obligated to resolve the inquiry letters received during the Track Record Period and up to the Latest Practicable Date by ceasing the sales of any relevant products, and we had not received any further follow-up inquiry letters subsequently. As advised by our Hong Kong Legal Counsel, such inquiry letters are merely requests for information and/or assertions of position and do not constitute any binding court order, injunction, or enforceable notice requiring cessation, and none of such inquiries had evolved into any legal action, dispute or litigation as at the

Latest Practicable Date. Absent of any legal restriction prohibiting the sale of the relevant products or any substantiated claim, the receipt of such inquiry letters does not, as a matter of law, impose an obligation on us to cease the relevant business activities. To minimise the risks of disputes arising from allegation of potential claims on infringement of intellectual property rights or trade description issues, we have adopted various precautionary measures including (a) the adoption of internal control and verification procedures and (b) the incorporation of protective terms and conditions in our standard purchase order. Given the above, and the fact that our purchase from the suppliers other than Official Channel Suppliers had not affected our purchases from Official Channel Suppliers and our relationship with them in any material respect during the Track Record Period and up to the Latest Practicable Date, our Directors are of the view, and the Sole Sponsor concurs, that our concurrent procurement of the same or similar products from both official channels or otherwise does not give rise to any operational risks in any material respect.

Our Directors and Hong Kong Legal Counsel confirmed that, during the Track Record Period and up to the Latest Practicable Date, except for those instances disclosed in the paragraph headed "Non-Compliances and Enquiries from Government Authorities — Inspections and Enquiries", our Group has not been involved in any litigation proceedings for alleged infringement of intellectual property rights, authenticity of products or trade description issues in respect of products sourced from suppliers other than Official Channel Suppliers.

QUALITY CONTROL

Selection of Suppliers

To ensure product quality, we generally procure from recognized brand owners and trusted distributors and wholesalers. We prefer to procure from suppliers with which we have established a long-term and trusted relationship. Most of our top five suppliers for each year/period during the Track Record Period have been partnering with us for many years (please refer to the section "*Procurement and Suppliers — Suppliers — Top five suppliers*"). Before procuring from a distributor or wholesaler, we require the supplier to provide its proof of authorization from the brand and to provide proof of chain of supply for the products.

Quality Control of Products and Product Labelling

We conduct thorough product quality inspection to meet our customers' expectation on product quality and we pay additional attention to regulated, delicate or high-value products such as pharmaceuticals, cosmetics, skincare products and wine to ensure product safety and compliance with relevant regulations and requirements.

In addition to procuring from trusted suppliers and establishing robust quality control procedures to ensure the quality of our procurement, we adopt the following procedures and measures to inspect and verify all products procured from our suppliers generally:

- **Document and goods verification:** for each shipment, our warehousing team will, upon arrival of the products, check the delivery notes, packing lists and invoices to verify the products. We will then conduct a preliminary inspection of the goods against the documents to check their quantity, quality and appearance.

- **Acceptable Quality Limit ("AQL") sampling inspection:** After the goods have been accepted by our warehousing team, we will adopt a further AQL sampling inspection, which is a statistical sampling inspection technique. Under this approach, we randomly draw a predetermined number of samples from the entire batch for inspection. The sample size and the allowable number of defects for the purpose of deciding whether a particular batch is to be accepted or rejected are determined by reference to established international standards such as ISO 2859–1. Products procured from suppliers other than the suppliers from official channels will generally be subject to a stricter degree of inspection and defect rate as compared to products procured from official channels.

- **Products with different versions:** We pay attention to variances in product versions, which arises when certain products may have particular versions intended for Hong Kong and overseas markets with occasional differences such as packing and labelling. Where we have procured different versions of an item, we will generally provide them with different item identifiers, store them separately and record their respective batch numbers. A quality control manager will be required to conduct further enquiry if necessary, such as contacting the supplier with assistance from the procurement team to obtain an explanation for any variance between the versions and verifying the information of the different versions through the brand's official website or industry database. Where necessary, we will contact the brand owner directly to confirm the variance between the versions. Where the differences in versions have been confirmed as normal (e.g. an official update of the version of the product), we will notify our frontline staff accordingly and ensure that they are aware of the differences. Where the variance cannot be satisfactorily explained, we will suspend the delivery of the relevant batch of products to our retail stores pending confirmation from the supplier.

- **Labels verification:** For goods procured from suppliers other than Official Channel Suppliers, we will verify the product labels displayed on such products against the labels on products from official channels. In particular, we will compare key areas such as the consistency of product name in both Chinese and English, completeness and consistency of the ingredients list, instructions for use and precautionary statements, importer information and relevant licence and registration numbers as well as format and accuracy of manufacturing date and expiry date labelling. Where any content on the label differs from those displayed on products imported from the Official Channel Supplier, we will further verify whether the ingredients comply with the Hong Kong Pharmacy and Poisons Ordinance and other applicable regulations and conduct a compliance assessment with reference to related statutory requirements. Where the variance complies with applicable laws, we may apply a supplementary or corrective label with reference to the products imported from the Official Channel Supplier to ensure completeness and clarity. Where any variance may present potential compliance or safety risks, we will suspend processing the batch pending further actions (e.g. returning to the supplier).

We had a team of six quality control team members as at the Latest Practicable Date, responsible for quality control of all products supplied by our suppliers. The team comprises a quality assurance inspector who has over seven years of quality control experience in beverage products and skin care products, a team leader and four other supporting staff members. As at the Latest Practicable Date, we also had seven staff members in our warehousing team responsible for inbound quality control, comprising a supervisor who has over ten years of experience in pharmacy and cosmetics retail and warehousing operation, a deputy team leader and four other supporting staff members.

Upon the arrival of the products at our warehouse, our warehousing team will initially check the descriptions and quantities against the specifications of our purchase order. Once the products and quantities are confirmed, the invoice will be confirmed for system entry. Any discrepancies, suspicious packaging, damage or defective goods discovered during this stage must be immediately reported to the procurement team. Thereafter, our quality control team will conduct further inspections on the products received, including inspecting the packaging and labeling of the products, cross-checking the products against our reference samples and online resources, as well as verifying batch numbers against online records to verify authenticity. All accepted goods will then be transferred to designated floors for storage or processing on the same day. When we procure from new suppliers, we will inspect all products supplied by such new suppliers for the first six months of cooperation to ensure product quality and consistency. In addition, we only procure products with a shelf life of at least 18 months from the manufacturing date or has not exceeded one-third of its indicated consumption period. We also require that all invoices from our suppliers must clearly indicate the product batch number and the product expiry date for our record and cross-checking.

We had not experienced any product quality issue that required material product return during the Track Record Period and up to the Latest Practicable Date.

Product Safety

To ensure safety and authenticity of our products, we adopt a rigorous supplier and product verification process for products we procure from suppliers. We either source directly from authorised distributors or brand owners; or, where we procure from trading companies, we would require such suppliers to provide the full supply chain documentation to ensure the goods originate from brand owner or manufacturers or their authorised local or international agents. For electrical appliances, we require and verify the certification by the Electrical and Mechanical Services Department before any such product is displayed for sale. Products such as food, wine and cosmetics are stored at designated 24-hour air-conditioned warehouse facilities with control over temperature and humidity. We also utilize a refrigerated truck for these products during the delivery process. At the store level, our frontline staff members perform daily checks on all displayed products to ensure that the products are in suitable condition for sale.

When engaging suppliers for our own private label products, we generally conduct a detailed supplier review to ensure that the suppliers are in possession of legitimate business licenses and relevant factory certifications (e.g., ISO 9001, ISO 22000, Good Manufacturing Practice (GMP), Brand Reputation Compliance Global Standards (BRCGS)). This includes on-site audits to evaluate production processes, quality control systems and hygiene conditions of these suppliers. We also require third-party safety testing conducted by accredited laboratories and we implement a batch sampling system to periodically verify that all batches meet the established safety standards. We also ensure that the products are traceable through batch or serial numbers from the production stage to finished products.

MARKETING AND PROMOTION

Marketing of Products

Our marketing team organise promotion activities for new products as well as existing products. For new products, we typically prepare product flyers to be published on our media platforms and in-store. Our marketing team also works closely with our warehousing team to make additional promotional efforts for products with shorter shelf-life.

Our marketing and sales team

Our marketing and sales team consisted of marketing personnel and graphic designers. The marketing personnel are responsible for social media content creation, negotiating promotional campaigns with suppliers, implementing promotional plans, analysing promotional results, managing our online sales platforms and the mobile application for our members. The graphic designers are primarily responsible for designing promotional posters, product packaging, product photography, social media advertising graphics, promotional videos, product brochures and the graphics appearing on our online sales platforms and the websites of our private labels.

Marketing strategy and process

We regularly review the effectiveness of our marketing strategy, adjust and formulate our strategy and implement new initiatives for promotion plan and to discuss the budget allocation for the execution of the approved marketing plans.

We actively identify new products and new suppliers through various channels including referral to new brands by our existing suppliers and our internal market research and market intelligence gathered by our overseas offices.

With regards to a specific promotional campaign, our sales and promotion process begins with the establishment of clear objectives, such as increasing sales within a specific customer segment or enhancing overall product awareness. Following this, we determine the most suitable advertising platforms within our allocated budget. Our creative team then develops tailored content such as imagery, videos and texts specifically designed for the selected channels. Finally, to measure effectiveness, we conduct a comprehensive analysis of key performance metrics after the campaign, including reviewing sales data and engagement analytics such as clicks and impressions, supplemented by direct feedback from our frontline staff.

We primarily engage in the following marketing and promotion activities to enhance the image and awareness of our brands and products:

- Online advertising, such as placing advertisements on social media, video sharing platforms and on our mobile application;
- Outdoor advertising, such as placing advertisements on the digital screens displayed at the lobbies of commercial and residential buildings and on LED billboards hoisted on the exteriors of buildings;

- Engaging celebrities with suitable public image, visibility and demographic profile to be ambassador for our products by appearing on our online, offline and television commercials; and
- Promotion activities such as discounts, giveaways, and limited-time special offerings.

We utilize a diversified and multi-faceted strategy to acquire new customers, leveraging both digital and physical channels. Our primary acquisition methods include targeted social media marketing across key platforms such as Facebook, Instagram, Threads, Little Red Note, Douyin, YouTube and WeChat to engage consumers in specific demographic groups. We further amplify our reach through collaborations with influencers and key opinion leaders (KOLs) to build credibility and tap into their mass follower base. Additionally, we incentivise word-of-mouth growth through a membership referral program. To ensure precise targeting, we utilise Rich Communication Services (RCS) to deliver interactive promotional messages to specific customer segments in designated locations within designated timeframes.

We engage in strategic partnerships with companies in complementary sectors to achieve synergy in promotion and broaden our reach. For example, during the Track Record Period, we collaborated in "cross-over" promotional campaigns with a sports and leisurewear retailer and a jewellery retailer to provide special discounts and offers to our customers and customers of our collaborating partner. We have also partnered with financial institutions such as bank card service providers and digital payment platforms to offer special discounts to customers who elected to settle payment of eligible transactions via designated payment methods. We also rely on our presence on prominent local and PRC e-commerce platforms to stay visible among our customers and we constantly evaluate expanding our physical retail store network into new areas to drive customer growth.

Membership scheme

We launched our membership scheme in 2022 administered under a customer relationship management system and operated through our official mobile app (Lung Fung Group App) to foster customer loyalty and drive sales. Customers can register as a member through online registration and can, thereafter, accumulate reward points upon each purchase. In addition, we have implemented a referral programme where existing members who successfully refer new members will receive a one-off cash coupon eligible for instant discount upon checkout at our retail stores. We also disseminate marketing and promotional updates to our members via our official mobile app to keep them updated about our latest offers. By offering exclusive incentives such as reward points, member-only special prices and exclusive product and cash coupons redemption, we aim to create additional value for members and to incentivise repeated purchases. This strategy not only boosts sales but also cultivates customer loyalty connections and prompts recurring businesses. The number of registered members has increased from approximately 37,700 as at 1 April 2022 to approximately 314,000 as at 30 November 2025.

CUSTOMERS

The vast majority of our customers are walk-in retail customers at our retail stores. We also sell to retail customers through our online sales platforms and to some wholesale customers which are primarily pharmacies and trading companies.

Retail stores

We principally engage in retail business through our retail store network and the vast majority of our customers are walk-in customers from the general public. Our target customer groups include tourists, housewives, office workers, mothers, young families, middle-class consumers and high-spending consumers, which is consistent with the choice of location of our retail stores.

We believe that our comprehensive range of beauty, health, pharmaceutical and other products available at our retail store, which typically stock over 9,000 SKUs per store, cover a wide spectrum of daily needs and thus generally attract a broad range of customers. According to Frost & Sullivan, there has been a surging demand for one-stop shopping experience among local consumers in recent years driven by lifestyle changes. By offering beauty, health, pharmaceutical, and household and daily essentials under one roof, this integrated approach eliminates the need for consumers to visit multiple specialised outlets, offering convenience for families, working professionals, and elderly shoppers who can pick up vitamins and supplements, over-the-counter medicines, skincare and cosmetics, as well as groceries, cleaning supplies, and pantry staples in a single store. Our Directors believe that our Group is well-positioned to meet and satisfy such trend with our wide selection of products available at our retail stores in key business, residential and tourism areas.

During the Track Record Period, customers of our retail store business were mainly local consumers from Hong Kong and tourists from the PRC visiting Hong Kong.

Online sales platforms

To facilitate the demand for our products from visitors from the PRC and to provide additional convenience to our local customers, we have established online sales platforms via the Official Online Store "Lung Fung Mall" on our website, as well as on major Chinese e-commerce platforms such as Tmall, WeChat Mini-Program and JD. During the Track Record Period, our online sales platforms sold to local Hong Kong customers and customers in Chinese Mainland.

Wholesale and bulk-purchase customers

In addition to walk-in customers who purchase products at our retail stores, we also supply, on wholesale basis, beauty products, health products, pharmaceutical products and other consumer products to corporate customers and local pharmacies in Hong Kong ("**Wholesale Customers**"). As at the Latest Practicable Date, we sold to more than 110 Wholesale Customers, including over 20 corporate customers which were primarily importers and exporters and over 90 local pharmacies in Hong Kong. As we are able to procure a wide range of products, especially products that are popular in the market, at competitive prices through our procurement channels, some importers and exporters procure products from us to be on-sold to other retailers. Similarly, as we are able to supply certain products to local pharmacies in Hong Kong below their procurement costs from other channels, some local pharmacies in Hong Kong engage us to wholesale certain products to them. For FY2023, FY2024, FY2025 and 8MFY2026, we recorded HK$22.2 million, HK$23.6 million, HK$26.2 million and HK$16.6 million, respectively, from wholesale sales, representing 2.0%, 1.2%, 1.1% and 0.8% of our total revenue for the respective periods. We generally sell to Wholesale Customers pursuant to orders they place with us from time to time. We will suspend shipments to the pharmacies with long overdue payment or would require upfront payment from such customers. We generally require upfront payment from other corporate customers before shipment of the order. The products are generally delivered by our own logistics team to the locations in Hong Kong specified by such customers. We do not enter into any distributorship agreement, framework or long-term agreement with any Wholesale Customer. One of our Wholesale Customers during the Track Record Period was a company owned by the sister of Mr. Tse, which is a connected person of our Company ("**Relevant Wholesale Customer**"). Sales to this Wholesale Customer were conducted on normal commercial terms and at prices comparable to other third-party customers, and amounted to HK$1.9 million, HK$6.7 million, HK$6.4 million and nil for FY2023, FY2024 and FY2025 and 8MFY2026, respectively.

Diverse customer base

Sales to our top five customers represented less than 5% of our revenue for FY2023, FY2024 and FY2025 and 8MFY2026, respectively. Given that the total amount of sales generated from Wholesale Customers and individual bulk-purchase customers represented an insignificant amount of our total revenue, our Directors consider that there is no substantive meaning to identify and disclose details of our five largest customers for each year/period for the Track Record Period. Given the diverse nature of our customers and our Group did not rely on any single customer during the Track Record Period, we do not face any customer concentration or counterparty risks. During the Track Record Period, some of our Wholesale Customers were also our suppliers. None of such Wholesale Customers, however, was a major customer of our Group as sales to such Wholesale Customers represented an insignificant amount of our total revenue due to our diverse customer base and none of them were our major supplier during the Track Record Period.

Except for the Relevant Wholesale Customer, none of our Directors or any Shareholders who owns more than 5% of the share capital of our Company as at the Latest Practicable Date, nor any of their respective associates, had any interest, directly or indirectly, in any of our five largest customers or any of the Wholesale Customers for each year/period during the Track Record Period.

CUSTOMER SERVICES

We aim to provide our customers with an enjoyable and comfortable retail experience and train our employees to provide quality customer service. We provide training to our sales staff at our retail stores to provide efficient and helpful service to our customers. Our customers may raise complaints or concerns through our hotline or email.

Return policy

For products purchased at our retail stores, while we generally do not offer refund or exchange, we allow for product exchange at our discretion within seven days from the date of purchase for products with quality issue. To be eligible, the product in question must be in unused condition in its original packing with all original parts and accessories, where applicable, together with a valid true copy of the original receipt. We do not offer any product warranty for our products.

For products purchased from our Official Online Store, we generally do not provide return, exchange or refund once an order is confirmed and payment is successfully processed. Cancellation of a paid order may be considered under exceptional circumstances at our discretion and normally subject to a handling fee of 20% of the total order value. We do not provide return, exchange or refund if an order has been dispatched. However, to provide additional assurance to our customers, if upon receipt of an item it is found that the remaining validity period is short — namely six months or less from the date of the order for healthcare, cosmetics, and fragrances items and three months or less from the date of order for all other product categories — our customers may contact our customer service team for special arrangements.

For products purchased on Tmall Store, WeChat Store and JD Store, we provide refund or exchange for products with quality issue. For refund or exchange of products without quality issue, we normally offer refund after deducting a service charge of 20% of the invoiced value and the delivery fee incurred. Customers may contact our customer service within seven days where products arrive with defective packaging or quality issue.

Where we identify quality issues or defects in products originated from the manufacturing process or other defaults on the part of our suppliers, we would seek reimbursements on product procurement costs and related expenses from the relevant supplier. If the affected products have been sold to our customers, we would initiate a recall and seek compensation for expenses incurred in such recall actions from the relevant supplier. During the Track Record Period, we did not experience any instance of product recall or receive any liability claims due to product quality or defects.

Customer complaints

Our customers can lodge complaints with us via social media platforms such as WeChat, Facebook and Instagram and WhatsApp, as well as by email and telephone.

During the Track Record Period, we received complaints from customers, which mainly related to products description, product quality, staff services and/or requests for refund or exchange. During the Track Record Period, we recorded a complaint rate of 0.00012%, 0.0003% and 0.00006% during FY2023, FY2024 and FY2025, respectively. We received 7 complaints[*(note)*] involving approximately HK$5,200 during FY2023, 26 complaints[*(note)*] involving approximately HK$28,000 during FY2024 and 7 complaints[*(note)*] involving approximately HK$8,500 during FY2025, which our Directors believe are not abnormal in the industry. The complaints were typically resolved after an exchange of product or a refund, and some were resolved after we provided more information or explanation to the relevant customer. We did not pay any monetary compensation and did not suffer from any legal or other consequences in connection with such complaints during the Track Record Period and up to the Latest Practicable Date. None of such complaints have any material adverse impact on our Group or our business operation. Given the vast number of customers served by our Group on multiple channels on a daily basis, our Directors believe that it is not uncommon for us or other market players in the beauty, health or pharmaceutical product retailer sector to receive feedback of different nature and complaints from consumers from time to time, which do not necessarily represent any critical issue with products or service quality and product authenticity.

Our Directors are of the view that such feedback and complaints heighten our awareness in customers' expectation and drive us to ensure product quality and deliver quality services. During the Track Record Period, we did not experience any material claim for product returns or exchanges due to product quality defects, product authenticity or damages or any related product liability claims.

Note: This refers to traceable complaints made to us in writing or referred to us by the relevant authorities with the name and contact detail of the complainant and sufficient details on the subject matter provided.

SETTLEMENT AND CASH MANAGEMENT

The majority of our customers settle their purchases at our retail stores by cash, credit card and payment by way of Octopus Card and other contactless digital payment methods. We have engaged an Independent Third Party smart payment solutions agent to handle and process payments for orders placed via our online sales platforms. For payments made in Renminbi from our customers located in Chinese Mainland, the smart payment solutions agent will convert the sum of money collected in Renminbi into equivalent Hong Kong Dollars and deposit the equivalent Hong Kong Dollars net of the transaction fee charged by the smart payment solutions agent directly into our designated bank account located in Hong Kong.

Cash and cash management

In light of the daily handling of cash receipts, we have instituted a comprehensive internal control framework to handle and manage cash. Each retail location is equipped with a point-of-sale (POS) system, which records and monitors all orders, transactions, and sales through all means of payment. To restrict unauthorised disbursements, all store personnel are generally prohibited from withdrawing cash from the POS terminals unless prior approval from the store manager has been obtained and only for business purposes. Upon the conclusion of a business day, designated personnel is required to perform a physical count of all cash contained within the POS terminal and such count must be confirmed and reconciled against the sales summary generated by the POS system. Any identified variances between the physical cash count and the system record must be investigated. All cash received is to be secured in a cash deposit safe until its transmission by the security company which will verify the amount and deposit into our bank account. A formal daily settlement record, detailing sales figures, cash received, and transaction data, must be completed by the closing cashier prior to the store's closure each business day. The corporate accounting department performs a daily reconciliation for each retail outlet. This process involves a cross-verification of the cash balances as recorded in the POS system against the authenticated bank deposit records for the designated company accounts. This ensures that all daily cash receipts are deposited in full into the authorised bank account by the next succeeding business day. Furthermore, all retail premises are monitored by a closed-circuit television (CCTV) surveillance system operating on a continuous 24-hour basis to provide additional security and oversight.

We had not identified any incident of material discrepancy or variance between the results of our physical cash counts and system records during the Track Record Period and up to the Latest Practicable Date. We have established a banking and cash management policy. Having reviewed our relevant policies and practices, the independent internal control review report has not identified any internal control deficiencies in relation to our sales involving cash settlements.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had not encountered any material cash misappropriation.

Credit cards and other contactless digital payment methods

Our retail stores accept credit cards from all major credit card issuers for settlement of purchases. The settlement terms with credit card companies are usually within two business days after the billing date which is also the service rendered date. During the Track Record Period, service charges ranging from approximately 1.3% to approximately 1.4% on the transaction amount were generally imposed by the credit card issuers, which the Directors consider to be in line with prevailing market rate.

Octopus Card

Octopus card is a convenient means of settlement which is a popular choice for customers with a relatively low purchase amount. We accept Octopus card payment at our retail stores and on our Official Online Store. We believe that the acceptance of Octopus card at retail stores can enhance our operational efficiency and save time from depositing cash into banks. For FY2023, FY2024 and FY2025 and 8MFY2026, the total service fees paid by us to the operator of the Octopus card (including payments collected from retail stores and through our Official Online Store) amounted to approximately HK$2.4 million, HK$2.7 million, HK$3.0 million and HK$2.8 million, respectively.

Membership reward points

To boost brand loyalty and encourage repeated purchase, we have established a membership reward points scheme in which our registered members can accrue reward points from their purchases, where the reward points may then be applied to redeem digital cash coupons on our mobile app for the settlement of their future purchases. According to the prevailing terms of our membership scheme, each registered member may receive one point upon every purchase of HK$10. A cash dollar coupon with a value of HK$5 can then be redeemed by every 100 reward points, HK$15 can then be redeemed by every 300 reward points, HK$50 can then be redeemed by every 500 reward points ("**Cash Dollar Redemption Rate**"). All reward points accrued during a year will expire by 31 December of the same year.

Third-party payment solutions agents and online platforms

To facilitate smooth transactions for our customers placing orders via our Official Online Store, we have engaged an Independent Third Party payment solutions agent to collect and process payments for us. The payment solutions agent connects our online sales platforms to its checkout page, allowing our customers to make payments directly on the page using their preferred payment methods, without being redirected to other pages. Through the merchant portal, we are able to access real-time electronic payment transaction details for better management and streamline accounting and reconciliation processes. For our other online sales platforms namely Tmall Store, WeChat Store and JD Store, the relevant platform will charge us a service fee ranging from 1% to 8% per transaction during the Track Record Period. Such platforms typically collect payment from the customers upon their purchase and deposit the proceeds net of their service charges to our Group's designated bank account periodically. For FY2023, FY2024 and FY2025 and 8MFY2026, the total service fees paid by us to the Independent Third Party smart payment solutions agent and the platforms for handling and processing our online transactions were approximately HK$1.5 million, HK$1.4 million, HK$1.6 million and HK$1.3 million, respectively.

PRICING POLICY

One of our key business strategies is to offer our wide range of products to our customers at competitive prices. We believe that our strategy to offer our products at competitive prices has been instrumental to the growth of our business and our reputation. Procuring a substantial portion of products from reliable suppliers other than Official Channel Suppliers allows us to stay flexible and competitive in terms of pricing. We believe that as such suppliers typically incur less costs than Official Channel Suppliers in the upstream, for example through incurring less promotion expenses and lower stock commitment, they are able to supply products to us at a lower cost, thereby allowing us to offer to our customers products at a lower retail price. Separately, we aim to achieve higher profitability for products which are not as commonly available and our private label products which allows us to maintain gross profit margin as the price competition for such products among competitors is less fierce.

Our pricing strategy takes into account various factors including product categories, uniqueness, supply quantity, current market demand and the strategic goals of our Group. We also adopt special pricing strategies for promotional items.

When determining the prices of our products, we adopt a rigorous approach that utilizes both objective data and subjective judgment. As our products are primarily fast-consumer goods with a number of substitutes available on the market, our customers are generally price-sensitive. We adopt a flexible pricing strategy which aims to balance and maximize our competitiveness, customer attraction and profitability in a highly competitive market. We generally adopt a cost-plus pricing policy for the majority of our products. For popular items from well-recognised brands, we typically adopt a more aggressive pricing approach with a lower expected average gross profit margin. This enables us to offer highly competitive prices that typically align with or are below the prices of other retailers in order to drive customer flow and sales volume, and expand our market share. We regularly monitor the prices of these high-turnover products and adjust their prices with reference to market dynamics. For less popular brands such as other imported brands and less well-known local brands with lower sales velocity and price sensitivity, we typically adopt prices that target to achieve higher profit margins. This helps to support our overall profitability. We believe this flexible strategy balances volume-driven competitiveness on flagship items and secures stronger margins on differentiated or niche offering. We regularly review our prices, taking into account prevailing market conditions, promotional needs and customer expectations.

Consumers pattern for our products are heavily influenced by price and are highly responsive to promotional incentives, including discounts, limited-time offers, and discounted bundle deals. Consequently, competitive pricing and volume-based promotions are critical to attracting customers. For instance, we regularly offer products at special prices and host weekly flash sales to drive store traffic and incentivise purchases.

We regularly conduct market surveys to stay informed of pricing trends and competitors' activities to ensure that our prices remain competitive. Our experienced sales team also regularly monitors and analyses sales data gathered from each retail store and our online sales platforms to evaluate customers' needs and demands for different products in different areas and across platforms. Such data will then be compared against procurement cost in order to determine the profit margin of each product and whether adjustments are required at the procurement level. Combined with feedback and insights from our frontline salespersons, we make informed and strategic pricing decisions for our products and will make adjustments flexibly in response to market dynamics.

For parallel-imported products that are also available through official dealer channels, we adopt a slightly lower pricing strategy as compared to those official dealer channels to project a high value-for-money perception among customers.

SEASONALITY

We observed that during the Track Record Period, we experienced peak seasons in terms of sales revenue during the Chinese New Year holiday period, Christmas festive period and Chinese "Golden Week" holiday periods in May and October. We generally experienced relative low seasons in May (after the labour day "Golden Week" holiday period) and June. Our Directors believe that this seasonality pattern is consistent with the overall retail industry in Hong Kong.

INVENTORY MANAGEMENT, WAREHOUSING AND LOGISTICS

Inventory management

Our inventories consist primarily of finished goods procured from our suppliers. We have established inventory policies, management procedures and provide adequate training sessions on inventory management to our warehouse staff members. Our procurement department manages our inventory levels at our warehouses and retail stores by constantly monitoring our stock-holding level, products flow, sales orders and observing the demand and trends regarding different products by working closely with our frontline sales personnel at retail stores. Based on real-time stock-holding data of our retail stores, sales orders and forecast information, our procurement department prepares inventory plans in advance which is updated periodically, and monitors our inventory level on a daily basis. Reflecting inventory data from both our retail stores and at warehouse, our integrated enterprise resource planning ("**ERP**") system will alert our procurement department about items that fall below minimum stock-holding level which will then arrange placing orders with the relevant suppliers to restock such items.

We procure products from our suppliers once an item falls below our pre-determined minimum stock-holding level at our warehouse. Local suppliers typically provide a more stable source of supply with shorter lead time, hence we generally procure inventory at a volume sufficient for four to six weeks' sales per order. In contrast, due to uncertainties with international logistics and with longer lead time, we typically procure inventory from our overseas suppliers in volume that represents four to five months of sales of such products. We prepare sales forecast and stock ordering plan monthly with reference to various factors including the inventory level and movement of our products, the expected sales and production and delivery lead time, any seasonal effects which will cause supply interruption (e.g. during Chinese New Year period) or demand surge for particular products, promotion plans, consumers' feedback and market observations. We strive to maintain a level of inventory capable of supporting our business operations while minimizing obsolete or expired inventory through constantly monitoring our inventory level against historical and recent sales pattern and turnover days of different items. Our warehousing management system provides information such as stock description, quantities and expiration dates of products to our warehousing team, who, in particular, will be alerted to items with a closer expiry date so that they can prioritize sending such items to retail stores and assess whether the marketing team shall be engaged to launch special promotion events for such particular products. In addition, our area managers and area supervisors will also report the stock description and quantities in their retail stores with expiry dates before the end of a calendar month. To ensure diligent stock-taking and identification of items approaching expiry dates, the presence of any unreported obsolete products at retail stores will affect the evaluation of performances at retail store level pursuant to our internal assessment policy.

At the retail store level, our integrated ERP system allows us to track the sales, inventories level and movement of each SKU in each of our retail stores on a real time basis. We pre-set inventory maintenance level for each SKU in our retail store with reference to the different sizes of our individual retail store, the historical and recent store turnover days of a particular SKU and the delivery circle for replenishment. Based on the pre-set inventory maintenance level for each SKU in each retail stores, the automatic stock replenishment function of our integrated ERP system alerts our warehouse team for each SKU falling below the minimum stock-holding level. Our store managers are responsible for reviewing and confirming the stock-holding information to ensure timely replenishment of products and manually adjust replenishment requests where necessary.

We do not have a standard inventory retention period for our inventories due to the wide range of products we offer. For reference, we generally maintain an average inventory level of approximately 1.1 months at a retail store level and approximately 2.0 months at our Company level as a whole. The average inventory level is measured by taking the current inventory valued at cost and divide it by the average cost of sales for the preceding three months. Our products are sold on a first-in-first-out basis. To minimize the risk of inventory backlogs, we conduct monthly, quarterly and annual reviews of our inventory levels. We also carry out physical stock counts and stock inspections regularly to identify damaged products or expired products, which are disposed of or for which provisions are made. We make provisions for our inventory based on an assessment of net realisable value taking into account historical sales record, aging analysis, marketing and promotion plans and subsequent selling prices of the inventories.

With respect to food safety and import control, our procurement team has designated specialists responsible for documenting relevant regulatory restrictions. During the importation process, our procurement staff and suppliers conduct thorough inspections of all imported components to prevent any compliance violations.

As at 31 March 2023, 2024 and 2025 and 30 November 2025, the balance of inventories amounted to approximately HK$176.0 million, HK$225.4 million, HK$336.0 million and HK$402.4 million, respectively, representing approximately 61.1%, 57.3%, 77.0% and 60.6%, respectively, of our total current assets for the corresponding year or period end date. The average turnover days of inventory*(Note)* of our Group for FY2023, FY2024, FY2025 and 8MFY2026 were approximately 63 days, 51 days, 61 days and 63 days, respectively.

For FY2023, FY2024 and FY2025 and 8MFY2026, we wrote off inventories of approximately HK$0.9 million, HK$0.4 million, HK$1.2 million and HK$0.4 million, respectively, as a result of disposal of damaged or unsold or expired products and stock loss, representing approximately 0.11%, 0.03%, 0.07% and 0.03% of our total cost of sales for the respective periods.

Warehousing and logistics

We store the majority of our inventories at our warehouse located in Fanling, Hong Kong which is leased to us by a company wholly-owned by Mr. Tse, and therefore a connected person of our Group. This warehouse in Fanling offers storage space amounting to a total floor area of approximately 113,510 sq.ft. We strictly follow regulatory requirements to store prescribed pharmaceuticals separately. We also

Note: Average turnover days of inventories for FY2023, FY2024 and FY2025 and 8MFY2026 is derived by dividing the arithmetic mean of the opening and closing balances of inventories for the relevant period by cost of sale and multiplying by 365/240 days.

lease warehouses in Fukuoka, Japan and Gyeonggi-do, South Korea from Independent Third Parties in line with the businesses of our offices in Japan and Korea. The table below sets out the details of our warehouses as at the Latest Practicable Date:

Premise	Location	Lease Period	GFA *(sq.ft.)*	Designated storage capacity *(cubic meters)* *(Note 2)*
Lung Fung Group Centre	Room G1 and G2, G/F, 23 Yip Cheong St, Fanling, Hong Kong *(Note 1)*	Room G1: From 10 February 2025 to 9 February 2027	4,252	693.6
		Room G2: From 1 April 2025 to 31 March 2027	1,600	N/A *(Note 3)*
Lung Fung Group Centre	Room 101 and 102, 1/F, 23 Yip Cheong St, Fanling, Hong Kong *(Note 1)*	From 1 April 2026 to 31 March 2028	28,226	2,061.6
Lung Fung Group Centre	Room 201, 2/F, 23 Yip Cheong St, Fanling, Hong Kong *(Note 1)*	From 1 April 2026 to 31 March 2028	12,832	2,181.6
Lung Fung Group Centre	Room 301 and 302, 3/F, 23 Yip Cheong St, Fanling, Hong Kong *(Note 1)*	From 1 April 2026 to 31 March 2028	28,226	3,253.2
Lung Fung Group Centre	Room 401 and 402, 4/F, 23 Yip Cheong St, Fanling, Hong Kong *(Note 1)*	From 1 April 2026 to 31 March 2028	28,226	1,710.0 *(Note 4)*
Lung Fung Group Centre	Room 501 and 502, 5/F, 23 Yip Cheong St, Fanling, Hong Kong *(Note 1)*	From 1 April 2026 to 31 March 2028	16,000	1,232.4
MJ Logipark Fukuoka 1	Room 3/F, 369-8 Inagi, Oaza Ino, Umi-cho, Kasuya-gun, Fukuoka, Japan	From 1 July 2025 to 30 June 2028	1,165	84.0
General Logistics Warehouse	770-112-2-3, Gobong-ro, Ilsandong-gu, Goyang-si, Gyeonggi-do, Republic of Korea	From 1 July 2024 to 30 June 2027	342	24.9

Note:

1 Our Group leased the premises from Huge Max (Hong Kong) Limited, a company wholly-owned by Mr. Tse, our executive Director, chairman of our Board, chief executive officer and one of our Controlling Shareholders.

2. Designated storage capacity is the total volume of the relevant warehouse available for storage purpose, and is derived from (i) the actual floor area that had been or has been generally used for storage purpose ("**Actual Storage Floor Area**") in each of the warehousing premises during the relevant leased period or licensed periods; (ii) the proportional Actual Storage Floor Area designated for the zone for storage and the zone for storage handling inventories in different warehousing premises; (iii) the different height of pallets of inventories adjusted with reference to the height of ceilings of the respective warehousing premises; and (iv) the different stacking up arrangements within different warehousing premises designed in accordance with the height of the ceilings of the respective warehousing premises and the products' tolerance level to stacking up.

3. Room G2 was designated for quality control of in-bound products such as product inspection and thus excluded for the purpose of estimating designated storage capacity.

4. A portion of Room 401 and Room 402 was designated for packaging purpose and thus excluded for the purposes of estimating designated storage capacity.

As at the Latest Practicable Date, we had a fleet of eight trucks to carry out delivery duties. Our delivery fleet delivers stock from our warehouse to all our retail stores located in different districts on a daily basis.

During the Track Record Period and up to the Latest Practicable Date, we engaged Independent Third Party logistics service companies to provide logistics services to our Group, primarily for the provision of order fulfillment and delivery services to the end-customers located in the PRC for orders placed through our e-commerce platforms in the PRC. Set out below are the key terms of the service agreement entered into between us and our main logistics service provider (the "**Logistics Service Provider**"):

Scope of services: Services provided by the Logistics Service Provider to us include receiving and picking up parcels, warehousing, sorting and packing within Hong Kong and handling cross-border delivery of parcels into Chinese Mainland. In practice, we typically transport parcels to a warehouse operated by the Logistics Service Provider in Hong Kong, who will then be responsible for forwarding the parcels to designated bonded warehouse for entry into Chinese Mainland, order processing and sorting within the bonded warehouse, managing customs clearance and delivering the parcels to our customers in Chinese Mainland.

Duration: 1 year (renewable automatically unless either party objects)

Fees: The Logistics Service Provider charges service fees including customs declaration fees per order, warehouse tally and handling fees per item, per box or per consignment, order processing fees, postal and delivery fees based on weight, packaging material costs and fees relating to picking up, loading and unloading of goods. Pursuant to the service agreement, we are required to prepay the service fees to the Logistics Service Provider before they will render the services and process the parcels.

Termination: The service agreement can be terminated if both parties agree in writing. The Logistics Service Provider may unilaterally terminate the service agreement.

Our Directors confirmed that we had not experienced any material disputes with the Logistics Service Provider during the Track Record Period and up to the Latest Practicable Date.

Our warehousing and logistics team

Our warehousing and logistics team is responsible for the operations of our warehouse and delivery fleet, including (i) coordinating the reception and storage of new stock arriving at our warehouse, (ii) performing quality control checks of new stock arriving at our warehouse for defects or damage, (iii) sorting the stock by category and allocating storage area, (iv) checking product labels and affixing supplemental labels for specific products (e.g. food and pharmacists products), (v) monitoring the stock level and expiry dates of inventories through our warehouse management system, (vi) scheduling and loading stock onto the delivery trucks for delivery to our retail stores and to our third party logistics service providers and (vii) delivering stock from our warehouse to our retail stores.

INFORMATION TECHNOLOGY

We have adopted an integrated information technology systems to support the various aspects of our business operations, including procurement, sales, inventory management of both our warehouse and retail stores, warehousing and logistics facilities, stock replenishments, membership management and other administrative functions.

Our integrated system is deployed to centralize and manage key operational functions, including procurement, sales, inventory, supply chain, and membership management. It provides management with real-time access to critical sales data and key performance indicators — such as stock descriptions, variety, inventory levels and overall store performance — which are essential for evaluating product marketability, customer purchasing preferences, and market trends. This capability enables management to efficiently adjust product assortments, initiate targeted promotional offers, and update retail and promotional pricing promptly. The system features an automated stock replenishment function for individual retail stores which is linked to our warehouse. This function alerts our warehousing team for stock replenishment needs based on pre-set inventory parameters, while allowing both head office management and retail staff to simultaneously monitor replenishment status which enhances operational efficiency. The system facilitates the packing and delivery of replenishment items requested by our individual retail stores so that low-stock items can be replenished as soon as the same day or the next business day.

The system also serves to govern and manage all warehousing and logistics operations in relation to our inventory. Its core functions include recording detailed inventory information such as stock descriptions and storage locations, as well as identifying inventory shortages, slow-moving stock and the expiration dates of the relevant SKU. This functionality facilitates the priority packing and delivery of products that are close to their expiration dates, adhering to the first-expiry-first-out (FEFO) principle.

We have a separate financial system to record and track key financial data relating to our business operations for accounting purposes which supports our Group's financial management. Sales invoices from our wholesale business and procurement orders are recorded daily on the system, while sales receipts from our retail stores and online sales platforms are updated monthly on the system by our finance department after they have processed and consolidated the relevant data. Our financial system allows our management team to keep track of the performance of each sales channel and each individual store periodically.

DATA SECURITY

We generally do not collect personal information of walk-in customers upon their purchase in-store. We collect personal information such as name, contact number, email address, delivery address, credit card information and IP location of customers who purchase through our Official Online Store.

Official Online Store

For the operation of our Official Online Store, we collect such information primarily for the purposes of processing and fulfilling online orders, issuing invoices and providing delivery slips, updating our internal records, conducting market research, conducting customer data analysis and handling customers' complaints and account inquiries.

From the beginning of the Track Record Period and up to November 2025, all such personal information data collected through our Official Online Store was encrypted and maintained under strict confidence by the service provider responsible for maintaining our Official Online Store, which was an Independent Third Party located in Hong Kong. Since November 2025 and up to the Latest Practicable Date, all such personal information data collected through our Official Online Store was encrypted and maintained under strict confidence with the service provider with whom we have subscribed for data storage services, which is an Independent Third Party located overseas. Upon enquiry with the data storage service provider, due to the security and operational reasons and as a standard practice, the service provider is not able to disclose service locations and granular physical details such as the specific data centre facility, rack or physical hardware. We also collect personal information from registered members, including name, gender, contact number and email address, for the purpose of creating membership accounts within our mobile app. During the Track Record Period and up to the Latest Practicable Date, all such personal information data collected through our mobile app was encrypted and maintained under strict confidentiality by the service provider responsible for maintaining our mobile app, which is an Independent Third Party located in Hong Kong. Access to all such personal information data is restricted to designated staff members in our marketing and information technology teams, with access rights which are tiered and granted strictly on a need-to-know basis commensurate with an individual's job responsibilities, and the service providers. As advised by our Hong Kong Legal Counsel, the above arrangements are in compliance with applicable Hong Kong laws. As advised by our Hong Kong Legal Counsel, from the Hong Kong law perspective, cross-border transfer of personal data is not, in itself, prohibited, and compliance is primarily assessed by reference to the Data Protection Principles under the PDPO, including requirements relating to purpose, use, security and retention of data. Hence, the ultimate destination of data is not determinative under the personal data and privacy protection laws and regulations in Hong Kong.

E-commerce platforms in the PRC

With regards to our operations on e-commerce platforms in the PRC, we conducted it via the e-commerce platforms collect personal information such as name, contact number, email address, delivery address, payment information and IP location of customers when customers from the PRC purchase through such e-commerce platforms in order to fulfill the transaction. Certain transaction and personal data obtained by the PRC e-commerce platforms are retained by the e-commerce platforms in the PRC and our PRC subsidiary. Such transaction and personal data are accessible by our Logistics Service Provider and our Group to the extent required to fulfill customers' orders which, according to our PRC Legal Advisor, is permissible and in compliance with applicable PRC laws relating to cross-border data transfer. Pursuant to our data privacy policy published on our website and Tmall Store, WeChat Store and JD Store, all users of our services are deemed to have given us their consent to pass over certain personal data to our third-party service providers where such disclosure is incidental to providing the required service to the user.

Pursuant to the data privacy policy of our Official Online Store, we retain visitors' data for not more than 12 months and retain online customers' data for not more than 85 months. We will destroy a user's data upon the user's request. For our online stores on Tmall Store, WeChat Store and JD Store, we are bound by the service terms of the relevant platforms. The platforms generally retain users' personal information only for the period necessary in the PRC to render the relevant service and will destroy or anonymize users' personal information as required by applicable law after the retention period. The platforms generally allow users to request for destruction of personal data stored on such platforms. Our

Directors are of the view that the Group's internal control measures on data privacy and security are adequate. According to our PRC Legal Advisor, our Group has complied with the relevant laws and regulations on data security and data export in all material respects and implemented necessary measures such as internal encryption to ensure data storage security.

Based on the above, our Directors confirm that our Group have not breached any applicable data privacy or data security laws or regulations in Hong Kong and the PRC, or recorded any material information security incidents, data leakages or unauthorised use of customers' personal information during the Track Record Period and up to the Latest Practicable Date. As advised by our Hong Kong Legal Counsel and the PRC Legal Advisor, we had complied with relevant data privacy and security laws and regulations, including those on cross-border data transfer, in Hong Kong and Chinese Mainland respectively, namely the jurisdictions that we conduct retail business operations, during the Track Record Period up to the Latest Practicable Date.

Our commitment to data security is formalized in our internal directives for all staff members, which outlines the policies and guidelines for the protection of customers' personal data. The directives specify the proper procedures for data collection and confidentiality obligations, in particular we require our staff members to only collect personal data for specific purposes and must be conducted in a lawful manner, access to and use of data must be based on legitimate business reasons and must not be used for private purposes, and employees must immediately report to their direct supervisor in the event of a privacy data incident. We also require that only the minimum amount of data necessary for achieving the specified purposes shall be collected and the reproduction or transmission of personal privacy data externally is strictly prohibited.

During the Track Record Period, we have complied with all applicable personal data and privacy protection laws and regulations in all relevant jurisdictions and have not experienced any incidents of material data leakage.

COMPETITION

We compete with other individual and chain pharmacist stores, individual and chain cosmetic stores and imported cosmetics chain stores. These competitors share similar business characteristics with us making it easy for consumers to make comparisons in terms of product range and service quality. Although the pharmaceutical retail market is mature and well-developed in Hong Kong, our Directors believe that there remains significant potential for our Group to further expand by gaining market share from our competitors.

Our Directors believe that our Group possesses competitive advantage in terms of product offering, pricing strategy and shopping experience which will help increase our market share among our competitors. In terms of product offering, we strive to offer a diverse product range which is frequently updated to meet customers' needs. For instance, we sold over 49,000 SKUs of products over the Track Record Period and we typically stock over 9,000 SKUs per store; supported by our procurement office in Japan, we strive to identify new and latest products overseas and introduce them to our customers — in this regard we have introduced over 6,500, 7,700, and 6,000 new SKUs for FY2023, FY2024 and FY2025 and over 4,300 new SKUs for 8MFY2026. According to Frost & Sullivan, there has been a surging demand for one-stop shopping experience among local consumers in recent years as busy urban lifestyles and limited spare time drive demand for a single retail destination that combines beauty products, health products, pharmaceutical products, and household and daily essentials and foods in one store. We actively broaden our product categories and refresh our product offering to meet this one-stop demand and, over the years, we have evolved from a traditional pharmacy into a comprehensive lifestyle hub by offering an extensive range of nutritional supplements, prescription and over-the-counter medications, premium beauty products and everyday household items.

In terms of pricing strategy, we strive to offer our products at competitive prices, which is supported by managing our procurement cost through our established and trusted network of suppliers. Leveraging economies of scale, our retail network and our strong customer base, we have maintained a solid relationship with suppliers such as brand owners and other distributors to ensure we have timely and reliable sources of supplies at a competitive cost.

In terms of shopping experience, we strive to offer a spacious environment for customers who can take their time to explore and compare different items and select the right items for their need. The UFA of our retail stores ranges from approximately 570 sq.ft. to 12,900 sq.ft. per store as at the Latest Practicable Date.

Please refer to the section "Industry Overview" for more information about the competitive landscape of our business.

EMPLOYEES

As at 30 November 2025, we had 922 employees in total. The following table sets forth the number of our employees categorized by function as at 30 November 2025:

Function	**Number**
Operations	628
Logistics and Warehousing	167
Purchasing	30
Personnel employed by our Guangzhou office	21
Security	17
Sales and Marketing	19
Finance	12
Human Resources and Administration	10
Information and Technology	8
General Office	4
Business Development	3
Management	3
Total	922

Except for personnel employed by our subsidiary in Guangzhou, China, all of our employees are located in Hong Kong. During the Track Record Period and up to the Latest Practicable Date, we employed a small number of foreign labour to support our warehouse and frontline operations under the Sector-specific Labour Importation Schemes initiated by the Hong Kong government. In compliance with the applicable labor laws, we enter into individual employment contracts with our employees covering matters such as wages, bonuses, employee benefits, confidentiality obligations, non-competition and grounds for termination.

During the Track Record Period and up to the Latest Practicable Date, we did not employ any employees in Japan and Korea. The personnel who serve the procurement office in Japan and the warehouse in Korea provide their services under a contractor agreement we entered into with Supplier A and the relevant personnel are contractually under direct supervision and direction of Supplier A while providing services to our Group through managing the respective operations of the procurement office and warehouses.

Recruitment

We regularly evaluates our manpower needs amid the business environment and the continuous expansion of our business. We are active in talent recruitment to match the needs of our business operations. For our main business operations in Hong Kong, we recruit via both online and offline channels — we regularly participate in large-scale job fairs organized by the Labour Department and other organizations, hold recruitment days at designated stores, publish recruitment advertisements online and recruit interns from colleges and universities. To bridge labour shortage, we have also participated in the Hong Kong Government's Sector-specific Labour Importation Schemes and imported foreign labour to assist our business operations, mainly in the logistics department.

Retention

In line with market practice, we provide incentives, benefits and promotion opportunities to our employees. 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.

The Directors believe that the salaries of our staff members and senior executives are comparable to those offered by our competitors in the market. To enhance our appeal and to retain our staff members, we offer a competitive remuneration package for our staff members comparable to our competitors. We also provide competitive salaries and stock incentive plans to our key employees to foster the growth of our Group.

Training

We invest in continuous education and training programs for all staff members to enhance their skills and knowledge as well as keep them vigilant to issues and regulatory requirements. Our Group has implemented a structured system that provides regular trainings and guidance for staff members at different roles. We provide general trainings such as store safety awareness trainings, work safety trainings and anti-theft and anti-fraud trainings to employees and provide in-store trainings for new employees as part of their induction. We also provide specialized training sessions to specific categories of employees depending on their needs and job nature, including:

- all customer-facing personnel undergo mandatory training on the intricacies of the Trade Descriptions Ordinance. This includes immersive workshops on accurate product representation, avoiding misleading statements, and the correct handling of supplier information, empowering them to uphold the highest standards of consumer transparency;

- we host dedicated training sessions for our procurement and logistics teams led which focus on compliance with the Import and Export Ordinance and Food Safety Ordinance, covering various aspects including license acquisition, regional import restrictions and supplier verification techniques to mitigate regulatory risk;

- we host training sessions for designated staff on the requirements for nutritional labelling in compliance with the Public Health and Municipal Services Ordinance.

We require all our employees, especially those who are involved in sales and marketing and business development activities, to abide by our anti-bribery, anti-corruption and anti-monopoly compliance requirements and applicable laws and regulations. We closely monitor our employee's compliance with these policies and we have an internal whistle-blowing policy to facilitate the reporting of suspected misconduct.

During the Track Record Period and up to the Latest Practicable Date, there had not been any strikes, labour disputes or industrial action which had a material effect on our business. As at the Latest Practicable Date, save as disclosed in "— Business — Legal Proceedings" we had complied with all statutory labour insurance requirements applicable to us under applicable laws in all material respects.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, (i) we had not experienced any material disputes with our employees or any disruption to our operations due to labour disputes; (ii) we had not experienced any difficulties in the recruitment and retention of staff; and (iii) there was no labour union established by our employees. In the future, we plan to recruit more high-end information technology talents to further improve the digitalization of some of our workstreams to improve operational efficiency.

INSURANCE

Our Group maintains insurance coverage for (i) statutory employees' compensation for all full time and part time employees; (ii) contractors' public liability for all interior and exterior decoration, renovation, repairs, maintenance works and reinstatement work for our retail stores; (iii) shop package insurance to cover contents and stocks and third party public liability in the retail stores; (iv) stock coverage for the stocks in our office and warehouses; (v) business interruption coverage, (vi) medical insurance for our full-time employees; and (vii) cargo and logistics coverage.

For FY2023, FY2024 and FY2025 and 8MFY2026, we incurred insurance expenses of approximately HK$1.0 million, HK$1.5 million, HK$2.1 million and HK$1.9 million, respectively.

During the Track Record Period, we received a total of HK$0.28 million as full and final settlement from an insurance company as compensation for our loss of stock due to a fire which broke out at the warehouse of our service provider.

We review our insurance policies from time to time for adequacy in the breadth of coverage. Our Directors consider that our insurance coverage is in line with the normal coverage in the industry and is adequate for our operations.

HEALTH AND WORK SAFETY

In accordance with the local regulatory requirements in Hong Kong, our Group is dedicated to providing and maintaining a safe working environment for all employees. To ensure our operations are conducted safely and that our staff are equipped with essential safety knowledge, we have implemented comprehensive workplace safety guidelines across all retail stores. These guidelines articulate our work safety policies and are designed to promote a culture of safety at all work sites. Additionally, we conduct internal training sessions to educate employees on the importance of health and safety, as well as the correct practices to adhere to in the workplace. Our Directors are confident that these initiatives will effectively reduce both the likelihood and severity of workplace injuries. Our Human Resources Department is responsible for reporting and handling workplace incidents and ensures that all injuries are properly documented. In the event of unfortunate accidents, we will arrange necessary medical treatments to any injured employees and follow up with insurance claims according to the relevant policies. We aim to safeguard the well-being of our employees and protecting the interests of our Group.

During the Track Record Period, there were 15 employees' compensation claims and third-party public liability claims against our Group. Having considered (i) the nature of the relevant claims; and (ii) the fact that all such employees' compensation claims and third party liability claims are expected to be fully covered by the insurance policy taken out by our Group, our Directors confirmed that we did not have any material accidents in the course of our operation nor any material accidents related to the health or safety of our employees or customers and we had not received any material claims for personal or property damage by our employees or customers. The 15 claims generally involved workplace accidents at our retail stores and warehouse, including slips and falls, cuts from tools and injuries resulted from handling goods or machinery. Of these 15 claims, 14 cases had been fully resolved or settled. The employee involved in the outstanding case remained on sick leave as at the Latest Practicable Date and our Directors expect to settle the case with the relevant employee pending an assessment on the injury to determine the appropriate amount of compensation. The amounts being claimed ranged from approximately HK$1,280 to approximately HK$154,000, reflecting variations in injury severity and sick leave duration. All of the above claims (including the outstanding claim) are fully covered by insurance purchased by our Group. In an attempt to reduce the likelihood of such incidents, we have adopted enhanced measures to heighten employees' work safety awareness such as providing on-the-job trainings, putting up reminder notices at work areas and installing additional tools and equipment to assist our employees. During the Track Record Period, we settled one case of third-party public liability claim in relation to an alleged injury suffered by a customer at one of our retails stores. We received a legal letter representing the customer in the form of an intended claim and we subsequently fully settled the case for a compensation of HK$75,000. In response to the alleged injury by the customer, we have updated our retail store policy to ensure storage of goods is in line with our goods storage guidelines, we also carry out regular routine briefing to our frontline staff to ensure the updated policy is effectively implemented.

The Directors consider that all of the above employee compensation claims and the third-party public liability claim occurred in the ordinary course of business. Having considered the nature and monetary compensation amount involved in each claim, the Directors are of the view that none of such claims was material or would cause any material adverse impact to our operation or business.

PROPERTIES

Owned Property

As at the Latest Practicable Date, we owned two properties in Hong Kong. The following table sets out a summary of certain information regarding our owned property as at the Latest Practicable Date:

Address	Entity owning the property	Approximate salable area *(sq.ft.)*	Usage
G/F and cockloft, 1/F with flat roof and 2/F with roof, Nos. 41A–41B Fu Hing Street and Nos. 15–19 San Fat Street, Sheung Shui, New Territories, Hong Kong	Kidbrooke Group Limited	6,075.8	Partially for retail and partially for residential; certain portions were vacant *(Note 2)*
G/F and cockloft, No. 49 Fu Hing Street and No. 87 San Fung Avenue, Sheung Shui, New Territories, Hong Kong *(Note 1)*	Harvest Smart Holdings Limited	1,373.3	Partially for retail and partially vacant

Note:

1. A portion of this property, namely G/F, No. 49 Fu Hing Street, Sheung Shui, New Territories, Hong Kong with a total saleable area of approximately 755 sq.ft., was used as a Lung Fung Pop Up store. The remaining portion of this property was held for investment purpose, of which three retail units were leased to three tenants for retail use while the remaining portions of the premises were vacant as at the Latest Practicable Date.

2. As at the Latest Practicable Date, portions of this premises, namely six retail units and two residential units, were leased to and occupied by six tenants who were independent third parties for retail or residential use; the remaining portions of the property were vacant.

Except for the property interests described in the property valuation report, our Group has no other owned property interest that forms part of our non-property activities with a carrying amount of 15% or more of total assets, or property activities with a carrying amount of 1% or more of total assets, that requires a valuation report pursuant to Rules 5.01A and 5.01B of the Listing Rules.

Leased Properties

As at the Latest Practicable Date, our Group had leased or obtained licences for 30 retail stores in operation and one office site in Hong Kong, one office site in the PRC, one office site and one warehouse in Japan and one warehouse in South Korea. Except for three sites, details of which are set out in the section headed "Connected Transactions" in this prospectus, all properties were either leased or licenced by our Group from Independent Third Parties.

The following table sets out a summary of the properties leased or licenced by our Group in Hong Kong for the use as retail stores in operation as at the Latest Practicable Date:

Retail store	Location	Approximate UFA *(sq. ft.)*	Term of lease/licence	Rental/Licence Fee Basis
Hong Kong Island				
Lung Fung Mall (Central store)	G/F & Mezzanine Floor, Yu To Sang Building, 37 Queen's Road Central & 3–5 Chiu Lung Street, Hong Kong	5,184	Three years commencing from October 2025 and expiring in October 2028	Fixed monthly rental or a percentage of the gross monthly sale turnover generated from the retail store, whichever is higher
Lung Fung Mall (Causeway Bay store)	Shop No. G01, Ground Floor, Excelsior Plaza, Chee On Building, 24 East Point Road, Hong Kong	4,330	Three years commencing from August 2024 and expiring in August 2027	Fixed monthly rental plus additional rent of a certain percentage of the monthly gross turnover of the retail store exceeding the fixed monthly basic rent
Lung Fung Mall (Kornhill store)	Portion A of Mezzanine Floor, Kornhill Plaza, 1 Kornhill Road, Hong Kong	9,300	Three years commencing from July 2025 and expiring in June 2028	Fixed monthly basic rent plus additional rent of a certain percentage of the monthly gross turnover of the retail store exceeding the fixed monthly basic rent
Lung Fung Mall (Aberdeen store)	Shop 1, G/F of Site 4 of Aberdeen Centre, 2–4 & 14–16 Nam Ling Street, Hong Kong	3,943	Three years commencing from April 2025 and expiring in March 2028	Fixed monthly rental plus additional rent of a certain percentage of the monthly gross sales turnover of the retail store exceeding the fixed monthly basic rent
Lung Fung Mall (Fortress Hill store)	Shop 1 & 2, Ground Floor, United Building, 135–145 King's Road & 3 Oil Street, Hong Kong	2,635	Three years commencing from March 2025 and expiring in February 2028	Fixed monthly rental

Retail store	Location	Approximate UFA (sq. ft.)	Term of lease/licence	Rental/Licence Fee Basis
Lung Fung Mall (Admiralty store)	Shop No. B04, First Floor, Queensway Plaza, 93 Queensway, Hong Kong	3,700	Commencing from February 2026 and expiring in January 2028	Fixed monthly rental plus additional rent of a certain percentage of the monthly gross turnover of the retail store exceeding the fixed monthly basic rent
Kowloon				
Lung Fung Mall (Carnarvon Road Store)	G01, 02, 03, 05 & 08, Ground Floor, Carnarvon Plaza, No. 20 Carnarvon Road, Tsim Sha Tsui, Kowloon	6,300	Three years commencing from September 2025 and expiring in August 2028	Fixed monthly rental
Lung Fung (Dundas Street Store) *(Note)*	Shop No. A G/F., Gala Place, 56 Dundas Street, Mong Kok, Kowloon	12,938	Three years commencing from October 2023 and expiring in October 2026	Fixed monthly rental plus additional rent of a certain percentage of the monthly gross sales turnover of the retail store exceeding the fixed monthly basic rent
Lung Fung Mall (Sai Yeung Choi Street Store)	Shop B on Ground Floor, No. 614 Nathan Road, Good Hope Building, Nos. 612–618 Nathan Road, Nos. 7, 13–19 Sai Yeung Choi Street South and Nos 40G–40H Shantung Street, Kowloon, Hong Kong	7,086	Three years commencing from November 2025 and expiring in October 2028	Fixed monthly rental
Lung Fung Mall (Tung Choi Street Store)	G/F, Nos. 6F & 6G Nelson Street & Nos. 40, 42, 44, 46, 48 & 50 Tung Choi Street, Mong Kok, Kowloon and Portion of the First Floor of No. 46, the First Floor of No. 46A, Portion of the First Floor of No. 48, the First Floor of Nos. 48A, 50 and 50A Tung Choi Street, Kowloon	6,764	Three years commencing from April 2024 and expiring in March 2027	Fixed monthly rental
Lung Fung Mall (Canton Road Store)	Shop 1,2,3 on G/F of Manley House, No. 86–98 Canton Road, Kowloon	2,800	Three years commencing from May 2026 and expiring in May 2029	Fixed monthly rental

Note: As at the Latest Practicable Date, our Group has finalised the renewal terms with the landlord and pending execution of the binding agreement with the landlord.

Retail store	Location	Approximate UFA (*sq. ft.*)	Term of lease/licence	Rental/Licence Fee Basis
Lung Fung (Peking Road Store)	Front Portion on G/F Mary Building, No.73 Peking Road and Rear Portion of G/F Mary Building, No. 71, 73, 75, 77 Peking Road, Kowloon	2,080	Three years commencing from January 2025 and expiring in January 2028	Fixed monthly rental
Lung Fung Mall (Jordan store)	Portion of Ground Floor (Shop A and Shop B), Foremost Building, Nos.19–21 Jordan Road, Jordan, Kowloon	2,600	For Shop A, three years commencing from January 2026 and expiring in January 2029 For Shop B, commencing from April 2026 and expiring in January 2029	Fixed monthly rental
Lung Fung Mall (Kai Tak Sports Park Store)	Shop Nos. M2-206 and M2-207, Level 2, Kai Tai Mall 2, Kai Tai Sports Park, Kowloon City, Kowloon	5,088	Three years commencing from October 2024 and expiring in September 2027	Fixed monthly rental or a percentage of the gross monthly turnover generated from the retail store, whichever is higher
	Shop No. M2-208, Level 2, Kai Tai Mall 2, Kai Tai Sports Park, Kowloon City, Kowloon		Three years commencing from October 2024 and expiring in September 2027	Fixed monthly rental or a percentage of the gross monthly turnover generated from the retail store, whichever is higher
Lung Fung Mall (Star House Store)	Shop 9 & 9A of G/F and Shop A of 1/F, Star House, No.3 Salisbury Road, Kowloon	3,573	Three years commencing from May 2024 and expiring in May 2027	Fixed monthly rental or a percentage of the gross monthly turnover generated from the retail store, whichever is higher
Lung Fung Mall (Whampoa Store)	Shop 6A on the Ground Floor of the Commercial Podium of Site 1, Whampoa Garden, Hunghom, Kowloon, H.K.	3,044	Three years commencing from December 2024 and expiring in December 2027	Fixed monthly rental plus additional rent of a certain percentage of the monthly gross turnover of the retail store exceeding the fixed monthly basic rent
Lung Fung Pop Up (Kwun Tong store)	Unit 3 of Workshop on Ground Floor and Store on the Cockloft, Camelpaint Building Block III, No. 60 Hoi Yuen Road, Kowloon	2,300	Two years commencing from January 2025 and expiring in January 2027	Fixed monthly rental

Retail store	Location	Approximate UFA (sq. ft.)	Term of lease/licence	Rental/Licence Fee Basis
	Unit 2 of Workshop on Ground Floor and Store on the Cockloft, Camelpaint Building Block III, No. 60 Hoi Yuen Road, Kowloon		Two years commencing from March 2025 and expiring in March 2027	Fixed monthly rental
New Territories				
Lung Fung Mall (San Fung Avenue store)	G/F., 107–109 San Fung Avenue, New Territories	8,480	Two years and six months commencing from February 2026 and expiring in August 2028	Fixed monthly rental
	G/F and Cockloft of 111 San Fung Avenue, New Territories		Two years and six months commencing from February 2026 and expiring in August 2028	Fixed monthly rental
	Shop A, G/F & Cockloft, 113–119 San Fung Avenue, New Territories		Three years commencing from April 2026 and expiring in March 2029	Fixed monthly rental
	Shop B, G/F & Cockloft, 113–119 San Fung Avenue, New Territories		Three years commencing from April 2026 and expiring in March 2029	Fixed monthly rental
	Shop E3 G/F, 113–119 San Fung Avenue, New Territories		Three years commencing from April 2026 and expiring in March 2029	Fixed monthly rental
	Flat C, G/F and Cockloft, 117 San Fung Avenue, New Territories*(Note)*		Three years commencing from June 2023 and expiring in May 2026	Fixed monthly rental
Lung Fung Mall (San Hong Street store)	Shop 1, 2, 8, 9 & Shopping Arcade Area of G/F & 1/F, No.67 San Hong Street, Sheung Shui, New Territories	9,761	Three years commencing from November 2025 and expiring in October 2028	Fixed monthly rental
Lung Fung Mall (Taipo store)	Portion A1 on 1/F of Cinema II, Tai Po Plaza, No.1 On Tai Road, Tai Po, New Territories	4,523	Three years commencing from July 2024 and expiring in July 2027	Fixed monthly rental

Note: The lease would not be renewed upon its expiry.

Retail store	Location	Approximate UFA (sq. ft.)	Term of lease/licence	Rental/Licence Fee Basis
Lung Fung Mall (Tuen Mun store)	Shop Nos. 17 & 18 and Shop Nos. 49–51, Level 3, South Wing, Trend Plaza, No. 2 Tuen Lung Street, Tuen Mun, New Territories	3,372	Three years commencing from February 2025 and expiring in February 2028	Fixed monthly rental plus additional rent of a certain percentage of the monthly gross turnover of the retail store exceeding the fixed monthly basic rent
	Shop Nos. 43–46, Level 3, South Wing, Trend Plaza, No. 2 Tuen Lung Street, Tuen Mun, New Territories		Two years and seven months and 21 days commencing from June 2025 and expiring in February 2028	Fixed monthly rental plus additional rent of a certain percentage of the monthly gross turnover of the retail store exceeding the fixed monthly basic rent
Lung Fung Mall (Yuen Long store)	Nos. 2–3 on the Ground Floor of Tung Yik Building, No.8 Yu King Square, Yuen Long, New Territories	3,260	Five years commencing from March 2024 and expiring in February 2029	Fixed monthly rental
Lung Fung Mall (Shatin Centre store)	Shop Nos. 6–8, 15, 16A and 16B, Level 3, Shatin Centre, Nos. 2–16 Wang Pok Street, Shatin, New Territories	2,895	Three years commencing from December 2023 and expiring in December 2026	Fixed monthly rental plus additional rent of a certain percentage of the monthly gross turnover of the retail store exceeding the fixed monthly basic rent
	Shop Nos. 17B and 17C on Level 3, Shatin Centre, Nos. 2–16 Wang Pok Street, Shatin, New Territories, Hong Kong		Two years and six months and 26 days commencing from June 2024 and expiring in December 2026	Fixed monthly rental plus additional rent of a certain percentage of the monthly gross turnover of the retail store exceeding the fixed monthly basic rent
Lung Fung Mall (Shatin Plaza store)	Shop 45A and 47, 3rd Floor, Shatin Plaza, 21–27 Shatin Centre Street, New Territories	2,400	Three years commencing from August 2025 and expiring in July 2028	Fixed monthly rental plus additional rent of a certain percentage of the monthly gross turnover of the retail store exceeding the fixed monthly basic rent
Lung Fung	G/F & Cockloft, No. 19 Sau Fu Street, Yuen Long, New Territories	2,350	Three years commencing from August 2023 and expiring in August 2026	Fixed monthly rental
	G/F, No. 21 Sau Fu Street, Yuen Long, New Territories		Four years and five months and 10 days commencing from March 2025 and expiring in August 2029	Fixed monthly rental
Lung Fung Cosmetic	Shop A, B, C & D, G/F., & Cockloft, No. 66, San Hong Street, Sheung Shui, New Territories	2,244	Three years commencing from April 2026 and expiring in March 2029	Fixed monthly rental

Retail store	Location	Approximate UFA (sq. ft.)	Term of lease/licence	Rental/Licence Fee Basis
Lung Fung Dispensary	G/F., 22 Luen Shing Street, Fanling, New Territories	1,924	12 years commencing from December 2022 and expiring in December 2034	Fixed monthly rental
Lung Fung (Fanling Town Centre store)	Shop Nos. 13, 15, 16, 17, Level 2, Fanling Town Centre, No.18 Fanling Station Road, Fanling	1,780	Three years commencing from August 2024 and expiring in July 2027	Fixed monthly rental plus additional rent of a certain percentage of the monthly gross turnover of the retail store exceeding the fixed monthly basic rent
Lung Fung Cosmetic (Yuen Long Centre store)	Shop Nos. 1A, 1B & 2A, G/F, Yuen Long Centre, 51–59 Sau Fu Street, Yuen Long, New Territories	1,683	Three years commencing from March 2024 and expiring in March 2027	Fixed monthly rental
Lung Fung Dispensary	Shop 3 Level 1 Lung Fung Garden, 33 Lung Sum Avenue, Sheung Shui, New Territories	572	Three years commencing from November 2025 and expiring in October 2028	Fixed monthly rental

Office	Location	Approximate GFA (sq.ft.)	Term of lease/licence	Rental/Licence Fee Basis
HK Office	5/F, 23 Yip Cheong St, Fanling, Hong Kong	12,226	From April 2026 to March 2028	Fixed monthly rental
PRC Office	Room 208, No. 233 Hanxi Avenue West, Shibi Street, Panyu District, Guangzhou City, PRC	567	From February 2026 to July 2026 *(note)*	Fixed monthly rental
Japan Office	4F Crescent Bldg, 13–26 Tsushima-Koji, Hakata-ku, Fukuoka-Shi, Fukuoka-ken	715	From July 2019, with automatic renewal for each year unless either party otherwise notifies the other party before expiration	Fixed monthly rental

Please see the particulars of the licences of our warehousing premises in the paragraph headed "Warehousing and logistics" in this section.

Note: As at the Latest Practicable Date, our Group was in the process of discussing renewal of the lease with the lessor.

Building order and warning notices against our leased properties for our retail stores

During the Track Record Period, our Group was charged and pleaded guilty to three counts of unauthorised building structures involving the construction of signboards on the external wall of the shopfront of two of our retail stores. Our Group was fined a total of HK$26,941. All fines have been settled and rectification works with respect to the respective unauthorised building structures has been completed. Our Directors are of the view that the irregularities and the fines did not have any material adverse effect on our Group.

In addition, there were unreleased building orders and warning notices pertaining to the premises for our four retail stores:

1. **Lung Fung Pop Up** (Kwun Tong store)

Location

Unit 3 of Workshop on Ground Floor and Store on the Cockloft, Camelpaint Building Block III, No. 60 Hoi Yuen Road, Kowloon, and

Unit 2 of Workshop on Ground Floor and Store on the Cockloft, Camelpaint Building Block III, No. 60 Hoi Yuen Road, Kowloon

Subject matter

The landlord (being a controlled entity of our Controlling Shareholder, Mr. Tse) of our Lung Fung Pop Up (Kwun Tong store) retail store received two warning letters ("**Warning Letters**") dated 8 April 2025 and 9 June 2025, respectively, from the District Lands Office of Hong Kong. As set out in the Warning Letters, the current usage of the premises is not for industrial or godown purposes, which is in contravention of the relevant government lease. As at the Latest Practicable Date, the landlord had submitted application documents to the District Lands Office of Hong Kong for a waiver ("**Waiver**") of the relevant conditions set out in the government lease. In the event that the application of the Waiver failed, we may be evicted from the premises. As advised by our Hong Kong Legal Counsel, the legal risk for lease enforcement actions on non-conforming uses of industrial buildings is re-entry of the land by the Lands Department and there are no other foreseeable legal consequence. Based on our past experiences, our Directors are of the view that we will be able to relocate our store in around two months with a relocation cost of approximately HK$500,000, and the relocation will not have material adverse effect on our Group. Our Hong Kong Legal Counsel is of the view that given the absence of adverse enforcement history and the ongoing waiver application, the regulatory risk arising from this matter to be immaterial.

2. Lung Fung Cosmetic

Location

Shop A, B, C & D, G/F., & Cockloft, No. 66, San Hong Street, Sheung Shui, New Territories

Subject matter

The landlord (being our Controlling Shareholder, Mr. Tse) of our Lung Fung Cosmetic retail store received a building order from the Building Authority on 6 April 2017 in relation to an unauthorised building work erected on and over the yard at G/F at the location of our store. In the past, we used the unauthorised building work area for passage purpose but such use had already been ceased as at the Latest Practicable Date. As at the Latest Practicable Date, we had engaged an authorized person to inspect the relevant premises and advise on the appropriate rectification steps in respect of the unauthorised building work identified. As at the Latest Practicable Date, the rectification works for Lung Fung Cosmetic were being carried out by our contractor. Our Hong Kong Legal Counsel is of the view that, having considered the nature and scope of the building orders registered against the premises, the associated regulatory risk to our Group is low and not material.

3. **Lung Fung Mall** (San Fung Avenue store)

Location

Shop A, G/F & Cockloft, 113–119 San Fung Avenue, New Territories

Subject matter

As at the Latest Practicable Date, part of our store premises, namely, Shop A, G/F, Nos. 113–119 San Fung Avenue, New Territories was subject to two buildings orders in respect of (i) a canopy attached to the external wall of the building, and an air-conditioning support frame attached to the external wall of the building; and (ii) a structure over the rear yard of the building, respectively. The structure served as the cover over the rear yard used as passage in the past which we have ceased to use. As at the Latest Practicable Date, the authorised person engaged by the landlord (being a controlled entity of our Controlling Shareholder, Mr. Tse) had completed the rectification steps in respect of the relevant unauthorised building works. The authorised person had, accordingly, submitted the Notice and Certificate of Completion of Class III Minor Works (the "**Notice**") with the Buildings Department and the Buildings Department had acknowledged the receipt of such Notice. As at the Latest Practicable Date, we were waiting for the confirmation of the Buildings Department regarding the completion of the rectification works. Our Hong Kong Legal Counsel is of the view that, having considered the nature and scope of the building orders registered against the premises, the associated regulatory risk to our Group is low and not material.

4. Lung Fung Mall (San Fung Avenue store)

Location

Shop A, G/F & Cockloft, 113–119 San Fung Avenue, New Territories
Shop B, G/F & Cockloft, 113–119 San Fung Avenue, New Territories
Flat C, G/F and Cockloft, 117 San Fung Avenue, New Territories
Shop E3 G/F, 113–119 San Fung Avenue, New Territories

Subject matter

The premises are leased from an entity controlled by Mr. Tse, our Controlling Shareholder. The premises are subject to a fire safety compliance order ("**Order**") which requires the landlord of the premises (being a controlled entity of our Controlling Shareholder, Mr. Tse) to provide or improve the requested fire service installations and equipment. The Fire Service Department has accepted an extension of the deadline for the compliance to 21 April 2026. Based on an enquiry with the relevant officer from the Fire Service, it is understood that the Order was issued pursuant to the Fire Safety (Buildings) Ordinance (Chapter 572 of the Laws of Hong Kong), which focuses on pre-1987 composite and domestic buildings, highlighting the need to update fire safety standards in older buildings across Hong Kong. The improvement and update in fire system is for the betterment of the general public and does not indicate any specific fire safety issue or concern over the subject premises. Since 21 April 2026, the contractor has been in communication with the Fire Service Department and plans to submit a drainage plan to the Fire Service Department for review. Our Hong Kong Legal Counsel is of the view that, given the contractor was in communication with the Fire Service Department in relation to the rectification work and the department's awareness thereof, the associated risk to our Group is low and not material.

5. Lung Fung Mall (Carnarvon Road Store)

Location

G01, 02, 03, 05 & 08, Ground Floor, Carnarvon Plaza, No. 20 Carnarvon Road, Tsim Sha Tsui, Kowloon

Subject matter

Our store premises is subject to a fire safety direction to comply with the fire safety construction requirement to remove the roller shutters installed across five exits at the premises. As at the Latest Practicable Date, the required installation of new escape doors has been completed pursuant to the compliance plan we had agreed with the Buildings Department and we have received a confirmation from the Buildings Department in December 2025 that the Fire Safety Direction registered against the premises has been withdrawn.

Enhanced internal control measures

In order to avoid leasing or licensing premises with material unauthorised structures in the future, we have adopted enhanced internal control measures with regards to selecting, approving, managing and monitoring rental properties occupied or intended to be occupied by our Group:

- Before proceeding to formal negotiations, we will perform a preliminary risk assessment which includes, where practicable, (i) checking the permitted use of the premises under relevant planning and building regulations and lease conditions, (ii) checking visible structural issues, fire exits, ventilation and basic safety features, and (iii) attempt to request from the landlord or agent the relevant documentation on building compliance such as building orders, warning notices, or unauthorised structures affecting the property.

- Prior to signing or renewing a lease, we will conduct further due diligence on the property to the extent practicable, including (i) conducting land search in respect of ownership and title of the landlord, encumbrances and registered building orders or warning notices; (ii) requesting written confirmations in the lease from the landlord that the property may lawfully be used for the Group's intended business and the landlord is not aware of outstanding building orders or illegal structures materially affecting safe use of the property by the Group; and (iii) obtaining the floor plan and building plan of the property for on-site inspection to identify any potential unauthorized building structures.
- Where material building orders, warning notices or any potential unauthorized building structures are identified, we will seek advices from professional advisors such as surveyor or authorized person to ascertain if the concerned structures are of unauthorized nature and will not enter into a lease or license to use premises for a premise affected by any unauthorized building structures unless such concerned structures are to be rectified by the owner of the target premises before commencement of the lease.
- If we proceed to enter into a formal lease, we will consider requesting for termination clauses to be stipulated in the lease which would be triggered by events such as major structural issues.
- After we have occupied the property, we will continue to monitor the building conditions and third party notices and all material issues will be reported to our management and external legal adviser.

In terms of fire safety, fire extinguishers are placed in visible and easily accessible locations to facilitate safe evacuation. Fire protection equipment is regularly inspected to ensure proper functioning, and strict adherence to safety operating procedures is enforced. Regular inspections of store outlets for any abnormal conditions, and flammable and explosive hazardous materials are conducted. Fire training and fire drills are also conducted periodically.

Insurance and indemnities from our Controlling Shareholders

We have maintained insurance coverage that is customary for a retail business of our size and type, providing protection against reasonable losses related to our operations, including but not limited to public liability insurance. For more details on our insurance policies, please refer to the "Insurance" section.

However, while we have restricted access for our employees and customers to the areas affected by the unauthorised structure in the relevant stores, we cannot guarantee that the insurance we hold will adequately cover injuries, losses, or damages incurred by our employees or customers due to any unauthorised access to these areas. The adequacy of coverage depends on various factors, including the reasons behind and the extent of any such injuries, losses, or damages.

Additionally, our Controlling Shareholders have jointly and severally agreed to indemnify our Group against losses and costs incurred in relation to the outstanding building order and the warning notice. This includes any loss of business resulting from rectification work required by the Buildings Department. Further details regarding the Deed of Indemnity can be found in the section titled "Appendix V — Statutory and General Information — D. Other Information — 12. Estate Duty, Tax, and Other Indemnities" in this prospectus.

RISK MANAGEMENT AND INTERNAL CONTROL

Our Directors and senior management are responsible for the formulation of and overseeing the implementation and effectiveness of our internal control and risk management systems, which are designed to ensure our ongoing compliance with the applicable laws, regulations and rules relevant to our business operations and corporate governance, and to prevent any recurrence of any incidents of non-compliance. We have adopted a consolidated set of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an on-going basis. Risks identified by our management will be analysed on the basis of likelihood and impact, and will be properly followed up and mitigated and rectified by our Group and reported to our Directors.

We believe that our internal control systems and current procedures are sufficient in terms of comprehensiveness, practicability and effectiveness. We have adopted or will adopt the following internal control measures:

(i) we have established an audit committee which comprises all our independent non-executive Directors with written terms of reference in accordance with Appendix 14 of the Listing Rules. The primary duties of the audit committee include, among other things, overseeing our financial reporting, internal control and risk management systems, and ensuring the compliance of our financial reporting with the Listing Rules and relevant legal requirements;

(ii) we have appointed DBS Asia Capital Limited as our compliance adviser with effect from the Listing Date to advise us on ongoing compliance with the Listing Rules and other applicable securities laws and regulations in Hong Kong;

(iii) our Audit Committee which will review our internal control system and procedures for compliance with the requirements prescribed by the applicable laws, rules and regulations;

(iv) the provision of trainings to our relevant employees in order to enhance their industry knowledges and to encourage encompassing culture of risk management ensuring that our relevant employees are aware of and responsible for risk management; and

(v) the establishment of an in-house compliance team which consists of our chief financial officer and our compliance officer to organise, review and maintain our internal control system and to provide assistance to our Directors, senior management and employees with respect to our internal control policies.

In addition, we have established risk management policies which set forth procedures to identify, analyse, mitigate and monitor various risks as well as the reporting mechanism of risks identified in our operations. Each of our business teams is responsible for identifying and evaluating the risks relating to its scope of operations and implementing our risk management and internal control systems. Our chief financial officer is responsible for overseeing our internal control and risk management.

In preparation for the Listing, we have engaged an independent internal control consultant to assist our Group to review our internal control system. The independent internal control consultant provided us with a number of findings and recommendations, to which we have subsequently taken remedial actions in response. The major recommendations that we have adopted include, among others, the following:

- establishing clear line of approval and allocation of responsibilities in the context of reviewing and approving external contracts;
- establishing risk management policies and action flowchart for the identification and assessment of risks;
- establishing internal anonymous whistle-blowing policies to encourage reporting of any malpractice, non-compliance and misconduct;
- clarifying daily inventory discrepancy threshold that would trigger investigation and the ensuing record-keeping procedure after reconciliation;
- establishing policies to monitor and track covenants and financial obligations stipulated in bank agreements; and
- establishing software licensing management policy, copyright management records and software inventory report to monitor software licences and authorisation.

Taking into account the recommendations from the independent internal control review report, our Directors are of the view that we have enhanced our internal control system accordingly as at the Latest Practicable Date.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

We regard environmental, social and governance ("**ESG**") considerations as fundamental to our long-term and sustainable development. As a responsible company to our shareholders, employees, customers and the wider community, we are committed to strengthening our ESG governance framework, enhancing our practices and performance, and contributing to societal well-being through the implementation of ESG initiatives.

Governance Structure

Our Board assumes overall responsibility for the formulation and oversight of our ESG strategy, policies and disclosures. Our Board is responsible for establishing ESG-related objectives, monitoring the effectiveness of risk management mechanisms, and reviewing our performance against ESG targets on a regular basis.

To assist the Board in fulfilling its ESG responsibilities, we have established an ESG Working Group led by the Chief Financial Officer. The ESG Working Group comprises representatives from key departments such as finance, human resources and compliance, bringing relevant expertise across ESG areas. It is responsible for:

- executing ESG strategies, policies and frameworks approved by the Board;
- identifying and assessing ESG risks and opportunities relevant to our operations;
- monitoring ESG performance indicators and reporting progress to the Board; and
- coordinating the preparation of our ESG disclosure in compliance with applicable reporting requirements.

The ESG Working Group reports to the Board at least annually, and more frequently if any material ESG issues arise.

ESG policies

We have established a set of ESG policies that serve as internal guidelines for our operations. These policies are developed to address key ESG topics relevant to our retail business. We understand the importance of keeping these policies current. These policies are regularly reviewed and updated to reflect new regulations and stakeholder feedback, helping us maintain trust and operational integrity.

Process to identify, assess and manage ESG-related Risks

We actively engage with our stakeholders through a combination of meetings and ongoing interactive dialogue to understand their expectations and shape our sustainable development strategy. To identify material ESG risks and opportunities, we conducted benchmarking against industry peers and reviewed established industry standards. The identified risks and opportunities were prioritized by assessing "impact to stakeholders" and "impact to our business" through an internal evaluation. The findings from the materiality assessment were reviewed and approved by the Board. The table below outlines these material ESG issues:

Material ESG issue	Potential risks, opportunities and impacts
Energy management	Inefficient energy management or excessive emissions can potentially lead to higher operating costs and increased exposure to stricter environmental policies. To mitigate the environmental impact, we implement various energy-efficient measures in our business operations to reduce energy consumption and GHG emissions and regularly review our environmental performance.
Employment and labour standards	Employment practices and labour standards are critical to maintaining a stable workforce and ensuring compliance with labour laws. Risks such as unfair treatment, unsafe working conditions or violations of labour rights can result in legal disputes, reputational harm, and employee turnover. We maintain a fair and safe workplace in compliance with applicable labour laws and regulations. We have developed policies and implemented measures covering compensation, equal opportunity, diversity, anti-discrimination, grievance channels, workplace safety and staff benefits.
Product quality and service management	Product quality and service management directly affect consumer safety, satisfaction, and brand credibility. Issues relating to product safety or service delivery can result in recalls, regulatory sanctions, and loss of customer trust. Regulatory compliance and consumer safety remain our priorities in product sourcing and service delivery. We implement a rigorous process to monitor and maintain product quality. Our suppliers are carefully selected, and any product concerns are addressed promptly to maintain customer safety and trust.

Material ESG issue	Potential risks, opportunities and impacts
Business ethics and anti-corruption	Ethical conduct and anti-corruption measures are fundamental to protecting our integrity and reputation. Risks such as bribery, fraud or conflicts of interest can lead to financial penalties, reputational damage and loss of investor confidence. We have set out policies on ethical conduct and anti-corruption. Our employees are provided guidance on these policies and we offer clear channels for reporting any suspected business misconduct.

Environment

Environmental Compliance

During the Track Record Period, we strictly adhered to applicable environmental laws and regulations, including but not limited to the Waste Disposal Ordinance and the Product Eco-responsibility Ordinance.

Environmental Management

Energy Management

We recognise that for a business operating a chain of retail stores, efficient energy is a critical priority. Our primary energy sources are electricity, petrol, and diesel across our offices, warehouse and retail stores.

To manage our energy use, we have implemented a series of measures including replacing the fluorescent lights with energy-efficient LED lights, and setting temperature controls for air-conditioning. We also promote energy-saving habits among employees, such as switching off lights, air-conditioning, computers, and other electronic devices when not in use.

The following table details our energy consumption over the Track Record Period:

	Unit	Year ended 31 March			Eight months ended 30 November
		2023	2024	2025	2025
Total Direct Energy Consumption	MWh	701.63	530.57	693.45	849.65
Diesel	MWh	630.25	487.79	656.49	826.76
Petrol	MWh	71.38	42.78	36.96	22.89
Total Indirect Energy Consumption	MWh	2,434.77	2,986.10	3,534.98	3,978.22
Purchased Electricity	MWh	2,434.77	2,986.10	3,534.98	3,978.22
Total Energy Consumption	MWh	3,136.40	3,516.67	4,228.42	4,827.87
Energy Consumption Intensity	MWh/million HKD revenue	2.87	1.74	1.72	2.37

Note:

The increase in energy consumption in the eight months ended 30 November 2025 was primarily attributable to business expansion, including the opening of additional stores and the expansion of our warehouse.

GHG Emissions

Our GHG emissions primarily arise from Scope 2 indirect emissions generated through the consumption of purchased electricity at our offices, warehouse and retail stores. We target to reduce Scope 1 and 2 emission intensity by 5% by 2030 compared with a 2025 baseline. We will step up our efforts to improve energy efficiency by raising awareness of our employees and adopting energy-efficient appliances. The following table sets forth our GHG emissions data during the Track Record Period:

	Unit	Year ended 31 March			Eight months ended 30 November
		2023	2024	2025	2025
Total Scope 1 GHG emissions	tCO2e	184.17	138.93	181.00	221.09
Total Scope 2 GHG emissions	tCO2e	1,083.34	1,228.53	1,415.00	1,634.11
Total Scope 3 GHG emissions	tCO2e	100.16	163.91	266.74	240.55
Total GHG emissions	tCO2e	1,367.67	1,531.37	1,862.74	2,095.75
Total GHG emissions intensity	tCO2e/million HKD revenue	1.25	0.76	0.76	1.03

Note:

1. Scope 1 GHG emissions are primarily generated from direct energy consumption (diesel and petrol). Scope 2 GHG emissions are primarily generated from indirect energy consumption (purchased electricity) in our operational processes. Scope 3 GHG emissions include energy consumption related to business travel and employee commuting. Furthermore, we plan to further expand our Scope 3 disclosure categories in the future.

2. The significant increase in GHG emissions in the eight months ended 30 November 2025 was due to higher energy consumption from business expansion, including the opening of additional stores and the expansion of our warehouse.

Climate-related Risks and Opportunities

We recognise climate-related risks and opportunities could affect our business operations and financial performance. We have identified and evaluated the impact of climate-related risks and opportunities. Transition risks, such as the potential increases in operational costs arising from future carbon pricing or stricter energy efficiency regulations, could affect our retail stores and logistics. Physical risks — including acute events like extreme weather (e.g., floods that may disrupt supply chains or damage stores) and chronic shifts in climate patterns (e.g., prolonged heatwaves increasing cooling needs) — could also directly affect our physical assets, supply chain reliability, and business continuity. At the same time, transitioning to a low-carbon economy presents potential opportunities such as innovation and optimisation of resource use, enabling us to operate more efficiently and support sustainable growth.

To manage these risks and opportunities, we are dedicated to integrating climate considerations into our strategic planning and operations. We will stay informed with the latest climate-related requirements and strive to enhance our energy efficiency and reduce our carbon emissions.

Waste and Packaging Management

Effectively managing the waste generated by our operational activities is paramount to our environmental responsibility and commitment to sustainable practices. Our operations primarily generate non-hazardous waste, which includes general office refuse, paper, and various packaging materials for our product handling and logistics.

We emphasize reduction, reuse, and recycling to optimize waste management across our operations. In terms of reuse and recycling, waste in our warehouses and stores, including packaging materials such as cardboard, paper, and stretch wrap, is carefully sorted and sent to recyclers to minimize environmental impact. Specifically, stretch wrap, a common by product of our logistics and operational processes, is collected separately by our waste collectors for recycling, with approximately 80% being recycled. To reduce plastic waste, we encourage customers to bring their own shopping bags. Plastic shopping bags are provided only upon request and are subject to the statutory charge in accordance with government regulations. Looking ahead, we will roll out handheld inventory scanners across operations to drive digital transformation and further reduce paper consumption.

We will explore setting targets for waste reduction and recycling rates, particularly for high-volume waste streams. Furthermore, we will strengthen employee awareness and training programs to foster a culture of waste minimization and responsible consumption throughout the company, aiming for a more sustainable and resource-efficient operational model.

The following table sets forth the information on our consumption of paper and packaging materials for the indicated periods during the Track Record Period:

	Unit	Year ended 31 March			Eight months ended 30 November
		2023	2024	2025	2025
Paper	tonnes	3.36	4.87	5.96	4.64
Paper box	tonnes	809	1,122	1,441	1,057
Stretch Wrap	tonnes	16.7	23.4	33.4	27.8

Water Management

We are committed to promoting water conservation across our operations. Our water usage primarily involves municipal water for offices, warehouse and retail stores. To improve water efficiency, we have implemented various water conservation measures, including promoting employee awareness through water-saving reminder labels in restrooms, regularly inspecting our plumbing systems for leaks, and promptly addressing any identified issues.

The following table shows our water consumption for the indicated periods during the Track Record Period:

	Unit	Year ended 31 March			Eight months ended 30 November
		2023	2024	2025	2025
Total water consumption	m^3	1,163.06	3,533.84	4,868.69	3,557.27
Water consumption intensity	m^3/million HKD revenue	1.06	1.75	1.98	1.75

Employee Caring

Employment and labour standards

We firmly believe that talent is an important resource for our development. We comply with applicable employment-related laws and regulations, including but not limited to the Employment Ordinance, Sex Discrimination Ordinance, Disability Discrimination Ordinance, Race Discrimination Ordinance, Family Status Discrimination Ordinance. We have formulated internal policies and procedures to provide clear guidance across the employee lifecycle, from recruitment and onboarding to ongoing management and separation.

We commit to fostering a fair and equal working environment. Our recruitment and promotion policy ensures equal opportunities for all employees in areas such as recruitment, advancement, welfare protection, and career development, without discrimination based on race, nationality, gender, marital status or religion. We also support equal employment opportunities for migrant workers, people with disabilities and retired servicemen.

We strive to provide a comfortable, respectful, and harassment-free working environment. A formal grievance procedure is in place, allowing employees to report any unfair treatment, misconduct, or harassment, ensuring thorough investigation and appropriate action.

To support employees' career development, we regularly assess employee needs and regulatory requirements to provide relevant internal and external enhancement courses. Our performance appraisal system is in place to ensure performance of all employees is assessed, serving as a basis for decisions on promotions, salary adjustments, bonuses, and probation outcomes. We identify and nurture high-performing employees for career progression, and foster talent acquisition through an employee referral bonus scheme, encouraging our employees to bring in valuable new team members.

In addition, employees are entitled to a range of leave benefits, including paid annual leave, birthday leave, maternity leave and paternity leave.

As at 30 November 2025, the Group had 922 employees, and the specific breakdowns are as follows:

	Year ended 31 March			Eight months ended 30 November
	2023	2024	2025	2025
Total number of employees	268	429	694	922
By gender				
Male	125	197	308	422
Female	143	232	386	500
By age				
30 Below	25	63	128	202
30–50	156	250	415	547
Over 50	87	116	151	173
By geographical location				
Hong Kong	250	408	670	901
Chinese Mainland	18	21	24	21
By categories				
Senior Management	8	8	12	13
Management	43	59	64	75
General Staff	217	362	618	834

Occupational Health and Safety

We are committed to protecting the health and safety of our employees and maintaining a safe and healthy working environment at all our facilities. During the Track Record Period and up to the Latest Practicable Date, we complied with all applicable health and safety laws and regulations, including the Occupational Safety and Health Ordinance.

To protect employee health and safety, we have implemented comprehensive preventive measures, including providing necessary personal protective equipment, conducting regular facility inspections, maintaining emergency preparedness, performing fire safety management, and providing guidance on safe work practices. In the event of any critical incident involving injury or fatality among our personnel, we have a process in place to effectively manage such situations. We also provide health and safety training to key personnel to ensure they possess the knowledge and skills necessary to maintain workplace safety standards.

Product Quality and Safety

Product quality and safety are the top priorities for our business. We are committed to providing quality products and have established rigorous quality assurance processes and a dedicated quality control team to perform regular inspections on branded products from around the world.

To ensure product quality, we have established policies for all aspects of product management, including procurement, storage, recall, and sale. We maintain a centralized procurement system to safeguard product quality at source. Before products are made available for sale, standardized receiving and inspection checks are conducted to verify packaging integrity, product condition, and expiration date requirements. Temperature and humidity controls are maintained for sensitive products, with daily monitoring to preserve product quality. Furthermore, regarding the storage and handling of pharmaceuticals, we strictly control the hygiene conditions of our dispensing rooms to ensure the safety and efficacy of the pharmaceuticals. In addition, we have a dedicated team of professional pharmacists who provide ongoing training on pharmaceutical product knowledge to our frontline staff.

In the event of product safety concerns, we have recall procedures in place to enable rapid response to any potential issues. We have also established mechanism for handling customer feedback and complaints. All reported quality issues are promptly reviewed and handled by our customer service team in accordance with our policies. During the Track Record Period, we did not encounter any product recalls due to safety or health issues, or receive any significant customer complaints that would have a material impact on our business operation.

Supply Chain Management

We work with suppliers from around the world to source a diverse range of products for our customers. Recognising the important role that suppliers play in our business, we are committed to building a sustainable and responsible supply chain.

When selecting and engaging suppliers, we carefully consider several factors, including product quality, business reliability, and compliance with applicable laws and regulations. We require suppliers to submit business registration certificates, relevant qualification and safety permits, and management system certifications as appropriate. We maintain a regular relationship with our suppliers through ongoing performance reviews and periodic assessments in areas such as product quality, delivery, and regulatory compliance with relevant social and environmental laws and regulations.

Business Ethics and Anti-corruption

We place high importance on business ethics and integrity and strictly comply with all applicable anti-corruption laws and regulations. We have established policies on anti-corruption which apply to all employees. We set clear guidance for responsible behaviour when employees are offering or receiving benefits, gifts, or hospitality in the course of their work. Suspected misconduct behaviour such as fraud, bribery, or corruption can be reported through established reporting channels.

Community

As a retail group deeply rooted in the community, we recognise our important role in promoting sustainable social development. We consistently uphold the principle of balancing enterprise growth with social responsibility, committed to building mutually beneficial relationships with the communities where we operate, to jointly create and share value.

Our community engagement strategy is strategically designed to foster positive impact across various segments of society. This commitment is realized through a comprehensive approach that includes:

- ***Youth Development and Education:*** Actively supporting children's well-being through child sponsorship programs and the donation of educational resources to primary schools.
- ***Elderly Welfare and Companionship:*** Providing companionship and practical assistance to seniors by volunteering at local nursing homes.
- ***Community Support:*** Distributing provisions like rice and canned goods to vulnerable households.

We encourage our employees to actively engage in public welfare, giving back to society through practical actions like volunteer services, and provide necessary support and platforms for this.

LEGAL PROCEEDINGS

From time to time we have been, and may in the future be occasionally, involved in legal proceedings or disputes in the ordinary course of business that are common for our industry, including minor employment disputes, customer complaints regarding product quality, enquiries or complaint letters from brand owners or authorised distributors and contract disputes with our suppliers or service providers. During the Track Record Period and up to the Latest Practicable Date, none of our Company or any other members of our Group were engaged in any claims or litigation or arbitration proceedings of material importance and no litigation, claim or arbitration proceeding of material importance is known to our Directors to be pending or threatened against any member of our Group, and our Directors are of the view that none of the litigation claims or disputes involving our Group is material to our Group.

Each of our Directors has also confirmed that he/she was not personally involved, whether collectively or individually, in any of the above claims.

No provision for litigation claims

In relation to the employees' compensation claims and third-party public liability claims received by our Group, having considered (i) the nature and the degree of injuries of the incidents; and (ii) the coverage of our insurance policies, our Directors consider that no provision for contingent liabilities in respect of current, pending and potential litigations is necessary.

Indemnity given by our Controlling Shareholders

Our Controlling Shareholders have entered into the Deed of Indemnity whereby our Controlling Shareholders have agreed to indemnify our Group, subject to the terms of the Deed of Indemnity, in respect of all liabilities and penalties which may arise as a result of any outstanding and potential litigations and claims of our Group on or before the date on which the Global Offering becomes unconditional. Please refer to the paragraph "Other Information — 12. Estate duty, tax and other indemnities" in Appendix V to this prospectus for details.

NON-COMPLIANCES AND ENQUIRIES FROM GOVERNMENT AUTHORITIES

Our Directors confirm that, and advised by our Hong Kong Legal Counsel, during the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that had led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. Given the comprehensive internal control system which we have implemented to ensure our compliance with relevant laws and regulations in all material respects of our business, our Directors confirm, and our Hong Kong Legal Counsel concurs, that none of the non-compliance incidents are systemic in nature.

Undesirable Medical Advertisements Ordinance

During the Track Record Period and up to the Latest Practicable Date, we received a total of five warning letters issued by the Department of Health ("**DoH**") against four of our subsidiaries for potential non-compliance with the Undesirable Medical Advertisements Ordinance (Cap. 231) ("**UMAO**").

The warning letters did not specify or obligate any action or rectification steps required to be taken by us, but the relevant subsidiaries of our Group were warned that prosecution proceedings might be instituted against them if wordings which might potentially contravene applicable labelling and advertising restrictions under the UMAO continued to be displayed on the packing of the relevant products of which, none of them is our private label products. As at the Latest Practicable Date, four of the five warning letters, namely the warning letters issued on 22 March 2023, 12 December 2024, 17 December 2024 and 19 June 2025, respectively, were already time-barred for prosecution pursuant to Section 26 of the Magistrates Ordinance (Cap. 227). Nevertheless the products in question mentioned in the aforesaid time-barred warning letters were already removed from all store outlets. As advised by our Hong Kong Legal Counsel, the remaining warning letter issued on 11 December 2025 would be time-barred for prosecution against the relevant subsidiary in respect of the matters relating to UMAO contravention as specified therein on 10 June 2026, being six months after the issuance of the said warning letter pursuant to Section 26 of the Magistrates Ordinance. Regarding the warning letter issued on 11 December 2025, the relevant advertisement featured a blood circulation medication product with a caption appearing on the product packing which the DoH considered such wording may have contravened Section 3(1) and/or Section 3B(1) of the UMAO. Our Directors confirmed that the product in question was removed from all store outlets. No prosecution or follow-up enforcement action by the Department of Health had taken place during the Track Record Period and up to the Latest Practicable Date.

Our Directors believe that these incidents were due to the inadvertent oversight in the course of our product labelling checks by our marketing staff. No charge had been laid against and no penalty has been imposed on us in respect of the above suspected contraventions during the Track Record Period and up to the Latest Practicable Date. In light of the fact that four of such cases had been time-barred for prosecution and no charge had been laid by the relevant authorities against our Group in respect of the case which was not yet time-barred, our Hong Kong Legal Counsel advised that the risk that our Group will be subject to any penalty (a maximum fine is HK$100,000) under the UMAO is remote.

We have adopted the following internal control measures in order to prevent the recurrence of similar non-compliance incidents, including:

(i) the adoption of compliance guidelines to provide specific guidance to staff members on product labelling and advertisements to ensure compliance with relevant laws and regulations, including the UMAO;

(ii) our marketing team review all marketing materials against internal guidelines to ensure compliance with the relevant requirements under the laws of Hong Kong before publication. Our marketing manager is responsible for reviewing and approving all marketing and advertising materials before their launch publication;

(iii) we have distributed relevant training materials to our management and marketing teams where they were given an overview on the applicable laws and regulations of Hong Kong relating to product advertising within the context of UMAO. We will arrange trainings to be provided by appropriate accredited institution to reinforce our management team's and marketing team's awareness on applicable Hong Kong laws and regulations, especially in respect of the UMAO;

(iv) implement regular training sessions to educate employees about compliance requirements relating to advertising regulations and laws, especially the UMAO; and

(v) we will consult relevant governing authorities and our external legal advisers for guidance and advice in case of any uncertainties or queries regarding compliance matters related to product labelling and advertising.

Consumer Goods Safety Ordinance

During the Track Record Period and up to the Latest Practicable Date, we received one warning letter issued by the Customs and Excise Department ("**C&ED**") for non-compliance with the Consumer Goods Safety Ordinance (Cap. 456) ("**CGSO**") in relation to supplying goods that did not comply with the bilingual safety labelling requirement as specified in Section 2(1) of the Consumer Goods Safety Regulations made under the CGSO. Due to our inadvertent oversight, we had omitted to affix a warning or caution label with respect to the safe keeping, use, consumption or disposal in both the English and the Chinese language on the packing of certain products. As advised by our Hong Kong Legal Counsel, C&ED stated in the warning letter that they had decided not to take prosecution action but to serve a written warning for the relevant non-compliance. This incident of non-compliance was rectified immediately with no material adverse effect on our business or operations. Our Directors believe that this incident was caused by inadvertent oversight. Any prosecution of this incident has been time-barred as at the Latest Practicable Date.

We have adopted the following internal control measures in order to prevent the recurrence of similar non-compliance incidents, including:

(i) the adoption compliance guidelines to provide specific guidance to staff members on product labelling and advertisements to ensure compliance with relevant laws and regulations;

(ii) our senior management responsible for procurement supervise and monitor our product labelling work performed at our warehouse to ensure compliance with the relevant requirements under the laws of Hong Kong, especially the CGSO, before such products are available for purchase at our retail stores or on our online e-commerce platforms;

(iii) our procurement team has strengthened the inspection process of all products upon delivery at our warehouse, with particular attention to product labels appearing on the packing of the products, and will apply additional tailored labels onto products in compliance with CGSO where necessary;

(iv) we have distributed relevant training materials to our management and procurement teams in which they were given an overview on the applicable laws and regulations on laws of Hong Kong relating to product labelling. We will arrange trainings to be provided by appropriate accredited institution to reinforce our management team's and procurement team's awareness on applicable Hong Kong laws and regulations, especially in respect of the CGSO; and

(v) we will consult relevant governing authorities and our external legal advisers for guidance and advice in case of any uncertainties or queries regarding compliance matters related to product labelling.

Having considered (i) the nature of the relevant claims, (ii) the potential liability exposure with regards to the disputes, and (iii) the fact that all such employees' compensation claims and third-party liability claims have been/are expected to be fully covered by the insurance policy taken out by our Group, our Directors considered the impact of such claims would be immaterial.

Food and Drugs (Composition and Labelling) Regulations

During the Track Record Period and up to the Latest Practicable Date, we had contravened the Food and Drugs (Composition and Labelling) Regulations (Cap. 132W) in relation to pre-packaged food not properly labelled on three occasions and had been fined between HK$2,700 to HK$3,500 for these contraventions. As at the Latest Practicable Date, we had one outstanding case in relation to pre-packaged food not properly labelled under the Food and Drugs (Composition and Labelling) Regulations (Cap. 132W). As confirmed by our Directors and according to records retrieved from the Centre of Food Safety, we had ceased the sales of the products in question in the four cases aforementioned. We have adopted internal control measures in relation to the packaging and labeling of the products in order to avoid similar incidents, please refer to the paragraph headed "Quality Control — Quality Control of Products and Product Labelling" for further details.

Inspections and Enquiries

Our retail stores are subject to regular inspections by various government departments including the Department of Health ("**DoH**"), Food and Environmental Hygiene Department, Customs and Excise Department ("**C&ED**") and Centre for Food Safety in relation to products sold by us. During the Track Record Period and up to the Latest Practicable Date, we had received certain enquiries from the relevant authorities:

- In June 2025, one of our retail stores was contacted by C&ED concerning a complaint by a consumer to the C&ED for inconsistency of price on invoice and price tag. The C&ED interviewed one of our staff members subsequently. As at the Latest Practicable Date, the matter remained at the enquiry stage with no charge, penalty or enforcement action taken to date. As advised by our Hong Kong Legal Counsel, based on the current status and nature of the enquiry, there is no indication of material regulatory risk arising from this incident.

- In December 2023, there were two instances where C&ED officers seized certain skincare products from one of our retail stores, alleging that the parallel-imported product labels differed from the official Hong Kong version as the Chinese version of the caution label was omitted from the packing due to the Group's inadvertent oversight. After investigation, both cases were closed in December 2024 and March 2025, respectively, and the seized goods were released and returned to us without further action.

- In November 2023, one of our retail stores was contacted by the C&ED concerning discrepancies found on the product label of certain fish oil products and the official information held by the DoH. The matter related to a private label product where our OEM supplier applied a label with a misspelling error on the packing. The case resulted in a verbal warning issued by the C&ED against the Group, after which the C&ED took no further action.

- In July 2023, officers of the C&ED seized certain medicated oil from bearing suspected forged trademark from us and arrested certain employees of our Group. Following the investigation, all arrested employees were released and their bail monies were returned. No further action has been taken against the employees or our Group. As advised by our Hong Kong Legal Counsel, the matter appears to have concluded as at the Latest Practicable Date without any prosecution or ongoing regulatory concern.

The Directors confirmed that none of the above enquiries from the relevant authorities concluded that any of the products were unauthentic or required the cessation of sales of any product.

During the Track Record Period, we received various complaints referred to us from the Consumer Council regarding authenticity of our products:

- In June 2025, we received a complaint lodged by a customer alleging that certain skincare product purchased from us caused skin allergy. Upon investigation, we verified that the product in question was an authentic product procured from a supplier other than an Official Channel Supplier. We conducted a further inspection on the batch of products in question and found no quality issues. We duly responded by denying the allegation and confirming that the relevant products were of normal quality and genuine. No further action was taken by the Consumer Council.

- In March 2025, we received a complaint lodged by a customer alleging that a certain health supplement product purchased from us were not the same as the genuine products. Based on photos of the alleged products provided with the complaint, we noted that the product in question was a product by another brand and did not raise authenticity concerns. Despite our request for further information, no response was received from the Consumer Council or the said customer. No further action was taken by the Consumer Council.

- In March 2025, we received a complaint lodged by a customer alleging that a certain skin care product purchased from us carried an odor. Based on the batch number provided by the customer, we verified that the product in question was procured from a supplier other than an Official Channel Supplier and of the same version as those available at authorized dealers' retail outlets in Hong Kong. We conducted a further inspection on the batch of products in question and found no quality issues. We duly responded by explaining our refusal to offer return or refund as there was no quality issue associated with the product. No further action was taken by the Consumer Council.

- In August 2024, we received a complaint lodged by a customer alleging that certain skincare product purchased from us were not genuine and had expired. We provided proof of authorized distributorship and verified our procurement record that the batch of product in question was supplied to us adequately before the expiry date. We duly responded by denying the allegations and confirming that the relevant products were compliant with Hong Kong laws and had not expired by the time of purchase. No follow-up action was taken by the Consumer Council thereafter.

As advised by our Hong Kong Legal Counsel, as of the Latest Practicable Date, the above matters appeared to have been concluded without any prosecution, regulatory enquiry, or ongoing concern.

LICENCES AND PERMITS

Our Directors confirm that we had obtained all necessary material licences for our business operation in Hong Kong, thus being in compliance with relevant laws and regulations as at the Latest Practicable Date. Our Directors confirm that our Group did not experience any material difficulties in obtaining and/or renewing such licences. Further, our Directors are not aware of any circumstances that would significantly hinder or delay the renewal of such licences upon their expiration. Therefore, our Directors do not foresee any major difficulties in compliance with such licencing requirements that would cause material impacts on our Group's operations and business.

The table below sets forth the details of the licences obtained by our Group that are material to our operation and business as at the Latest Practicable Date:

Type of licence	Number of licences and their remaining period of validity from the Latest Practicable Date	
	Within one year	More than one year
Listed Sellers of Poisons	8 (Note 1)	—
Authorised Seller of Poisons Licence	15 (Note 2)	—
Pesticides Licence	30	—
Permit to sell frozen confections (other than soft ice cream)	1	—
Wholesaler Licence in Proprietary Chinese Medicines	—	1
Wholesale Dealer's Licence to Supply Dangerous Drugs (Part II)	1	—
Wholesale Dealer Licence	1	—
Antibiotics Permit (To Deal in Substances and Preparations to Which the Antibiotics Ordinance applies)	1	—
Certificate of Drug/Product Registration	7	—
Import/Supply of Part I Registered Pesticides Licence	1	—
Food Importer/Distributor Registration	—	2
Import & Export Licence for Liquor issued by the C&ED pursuant to the Dutiable Commodities Ordinance	1	—
Certificate of Registration (Ordinary Registered Supplier) issued by the Environmental Protection Department in accordance with the Product Eco-responsibility (Regulated Articles) Regulation (Cap. 603C) concerning container recycling levy	1	—

Note 1: As at the Latest Practicable Date, six subsidiaries were in the process of applying for Listed Sellers of Poisons ("**LSP**") Licence. According to our Hong Kong Legal Counsel, there appears to be no legal impediment or known compliance issue that would adversely affect the grant of these LSP Licences to the subsidiaries and the LSP Licences are expected to be issued in the second quarter of 2026.

Note 2: As at the Latest Practicable Date, two subsidiaries were in the process of applying for Authorised Seller of Poisons ("**ASP**") Licence. According to our Hong Kong Legal Counsel, there appears to be no legal impediment or known compliance issue that would adversely affect the grant of these ASP Licences to the subsidiaries and the ASP Licenses are expected to be issued in the second quarter of 2026.

Note 3: For the licences which bear validity within one year, the relevant governing authorities notify our Group to start renewal around 3 months prior to expiry. Our Group would then complete the relevant renewal documentations. During the Track Record Period till the Latest Practicable Date, our Group has not encountered any legal or practical impediments in the renewal.

Note 4: According to our Hong Kong Legal Counsel, Certificate of Registration of Premises under **Section 13 of the PPO** for registration of the premises to conduct retail sale of controlled medicines as an Authorized Seller of Poisons ("**ASP**") (referred to by the Group as "**Part I & II Licence**") and Listed Sellers of Poisons ("**LSP**") (referred to by the Group as "**Part II Licence**") are the two common certificates for sale of regulated pharmaceutical products in Hong Kong. Both licenses are issued by the Drug Office of the Department of Health ("**DoH**").

For pharmaceutical products containing Part 1 poisons, they can only be sold in ASP in the presence and under the supervision of registered pharmacist. For pharmaceutical products that contain Part 2 poisons are referred as Over-The-Counter medicines ("**OTC**") which can be sold in ASP and LSP. For pharmaceutical products that do not contain any poisons can be sold in any retail shops.

Only an ASP can sell prescription medicines under the authority of a prescription with the supervision of a pharmacist. At these premises, a pharmacist will be on duty at specified hours and it is allowed to use or display the "Rx" logo . For LSP, there is no requirement for pharmacists to be on duty. They cannot sell pharmaceutical products containing Part 1 poisons, including prescription medicines and are prohibited from using or displaying the "Rx" logo. Nevertheless, they are authorised to sell medicines that are non-poisons or Part 2 poisons, such as general cold and flu medications.

We will apply to renew the relevant licenses when they are due to expire, and our Directors, as advised by our Hong Kong Legal Counsel, are not aware of and do not foresee any legal impediment to renew such licenses when they expire.

Compliance with regulations regarding prescribed drugs

Some of our prescribed drug products are subject to specific governmental regulatory requirements in Hong Kong, such as recording and registration. Our Group has in place a strict set of pharmacy supervision procedures regarding such specific drug products. In any event, the sales of these specific drug products only accounts for a small portion of our Group's business volume with limited impact on our overall operations and profitability. During the Track Record Period and up to the Latest Practicable Date, based on the best knowledge of our Directors and as advised by our Hong Kong Legal Counsel after due enquiry, all pharmaceutical products we sold that required registration with the Pharmacy and Poisons Board of Hong Kong had been registered as required.

INTELLECTUAL PROPERTY

We operate our business and our retail stores under our brands "Lung Fung (龍豐)" ( ), "Lung Fung Mall (龍豐Mall) ( )" and "Lung Fung Cosmetic" ("龍豐藥粧") ( ) in Hong Kong. As at the Latest Practicable Date, we had registered trademarks in Hong Kong, the PRC, Macao, India, Switzerland, Japan, Australia, New Zealand, Canada, the United States, South Korea, Taiwan, the United Kingdom, Vietnam, Cambodia, the European Union, Singapore, Malaysia, Thailand, Indonesia. We have registered trademarks in the PRC for the purpose of protecting our goodwill and reputation among potential PRC customers who may visit our retail stores in Hong Kong. We typically register trademarks in the countries where our private label products were manufactured. As at the Latest Practicable Date, our Group had registered various domain names.

For details of the intellectual property rights which are material to our Group's business, please refer to the paragraph headed "Appendix V — Statutory and General Information — B. Further Information About Our Business — 2. Our material intellectual property rights" in this prospectus.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we were not aware of any material infringement (i) by us of any intellectual property rights owned by third parties; or (ii) by any third parties of any intellectual property rights owned by us, and there were no disputes or infringements in connection with our intellectual property rights pending or threatened against our Group which could have a material adverse effect on our operations or financial performance, and we had not been involved in any material proceedings, disputes or claims in relation to infringement of any intellectual property rights.

AWARDS AND RECOGNITION

We have earned numerous awards and recognitions throughout our operating history, which we attribute to the reputation of our Group and the quality and range of our products. For example, we were recognized as a "Popular Cosmeceutical Store" ("人氣藥妝") in the "01 Quality Life Brand and Service Awards 2023" and were awarded "Favourite Parent-Child Cosmeceutical Store" ("最愛親子藥妝") in the "01 Parent-Child Favourite Life Brand Awards 2023" by online media HK01 in 2023. These awards serve to validate our customers' trust and recognition of our brand and demonstrate our commitment to quality service.

CHARITY AND CORPORATE SOCIAL RESPONSIBILITY

We attach great importance to corporate social responsibility and participates in many charitable initiatives. Throughout the years, we have sponsored or participated in the following charitable or ESG activities:

- We sponsored the 2025 Youth Inclusion 3x3 Basketball Open Championship organized by WeCharity;
- We were a partner of Plan International Hong Kong in 2023 and 2024;
- We donated mooncakes to Hong Kong Family Welfare Society in 2024;
- We organized "Rice Distribution for Charity" (派發平安米) in Hong Kong in 2024 where we gave away 1000 sets of rice packs and luncheon meat to elderlies in Sheung Shui area;
- We participated in voluntary work at an elderly home managed by Hong Kong Buddhist Association in 2024;
- We donated thermal bottles to an elderly home managed by Tung Wah Group of Hospitals in 2023; and
- We supported Cheerful Masks Act campaign organized by H.K. Rehabilitation Power in 2020.

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Global Offering and Capitalisation Issue (assuming the Over-allotment Option is not exercised), TTK Holding will hold 75% of the Company. TTK Holding is an investment holding company owned by Mr. Tse, Mrs. Tse and Ms. Tse as to 97.29%, 2.70% and 0.01%, respectively. As such, TTK Holding, Mr. Tse, Mrs. Tse and Ms. Tse will be the controlling shareholders of the Company and will continue to hold a controlling interest in our Company upon completion of the Global Offering and the Capitalisation Issue. Details of the background of our Mr. Tse and Ms. Tse are set out in the section headed "Directors and Senior Management" in this prospectus.

During the Track Record Period, save as disclosed in this prospectus, we did not have any business dealings with the other companies associated with or controlled by our Controlling Shareholders and there was no overlapping business between our Group and our Controlling Shareholders.

As at the Latest Practicable Date, our Controlling Shareholders confirmed that, apart from the business operated by us, they and their respective close associates and/or companies controlled by them do not hold or conduct any business which competes, or is likely to compete, either directly or indirectly, with our business, and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors do not expect that there will be any significant transactions between our Group and our Controlling Shareholders upon or shortly after the Listing, other than those set out in the subsection headed "— Operational Independence" below in this section. We are capable of carrying on our business independently from and does not place undue reliance on our Controlling Shareholders, taking into consideration the following factors:

Management independence

Our Board comprises two executive Directors and three independent non-executive Directors. Mr. Tse and Ms. Tse are our executive Directors and each of them is a Controlling Shareholder. Having considered the following factors, our Directors consider that our management is capable of operating independently free from the Controlling Shareholders after the Listing:

(a) each of our Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest;

(b) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between us and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum unless otherwise permitted by the Articles;

(c) we have established internal control procedures independent from our Controlling Shareholders to facilitate the effective operation of our business activities;

(d) all our licences which are material to the operation of our Group are held by our subsidiaries instead of our Controlling Shareholders;

(e) save as disclosed in the section "Directors and Senior management" in this prospectus, our senior management members are independent from our Controlling Shareholders and are responsible for our daily operations in relation to finance, sales and marketing, procurement and operations; and

(f) our independent non-executive Directors have sufficient knowledge, experience and competence, and will bring independent judgment to the decision making process of our Board, taking into account the advice of our senior management.

During the Track Record Period, certain entities controlled by our Controlling Shareholders entered into related party transactions with our Group in the ordinary course of our business. Such related party transactions are disclosed in Note 35 to the Accountants' Report set out as Appendix I to this prospectus.

Our Directors confirm that, there will not be any other continuing connected transactions with our Controlling Shareholders immediately after the Listing other than fully exempted de minimis transactions under Rule 14A.76 of the Listing Rules.

Financial independence

During the Track Record Period, Mr. Tse provided guarantees and granted mortgages over his properties as security (the "**Founder's Guarantees**") for certain loans lent to our Group (the "**Founder's Guaranteed Loans**") with maturity dates up to July 2040. The Founder's Guaranteed Loans were utilised in our ordinary course of business. As at 31 March 2026, the amount of the Founder's Guaranteed Loans was approximately HK$532.7 million. The Founder's Guarantees are on normal commercial terms and are not secured by any assets of our Group, therefore they are fully exempted connected transactions in accordance with rule 14A.90 of the Listing Rules.

We intend to release the personal guarantee in the Founder's Guaranteed Loans upon Listing and replace with corporate guarantee of Lung Fung Group Holdings Limited upon listing, and we are in the process of discussing with the relevant lending banks in relation thereto. As at the Latest Practicable Date, we have obtained consent from all the relevant lending banks and were in the process of finalising the documents for execution, which would be completed upon the Listing. With the replacement of the personal guarantee by the corporate guarantee, our Directors are of the view that our Group will be able to secure loans at comparable terms and secure alternative credit line facilities without the assistance, guarantee or security from the Controlling Shareholders.

Notwithstanding the existence of the Founder's Guaranteed Loans, our Directors are of the view that we are financially independent of our Controlling Shareholders and/or their close associates for the following reasons:

(1) we have sufficient capital to operate our business independently. As at 31 March 2026, our cash and cash equivalents amounted to approximately HK$74.0 million. We are capable of obtaining, if necessary, financing from Independent Third Parties banks without relying on any guarantee or security provided by our Controlling Shareholders and/or their close associates. In particular, as at the Latest Practicable Date, several independent third-party commercial banks confirmed they were willing to provide our Group in aggregate HK$714.9 million credit line facilities, without any assistance, guarantee or security from our Controlling Shareholders, subject to regulatory requirements, negotiation of the detailed terms and the customary credit policies of such banks. As at the Latest Practicable Date, we have obtained indication and agreed the terms with the banks in relation to the provision of

credit line facilities. We were in the process of finalising the loan documents, which would be completed before the Listing. Having considered the financial status and business development of our Group, our Company considers that it can obtain the credit line facilities on comparable terms as the existing loans obtained by our Group. Such loans from independent third-party commercial banks can be used as our working capital, and are sufficient to cover the Founders' Guarantees; and

(2) we have an independent financial system and make financial decisions according to our Group's own business needs independently. We have internal control and accounting systems and a finance department which can make financial decisions independently. None of our Controlling Shareholders and/or their close associates interferes with our use of funds. We have also established an audit committee comprising three independent non-executive Directors in compliance with Rule 3.21 of the Listing Rules.

Operational independence

We are capable of making business decisions independently. On the basis of the following factors, our Directors believe that we will continue to operate independently from our Controlling Shareholders and companies controlled by our Controlling Shareholders:

(a) we have established a set of internal control measures to facilitate the effective operations of our business;

(b) we have our own administrative and corporate governance infrastructure across each of our core functions;

(c) our customers are primarily retail customers from the general public and our suppliers are all independent from our Controlling Shareholders and we do not rely on our Controlling Shareholders or their respective close associates for any access to suppliers and customers;

(d) we have an independent management team to handle our day-to-day operations; and

(e) we are in possession of all relevant licences and workforce necessary to carry on and operate our business independent from the Controlling Shareholders and their associates.

As at the Latest Practicable Date, (i) our headquarters and warehouse in Fanling, three retail stores and two staff quarters were leased from various entities controlled by Mr. Tse, our executive Director, chairman of our Board, chief executive officer and one of our Controlling Shareholders; and (ii) one staff quarter was leased from Mrs. Tse, one of our Controlling Shareholders. For further details, please see "Connection Transactions" in this prospectus.

Given that (i) the Property Leasing Agreements are on normal commercial terms or better after arm's-length negotiations, and (ii) even if Mr. Tse and/or Mrs. Tse terminates such agreements, the interruption to our operations would be mitigated by our ability to secure alternative leases in the market and our Directors believe that there should be no material obstacles for our Group to find alternative leases in the market at comparable terms and prices based on the present market conditions, and the lease of properties from Mr. Tse and/or Mrs. Tse does not affect our operational independence.

Based on the above, our Directors are of the view that our Group can operate independently of our Controlling Shareholders and their close associates upon Listing.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code set out in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance. We recognise the importance of good corporate governance in the protection of our Shareholders' interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders:

(a) in preparation for the Listing, our Company has conditionally adopted our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provide that, except for certain exceptions permitted under the Articles, a Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which such Director or any of his/her close associates is materially interested;

(b) we are committed that our Board should include a balanced composition of executive and independent non-executive Directors. We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business and/or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial and external opinion to protect the interests of our public Shareholders. For details of our independent non-executive Directors, please see "Directors and Senior Management — Board of Directors" in this prospectus;

(c) we have appointed DBS Asia Capital Limited as our compliance adviser, which will provide advice and guidance to us with respect to compliance with the applicable laws and the Listing Rules, including but not limited to various requirements relating to Directors' duties and internal controls;

(d) the management structure of our Group includes an audit committee, a remuneration committee and a nomination committee, the terms of reference of each of which will require them to be alert to prospective conflict of interest and to formulate their proposals accordingly; and

(e) our Directors, including our independent non-executive Directors, will be able to seek independent professional advice from external parties in appropriate circumstances at our Company's costs.

Save as disclosed in this prospectus, our Company is expected to comply with the provisions of the Corporate Governance Code set out in Appendix C1 to the Listing Rules which sets out principles of good corporate governance in relation to, among others, Directors, chief executive, Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communication with our Shareholders. Our Company will state in our interim and annual reports whether we have compiled with such code, and will provide details of, and reasons for, any deviation from it in the corporate governance reports attached to our annual reports.

CONNECTED PERSONS

The following parties, with which our Group has entered into the Property Leasing Agreements (as defined below) in the ordinary and usual course of business, will become our connected persons:

Mr. Tse	our executive Director, chairman of our Board, chief executive officer and one of our Controlling Shareholders
Mrs. Tse	the spouse of Mr. Tse, our executive Director, chairman of our Board, chief executive officer and one of our Controlling Shareholders
Huge Max (Hong Kong) Limited	a company wholly owned by Mr. Tse and therefore, is an associate of Mr. Tse and our connected person.
Huge Max Development Limited	a company wholly owned by Mr. Tse and therefore, is an associate of Mr. Tse and our connected person.
Max Profit Investment (Holdings) Limited	a company wholly owned by Mr. Tse and therefore, is an associate of Mr. Tse and our connected person.
Lung Fung International Trading Limited	a company owned by Mr. Tse and Ms. Tse as to 90% and 10%, respectively, and therefore, is an associate of Mr. Tse and our connected person.
Full Group Corporation Limited	a company wholly owned by Mr. Tse and therefore, is an associate of Mr. Tse and our connected person.

ONE-OFF CONNECTED TRANSACTIONS

Property leasing agreements

As at the Latest Practicable Date, (i) our headquarters and warehouse in Fanling, three retail stores and two staff quarters were leased from various entities controlled by Mr. Tse, our executive Director, chairman of our Board, chief executive officer and one of our Controlling Shareholders; and (ii) one staff quarter was leased from Mrs. Tse, one of our Controlling Shareholders (collectively, the "**Premises leased from Connected Persons**").

Details of the property leasing agreements in relation to Premises leased from Connected Persons (the "**Property Leasing Agreements**") subsisting as at the Latest Practicable Date are set out below:

Headquarters and warehouse

	Property	Date of agreement	Lessor	Lessee	Term of the lease	Location of the Premises	Use	Approximate GFA *(sq. ft.)*	Monthly rent *(HK$)*
1.	Our headquarters and warehouse	21 February 2025	Huge Max (Hong Kong) Limited	LFP	10 February 2025 to 9 February 2027	Room G01, Lung Fung Group Centre, No. 23 Yip Cheong Street, Fanling, New Territories	Warehouse	4,252.0	82,000
		9 April 2025	Huge Max (Hong Kong) Limited	LFP	1 April 2025 to 31 March 2027	Room G02, Lung Fung Group Centre, No. 23 Yip Cheong Street, Fanling, New Territories	Warehouse	1,600.0	5,000
		27 March 2026	Huge Max (Hong Kong) Limited	LFP	1 April 2026 to 31 March 2028	1/F, Lung Fung Group Centre, No. 23 Yip Cheong Street, Fanling, New Territories	Warehouse	28,226.0	316,100
		27 March 2026	Huge Max (Hong Kong) Limited	LFP	1 April 2026 to 31 March 2028	Room 201, Lung Fung Group Centre, No. 23 Yip Cheong Street, Fanling, New Territories	Warehouse	12,832.0	135,000
		27 March 2026	Huge Max (Hong Kong) Limited	LFP	1 April 2026 to 31 March 2028	3/F, Lung Fung Group Centre, No. 23 Yip Cheong Street, Fanling, New Territories	Warehouse	28,226.0	296,373
		27 March 2026	Huge Max (Hong Kong) Limited	LFP and Top Harvest Pharmaceuticals Company Limited	1 April 2026 to 31 March 2028	4/F, Lung Fung Group Centre, No. 23 Yip Cheong Street, Fanling, New Territories	Warehouse	28,226.0	282,370
		27 March 2026	Huge Max (Hong Kong) Limited	LFP	1 April 2026 to 31 March 2028	5/F, Lung Fung Group Centre, No. 23 Yip Cheong Street, Fanling, New Territories	Office and Warehouse	28,226.0	248,400
							Total:	**131,588**	**1,365,243**

Retail stores

	Retail store	Date of agreement	Lessor	Lessee	Term of the lease	Location of the Premises	Use	Approximate UFA (sq. ft.)	Monthly rent (HK$)
1.	Lung Fung Pop Up (Kwun Tong)	20 March 2025	Huge Max Development Limited	LFP	20 March 2025 to 19 March 2027	Unit 2 of Workshop on Ground Floor, Camelpaint Buildings Block III, No.60 Hoi Yuen Road, Kowloon	Retail	1,000.0	200,000
		21 January 2025	Huge Max Development Limited	LFP	20 January 2025 to 20 January 2027	Unit 3 of Workshop on Ground Floor and Store on the Cockloft, Camelpaint Buildings Block III, No.60 Hoi Yuen Road, Kowloon		1,300.0	220,000
							Total:	**2,300.0**	**420,000**
2.	Lung Fung Cosmetic	23 March 2026	Max Profit Investment (Holdings) Limited	Well Harvest (China) Limited	1 April 2026 to 31 March 2029	Shop A, B, C & D, G/F., No. 66, San Hong Street, Sheung Shui, New Territories	Retail	**2,244.0**	**300,000**
3.	Lung Fung Mall (San Fung Avenue store)	23 March 2026	Lung Fung International Trading Limited	Lung Fung Dispensary (3rd store) Limited	1 April 2026 to 31 March 2029	G/F. and cockloft, Shop A, 113–119 San Fung Avenue, Sheung Shui, New Territories	Retail	880.0	168,000
		23 March 2026	Max Profit Investment (Holdings) Limited	Lung Fung Dispensary (3rd store) Limited	1 April 2026 to 31 March 2029	G/F. and cockloft, Shop B, 113–119 San Fung Avenue, Sheung Shui, New Territories		905.0	168,000
		23 March 2026	Lung Fung International Trading Limited	Lung Fung Dispensary (3rd store) Limited	1 April 2026 to 31 March 2029	G/F., Shop E3, 113–119 San Fung Avenue, Sheung Shui, New Territories		280.0	30,000
							Total:	**2,065.0**	**366,000**

Staff quarters

	Property	Date of agreement	Lessor	Lessee	Term of the lease	Location of the Premises	Use	Approximate GFA (sq. ft.)	Monthly rent (HK$)
1.	Staff quarter	27 September 2024	Full Group Corporation Limited	LFP	1 October 2024 to 30 September 2026	No.68 San Uk Tsuen, Lung Yeuk Tau, Fanling, New Territories	Residential	**1,975.0**	**40,000**
2.	Staff quarter	1 August 2025	Mrs. Tse	LFP	1 August 2025 to 31 July 2026	Flat A, 2/F., San Fung House, No.113–119 San Fung Avenue, Sheung Shui, New Territories	Residential	**415.0**	**10,000**
3.	Staff quarter	16 October 2024	Max Profit Investment (Holdings) Limited	LFP	16 October 2024 to 15 October 2026	1/F., No.66 San Hong Street, Sheung Shui, New Territories	Residential	**1,029.0**	**20,000**

The terms under the Property Leasing Agreements were determined after arm's length between the parties to the Property Leasing Agreements, following their arm's length negotiations with reference to market prices of comparable properties of similar conditions in the vicinity. Our Directors are of the view that the Property Leasing Agreements have been entered into on normal commercial terms or better.

Reasons and benefits of the transaction

Historically, our Group leased the premises from (i) the entities controlled by Mr. Tse as retail shop, office and warehouse and staff quarters (as the case may be); and (ii) Mrs. Tse as staff quarters, respectively. To avoid unnecessary costs associated with searching for new premises and engaging in prolonged negotiations with third-party property owners for lease agreements, our Group intends to continue with the leasing arrangements after the Listing.

In light of the foregoing, our Directors are of the view that the leasing arrangements are fair and reasonable and in the interests of our Shareholders as a whole. Notwithstanding the above, the Property Leasing Agreements do not affect our operational independence. For further details, please see "Relationship with Our Controlling Shareholders — Independence from Our Controlling Shareholders — Operational Independence" in this prospectus.

Accounting treatment and the Listing Rules implications

In accordance with HKFRS 16 "Leases" applicable to our Group and pursuant to the guidance issued by the Stock Exchange, when an issuer enters into a lease transaction as a lessee and where the lease is subject to an agreement with fixed terms, it is treated as a one-off transaction (i.e., an acquisition of capital assets). As such, the transactions under the Property Leasing Agreements will be recognised as acquisitions of right-of-use assets and constitute one-off transactions of our Company before the Listing and will not be classified as continuing connected transactions under Chapter 14A of the Listing Rules. Accordingly, the reporting, annual review, announcement, circular and independent shareholders' approval requirements with regard to continuing connected transactions in Chapter 14A of the Listing Rules will not be applicable to the Property Leasing Agreements.

The balance of the lease liabilities in relation to the Premises leased from the Connected Persons according to HKFRS 16 as at 30 November 2025 amounted to approximately HK$14.0 million.

BOARD OF DIRECTORS

Our Board currently consists of five Directors, comprising two executive Directors and three independent non-executive Directors. The duties and powers conferred on our Board include, among other matters, performing corporate governance duties, convening Shareholders' meetings and reporting to Shareholders, implementing Shareholders' resolutions, formulating our Company's business plans and investment plans, formulating our Company's annual budget and final accounts, formulating our Company's proposals for profit distributions and recovery of losses, formulating our Company's proposals for the increase or reduction of registered capital; and exercising other duties and powers as conferred by the Articles of Association.

Our Board is responsible for and has general powers for the management and conduct of our business.

The following table sets forth certain information regarding the members of our Board:

Name	Age	Position(s)	Date of Joining our Group	Date of Appointment as our Director	Roles and Responsibilities	Relationship with Other Directors or Senior Management Members
Executive Directors						
Mr. Tse Siu Hoi (謝少海)	58	Executive Director, chairman of the Board and chief executive officer	October 1992	October 2025	Responsible for overall management and operations, strategic planning and business development of our Group	Father of Ms. Tse; Brother-in-law of Mr. Chan Wai Kong
Ms. Tse Chui Ying (謝翠瑩)	31	Executive Director	July 2019	October 2025	Responsible for business and supply chain operations, and product development of our Group	Daughter of Mr. Tse and niece of Mr. Chan Wai Kong
Independent non-executive Directors						
Mr. Chu Woon Ming (朱煥明)	80	Independent non-executive Director	November 2025	November 2025	Responsible for overseeing the management of our Group independently	None
Mr. Yau Sheung Yu (尤向宇)	61	Independent non-executive Director	November 2025	November 2025	Responsible for overseeing the management of our Group independently	None
Ms. Woo Pui Yan Joyce (胡珮茵)	49	Independent non-executive Director	November 2025	November 2025	Responsible for overseeing the management of our Group independently	None

Executive Directors

Mr. Tse Siu Hoi (謝少海), aged 58, is the chairman of the Board and our chief executive officer and he was appointed as a Director in October 2025 and re-designated as an executive Director in November 2025. He is primarily responsible for our Group's overall corporate strategies, management and business development. He is also a member of Remuneration Committee. He has been the Managing Director of LFP since January 2008.

Mr. Tse founded our Group in 1992. Since then, Mr. Tse has been instrumental in our business expansion and has developed our Group from a small-scale operation of one local pharmacy in Sheung Shui, New Territories, into one of Hong Kong's largest pharmacy and cosmetics retail chains.

Mr. Tse has over 30 years of experience in the pharmacy industry. He also serves as a director of the following members of our Group:

- Top Harvest Pharmaceuticals Company Limited
- Tai Fung Medicine Company Limited
- San Fung Health Limited
- Pearl Lake Global Limited
- Lung Fung Pharmaceutical (Group) Limited
- Lung Fung Investment (Japan) Limited
- Lung Fung Investment (China) Ltd
- Lung Fung Dispensary (Main Store) Limited
- Lung Fung Dispensary (3rd Store) Limited
- Lucky Talent Corporation Limited
- Huge Harvest Trading Limited
- Grand Harvest Worldwide Limited
- Gain Ocean International Limited
- Forever Rising Worldwide Limited
- Fancy Mind Corporation Limited
- Dragon Mind Creation Limited
- Kidbrooke Group Limited
- Harvest Smart Holdings Limited

Apart from his position in our Group, Mr. Tse has also been serving as the Consultant of the Sheung Shui District Rural Committee since 2011. He is also the honorary president of the New Territories Chiu Chow Federation from 2017 until present. Before establishing his own pharmacy business and founding the Company, Mr. Tse received secondary school level of education and worked at a dispensary shop owned by his brother-in-law. Prior to that, Mr. Tse worked in the garment industry in the 1980s.

Mr. Tse is the father of Ms. Tse and the brother-in-law of Mr. Chan Wai Kong.

Ms. Tse Chui Ying (謝翠瑩), aged 31, was appointed as a Director in October 2025 and re-designated as an executive Director in November 2025. She is primarily responsible for business and supply chain operations, and product development of our Group. She is a member of our Nomination Committee.

Ms. Tse serves as a director of the following members of our Group:

- Well Harvest (China) Limited
- Pearl Lake Global Limited
- Master Grand Investment Limited
- Great Harvest Enterprise Limited
- Great Harvest Asia Investment Limited
- Grand Harvest Worldwide Limited

Ms. Tse obtained her bachelor's degree in Business and Management from Cardiff Metropolitan University in June 2019.

After obtaining her bachelor's degree from the University of Cardiff Metropolitan University, she returned to Hong Kong in 2019 to participate in the family retail business, serving as Assistant to the Managing Director of LFP. When she first joined the Group, she was involved in the development of OEM products, primarily focusing on skincare and personal care products. As she gained experience, Ms. Tse also assisted her father, Mr. Tse, in managing and coordinating daily departmental operations of our Group.

Ms. Tse is the daughter of Mr. Tse and the niece of Mr. Chan Wai Kong.

Independent non-executive Directors

Mr. Chu Woon Ming (朱煥明) ("Mr. Chu"), aged 80, was appointed as our independent non-executive Director in November 2025. He is responsible for overseeing the management of our Group independently. He is also the chairman of the Nomination Committee and a member of our Audit Committee and Remuneration Committee.

He dedicated a total of 40 years to the Hong Kong Judiciary, with his career beginning in January 1965, where he performed general clerical duties. He then served as Clerk to High Court Judges from February 1973 to July 1974, followed by his role as First Clerk at the Fanling Magistracy until June 1980. From June 1980 to September 1983, he was a Tribunal Officer at the Small Claims Tribunal, after which he worked as First Clerk at the San Po Kong Magistracy until July 1987. Mr. Chu also acted as a temporary special magistrate from time to time from July 1985 to September 1985. He then served as Deputy Clerk of Court at the Supreme Court from July 1987 to March 1991, followed by his role as Clerk of Court at the Supreme Court until September 1994. He was appointed Registrar of the District Court from September 1994 to July 1998 and then became the Principal Judiciary Clerk (Administration) to the Supreme Court from July 1998 to June 2001. He served as Acting Assistant Judicial Administrator (Quality) until his retirement in December 2004. Mr. Chu received his secondary school education in Hong Kong and matriculated in London through remote examination.

While Mr. Chu does not have industry-specific experience in beauty, health and pharmaceutical retail operations, we believe that Mr. Chu's vast experience in the legal field strengthens the Board's ability to assess and mitigate legal and regulatory risks, such as those arising from product liability, consumer complaints or regulatory enforcement actions and enhances the Board's awareness and gatekeeping ability to ensure compliance with legal and regulatory requirements governing the sale, labelling, storage and promotion of the Group's products.

Mr. Yau Sheung Yu (尤向宇) ("Mr. Yau"), aged 61, was appointed as our independent non-executive Director in November 2025. He is responsible for overseeing the management of our Group independently. He is also the chairman of our Remuneration Committee and a member of our Audit Committee and Nomination Committee.

Mr. Yau has more than 20 years of experience in commercial banking and financial services. Prior to joining our Group, Mr. Yau worked at Bank of China (Hong Kong) Limited from June 1998 to November 2024, and his last position held was deputy general manager in commercial banking. In his senior leadership capacity as the deputy general manager at Bank of China (Hong Kong) Limited, Mr. Yau was mainly responsible for overseeing and guiding the bank's business development and operations, with a focus on business growth, risk governance, and regulatory compliance. In particular, Mr. Yau was responsible for assisting the general manager in formulating business strategies, consolidating and expanding the bank's corporate and commercial client base, overseeing human resources arrangements, ensuring robust asset quality and comprehensive risk control across the portfolio and ensuring that frontline business activities adhered to applicable local laws, regulations and codes of conduct set by the relevant regulatory agencies.

Mr. Yau obtained his Bachelor of Arts degree from the University of Lethbridge, Alberta, Canada in October 1992.

While Mr. Yau does not have industry-specific experience in beauty, health and pharmaceutical retail operations, we believe that Mr. Yau's vast experience in the banking industry offers practical insight into business strategy formulation, customer-base expansion and operational scaling for our Group. Mr. Yau's experience in a senior management role at a major bank in Hong Kong also provides the Board with robust risk-governance and regulatory-compliance experience, enabling the Board to strengthen financial risk management, business operations monitoring and adherence to regulatory requirements as a listed company.

Ms. Woo Pui Yan Joyce (胡珮茵) ("Ms. Woo"), aged 49, was appointed as our independent non-executive Director in November 2025. She is responsible for overseeing the management of our Group independently. She is also the chairlady of our Audit Committee and a member of our Remuneration Committee and Nomination Committee.

Ms. Woo is currently a partner of Foremost Accounting Advisers Limited, a company that is principally engaged in providing technical accounting and auditing consultation, monitoring reviews and evaluation of quality management of certified public accountants, technical review of financial statements services, regulatory investigation and inspection support, and litigation support.

Prior to joining Foremost Accounting Advisers Limited in March 2024, she worked as a director in the investigation and compliance department of the Accounting and Financial Reporting Council (the "**AFRC**") from January 2008 till February 2024. Over her 16 years' tenure with AFRC, Ms. Woo's responsibilities included reviewing financial statements to make recommendation as to whether an investigation or an enquiry should be initiated; conducting enquiries to inquire into possible non-compliance; and drafting investigation and enquiry reports.

Ms. Woo worked at PricewaterhouseCoopers Hong Kong from September 1998 till December 2007, and her last position held was senior manager. Over these nine years, Joyce performed audits and assurance services for Hong Kong companies.

Ms. Woo graduated from the University of British Columbia with a Bachelor's degree in Commerce in May 1998. She also obtained a Bachelor of Laws degree from the University of London (External Programme) through distance learning in August 2004.

Ms. Woo became a member of American Institute of Certified Public Accountants in June 2000, a member of Hong Kong Institute of Certified Public Accountants in January 2002 and a Certified Fraud Examiner in December 2023.

While Ms. Woo does not have industry-specific experience in beauty, health and pharmaceutical retail operations, we believe that Ms. Woo's experience in accounting consultancy, regulatory and auditing provides the Board with technical expertise in the financial review and management and assists Board in her role as the chairlady of our Audit Committee.

We consider that, collectively, our three independent non-executive Directors deliver a balanced and independent perspective based on their respective experience to strengthen our regulatory compliance, financial integrity, risk management and strategic decision-making ability, which will contribute to our operations.

SENIOR MANAGEMENT

Our senior management consists of six members, namely, Mr. Tse, Ms. Tse, Mr. Chan Wai Kong, Ms. Wong Yin Kwan, Mr. Yee Chong Chiu and Mr. Chung Wai Wing. Details of their biographies are set out below:

Mr. Tse Siu Hoi (謝少海), for whose biography please refer to the sub-section above headed ''— Board of Directors — Executive Directors''.

Ms. Tse Chui Ying (謝翠瑩), for whose biography please refer to the sub-section above headed ''— Board of Directors — Executive Directors''.

Mr. Chung Wai Wing (鍾偉榮) (''Mr. Chung''), aged 57, joined our Group in December 2011 and is our Chief Financial Officer. He is responsible for the overall financial management of our Group.

Mr. Chung has over 25 years in financial management. He worked at GP Industries Group from June 1996 to May 2011, and his last position held was finance manager, which he was responsible for overseeing the operation of the finance department.

Mr. Chung obtained his bachelor of Science (Economics) from the Queen Mary & Westfield College, University of London in August 1992. He is a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Yee Chong Chiu (余創超) (''Mr. Yee''), aged 55, joined our Group in September 2021 and has been our operation controller — retail since February 2024. He is responsible for our Group's overall branch operations and supply chain management.

He served as our assistant operation controller — retail from September 2021 to February 2024.

Mr. Yee has over 20 years of experience in the management and operations of the pharmacy industry. Prior to joining the Group, he worked at Park'n Shop Ltd from October 1988 to September 1993, and his last position held was store manager. He then worked at Mannings from October 1993 until July 2013, and his last position held was senior area manager. Following this, he worked at CRCare from July 2013 to January 2015, and his last position held was senior area manager — operations department. Mr. Yee re-joined Mannings in January 2015, where he worked there until July 2018, and his last position held was assistant regional operations manager. He then returned to CRCare in August 2018 and worked there until September 2021, and his last position held was controller in operations department.

Mr. Yee received a Professional Diploma in Retail Management from The Chinese University of Hong Kong — Tung Wah Group of Hospitals Community College in May 2013.

Ms. Wong Yin Kwan (王燕君) ("Ms. Wong"), aged 53, joined the Group in January 2019 as a sales and brand manager and has been our operation controller — cosmetics since June 2024. Ms. Wong is primarily responsible for formulating and implementing marketing strategies for cosmetic products and managing all aspects of daily store operations.

Prior to joining our Group, Ms. Wong previously worked as a Store Manager of Bonjour Holdings Limited from May 1998 to May 2008. She later served as the General Manager of Goldroyal Palace Limited (城隍有限公司) from July 2008 to October 2018, during which she was responsible for overseeing the company's cosmetics and skincare business in Hong Kong, Taiwan and Macau.

Ms. Wong received secondary school education in Hong Kong.

Mr. Chan Wai Kong (陳偉剛) ("Mr. Chan"), aged 44, joined our Group in October 2009 and has been our purchasing director since March 2023. He is also a director of one of the members of the Group, namely, Tai Fung Medicine Company Limited. Mr. Chan is primarily responsible for formulating our Group's procurement strategies, managing daily procurement operations and handling daily negotiations with suppliers and order processing.

Mr. Chan served as the Assistant to the Managing Director of LFP from October 2009 to September 2015. He then worked as a purchasing manager of LFP from September 2015 to March 2023.

He has over 15 years of experience in procurement management. Prior to joining the Group, Mr. Chan previously served as a Business Analyst in AGA Information Ltd. from September 2006 to July 2007, during which he had extensive experience in business & credit information gathering and related analysis. He subsequently joined the Hong Kong Customs and Excise Department in July 2007 and left in October 2009, and he was primarily responsible for tax collection and enforcement of intellectual property rights and consumer interest.

Mr. Chan has also been serving as the supervisor (監事) of the Hong Kong General Chamber of Pharmacy Limited (港九藥房總商會) since 2023. He has been actively involved in promoting development in the pharmacy industry and fostering communication between the government and the public.

Mr. Chan obtained his Bachelor degree in Business Administration from the Hong Kong Shue Yan University in October 2009. Mr. Chan is the brother-in-law of Mr. Tse and the uncle of Ms. Tse.

OTHER INFORMATION

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on 21 November 2025, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Except as disclosed above, each of our Directors and members of senior management has not been a director of any public company whose securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

Except as disclosed in the paragraph headed "C. Further Information about Our Directors and Substantial Shareholders — 1. Particulars of Directors' Service Contracts and Appointment Letters" in Appendix VI in this prospectus, he/she does not have any existing or proposed service contract with our Company other than contracts expiring or determinable by the relevant member of our Company within one year without payment of compensation (other than statutory compensation).

Except as disclosed in the paragraph headed "C. Further Information about Our Directors and Substantial Shareholders — 3. Disclosure of interests" in Appendix VI in this prospectus and above, he/she has no interest in the Shares within the meaning of Part XV of the SFO.

None of our Directors has any interests in any business, which competes or is likely to compete, either directly or indirectly, with our business which would require disclosure under Rule 8.10 of the Listing Rules. Save as disclosed in this section, other than being a Director and member of the senior management, none of our Directors and members of the senior management is related to other Directors and members of the senior management.

Except as disclosed above, to the best knowledge, information and belief of our Directors having made all reasonable inquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders, and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and no other matters are required to be brought to the attention of Shareholders as at the Latest Practicable Date.

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as at the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

KINSHIP

Save as disclosed in this section, there is no family or blood relationship among any of our Directors and the senior management of our Company.

COMPANY SECRETARY

Ms. Lam Yin Ling (林燕玲) ("Ms. Lam"), was appointed as a company secretary of our Company on 21 November 2025.

Ms. Lam was nominated by Boardroom Corporate Services (HK) Limited ("**Boardroom**") under an engagement letter made between the Company and Boardroom, pursuant to which Boardroom has agreed to provide certain corporate secretarial services to the Company. Ms. Lam joined Boardroom as an assistant manager of the corporate secretarial unit in December 2022. She was promoted to manager of the corporate secretarial unit of Boardroom since July 2025 and has over 12 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies. Prior to joining Boardroom, Ms. Lam joined the corporate services division of Tricor Services Limited as an associate in July 2013. She was promoted to supervisor of the corporate services division in January 2017 and resigned in June 2018. She worked as a company secretarial officer in Allied Group Limited (stock code: 373), a company listed on Main Board of the Stock Exchange. Ms. Lam worked in the tax practice of PwC Hong Kong as a senior associate from May 2021 to December 2022.

Ms. Lam is an associate member of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute, and awarded with the dual designations of Chartered Secretary and Chartered Governance Professional.

Ms. Lam is currently the company secretary or joint company secretary of Lvji Technology Holdings Inc. (stock code: 1745) and AM Group Holdings Limited (stock code: 1849), both companies listed on Main Board of the Stock Exchange and a company secretary of Asia Pioneer Entertainment Holdings Limited (stock code: 8400), a company listed on GEM of the Stock Exchange.

Ms. Lam obtained a Master degree in Corporate Governance from the Hong Kong Polytechnic University in September 2020 and a Bachelor's degree in Business Administration from Lingnan University in November 2013.

BOARD COMMITTEES

Our Company has formed three Board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee.

Audit committee

We have established the Audit Committee on 18 May 2026 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are to review and approve our Group's financial reporting process and internal control and risk management system.

The Audit Committee consists of three members, namely Mr. Chu, Mr. Yau and Ms. Woo, all of whom are independent non-executive Directors. The chairlady of the Audit Committee is Ms. Woo.

Remuneration committee

We have established the Remuneration Committee on 18 May 2026 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Remuneration Committee are to review and determine the terms of remuneration packages, bonuses and other compensation payable to Directors and senior management of our Group.

The Remuneration Committee consists of four members, namely Mr. Tse, Mr. Chu, Mr. Yau and Ms. Woo, three of whom are independent non-executive Directors. The chairman of the Remuneration Committee is Mr. Yau.

Nomination committee

We have established the Nomination Committee on 18 May 2026 with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment of Directors and management of Board succession.

The Nomination Committee consists of four members, namely Ms. Tse, Mr. Chu, Mr. Yau and Ms. Woo, three of whom are independent non-executive Directors. The chairman of the Nomination Committee is Mr. Chu.

CORPORATE GOVERNANCE CODE

Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability.

Pursuant to Code Provision C.2.1 of the Corporate Governance Code set out in Appendix C1 to the Listing Rules, the responsibilities between the chairperson and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairperson of the Board and chief executive officer and Mr. Tse currently performs these two roles. In view of Mr. Tse's substantial contribution to and stewardship of our Group since our establishment, his market acumen and over 30 years of experience in the retail of pharmaceutical and consumer products in Hong Kong, our Board believes that vesting the roles of both chairperson and chief executive officer in Mr. Tse has the benefit of ensuring strong, stable and consistent leadership within our Group and enables prompt and effective overall strategic planning and decision-making, as well as facilitates the execution of our Group's business operations. We consider it is appropriate and beneficial to our business development and prospects that Mr. Tse continues to act as both the chairperson and the chief executive officer of the Company after the Listing, and therefore do not currently propose to separate the functions of Chairman and the chief executive officer.

To ensure sound corporate governance and maintain appropriate balance of power given the overlapping roles of Mr. Tse, we will (i) ensure there are sufficient checks and balances in the Board, as a decision to be made by our Board requires approval by at least a majority of our Directors, and our Board comprises three independent non-executive Directors with diverse expertise in areas such as finance, legal compliance, and industry operations, which offers independent input and judgment from their respective field of expertise and is in compliance with the requirement under the Hong Kong Listing Rules; (ii) maintain oversight through our Board committees, including the Audit Committee, Remuneration Committee, and Nomination Committee, which are chaired by independent non-executive Directors; (iii) continue to ensure that the overall strategic and other key business, financial, and operational policies of our Group are made collectively after thorough discussion at both Board and senior management levels, and (iv) permit our independent non-executive Directors, where they consider necessary, to convene meetings without the presence of executive Directors, to discuss any concerns regarding the management and governance of our Group. Our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively given that (i) Mr. Tse and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that he/she acts for the benefit and in the best interests of our Company and will make decisions of our Group accordingly; and (ii) the balance of power and authority is ensured by the operations of our Board which comprises experienced and high calibre individuals who meet regularly to discuss issues affecting the operations of our Group. Our Board will continue to review and consider splitting the roles of chairperson of our Board and chief executive officer of our Company at a time when it is appropriate and suitable by taking into account the circumstances of our Group as a whole.

Save as disclosed above, our Company expects to comply with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code each financial year and comply with the "comply or explain" principle in our corporate governance report which will be included in our annual reports upon the Listing.

BOARD DIVERSITY

Our Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. Our Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. Pursuant to the board diversity policy, in reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a number of factors, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry experience. The Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for formal adoption.

We recognise the particular importance of gender diversity. Our Board currently comprises five Directors, including two female Directors. We have taken and will continue to take steps to promote and enhance gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels. Our board diversity policy provides that our Board shall take opportunities when selecting and making recommendations on suitable candidates for Board appointments with the aim to maintain the proportion of female members after Listing. We will also ensure that there is gender diversity when recruiting staff at mid to senior level, as well as engage more resources in training more female staff with the aim of providing a pipeline of female senior management and potential successors to our Board going forward. It is our objective to maintain an appropriate balance of gender diversity with reference to the shareholders' expectation and international and local recommended best practices.

REMUNERATION AND COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and senior management receive compensation in the form of salaries, allowances, bonuses and other benefits-in-kind, including our contribution to the pension scheme. Our Remuneration Committee determines the salaries of our Directors based on each Director's qualification, position and seniority.

The aggregate amount of remuneration (including salaries, contributions to pension schemes, other allowances and benefits in kind and discretionary bonuses) paid by our Group to our Directors for FY2023, FY2024, FY2025 and 8MFY2026 was approximately HK$1.1 million, HK$1.3 million, HK$1.4 million and HK$1.0 million, respectively.

Of the five individuals with the highest emoluments of our Group for FY2023, FY2024, FY2025 and 8MFY2026, one of them are our Directors respectively. The aggregate amount of remuneration (including salaries, contributions to pension schemes, other allowances and benefits in kind and discretionary bonuses) paid by our Group to the remaining four individuals for FY2023, FY2024, FY2025 and 8MFY2026 was approximately HK$3.2 million, HK$4.0 million, HK$4.1 million and HK$2.3 million, respectively.

No remuneration was paid by our Group to the Directors or the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office during the Track Record Period. No Director has waived or has agreed to waive any emoluments during the same period.

Under the arrangements currently in force, the aggregate remuneration (excluding discretionary bonuses) payable to and the benefits in kind receivable by our Directors for FY2026 is estimated to be approximately HK$2.0 million.

No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. No compensation was paid to, or receivable by, our Directors or past Directors during the Track Record Period for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the same period.

Our policy concerning the remuneration of our Directors is that the amount of remuneration is determined on the basis of the relevant Director's experience, responsibility, performance and the time devoted to our business.

Except as disclosed in this prospectus, no Director has been paid in cash or shares or otherwise by any person either to induce him to become, or to qualify him as a Director, or otherwise for service rendered by him in connection with the promotion or formation of us.

COMPLIANCE ADVISOR

We have appointed DBS Asia Capital Limited as our compliance advisor (the "**Compliance Advisor**") upon the Listing in compliance with Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will provide advice to us when consulted by us in the following circumstances:

- the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares of our Company or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of the appointment shall commence on the Listing Date and end on the date on which our Company distributes its annual report in respect of its financial results for the first full financial year commencing after the Listing Date, and this appointment may be subject to extension by mutual agreement.

So far as our Directors are aware, immediately following the completion of the Capitalization Issue and the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, the following persons will have an interest or a short position in Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Division 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Group:

		Shares held as at the date of this prospectus		Immediately after the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised)	
Name of shareholder	**Nature of interest**	**Number of Shares[(1)]**	**Approximate percentage of interest in our Company**	**Number of Shares[(1)]**	**Approximate percentage of interest in our Company**
TTK Holding[(2)]	Beneficial owner	1,000,000 (L)	100%	375,000,000 (L)	75.0%
Mr. Tse[(3)]	Interest in controlled corporation and interest jointly held with other persons	1,000,000 (L)	100%	375,000,000 (L)	75.0%
Mrs. Tse[(3)]	Interest in controlled corporation and interest jointly held with other persons	1,000,000 (L)	100%	375,000,000 (L)	75.0%
Ms. Tse[(3)]	Interest in controlled corporation and interest jointly held with other persons	1,000,000 (L)	100%	375,000,000 (L)	75.0%

Notes:

(1) The letter "L" denotes a person's long position in our Shares.

(2) The issued shares of TTK Holding is owned as to 97.29%, 2.70% and 0.01% by Mr. Tse, Mrs. Tse and Ms. Tse, respectively.

(3) Mr. Tse, Mrs. Tse and Ms. Tse are family member of one another. Therefore, pursuant to the SFO, they are deemed to be interested in any Shares in which one another is interested through their controlled corporation, TTK Holding.

For further details of the relationship among our substantial shareholders, please see "History, Reorganization and Corporate Structure" and "Relationship with our Controlling Shareholders".

Save as disclosed above and in "Appendix V — Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders", our Directors are not aware of any person who will, immediately following the completion of the Global Offering and assuming that the Over-allotment Option is not exercised, have an interest or a short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid upon the completion of the Capitalization Issue and the Global Offering:

Authorized share capital:		**Nominal value**
		(HK$)
3,900,000,000	Shares of HK$0.0001 each	390,000

Assuming the Over-allotment Option is not exercised at all, the issued share capital of our Company immediately following the completion of the Capitalization Issue and the Global Offering will be as follows:

Issued and to be issued share capital:		**Nominal value**
		(HK$)
1,000,000	Shares in issue as at the date of this prospectus	100
374,000,000	Shares to be issued under the Capitalization Issue	37,400
125,000,000	Shares to be issued under the Global Offering	12,500
500,000,000	**Shares in total**	50,000

Assuming the Over-allotment Option is exercised in full, the issued share capital of our Company immediately following the completion of the Capitalization Issue and the Global Offering will be as follows:

Issued share capital:		**Nominal value**
		(HK$)
1,000,000	Shares in issue as at the date of this prospectus	100
374,000,000	Shares to be issued under the Capitalization Issue	37,400
143,750,000	Shares to be issued under the Global Offering	14,375
518,750,000	**Shares in total**	51,875

ASSUMPTIONS

The above tables assume that the Global Offering becomes unconditional.

The above tables take no account of any Shares which may be allotted and issued or repurchased by our Company pursuant to the General Mandate and the Repurchase Mandate as described below.

RANKING

The Offer Shares and our Shares that may be issued pursuant to exercise of the Over-allotment Option will rank *pari passu* in all respects with all other existing Shares in issue as mentioned in this prospectus, and, in particular, will be entitled to all dividends and other distributions hereafter declared, paid or made on our Shares after the date of this prospectus save for entitlements under the Capitalization Issue.

GENERAL MANDATE

Our Directors have been granted a general unconditional mandate (the "**General Mandate**") to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any dividend in accordance with the Articles, or under the Capitalization Issue or the Global Offering or upon the exercise of the Over-Allotment Option, an aggregate number of Shares not exceeding the sum of (a) 20% of the aggregate number of issued Shares immediately following the completion of the Capitalization Issue and the Global Offering (but excluding any Shares which may be issued upon exercise of the Over-Allotment Option); and (b) the aggregate number of Shares which may be repurchased by our Company under the Repurchase Mandate.

This General Mandate will expire:

(i) at the conclusion of our Company's next annual general meeting; or
(ii) upon the expiry of the period within which our Company is required by any applicable law or the Memorandum and Articles of Association to hold its next annual general meeting; or
(iii) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting;

whichever occurs first.

For further details of the General Mandate, "Appendix V — Statutory and General Information — A. Further Information about our Group — 3. Resolutions in writing of our sole Shareholder passed on 18 May 2026".

REPURCHASE MANDATE

Our Directors have been granted a general unconditional mandate (the "**Repurchase Mandate**") to exercise all of the powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal amount of the share capital of our Company in issue, as enlarged by the Capitalization Issue and the Global Offering (but excluding any Shares which may be allotted, issued or sold upon exercise of the Over-allotment Option).

This Repurchase Mandate relates only to repurchases made on the Stock Exchange or on any other stock exchange on which our Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and the requirements of the Listing Rules. Further information required by the Stock Exchange to be included in this prospectus regarding the repurchase of Shares is set out in "Appendix V — Statutory and General Information — A. Further Information about our Group — 6. Repurchases of our own securities".

This Repurchase Mandate will expire:

(i) at the conclusion of our Company's next annual general meeting; or
(ii) upon the expiry of the period within which our Company is required by any applicable law or the Memorandum and Articles of Association to hold its next annual general meeting; or
(iii) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting;

whichever occurs first.

For further information about this Repurchase Mandate, please see "Appendix IV — Statutory and General Information — A. Further Information about our Group — 6. Repurchases of our own securities".

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS AND CLASS MEETINGS ARE REQUIRED

Our Company currently only has one class of shares in issue, namely ordinary shares, each of which ranks *pari passu* with the other shares.

Pursuant to the Cayman Islands Companies Act and the terms of the Memorandum and the Articles, our Company may from time to time by ordinary resolution of Shareholders: (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into several classes; (iv) sub-divide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may, subject to the provisions of the Cayman Islands Companies Act, reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution. For further details, please see "Appendix IV — Summary of the Constitution of our Company and Cayman Islands Company Law — 2. Articles of Association — (a) Shares — (iii) Alteration of capital".

Pursuant to the Cayman Islands Companies Act and the terms of the Memorandum and the Articles, all or any of the special rights attached to our Shares or any class of our Shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of our Shares of that class. For further details, please see "Appendix IV — Summary of the Constitution of our Company and Cayman Islands Company Law — 2. Articles of Association — (a) Shares — (ii) Variation of rights of existing shares or classes of shares".

You should read this section in conjunction with our consolidated financial information, including the notes thereto, as set out in "Appendix I — Accountants' Report" to this prospectus. The consolidated financial information has been prepared in accordance with HKFRSs.

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

OVERVIEW

We are a leading Hong Kong-based chain retail store of beauty, health and pharmaceutical products under our "Lung Fung" (龍豐) brand.

For each of FY2023, FY2024 and FY2025, our total revenue was HK$1,094.0 million, HK$2,020.7 million and HK$2,460.5 million, respectively, representing a CAGR of 50.0% over the three years. We recorded loss of HK$27.1 million for FY2023, and turnaround to net profit for the years of HK$144.5 million and HK$170.4 million for FY2024 and FY2025 respectively, representing an increase of 17.9% over the two years.

For 8MFY2025 and 8MFY2026, our revenue increased by 34.7% from HK$1,510.4 million to HK$2,035.1 million, while our profit for the period increased by 85.8% from HK$79.9 million to HK$148.4 million.

BASIS OF PRESENTATION

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

As at 30 November 2025, our Group had net current liabilities of HK$397.1 million. Our Directors have prepared a cash flow forecast covering a period of not less than twelve months from the date of this prospectus. Based on this forecast, which takes into account the expected operating cash inflows and available banking facilities, our Directors are of the opinion that our Group will have sufficient working capital to meet its financial obligations as and when they fall due and to sustain our operations for the next 12 months from the date of this prospectus. Accordingly, our Directors consider it appropriate to prepare the financial information on a going concern basis.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been and will continue to be affected by a number of factors, including those set out below:

Economy of Hong Kong and Chinese Mainland

We are principally engaged in the operation of retail stores selling a great variety of beauty products, health products, pharmaceutical products and household and daily essentials and foods mainly located in Hong Kong. During the Track Record Period, majority of our total revenue was derived from Hong Kong, which accounted for over 95% of our total revenue for FY2023, FY2024, FY2025, 8MFY2025 and 8MFY2026. Our customers are mainly retail customers from the general public in Hong Kong and tourist mainly from the Chinese Mainland. Therefore, changes in the economies of these places would directly impact the disposable income of the local household, and thus, the consumer sentiment of our customers and our financial performance. We believe that our customers' spending in our retail stores are inter-related to the overall GDP growth in their respective places. We cannot assure stable results of operation if the economies of these places fluctuate over time in the future. See "Industry Overview — Overview of Macro Economy in Hong Kong" for details.

Opening and closing of stores

During the Track Record Period, over 90% of our revenue was generated from sales at our retail stores. Retail sales are mainly affected by the number of our stores in operation and average revenue per store. Thus, our revenue in each financial year or period is greatly affected by the store opening and closing. The following table sets out the details of our retail stores opened and closed during the Track Record Period:

	FY2023	FY2024	FY2025	From 1 April 2025 to the Latest Practicable Date
Number of retail stores				
Number at the commencement of the year/period	14	13	16	25
Number of retail stores opened during the year/period	1	3	9	6
Number of retail stores closed during the year/period	2	0	0	0
Total number at the end of the year/period	13	16	25	31

We incur various costs and cash outflows, such as leasehold improvement and rental deposits prior to opening new stores and during the operations. In addition, new stores generally require a period of time after opening to achieve target income.

Product mix and average customer spending per transaction

During the Track Record Period, we generated revenue from selling a great variety of beauty products, health products, pharmaceutical products and other consumer products in our retail stores. Our overall gross profit margin were 24.9%, 29.3%, 31.6%, 31.7% and 30.9% for FY2023, FY2024, FY2025 and 8MFY2025 and 8MFY2026, respectively. The fluctuation was mainly due to the different revenue mix as different types of sale generated different gross profit margin with different trend.

Our profitability is dependent in part upon our success in adjusting our product mix to respond to customer preferences and demands, which may change or evolve over time. Accordingly, we adjust the mix of merchandise that we offer in our retail stores to maximise our revenues and profitability while continuing to provide a wide variety of products to our customers.

Our retail operations are significantly affected by changes in the average customer spending per transaction. The average customer spending per transaction at our retail stores serves as an indicator of the amounts our customers spend at our stores and may be affected by, among other things, our product mix and pricing, customer spending power, customer preferences and seasonal factor.

Our average spending per transaction in retail stores increased by a CAGR of 11.2% from FY2023 to FY2025. Our average spending per transaction slightly decreased to HK$188 in 8MFY2026 resulting from more retail stores opened in residential area.

Going forward, we will continue to evaluate and adjust our portfolio of our services and product offerings from time to time to focus on products with higher profit margins, greater market demand and potential to maintain or increase our profitability.

Same store sales

Our profitability is affected in part by our ability to successfully increase the revenue from our existing stores, primarily by launching new products and conducting various marketing and promotional events such as advertising through different media and joint promotion campaigns. Same store sales growth rates provide a period-to-period comparison of our store performance because they exclude increases and decreases that are due to the opening and closing of new retail stores. Same-store sales represents the revenue from the retail stores that were in operation during the entirety of the relevant financial years or periods compared. For example, same stores for FY2023 and FY2024 are stores that were open throughout both FY2023 and FY2024. There are variations in the way in which other retailers calculate these metrics. During the Track Record Period, in addition to the expansion of our retail store network, our same store sales had also increased significantly, with a CAGR of approximately 28.1% from the beginning of FY2023 to the end of FY2025. 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. Accordingly, these metrics may not be fully comparable with those of our competitors. The table below sets forth our same store sales for the years and the periods indicated:

	FY2023	FY2024	FY2024	FY2025	8MFY2025	8MFY2026
Number of Comparable Stores	12		12		15	
Sales of Comparable Stores *(HK$'000)*	968,785	1,590,500	1,690,808	1,590,391	1,352,522	1,352,720
Same-store sales growth	64.17%		(5.94)%		0.01%	

A significant year-on-year same-store sales growth was recorded for FY2024 as compared to the preceding financial year, primarily driven by the reopening of the border following COVID-19 and the subsequent recovery in local consumer confidence during the return to normality. With the reopening of the border, there was relatively stronger revenue growth in stores in districts which were popular with tourists, including our stores in Northern New Territories districts such as Sheung Shui and Fanling (with the same-store sales growth rate of these stores being approximately 65.1%) and our stores in the commercial and shopping areas in Kowloon districts such as Mongkok and Tsim Sha Tsui (with the same-store sales growth rate of these stores being approximately 63.2%). During FY2023, our average revenue per month from all our stores were generally lower than other year, especially two shops in Sheung Shui which was loss-making, primarily resulting from the impact of COVID-19 pandemic. See "Business — Our Retail Network" for details of loss-making stores during the Track Record Period. According to Frost & Sullivan, the reopening of borders in 2023 spurred a tourism surge, particularly visitors from the PRC, and boosted demand for beauty products and daily essentials. The modest decline in same-store sales growth observed in FY2025 as compared to the preceding financial year was largely attributable to the high baseline established in the preceding year. The revenue from our Comparable Stores during 8MFY2026 was generally stable as compared to the same period of the preceding financial year, mainly due to a drop in sales recorded by our retail shops located in the New Territories which was offset by growth in sales by our retail shops located in major tourists and shopping areas in Kowloon and the Hong Kong Island.

We believe the decrease in sales recorded by our retail shops located in the New Territories was mainly due to cross-border customers gradually shifting to online shopping for their purchase of health, pharmaceutical and daily consumable products instead of physically visiting Hong Kong to purchase such products, as well as the implementation of more stringent cross-border measures for eligible items which can be brought back to Chinese Mainland. The growth in sales attributable to retail shops located in Kowloon and Hong Kong Island was mainly due to our strategic expansion to central business districts and household areas targeting local customers.

Cost of inventories sold

For FY2023, FY2024, FY2025, 8MFY2025 and 8MFY2026, our cost of inventories sold accounted for 75.1%, 70.7%, 68.4%, 68.3% and 69.1% of our total revenue. With the increase in number of physical and online stores, the total cost of inventories sold increased during the Track Record Period. The price of our product may vary from period to period due to factors such as categories, quality, customer's preference and market conditions. We determine the selling price on a cost-plus basis, taking into account of, among others, the cost of inventories sourced from our suppliers and any fluctuation in foreign currencies. In any event which we are unable to shift the increase in price to our customers, we may generate gross loss. Our ability to effectively price our products and quickly respond to cost pressures could have a material impact on our business, financial condition or results of operations.

MATERIAL ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENT

We have identified certain accounting policies that are material to the preparation of our Group's financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. When reviewing our financial statements, you should consider (i) our selection of critical accounting policies; (ii) the judgments and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. Our material accounting policies, estimates and judgements, are set out in the notes 4 and 5 in "Appendix I — Accountants' Report" for details.

RESULTS OF OPERATIONS

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

	FY2023		FY2024		FY2025		8MFY2025		8MFY2026	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
							(Unaudited)			
Revenue	1,094,011	100.0	2,020,731	100.0	2,460,478	100.0	1,510,369	100.0	2,035,135	100.0
Cost of sales	(821,802)	(75.1)	(1,427,915)	(70.7)	(1,682,861)	(68.4)	(1,031,402)	(68.3)	(1,406,405)	(69.1)
Gross profit	272,209	24.9	592,816	29.3	777,617	31.6	478,967	31.7	628,730	30.9
Other income	26,345	2.4	26,629	1.3	30,326	1.2	20,317	1.3	22,822	1.1
Other gains and losses	7	0.0	(471)	(0.0)	(700)	(0.0)	(671)	(0.0)	(578)	(0.0)
Decrease in fair value of investment properties	(17,690)	(1.6)	(16,596)	(0.8)	(53,482)	(2.2)	(47,162)	(3.1)	(11,140)	(0.5)
Selling and distribution expenses	(232,462)	(21.2)	(321,738)	(15.9)	(431,606)	(17.5)	(272,806)	(18.1)	(380,946)	(18.7)
Administrative expenses	(41,110)	(3.8)	(47,067)	(2.3)	(52,584)	(2.1)	(36,165)	(2.4)	(41,111)	(2.0)
Finance costs	(32,506)	(3.0)	(52,716)	(2.6)	(51,550)	(2.1)	(35,329)	(2.3)	(27,881)	(1.4)
Listing expenses	—	—	—	—	—	—	—	—	(11,132)	(0.6)
(Loss) profit before tax	(25,207)	(2.3)	180,857	9.0	218,021	8.9	107,151	7.1	178,764	8.8
Income tax expense	(1,933)	(0.2)	(36,321)	(1.8)	(47,589)	(1.9)	(27,277)	(1.8)	(30,381)	(1.5)
(Loss) profit for the year/ period	(27,140)	(2.5)	144,536	7.2	170,432	7.0	79,874	5.3	148,383	7.3

DESCRIPTION OF SELECTED ITEMS IN CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

By products

During the Track Record Period, we generated revenue from selling various products, namely (i) beauty products; (ii) health products; (iii) pharmaceutical products; and (iv) other consumer products. The following table sets forth the breakdown of our revenue by products for the year/period indicated:

	FY2023		FY2024		FY2025		8MFY2025		8MFY2026	
	HK$'000	%	*HK$'000*	%	*HK$'000*	%	*HK$'000* (Unaudited)	%	*HK$'000*	%
Beauty products	306,014	28.0	668,228	33.1	818,044	33.3	499,932	33.1	667,216	32.8
Health products	174,752	16.0	357,656	17.7	433,752	17.6	276,827	18.3	369,039	18.1
Pharmaceutical products	246,529	22.5	398,219	19.7	473,105	19.2	277,446	18.4	354,641	17.4
Other consumer products	366,716	33.5	596,628	29.5	735,577	29.9	456,164	30.2	644,239	31.7
Total	1,094,011	100.0	2,020,731	100.0	2,460,478	100.0	1,510,369	100.0	2,035,135	100.0

FY2023, FY2024, FY2025, 8MFY2025 and 8MFY2026, revenue contributed from different types of products remained relatively stable. We experienced an increase of revenue during the Track Record Period, primarily due to the expansion of our retail network as well as the progressive return of Mainland Chinese tourists following the opening of the border after the pandemic gradually subsided coupled with the lifting of stringent travel restrictions and mandatory quarantine measures during the COVID-19 pandemic and resurgence of local consumer sentiment. We believe that the purchase of over-the-counter medicine by the returning Mainland Chinese tourists in FY2023 contributed to the higher revenue contribution by pharmaceutical products in FY2023. In addition, we believe that as the quarantine measures were lifted and daily life resumed after the COVID-19 pandemic, local Hong Kong customers increased their purchases of cosmetics and skin care products, which contributed to the higher revenue contribution of the beauty products segment for FY2024, FY2025 and 8MFY2026. Before the re-opening of border, we took initiate to restructure and enhance our retail networks by opening stores in strategic locations such as Central, while our retail competitors were closing their stores which reduced the competition in such prime location. With the continuous expansion during the Track Record Period, our retail stores increased from 13 stores as at 31 December 2023 to 31 stores as at the Latest Practicable Date.

By sales channel

During the Track Record Period, we generated revenue from (i) retail sales at our retail stores; (ii) retail sales on our online sales platforms; and (iii) wholesales. The following table sets forth the revenue by sales channel during the Track Record Period:

	FY2023		FY2024		FY2025		8MFY2025		8MFY2026	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
							(Unaudited)			
Retail sales through retail stores	1,027,169	93.9	1,958,982	96.9	2,391,643	97.2	1,464,799	97.0	1,988,312	97.7
Retail sales through online platforms	44,637	4.1	38,160	1.9	42,682	1.7	27,330	1.8	30,203	1.5
Wholesale sales	22,205	2.0	23,589	1.2	26,153	1.1	18,240	1.2	16,620	0.8
Total	1,094,011	100.0	2,020,731	100.0	2,460,478	100.0	1,510,369	100.0	2,035,135	100.0

During the Track Record Period, over 90% of our revenue was generated from sales at our retail stores.

Our retail sales through online platforms was relatively lower at HK$38.2 million in FY2024, primarily due to the decrease in online purchases after the opening of border because many customers from Chinese Mainland could physically shop and purchase in our retail stores. Our retail sales through online platforms remained relatively stable at HK$44.6 million and HK$42.7 million in FY2023 and FY2025, respectively.

Our retail sales through online platforms increased from HK$27.3 million in 8MFY2025 to HK$30.2 million in 8MFY2026, primarily due to our effort in promoting our online platforms with more spending on advertising to draw online traffic.

By geographical location

During the Track Record Period, we mainly generated revenue from retail stores located in Hong Kong, and insignificant amount generated from online sales platforms, such as TMall, WeChat Mini-Program and JD, in Chinese Mainland. The following table sets forth the revenue by geographical location during the Track Record Period:

	FY2023		FY2024		FY2025		8MFY2025		8MFY2026	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
							(Unaudited)			
Hong Kong	1,042,634	95.3	1,978,086	97.9	2,412,855	98.1	1,481,230	98.1	2,007,398	98.6
Chinese Mainland	51,377	4.7	42,645	2.1	47,623	1.9	29,139	1.9	27,737	1.4
Total	1,094,011	100.0	2,020,731	100.0	2,460,478	100.0	1,510,369	100.0	2,035,135	100.0

During the Track Record Period, over 90% of our revenue was generated from sales in Hong Kong.

Our sales in Chinese Mainland, which are primarily sales through online platforms, decreased from HK$51.4 million in FY2023 to HK$42.6 million in FY2024, primarily due to the decrease in purchases from Chinese Mainland after the opening of border because many customers from Chinese Mainland could physically shop and purchase in our retail stores in Hong Kong. Our sales in Chinese Mainland then relatively stable at HK$47.6 million in FY2025. Our sales in Chinese Mainland remained relatively stable at HK$29.1 million in 8MFY2025 and HK$27.7 million in 8MFY2026.

By settlement method

The following table sets forth a breakdown of our revenue by settlement method during the Track Record Period:

	FY2023		FY2024		FY2025		8MFY2024		8MFY2025	
	HK$ (million)	*%*	*HK$ (million)*	*%*	*HK$ (million)*	*%*	*HK$ (million)*	*%*	*HK$ (million)*	*%*
							(Unaudited)			
Cash	368	33.6	626	31.0	687	27.9	436	28.9	507	24.9
Octopus	176	16.1	201	9.9	219	8.9	132	8.7	213	10.5
Credit card	267	24.4	442	21.9	671	27.3	399	26.4	595	29.2
Other electronic payments[Note]	283	25.9	752	37.2	883	35.9	543	36.0	720	35.4
Total	**1,094**	**100.0**	**2,021**	**100.0**	**2,460**	**100.0**	**1,510**	**100.0**	**2,035**	**100.0**

Note: Other electronic payments include mobile payment methods, which are mostly AliPay and WeChat Pay, and also BOCPay and PayMe.

Cost of sales

During the Track Record Period, our cost of sales represented the entire amount of cost of inventories sold. Our cost of sales is affected by a number of factors including the prevailing market conditions as well as the volume and the type of products sold.

Our cost of sales amounted to HK$821.8 million, HK$1,427.9 million, HK$1,682.9 million; HK$1,031.4 million and HK$1,406.4 million for FY2023, FY2024, FY2025, 8MFY2025 and 8MFY2026, respectively.

Gross profit and gross profit margin

Our gross profit represented revenue less cost of sales. Our gross profit amounted to HK$272.2 million, HK$592.8 million, HK$777.6 million, HK$479.0 million and HK$628.7 million for FY2023, FY2024, FY2025, 8MFY2025 and 8MFY2026, respectively, while the gross profit margin was 24.9%, 29.3%, 31.6%, 31.7% and 30.9% in the respective year/period.

Our gross profit margin is greatly affected by the trend of costs and selling price of the products sold. The price of products that we offer to our customers depends primarily on, among other things, procurement costs, market trend and demand and retail price for similar products to ensure our price is competitive in the market. From time to time, we also offer promotion activities such as discounts, giveaways and limited-time special offerings, which also impose certain effect on our gross profit margins.

Our gross profit margin was relatively lower for FY2023 then increased modestly from FY2024 to FY2025. The increase in gross profit margin from FY2023 to FY2024 was primarily due to (i) increase in profit margin attained by our health products because the new health products sourced and sold during the year entailed relatively higher gross profit margin following our strategy to enhance our margin; (ii) increase in revenue contribution from the health products which has relatively higher gross profit margin amongst our products following our effort to continue optimising our product offerings; (iii) price adjustments with a general increase in the selling price of our products during the relevant period; and (iv) the decrease in cost per unit purchased because we obtained more discounts from our suppliers as a result of bulk purchase which was benefited from the economies of scale with our continuous expansion of retail network and hence the scale of purchases. Our gross profit margin further increased from FY2024 to FY2025, primarily due to the increase in profit margin attained by our health products resulting from (i) new health products sourced and sold during the year which entailed relatively higher gross profit margin following our strategy to enhance our margin; and (ii) increase in selling price for our existing products following our price adjustment during the years.

By products

The following table sets forth the breakdown of our gross profit and gross profit margins by products for the year/period indicated:

	FY2023		FY2024		FY2025		8MFY2025		8MFY2026	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
							(Unaudited)			
Beauty products	89,398	29.2	206,259	30.9	272,992	33.4	165,072	33.0	219,517	32.9
Health products	67,596	38.7	174,955	48.9	238,170	54.9	148,284	53.6	201,479	54.6
Pharmaceutical products	36,728	14.9	73,310	18.4	86,215	18.2	54,548	19.7	64,168	18.1
Other consumer products	78,487	21.4	138,292	23.2	180,240	24.5	111,063	24.3	143,566	22.3
Total/Overall	272,209	24.9	592,816	29.3	777,617	31.6	478,967	31.7	628,730	30.9

Our gross profit margin of different type of products generally recorded an upward trend from FY2023 to FY2025. The gross profit margin of different type of products remained relatively stable in 8MFY2025 and 8MFY2026. The gross profit margin of our health products are generally higher than other product categories primarily due to our strategy to have more competitive pricing for other products and less competitive pricing for health products because we believed customers are less price-sensitive to health products compared to other product categories. The gross profit margin of our health products increased from 38.7% in FY2023 to 48.9% in FY2024, primarily due to the new health products sourced and sold during the year which entailed relatively higher gross profit margin following our strategy to enhance our margin. The gross profit margin of our health products further increased to 54.9% in FY2025, primarily due to (i) new health products sourced and sold during the year which entailed relatively higher gross profit margin following our strategy to enhance our margin; and (ii) increase in selling price for our existing health products following our price adjustment during the year.

By sales channels

The following table sets forth the breakdown of our gross profit and gross profit margins by sales channels for the year/period indicated:

	FY2023		FY2024		FY2025		8MFY2025		8MFY2026	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK$'000	%	*HK$'000*	%	*HK$'000*	%	*HK$'000*	%	*HK$'000*	%
							(Unaudited)			
Retail sales through retails stores	255,897	24.9	578,409	29.5	755,060	31.6	465,439	31.8	611,293	30.7
Retail sales through online platforms	13,272	29.7	13,036	34.2	20,553	48.2	12,335	45.1	15,177	50.2
Wholesale sales	3,040	13.7	1,371	5.8	2,004	7.7	1,193	6.5	2,260	13.6
Total/Overall	272,209	24.9	592,816	29.3	777,617	31.6	478,967	31.7	628,730	30.9

Our gross profit margin of retail sales through online platforms was generally higher than retail sales through retail stores during the Track Record Period, while our gross profit margin of wholesales was relatively lower compared to retails sales. The gross profit margin for retail sales through online platforms was highest among all sales channels as online retail prices are often set at a higher range to reflect the convenience in online shopping platforms, such as delivery of the products and the convenience of having shopping experience from any location and any time. Retail sales through retail stores yield a higher gross profit margin than wholesale sales as a lower price was charged for wholesale customers who bought in bulk quantity.

By geographical location

The following table sets forth the breakdown of our gross profit and gross profit margins by geographical location for the year/period indicated:

	FY2023		FY2024		FY2025		8MFY2025		8MFY2026	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK$'000	%	*HK$'000*	%	*HK$'000*	%	*HK$'000*	%	*HK$'000*	%
							(Unaudited)			
Hong Kong	257,832	24.7	578,786	29.3	756,281	31.3	466,174	31.5	615,599	30.7
Chinese Mainland	14,377	28.0	14,030	32.9	21,336	44.8	12,793	43.9	13,131	47.3
Total/Overall	272,209	24.9	592,816	29.3	777,617	31.6	478,967	31.7	628,730	30.9

Other income

Other income mainly represented (i) interest income from bank balances, amounts due from related parties and rental deposits; (ii) management fee income from related parties; (iii) fixed operating lease income; (iv) government grants; and (v) others which mainly represented advertising and promotion income received for advertising spaces in our retail stores. The following sets forth the breakdown of our other income for the year/period indicated:

	FY2023	**FY2024**	**FY2025**	**8MFY2025**	**8MFY2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Interest income:					
— Bank balances	1	27	65	37	4
— Amounts due from related parties	13,287	13,441	14,707	8,959	10,828
— Rental deposits	1,127	1,062	1,385	1,339	1,383
Management fee income from related parties	1,974	1,974	1,974	1,316	1,316
Fixed operating lease income	5,984	6,781	6,380	4,280	3,851
Government grants*(Note)*	2,463	384	—	—	—
Others	1,509	2,960	5,815	4,386	5,440
	26,345	26,629	30,326	20,317	22,822

Note: During FY2023, we recognised government grants of HK$2.4 million in respect of the Employment Support Scheme launched by the Hong Kong government.

Our other income amounted to HK$26.3 million, HK$26.6 million, HK$30.3 million HK$20.3 million and HK$22.8 million for FY2023, FY2024, FY2025, 8MFY2025 and 8MFY2026, respectively.

Other gains and losses

Other gains and losses mainly represented (i) net gains or loss on disposal or write-off of property, plant and equipment; and (ii) net exchange gains or losses arising from fluctuation of JPY and KRW. We had other gains of HK$7,000, other losses of HK$0.5 million, HK$0.7 million, HK$0.7 million and HK$0.6 million for FY2023, FY2024, FY2025, 8MFY2025 and 8MFY2026, respectively. The following sets forth the breakdown of our other gains and losses for the year/period indicated:

	FY2023	**FY2024**	**FY2025**	**8MFY2025**	**8MFY2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Net loss on disposal write-off of property, plant and equipment	(68)	(149)	(79)	(67)	(91)
Net foreign exchange gains (losses)	75	(322)	(1,001)	(604)	(487)
Others	—	—	380	—	—
	7	(471)	(700)	(671)	(578)

Decrease in fair value of investment properties

Our property interests held for generating rental income under operating lease arrangement were measured using fair value model and were accounted for as investment properties during the Track Record Period. The fair value of our investment properties as at 31 March 2023, 2024 and 2025 and 30 November 2025 had been valued by the Property Valuer, primarily determined based on the (i) income capitalization approach, where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for the same types of properties; and (ii) direct comparison approach, which reflects recent transaction prices for similar properties adjusted for differences in the nature, location and condition of the properties under review. We had decrease in fair value of investment properties of HK$17.7 million, HK$16.6 million, HK$53.5 million, HK$47.2 million and HK$11.1 million in FY2023, FY2024, FY2025, 8MFY2025 and 8MFY2026, respectively. See "Description of Certain Items of Consolidated Statements of Financial Position — Investment properties" for details.

Selling and distribution expenses

Our selling and distribution expenses mainly comprised (i) employee benefit expenses for staff in relation to retail shops and warehouse; (ii) depreciation of property, plant and equipment and right-of-use assets in relation to our retail shops; (iii) bank charges for electronic payments; (iv) advertising and recruitment expenses; (v) building management fee; and (vi) government rent and rates. The following sets forth the breakdown of our selling and distribution expenses for the year/period indicated:

	FY2023		FY2024		FY2025		8MFY2025		8MFY2026	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Employee benefit expenses	81,958	35.3	144,128	44.8	190,231	44.1	120,326	44.1	169,579	44.5
Depreciation of right-of-use assets	108,134	46.5	117,302	36.5	152,878	35.4	98,801	36.2	128,395	33.7
Bank charges	11,557	5.0	18,323	5.7	23,790	5.5	14,756	5.4	20,863	5.5
Depreciation of property, plant and equipment	11,020	4.7	11,532	3.6	15,565	3.6	9,921	3.6	14,632	3.8
Advertising and recruitment	975	0.4	2,937	0.9	6,290	1.5	3,633	1.3	10,391	2.7
Building management fee	3,597	1.5	5,131	1.6	10,281	2.4	6,204	2.3	11,177	2.9
Government rent and rates	6,112	2.6	7,664	2.4	9,725	2.3	6,142	2.3	8,463	2.2
Others	9,109	4.0	14,721	4.5	22,846	5.2	13,023	4.8	17,446	4.7
	232,462	100.0	321,738	100.0	431,606	100.0	272,806	100.0	380,946	100.0

Our selling and distribution expenses amounted to HK$232.5 million, HK$321.7 million, HK$431.6 million, HK$272.8 million and HK$380.9 million for FY2023, FY2024 and FY2025 and 8MFY2025 and 8MFY2026, respectively, representing 21.2%, 15.9%, 17.5%, 18.1% and 18.7% of our total revenue during the respective year/period.

Administrative expenses

Our administrative expenses primarily comprised (i) employee benefit expenses for administrative personnel; (ii) depreciation of right-of-use assets and property, plant and equipment for our offices, telecommunication and sundry expenses; (iii) computer and security system expenses; (iv) office expenses, which included insurance, printing and stationery expenses, motor vehicles expenses and utilities expenses; and (v) legal and professional fee.

The following table sets forth a breakdown of our administrative expenses for the year/periods indicated:

	FY2023		FY2024		FY2025		8MFY2025		8MFY2026	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Employee benefit expenses	23,215	56.5	29,886	63.5	33,187	63.1	21,268	58.8	24,875	60.5
Depreciation of right-of-use assets	7,530	18.3	4,301	9.1	4,542	8.6	4,214	11.7	3,181	7.7
Computer and security system expenses	2,319	5.6	2,599	5.5	3,782	7.2	2,561	7.1	2,361	5.7
Office expenses	2,010	4.9	3,137	6.7	3,271	6.2	2,703	7.5	3,368	8.2
Depreciation of property, plant and equipment	1,413	3.4	1,065	2.3	1,357	2.6	874	2.4	1,713	4.2
Legal and professional fee	2,375	5.8	2,314	4.9	2,330	4.4	1,579	4.4	2,582	6.3
Others	2,248	5.5	3,765	8.0	4,115	7.9	2,966	8.1	3,031	7.4
Total	41,110	100.0	47,067	100.0	52,584	100.0	36,165	100.0	41,111	100.0

Our administrative expenses amounted to HK$41.1 million, HK$47.1 million, HK$52.6 million, HK$36.2 million and HK$41.1 million for FY2023, FY2024 and FY2025 and 8MFY2025 and 8MFY2026, respectively, representing 3.8%, 2.3%, 2.1%, 2.4% and 2.0% of our total revenue for the respective year/period.

Finance costs

Our finance costs represented interest on (i) lease liabilities; (ii) bank overdrafts; (iii) bank borrowings; and (iv) retirement benefit obligations. The following sets forth the breakdown of our finance costs for the year/period indicated:

	FY2023	FY2024	FY2025	8MFY2025	8MFY2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Interests on:					
— Lease liabilities	6,778	11,922	18,068	11,948	12,772
— Bank overdrafts	5,002	6,376	4,326	3,196	1,527
— Bank borrowings	20,686	34,359	29,073	20,130	13,509
— Retirement benefit obligations	40	59	83	55	73
Total	32,506	52,716	51,550	35,329	27,881

Our finance costs amounted to HK$32.5 million, HK$52.7 million, HK$51.6 million, HK$35.3 million and HK$27.9 million for FY2023, FY2024 and FY2025 and 8MFY2025 and 8MFY2026, respectively.

Income tax expense

Our Company was incorporated in the Cayman Islands and is exempted from income tax. Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity now comprising the Group is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million for the Track Record Period. 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 relevant PRC subsidiary is 25% for the Track Record Period. No PRC Enterprise Income Tax has been made during the Track Record Period as the relevant PRC subsidiary has no assessable profits or has sufficient tax losses brought forward to offset assessable profits during the Track Record Period.

Our income tax expenses amounted to HK$1.9 million, HK$36.3 million, HK$47.6 million, HK$27.3 million and HK$30.4 million for FY2023, FY2024, FY2025, 8MFY2025 and 8MFY2026, respectively; while our effective tax rate was 20.1%, 21.8%, 25.5% and 17.0% for FY2024, FY2025, 8MFY2025 and 8MFY2026, respectively.

During the Track Record Period and up to the Latest Practicable Date, we had fulfilled all our income tax obligations and have not had any unresolved income tax issues or disputes with the relevant tax authorities.

REVIEW OF HISTORICAL RESULTS OF OPERATION

FY2024 compared to FY2023

Revenue

Our revenue increased by HK$926.7 million or 84.7% from HK$1,094.0 million in FY2023 to HK$2,020.7 million in FY2024, primarily due to the (i) increase in same store sales by 64.2%; and (ii) revenue contributed from our new stores of HK$209.0 million in FY2024.

We recorded significant year-on-year same-store sales growth of 64.2% from HK$968.8 million in FY2023 to HK$1,590.5 million in FY2024, primarily due to increase in revenue due to the progressive return of Chinese Mainland tourists following the border relief after the pandemic gradually subsided coupled with the relief of stringent travel restrictions and mandatory quarantine measures during the COVID-19 pandemic and resurgence of local consumer sentiment.

Further, we took initiative to re-organise the location of our stores during the pandemic and opened three new stores in key shopping districts for tourists during FY2024, reaching 16 stores in total as at 31 March 2024. The revenue contribution of the three new stores amounted to HK$209.0 million in FY2024.

Cost of sales

Our cost of sales increased by HK$606.1 million or 73.8% from HK$821.8 million for FY2023 to HK$1,427.9 million for FY2024, primarily due to the increase in cost of inventories sold mainly attributable to the increase in quantity sold resulting from the increase in demand from customers and number of retail stores.

Gross profit and gross profit margin

Our gross profit increased by HK$320.6 million or 117.8% from HK$272.2 million for FY2023 to HK$592.8 million for FY2024. Such increase in gross profit was mainly contributed by the increase in revenue. Our gross profit margin increased from 24.9% for FY2023 to 29.3% for FY2024, primarily due to (i) increase in profit margin attained by our health products as well as the increase in revenue contribution from the health products which has relatively higher gross profit margin amongst our products following our effort to continue optimising our product offerings; (ii) price adjustments in certain stores and (iii) the decrease in cost per unit purchased because we obtained more discounts from our suppliers as a result of bulk purchase which was benefited from the economies of scale with our continuous expansion of retail network and hence the scale of purchases.

Other income

Our other income remained relatively stable at HK$26.3 million and HK$26.6 million for FY2023 and FY2024, respectively.

Other gains and losses

Our other losses of HK$7,000 for FY2023 turned to other gains of HK$0.5 million for FY2024 primarily due to the net exchange loss of HK$0.3 million for FY2024 resulting from fluctuation of JPY and KRW against HKD.

Selling and distribution expenses

Our selling and distribution expenses increased by HK$89.3 million or 38.4% from HK$232.5 million for FY2023 to HK$321.7 million for FY2024. The increase in selling and distribution expenses was attributable to increase in (i) employee benefit expenses of HK$62.2 million, primarily due to the increase in number of selling staff resulting from the increase in number of our retail stores for the year; (ii) depreciation of right-of-use assets of HK$9.2 million resulting from the increase in number of stores; and (iii) bank charges of HK$6.8 million for more electronic payments resulting from increase in revenue.

Administrative expenses

Our administrative expenses increased by HK$6.0 million and 14.5% from HK$41.1 million for FY2023 to HK$47.1 million for FY2024. The increase in administrative expenses was primarily attributable to the increase in employee benefit expenses of HK$6.7 million resulting from the increase in number of administrative personnel.

Finance costs

Our finance costs increased by HK$20.2 million and 62.2% from HK$32.5 million for FY2023 to HK$52.7 million for FY2024. The increase in finance costs was primarily attributable to the increase in interest on (i) bank borrowings of HK$13.7 million resulting from increase in average balances of bank borrowings for FY2024; and (ii) lease liabilities of HK$5.1 million resulting from addition of three retail stores for FY2024.

Income tax expenses

Our income tax expense increased by HK$34.4 million or 1,779.0% from HK$1.9 million for FY2023 to HK$36.3 million for FY2024 as a result of our increase in profit before tax generated for FY2024.

Profit for the year

As a result of the foregoing, we had profit for the year of HK$144.5 million for FY2024 compared to loss for the year of HK$27.1 million for FY2023. Our net profit margin was 7.2% for FY2024. Our net loss in FY2023 was primarily attributable to the significant decrease in demand of our products from retail stores resulting from the outbreak of COVID-19 where the border was closed and most Chinese Mainlanders were not able to travel to Hong Kong. Following the opening of the border after the pandemic gradually subsided coupled with the lifting of stringent travel restrictions and mandatory quarantine measures in FY2023, our revenue began to normalise and we were able to turn around to a net profit, coupled with the effect of new stores opening during FY2024.

FY2025 compared to FY2024

Revenue

Our revenue increased by HK$439.7 million or 21.8% from HK$2,020.7 million in FY2024 to HK$2,460.5 million in FY2025, primarily due to the revenue contributed from our new stores of HK$285.0 million in FY2025, partially offset by the slight decrease in same-store sales.

Further, following our strategy to expand our retail network, nine new stores were opened in FY2025, reaching 25 stores in total as at 31 March 2025. Our year-on-year sales was relatively stable with a modest decrease of 5.9% from FY2024 to FY2025. The remaining increase in revenue was contributed by the stores which were opened during FY2024, mainly due to the full year of revenue generated in FY2025.

Cost of sales

Our cost of sales increased by HK$254.9 million or 17.9% from HK$1,427.9 million for FY2024 to HK$1,682.9 million for FY2025, primarily due to the increase in cost of inventories sold mainly attributable to the increase in quantity sold resulting from the increase in demand from customers and number of retail stores.

Gross profit and gross profit margin

Our gross profit increased by HK$184.8 million or 31.2% from HK$592.8 million for FY2024 to HK$777.6 million for FY2025. Such increase in gross profit was mainly contributed by the increase in revenue. Our gross profit margin increased from 29.3% in FY2024 to 31.6% in FY2025, primarily due to (i) increase in profit margin attained by our health products; and (ii) the decrease in cost per unit purchased because we obtained more discounts from our suppliers as a result of bulk purchase which was benefited from the economies of scale with our continuous expansion of retail network and hence the scale of purchases. The gross profit margin of our health products increased from 48.9% in FY2024 to 54.9% in FY2025, primarily due to (i) new health products sourced and sold during the year which entailed relatively higher gross profit margin following our strategy to enhance our margin; and (ii) increase in selling price for our existing products following our price adjustment during the year.

Other income

Our other income increased by HK$3.7 million or 13.9% from HK$26.6 million for FY2024 to HK$30.3 million for FY2025. The increase was primarily due to increase in (i) others of HK$2.9 million mainly resulting from the increase in advertising income in FY2025 for the advertising spaces in our retail stores; and (ii) interest income on amounts due from related parties of HK$1.3 million resulting from the increase in average balances of amounts due from related parties.

Other gains and losses

Our other losses increased from HK$0.5 million in FY2024 to HK$0.7 million in FY2025. The increase was mainly attributable to the increase in net foreign exchange losses of HK$0.7 million mainly resulting from the fluctuation of JPY and KRW against HKD.

Selling and distribution expenses

Our selling and distribution expenses increased by HK$109.9 million or 34.1% from HK$321.7 million for FY2024 to HK$431.6 million for FY2025. The increase in selling and distribution expenses was attributable to increase in (i) employee benefit expenses of HK$46.1 million, primarily due to the increase in number of selling staff resulting from the increase in number of our retail stores for the year; (ii) depreciation of right-of-use assets of HK$35.6 million resulting from the addition of retail stores during the year; and (iii) bank charges of HK$5.5 million for electronic payments.

Administrative expenses

Our administrative expenses increased by HK$5.5 million and 11.7% from HK$47.1 million for FY2024 to HK$52.6 million for FY2025. The increase in administrative expenses was primarily attributable to the increase in the (i) employee benefit expenses of HK$3.3 million resulting from the increase in administrative personnel; and (ii) computer and security system expenses of HK$1.2 million.

Finance costs

Our finance costs remained relatively stable at HK$52.7 million and HK$51.6 million for FY2024 and FY2025, respectively.

Income tax expenses

Our income tax expenses increased by HK$11.3 million or 31.0% from HK$36.3 million for FY2024 to HK$47.6 million for FY2025. The increase in income tax expense was primarily attributable to the increase in profit before tax. Our effective tax rate remained relatively stable at 20.1% for FY2024 and 21.8% for FY2025.

Profit for the year

As a result of the foregoing, our profit for the year increased by HK$25.9 million or 17.9% from HK$144.5 million for FY2024 to HK$170.4 million for FY2025. The net profit margin remained relatively stable at 7.2% for FY2024 and 6.9% for FY2025.

8MFY2026 compared to 8MFY2025

Revenue

Our revenue increased by HK$524.8 million or 34.7% from HK$1,510.4 million for 8MFY2025 to HK$2,035.1 million for 8MFY2026, primarily due to the revenue contributed from our new stores of HK$299.9 million for 8MFY2026.

Our year-on-year same-store sales remained stable from HK$1,352.5 million for 8MFY2025 to HK$1,352.7 million in for 8MFY2026, primarily resulting from the stable sales from the Comparable Stores.

Further, following our strategy to expand our retail network, nine new stores were opened after 8MFY2025, reaching 29 stores in total as at 30 November 2025. The revenue contribution of the new stores amounted to HK$299.9 million for 8MFY2026. The remaining increase in revenue is contributed by the stores which were opened during 8MFY2025, mainly due to the full period of revenue generated in 8MFY2026.

Cost of sales

Our cost of sales increased by HK$375.0 million or 36.4% from HK$1,031.4 million for 8MFY2025 to HK$1,406.4 million for 8MFY2026, primarily due to the increase in cost of inventories sold mainly attributable to the increase in quantity sold resulting from the increase in demand from our customers and the number of retail stores.

Gross profit and gross profit margin

Our gross profit increased by HK$149.8 million or 31.3% from HK$479.0 million for 8MFY2025 to HK$628.7 million for 8MFY2026. Such increase in gross profit was mainly contributed by the increase in revenue. Our gross profit margin remained relatively stable at 31.7% for 8MFY2025 and 30.9% for 8MFY2026.

Other income

Our other income increased by HK$2.5 million or 12.3% from HK$20.3 million for 8MFY2025 to HK$22.8 million for 8MFY2026. The increase was primarily due to increase in interest income on amounts due from related parties of HK$1.9 million resulting from the increase in average balance of the interest-bearing portion of amounts due from related parties.

Other gains and losses

Our other losses decreased from HK$0.7 million for 8MFY2025 to HK$0.6 million for 8MFY2026. The increase was primarily due to decrease in net foreign exchange losses of HK$0.1 million resulting from the fluctuation of JPY and KRW against HKD.

Selling and distribution expenses

Our selling and distribution expenses increased by HK$108.1 million or 39.6% from HK$272.8 million for 8MFY2025 to HK$380.9 million for 8MFY2026. The increase was attributable to the increase in (i) employee benefit expenses of HK$49.3 million, primarily due to the increase in number of selling staff resulting from the increase in number of our retail stores for the period; (ii) depreciation of right-of-use assets of HK$29.6 million resulting from the addition of retail stores during the period.

Administrative expenses

Our administrative expenses increased by HK$4.9 million or 13.7% from HK$36.2 million for 8MFY2025 to HK$41.1 million for 8MFY2026. The increase in administrative expenses was primarily attributable to the increase in employee benefit expenses of HK$3.6 million resulting from the increase in administrative personnel.

Finance costs

Our finance costs decreased by HK$7.4 million or 21.1% from HK$35.3 million for 8MFY2025 to HK$27.9 million for 8MFY2026. The decrease in finance costs was primarily attributable to the decrease in interest on bank borrowings of HK$6.6 million resulting from the decrease in average bank borrowings balances.

Income tax expenses

Our income tax expenses increased by HK$3.1 million or 11.4% from HK$27.3 million for 8MFY2025 to HK$30.4 million for 8MFY2026. The increase in income tax expense was primarily attributable to the increase in profit before tax. Our effective tax rate decreased from 25.5% for 8MFY2025 to 17.0% for 8MFY2026 primarily due to the decrease in expenses not deductible for tax purpose in 8MFY2026 mainly arising from the decrease in fair value of investment properties.

Profit for the period

As a result of the foregoing, our profit for the period increased by HK$68.5 million or 85.8% from HK$79.9 million for 8MFY2025 to HK$148.4 million for 8MFY2026. The net profit margin increased from 5.3% for 8MFY2025 to 7.3% for 8MFY2026 primarily due to the increase in gross profit margin and decrease in fair value of investment properties.

NET CURRENT LIABILITIES

We recorded net current liabilities of HK$793.9 million, HK$673.6 million, HK$643.7 million, HK$397.1 million and HK$413.2 million as at 31 March 2023, 2024 and 2025, 30 November 2025 and 31 March 2026, respectively. The table below sets out selected information for our current assets and current liabilities as at the dates indicated, respectively:

	As at 31 March			As at 30 November	As at 31 March
	2023	**2024**	**2025**	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)
Current Assets					
Inventories	176,016	225,394	336,038	402,353	421,907
Trade and other receivables	16,170	31,092	23,996	48,242	31,598
Amounts due from related parties	52,880	75,131	15,381	163,918	37,487
Cash and cash equivalents	43,137	61,408	61,182	49,896	73,641
	288,203	393,025	436,597	664,409	564,633
Current Liabilities					
Trade and other payables	101,522	114,482	154,992	185,333	184,150
Amounts due to related parties	50,223	48,141	12,836	25,199	15,789
Tax payable	1,345	3,861	20,699	49,471	36,664
Bank borrowings	680,428	669,279	651,523	540,506	543,444
Lease liabilities	102,126	106,378	135,034	168,069	183,734
Contract liabilities	2,725	781	126	187	1,280
Bank overdrafts	143,685	123,699	105,049	92,755	12,793
	1,082,054	1,066,621	1,080,259	1,061,520	977,854
Net Current Liabilities	(793,851)	(673,596)	(643,662)	(397,111)	(413,221)

Our net current liabilities decreased from HK$793.9 million as at 31 March 2023 to HK$673.6 million as at 31 March 2024. The decrease in net current liabilities was primarily due to the (i) increase in inventories of HK$49.4 million mainly for replenishment of inventories in our retail stores; (ii) increase in amounts due from related parties of HK$22.3 million; and (iii) decrease in bank overdrafts of HK$20.0 million.

Our net current liabilities then decreased to HK$643.7 million as at 31 March 2025. The decrease in net current liabilities was primarily due to the (i) increase in inventories of HK$110.6 million mainly for replenishment of inventories in our retail stores; and (ii) decrease in amounts due to related parties of HK$35.3 million resulting from repayment. The decrease in net current liabilities was partially offset by the (i) decrease in amounts due from related parties of HK$59.8 million; and (ii) increase in trade and other payables of HK$40.5 million.

Our net current liabilities then decreased to HK$397.1 million as at 30 November 2025. The decrease in net current liabilities was primarily due to the increase in (i) current portion of amounts due from related parties of HK$148.5 million following the expected repayment timeline; (ii) decrease in bank and other borrowings of HK$111.0 million due to our repayment; and (iii) increase in inventories of HK$66.3 million mainly for replenishment of inventories in our retail stores.

Our net current liabilities then increased to HK$413.2 million as at 31 March 2026. The increase in net current liabilities was primarily due to the (i) decrease in current portion of amounts due from related parties of HK$126.5 million; (ii) decrease in bank overdraft of HK$80.0 million; (iii) increase in inventories of HK$20.0 million mainly from replenishment of inventories in our retail stores; and (iv) decrease in tax payable of HK$12.8 million.

Our net current liabilities during the Track Record Period was primarily due to the current portion of bank borrowings, which was mainly for our cost of operations as well as the additions of property, plant and equipment for our expansion of retail networks which are non-current. Going forward, we will consider the following measures and intend to reduce the net current liabilities by:

- enhancing our revenue scale by expanding our retail networks. We believe with the increase in revenue in total scale, we are able to enjoy economies of scales as we expect our revenue growth after the payback period, which was reflected by the increase in cash inflows from operating activities from FY2023 to FY2025; and

- monitoring and controlling our bank borrowing level. Given the appropriate terms and conditions offered by the banks and our financing policies, we may consider to explore our bank borrowings options with longer repayment terms, and hence, reduce the short-term portion of our bank borrowings in the future. Further, we intend to repay our outstanding loans of HK$134.4 million by our net proceeds from the Global Offering. See ‘‘Future Plans and Use of Proceeds — Use of Proceeds’’ for details.

Working Capital Sufficiency

After taking into consideration of the financial resources presently available to us, including our cash and bank balances, the available facilities to our Group, the expected operating cash flow and the estimated net proceeds from the Global Offering, our Directors are of the opinion that we have sufficient working capital to meet our financial obligations for at least 12 months from the date of this prospectus.

Save as disclosed in this prospectus, our Directors are not aware of any other factors that would have a material impact on our liquidity.

DESCRIPTION OF CERTAIN ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Property, plant and equipment

During the Track Record Period, our property, plant and equipment mainly consisted of leasehold improvements, furniture and fixtures, computer equipment and motor vehicles. Our property, plant and equipment amounted to HK$22.0 million, HK$35.2 million, HK$73.1 million and HK$112.8 million, respectively, as at 31 March 2023, 2024 and 2025 and 30 November 2025.

The following table sets forth our breakdown on property, plant and equipment as at the date indicated:

	As at 31 March			As at 30 November
	2023	**2024**	**2025**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Owned properties	—	—	—	26,858
Leasehold improvements	15,142	16,545	29,196	33,211
Furniture and fixtures	3,096	9,769	25,917	33,545
Computer equipment	3,573	6,102	13,538	14,729
Motor vehicles	156	2,801	4,433	4,505
Total	21,967	35,217	73,084	112,848

Our property, plant and equipment increased from HK$22.0 million as at 31 March 2023 to HK$35.2 million as at 31 March 2024 mainly resulting from opening of three new stores during the financial year ended 31 March 2024. The property, plant and equipment further increased to HK$73.1 million as at 31 March 2025 mainly due to the opening of nine new stores during the financial year ended 31 March 2024. Our property, plant and equipment increased to HK$112.8 million as at 30 November 2025 primarily due to the transfer of owned properties of HK$27.5 million from investment properties because we utilised such property for our own pop-up store since June 2025.

Investment properties

During the Track Record Period, we leased out retail shop units and residential units under operating leases with rentals payable monthly. Our investment properties amounted to HK$257.3 million, HK$242.1 million, HK$189.5 million and HK$150.9 million as at 31 March 2023, 2024 and 2025 and 30 November 2025, respectively. The decrease in fair value of our investment properties as at 31 March 2023 to 31 March 2025 was primarily due to the decrease in fair value. The decrease for 31 March 2025 to 30 November 2025 was primarily due to the transfer to property, plant and equipment because we utilised such property for our own pop-up store since June 2025. The leases typically run for an initial period of 3 years, 3 years, 2 years to 3 years and 1 year to 3 years during FY2023, FY2024, FY2025 and 8MFY2026.

The fair values have been arrived at based on a valuation carried out by AVISTA Valuation Advisory Limited, independent valuers not connected with the Group. See "Appendix III — Property Valuation" for details for selected property interests that forms part of our property activities with a carrying amount of 1% or more of total assets.

Retail shop units and residential units located in Hong Kong with aggregate fair values of HK$232.0 million, HK$222.3 million, HK$173.2 million and HK$134.4 million as at 31 March 2023, 2024 and 2025 and 30 November 2025, respectively, are determined based on the income capitalization approach, where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for the same types of properties.

Residential units located in Hong Kong with aggregate fair values of HK$25.3 million, HK$19.8 million, HK$16.3 million and HK$16.4 million as at 31 March 2023, 2024 and 2025 and 30 November 2025, respectively, are determined based on the direct comparison approach, which reflects recent transaction prices for similar properties adjusted for differences in the nature, location and condition of the properties under review.

Right-of-use assets

During the Track Record Period, our right-of-use assets mainly consisted of lease arrangement of retail stores, warehouses and office premises and staff quarters. Our right-of-use assets amounted to HK$185.0 million, HK$216.2 million, HK$261.4 million and HK$339.4 million, respectively, as at 31 March 2023, 2024 and 2025 and 30 November 2025.

The following table sets forth our breakdown on right-of-use assets as at the date indicated:

	As at 31 March			As at 30 November
	2023	**2024**	**2025**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Office premises and staff quarters	6,469	965	1,939	3,611
Warehouses	4,821	1,154	4,084	8,483
Retail stores	173,686	214,064	255,343	327,263
	184,976	216,183	261,366	339,357

Our right-of-use assets increased from HK$185.0 million as at 31 March 2023 to HK$216.2 million as at 31 March 2024 primarily attributable to the three new leases for our retail stores. Our right-of-use asset further increased to HK$261.4 million as at 31 March 2025 primarily due to the nine new leases for our retail stores. Our right-of-use assets then increased to HK$339.4 million as at 30 November 2025, primarily due to the new leases for our retail stores during the period.

No indicator of impairment for non-financial assets

Notwithstanding the loss for the FY2023, our Directors have carefully assessed whether there were any indicators of impairment for our Group's property, plant and equipment and right-of-use assets as at 31 March 2023. Having considered, among other factors, the significant easing of COVID-19 restrictions in Hong Kong starting from December 2022, the positive outlook of the retail industry based on relevant government data, and the strong rebound in our Group's sales performance since January 2023, our

Directors concluded that the loss did not constitute an indicator of impairment and are therefore satisfied that no impairment is required in respect of our Group's property, plant and equipment and right-of-use assets as at 31 March 2023.

Inventories

Our inventories consisted of products sold in our retail stores, online platforms and to our wholesale customers, which included various items of (i) beauty products; (ii) health products; (iii) pharmaceutical products; and (iv) other consumer products.

Our inventories amounted to HK$176.0 million, HK$225.4 million, HK$336.0 million and HK$402.4 million as at 31 March 2023, 2024 and 2025 and 30 November 2025, primarily attributable to the increase in purchase of a greater variety of products in preparation for the opening of additional retail stores and for replenishment of stock in our existing retail stores. The following table sets forth the ageing analysis of our inventories as at the dates indicated:

	As at 31 March			As at 30 November
	2023	**2024**	**2025**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
1–3 months	156,469	188,168	292,080	316,867
3–6 months	9,795	22,855	24,500	55,617
6–12 months	2,656	8,769	11,466	21,827
Over 1 year	7,096	5,602	7,992	8,042
	176,016	225,394	336,038	402,353

As at 31 March 2023, 2024 and 2025 and 30 November 2025, 96.0%, 97.5%, 97.6% and 98.0% of our inventories were aged within 1 year. We monitor our inventory levels, turnover days and sales performance of individual SKU in order to identify slow-moving items. Specific inventory allowances are made at the SKU level based on an assessment of net realisable value taking into account historical sales records, ageing analysis, marketing and promotion plans and subsequent selling prices of the inventories.

The following table sets forth the turnover days of our inventories for the years/period indicated.

	FY2023	**FY2024**	**FY2025**	**8MFY2026**
Average turnover days of inventories*(Note)*	63	51	61	63

Note: Average turnover days of inventories for FY2023, FY2024 and FY2025 and 8MFY2026 is derived by dividing the arithmetic mean of the opening and closing balances of inventories for the relevant period by cost of sale and multiplying by 365/240 days.

Our average turnover days of inventories decreased from 63 days for FY2023 to 51 days for FY2024 despite the increase in inventory balance as at 31 March 2024, primarily due to the increase in sales resulting from our increased number of shops. The increase in inventory turnover days from 51 days in FY2024 to 61 days in FY2025 primarily reflects our increased purchases in FY2025, due to (1) increased sales upon the opening of borders after covid, causing a dip in the average turnover days of inventories in FY2024 as the increase in sales outpaced the replenishment of stock upon opening of borders during the year, there was a need to increase the purchase to accommodate the expected increase in sales; and (2) 9 new stores were opened in FY2025 leading to increased purchases of goods. The average turnover days of inventories remained relatively stable at 61 days for FY2025 and 63 days for 8MFY2026, primarily due to the increase in sales resulting from our increased number of shops despite the increase in inventory balance as at 30 November 2025.

As at 31 March 2026, HK$343.0 million or 85.3% of our inventories as at 30 November 2025 had been sold or utilised. In view of subsequent usage, we are of the view that there is no impairment issue for inventories.

Trade and other receivables

The following table sets forth the breakdown of our trade and other receivables as at the dates indicated:

	As at 31 March			As at 30 November
	2023	**2024**	**2025**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables from contracts with customers	3,948	17,332	8,193	22,600
Rental, utilities and other deposits	29,167	45,679	52,960	62,504
Other receivables	928	585	954	84
Prepayments to suppliers	4,354	3,436	3,498	8,140
Prepaid expenses	6,940	9,739	11,351	13,825
Prepaid Listing expenses	—	—	—	229
Prepaid issue costs(1)	—	—	—	13
Deferred issue costs(2)	—	—	—	3,351
Sub-total for deposits, prepayments and other receivables	41,389	59,439	68,763	88,146
Total	45,337	76,771	76,956	110,746

Notes:

(1) Prepaid issue costs represented the prepayments of the portion of Listing expenses attributable to the proposed issuance of new Shares upon the Global Offering which have not yet been incurred as at the period end date.

(2) Deferred issue costs represented the portion of Listing expenses incurred attributable to the proposed issuance of new Shares upon the Global Offering, which will be debited to equity upon the Listing.

Trade receivables

Our trade receivables primarily arise from (i) amounts receivable from electronic payment service providers and online platform providers; and (ii) our wholesale sales. Our trade receivables increased from HK$3.9 million as at 31 March 2023 to HK$17.3 million as at 31 March 2024 and was relatively higher primarily due to the accumulation of the receivables from electronic payment service providers resulting from public holidays shortly before 31 March 2024. Our trade receivable then decreased to HK$8.2 million as at 31 March 2025. Our trade receivables increased to HK$22.6 million as at 30 November 2025, primarily due to the accumulation of the receivables from electronic payment service providers resulting from public holidays shortly before 30 November 2025.

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 our Group within 2 days and 1 month, respectively, after the sales; while our sales with our wholesale customers are generally on credit, with general trading terms of 60 days after the month of the relevant sale.

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

	As at 31 March			As at 30 November
	2023	**2024**	**2025**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	3,029	16,709	7,379	22,344
31–60 days	99	108	552	—
61–90 days	640	90	82	120
Over 90 days	180	425	180	136
	3,948	17,332	8,193	22,600

We perform impairment assessment under expected credit losses ("**ECL**") model on trade receivables and has applied the simplified approach to measure the loss allowance at lifetime ECL. Trade receivables arising from retail sales have been assessed for ECL individually based on external credit rating. Trade receivables from wholesale customers are assessed for ECL collectively based on internal credit rating. No significant lifetime ECL is recognized on the Group's trade receivables considering their external credit rating (if available), repayment history and historical default experience of the counterparties. As at 31 March 2023, 2024 and 2025 and 30 November 2025, no allowance on trade receivables was made.

The table below sets forth a summary of average turnover days of trade receivables for the years/period indicated:

	FY2023	FY2024	FY2025	8MFY2026
Average turnover days of trade receivables *(Note)*	1.3	1.9	1.9	1.8

(1) Average turnover days of trade receivables for FY2023, FY2024 and FY2025 and 8MFY2026 is derived by dividing the arithmetic mean of the opening and closing balances of trade receivables for the relevant period by revenue and multiplying by 365/240 days.

Due to the focus of retail business, our relatively low balance of trade receivables was relatively low as at each year/period end. Accordingly, our average turnover days of trade receivables remained relatively low of below 2 days throughout the Track Record Period.

As at 31 March 2026, HK$22.5 million or 99.6% of our trade receivables outstanding as at 30 November 2025 were settled.

Rental, utilities and other deposits

Our rental, utilities and other deposits mainly represented rental deposits for our retail stores and utilities deposits for our retail stores and offices.

Our rental, utilities and other deposits increased from HK$29.2 million as at 31 March 2023 to HK$45.7 million as at 31 March 2024, primarily due to the increase in number of stores from 13 stores as at 31 March 2023 to 16 stores as at 31 March 2024. Our rental, utilities and other deposits then increased to HK$53.0 million as at 31 March 2025 due to the increase of stores to 25 stores as at 31 March 2025. Our rental, utilities and other deposits further increased to HK$62.5 million as at 30 November 2025 resulting from the increase in number of retail stores.

Prepayments to suppliers

Our prepayments to suppliers mainly consisted prepayment for procurement of inventories.

Our prepayments to suppliers remained relatively stable at HK$4.4 million, HK$3.4 million and HK$3.5 million as at 31 March 2023, 2024 and 2025, respectively. Our prepayments to suppliers increased to HK$8.1 million as at 30 November 2025, primarily due to the increase in procurement for a greater variety of products in preparation for the opening of additional retail stores and for replenishment of stock in our existing retail stores.

Amounts due from related parties

The following table sets forth a breakdown of our amounts due from related parties as at the dates indicated:

	As at 31 March			As at 30 November
	2023	**2024**	**2025**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amount due from a Director	42,113	55,459	12,252	9,180
Amounts due from related parties	366,235	412,310	276,825	154,738
	408,348	467,769	289,077	163,918
Non-current	355,468	392,638	273,696	—
Current	52,880	75,131	15,381	163,918
	408,348	467,769	289,077	163,918

We had amount due from Mr. Tse of HK$42.1 million, HK$55.5 million, HK$12.3 million and HK$9.2 million as at 31 March 2023, 2024 and 2025 and 30 November 2025, respectively. The amount due from a Director and related parties funds for Mr. Tse's personal investments and funds for the related parties' operations. The principal activities of Huge Max (Hong Kong) Limited, Great Dragon International Development Limited and Full Group Corporation Limited, which accounted for over 90% of the total amount due from related parties as at 30 November 2025, were property investment. Considering various factors, including the costs of the relevant properties, the business nature of the aforesaid related parties, the locations and demographics of the properties and the price trend and prevailing market price of these properties, our Directors are of the view that amount of the Group's advances to the related parties are commensurate with the cost of the investment properties and scale of operations of the relevant related parties. The amounts were non-trade in nature, unsecured, interest-free and repayable on demand.

We had amounts due from related parties which represented the entities controlled by Mr. Tse of HK$366.2 million, HK$412.3 million, HK$276.8 million and HK$154.7 million as at 31 March 2023, 2024 and 2025 and 30 November 2025, respectively. The amounts were non-trade in nature, unsecured and repayable on demand. Other than aggregate amounts of HK$355.5 million, HK$392.6 million, HK$273.7 million and HK$151.7 million as at 31 March 2023, 2024 and 2025 and 30 November 2025, respectively, which carry interest at 3.5% per annum, other amounts are interest-free.

On 10 February 2026 and 21 May 2026, the Company declared dividends of HK$130 per share totaling HK$130,000,000 and HK$23 per share totaling HK$23,000,000, respectively, which were settled by way of an offsetting with the Group's amounts due from related parties. Accordingly, all the amounts due from related parties had been settled in full.

Trade and other payables

The following table sets forth our breakdown on trade and other payables as at the date indicated:

	As at 31 March			As at 30 November
	2023	**2024**	**2025**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	81,389	86,480	108,598	123,334
Other payables	6,166	6,557	16,895	6,373
Accrued expenses	3,276	4,462	5,767	10,868
Accrued staff costs	10,691	16,983	23,732	38,289
Accrued Listing expenses	—	—	—	4,959
Accrued issue costs *(Note)*	—	—	—	1,510
Subtotal for other payables, accruals and accrued staff costs	20,133	28,002	46,394	61,999
Total	101,522	114,482	154,992	185,333

Note: Accrued issue costs represented the portion of Listing expenses attributable to the proposed issuance of new Shares upon the Global Offering which have been incurred but not yet paid as at the period end date.

Trade payables

Our trade payables are primarily derived from payables relating to payment to our suppliers in relation to procurement of inventories. The normal credit period for trade payables generally ranges from 0 to 30 days.

Trade payables remained relatively stable at HK$81.4 million as at 31 March 2023 and HK$86.5 million as at 31 March 2024. The trade payables increased to HK$108.6 million as at 31 March 2025 and HK$123.3 million as at 30 November 2025 mainly due to increase in number of stores which led to the increase in procurement of inventories resulting in higher level of trade payables as at 31 March 2025.

The table below sets forth the ageing analysis of our trade payables as at the date indicated:

	As at 31 March			As at 30 November
	2023	2024	2025	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	54,749	55,054	79,740	93,714
31–60 days	12,580	12,514	11,731	13,287
61–90 days	5,210	8,113	6,426	4,600
Over 90 days	8,850	10,799	10,701	11,733
	81,389	86,480	108,598	123,334

The following table sets out the average trade payables turnover days for the years/period indicated:

	FY2023	**FY2024**	**FY2025**	**8MFY2026**
Average turnover days of trade payables *(Note)*	23	21	21	20

(1) Average turnover days of trade payables for FY2023, FY2024 and FY2025 and 8MFY2026 is derived by dividing the arithmetic mean of the opening and closing balances of trade payables for the relevant period by cost of sales and multiplying by 365/240 days.

Our average turnover days of trade payables increased remained relatively stable at 23 days, 21 days, 21 days and 20 days for FY2023, FY2024 and FY2025 and 8MFY2026, respectively, which was in line with the increase in our trade payables balances and within the credit period granted by our suppliers.

As at 31 March 2026, HK$113.5 million or 92.0% of our trade payables outstanding as at 30 November 2025 were settled.

Other payables, accrued expenses and accrued staff costs

Our other payables, accrued expenses and accrued staff costs mainly consisted (i) other payables; (ii) accrued expenses for utilities of our stores and office premises; and (iii) accrued staff costs.

Our other payables, accrued expenses and accrued staff costs increased from HK$20.1 million as at 31 March 2023 to HK$28.0 million as at 31 March 2024 primarily due to the increase in accrued staff costs of HK$6.3 million resulting from the increase in staff mainly for our addition of retail stores, which was in line with our strategy to expand our retail network. The other payables, accrued expenses and accrued staff costs then increased to HK$46.4 million as at 31 March 2025 mainly due to the (i) increase in other payables of HK$10.3 million mainly attributable to the increase in payables for acquisition of property, plant and equipment for our opening of stores; and (ii) the increase in accrued staff costs of HK$6.7 million resulting from the increase in staff mainly for our addition of retail stores, which was in line with our strategy to expand our retail network. Our other payables, accrued expenses and accrued staff costs then increased to HK$62.0 million as at 30 November 2025 primarily due to the (i) increase in accrued staff costs of HK$14.6 million resulting from the increase in number of staff for on addition of retail stores; (ii) increase in accrued expenses of HK$5.1 million for our retail stores; and (iii) accrued Listing expenses and accrued issue costs of HK$5.0 million and HK$1.5 million, respectively, for our Listing. The increase was partially offset by the decrease in other payables of HK$10.5 million mainly attributable to the repayment of payables for acquisition of property, plant and equipment.

Contract liabilities

Our contract liabilities generally represented the deposits received from our wholesale customers in advance of delivery. The fluctuation of our contract liabilities was generally affected by the timing of deposits received from our customers and the timing of deliver of inventories. Our contract liabilities decreased from HK$2.7 million as at 31 March 2023 to HK$0.8 million as at 31 March 2024 and further to HK$0.1 million as at 31 March 2025, mainly due to the delivery of inventories in the beginning of the next financial year. Our contract liabilities remained relatively stable at HK$0.2 million as at 30 November 2025.

Provisions

During the Track Record Period, we had provision made in relation to the restoration costs for our retail stores which amounted to HK$18.9 million, HK$22.0 million, HK$31.0 million and HK$36.8 million as at 31 March 2023, 2024 and 2025 and 30 November 2025, respectively. Our provision for restoration costs experienced an increasing trend primarily due to the increase in number of retails stores throughout the Track Record Period, being 13, 16, 25 and 29 stores in operations as at 31 March 2023, 2024 and 2025 and 30 November 2025, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash have been, and are expected to continue to be, procurement of raw materials, funding our operating costs and other general corporate needs. Historically, we financed our operation and other capital requirements primarily using cash generated from our operations, bank borrowings and amounts due to related parties.

Upon completion of the Global Offering, we currently expect that there will not be any material change in the sources and uses of cash of our Group in the future, except that we would have additional funds from proceeds of the Global offering for implementing our future plans as detailed under the section headed "Future Plans and Use of Proceeds" in this prospectus. Any significant decrease in demand for, or pricing of, our products, or a significant decrease in the availability of bank loans or other financing may adversely impact our liquidity.

As at 31 March 2023, 2024 and 2025 and 30 November 2025, we had cash and cash equivalents of HK$43.1 million, HK$61.4 million, HK$61.2 million and HK$49.9 million, respectively, and bank overdraft of HK$143.7 million, HK$123.7 million, HK$105.0 million and HK$92.8 million respectively. Going forward, we will consider the following measures and intend to manage our liquidity by:

— enhancing our revenue scale by expanding our retail networks. We believe with the increase in revenue in total scale, we are able to enjoy economies of scales as we expect our revenue growth after the payback period, which was reflected by the increase in cash inflows from operating activities from FY2023 to FY2025; and

— monitoring and controlling our bank borrowing level. Given the appropriate terms and conditions offered by the banks and our financing policies, we may consider to explore our bank borrowings options with longer repayment terms, and hence, reduce the short-term portion of our bank borrowings in the future. Further, we intend to repay our outstanding loans of HK$134.4 million by our net proceeds from the Global Offering. See "Future Plans and Use of Proceeds — Use of Proceeds" for details.

We currently expect that there will not be any material change in the sources and uses of cash of our Group, except that we would have additional cash outflow for payment of Listing expenses, and additional funds from proceeds of the Global Offering for implementing our future plans as detailed in "Use of Proceeds" in this prospectus.

Cash Flow

The following table summarises, for the periods indicated, our consolidated statements of cash flows:

	FY2023	**FY2024**	**FY2025**	**8MFY2025**	**8MFY2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Net cash from operating activities	716,180	1,233,920	1,462,415	896,345	1,081,612
Net cash used in investing activities	(17,854)	(89,785)	(93,548)	(51,442)	(42,127)
Net cash used in financing activities	(631,732)	(1,105,870)	(1,350,431)	(848,231)	(1,038,512)
Net increase (decrease) in cash and cash equivalents	66,594	38,265	18,436	(3,328)	973
Cash and cash equivalents at beginning of year/period	(167,062)	(100,548)	(62,291)	(62,291)	(43,867)
Effect of foreign exchange rate changes	(80)	(8)	(12)	5	35
Total cash and cash equivalents at end of year/period	(100,548)	(62,291)	(43,867)	(65,614)	(42,859)
REPRESENTED BY:					
Cash and cash equivalents	43,137	61,408	61,182	31,671	49,896
Bank overdrafts	(143,685)	(123,699)	(105,049)	(97,285)	(92,755)
	(100,548)	(62,291)	(43,867)	(65,614)	(42,859)

Operating activities

During our Track Record Period, our cash inflow from operating activities was principally from the receipt of proceeds from our sales of products. Our cash outflow used in operating activities was principally for purchase of inventories, employee benefit expenses and other operating expenses.

For FY2023, we had net cash from operating activities of HK$716.2 million, as adjusted for non-cash and non-operating items, which primarily include (i) depreciation of right-of-use assets of HK$115.7 million; and (ii) finance costs of HK$32.5 million. The amount was further adjusted by movements in working capital, interest paid on bank overdrafts of HK$5.0 million and net income tax paid of HK$0.2 million. The movements in working capital primarily included the (i) increase in trade and other payables of HK$637.4 million; (ii) increase in inventories of HK$67.8 million; and (iii) decrease in trade and other receivables of HK$11.3 million.

For FY2024, we had net cash from operating activities of HK$1,233.9 million, as adjusted for non-cash and non-operating items, which primarily include (i) depreciation of right-of-use assets of HK$121.6 million; and (ii) finance costs of HK$52.7 million. The amount was further adjusted by movements in working capital, interest paid on bank overdraft of HK$6.4 million and net income tax paid of HK$1.3 million. The movements in working capital primarily included the (i) increase in trade and other payables of HK$937.7 million; and (ii) increase in inventories of HK$49.4 million.

For FY2025, we had net cash from operating activities of HK$1,462.4 million, as adjusted for non-cash and non-operating items, which primarily include (i) depreciation of right-of-use assets of HK$157.4 million; and (ii) finance costs of HK$51.6 million. The amount was further adjusted by movements in working capital, interest paid on bank overdraft of HK$4.3 million and net income tax paid of HK$22.5 million. The movements in working capital primarily included the (i) increase in trade and other payables of HK$1,110.2 million; and (ii) increase in inventories of HK$110.6 million.

For 8MFY2026, we had net cash from operating activities of HK$1,081.6 million, as adjusted for non-cash and non-operating items, which primarily include (i) depreciation of right-of-use assets of HK$131.6 million; and (ii) finance costs of HK$27.9 million. The amount was further adjusted by movements in working capital and net income tax paid of HK$6.8 million. The movements in working capital primarily included the (i) increase in trade and other payables of HK$825.1 million; and (ii) increase in inventories of HK$66.3 million.

The business experienced serious setback in the pandemic period with drop in business. Prolonged period of border closing and lack of consumer confidence resulted in huge losses during the pandemic period. Thus, we raise significant amount of borrowing around the pandemic period. After the re-opening of border as the pandemic gradually subsided, our business resurged and significant operating cash inflows was recorded from our operations. Given the continuous increase of operating cash inflows throughout the Track Record Period, we were able to reduce the level of bank borrowings steadily throughout the Track Record Period.

Investing activities

During the Track Record Period, our cash inflow from investing activities was principally repayments from related parties. Our cash outflow used in investing activities was principally for advances to related parties and purchase of property, plant and equipment.

For FY2023, we had net cash used in investing activities of HK$17.9 million primarily attributable to (i) payments for rental deposits of HK$10.8 million; and (ii) purchase of property, plant and equipment of HK$10.8 million.

For FY2024, we had net cash used in investing activities of HK$89.8 million primarily attributable to (i) net advances to related parties of HK$46.0 million; (ii) purchase of property, plant and equipment of HK$26.0 million.

For FY2025, we had net cash used in investing activities of HK$93.5 million primarily attributable to (i) purchase of property, plant and equipment of HK$54.9 million; and (ii) net advances to related parties of HK$28.6 million.

For 8MFY2026, we had net cash used in investing activities of HK$41.1 million primarily attributable to purchase of property, plant and equipment of HK$28.7 million.

Financing activities

During the Track Record Period, our cash inflow from financing activities was principally proceeds from bank borrowings and advances from related parties. Our cash outflow used in financing activities was principally for repayment of lease liabilities, repayments of bank borrowings and to related parties and payment of interest.

For FY2023, we had net cash used in financing activities of HK$631.7 million primarily attributable to the (i) net repayment of bank borrowings of HK$519.5 million; (ii) repayment of lease liabilities of HK$86.9 million; and (iii) interest paid on bank borrowings of HK$20.7 million. The cash outflow was partially offset by the net advance from related parties of HK$2.1 million.

For FY2024, we had net cash used in financing activities of HK$1,105.9 million primarily attributable to the (i) net repayment of bank borrowings of HK$937.9 million; (ii) repayment of lease liabilities of HK$119.7 million; and (iii) interest paid on bank borrowings of HK$34.4 million.

For FY2025, we had net cash used in financing activities of HK$1,350.4 million primarily attributable to the (i) net repayment of bank borrowings of HK$1,088.4 million; (ii) repayment of lease liabilities of HK$146.6 million; and (iii) net repayment to related parties of HK$68.3 million.

For 8MFY2026, we had net cash used in financing activities of HK$1,038.5 million primarily attributable to the (i) net repayment of bank borrowings of HK$903.9 million; and (ii) repayment of lease liabilities of HK$118.9 million.

INDEBTEDNESS

The following table sets forth the breakdown of our total indebtedness as at the dates indicated:

	As at 31 March			As at 30 November	As at 31 March
	2023	2024	2025	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)
Bank borrowings	680,428	669,279	651,523	540,506	543,444
— secured and guaranteed	556,411	557,704	556,564	536,830	532,681
— secured and unguaranteed	—	2,689	3,900	3,676	10,763
— unsecured and guaranteed	124,017	108,886	91,059	—	—
Bank overdrafts — secured and guaranteed	143,685	123,699	105,049	92,755	12,793
Lease liabilities	194,299	221,259	265,267	347,399	372,747
— secured and unguaranteed	177,896	214,762	253,712	331,817	315,619
— unsecured and unguaranteed	16,403	6,497	11,555	15,582	57,128
Amounts due to related parties — unsecured and unguaranteed	50,223	48,141	12,836	25,199	15,789
Total	1,068,635	1,062,378	1,034,675	1,005,859	944,773

Bank borrowings

The following table sets forth a breakdown of our bank borrowings as at the dates indicated:

	As at 31 March			As at 30 November	As at 31 March
	2023	2024	2025	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)
Mortgage loans	143,343	134,253	110,556	103,572	99,997
Bank loans under supplier finance arrangement	200,911	237,009	287,111	299,182	313,545
Term loans under the Small and Medium Enterprises ("**SME**") Financing Guarantee Scheme	124,017	108,886	91,059	—	—
Other loans	212,157	189,131	162,797	137,752	129,902
	680,428	669,279	651,523	540,506	543,444
Secured	556,411	560,393	560,464	540,506	543,444
Unsecured	124,017	108,886	91,059	—	—
	680,428	669,279	651,523	540,506	543,444
Guaranteed	680,428	666,590	647,623	536,830	532,681
Unguaranteed	—	2,689	3,900	3,676	10,763
	680,428	669,279	651,523	540,506	543,444

The carrying amounts of the above borrowings are analyzed based on contractual repayment date as follows:

	As at 31 March			As at 30 November	As at 31 March
	2023	2024	2025	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)
The carrying amounts of borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:					
Within one year	423,288	443,382	461,539	443,039	453,109
Within a period of more than one year but not exceeding two years	42,436	48,330	41,461	14,911	11,973
Within a period of more than two years but not exceeding five years	94,357	81,615	71,247	33,262	32,772
Within a period of more than five years	120,347	95,952	77,276	49,294	45,590
	680,428	669,279	651,523	540,506	543,444

The exposure of the Group's borrowings is as follows:

	As at 31 March			As at 30 November	As at 31 March
	2023	2024	2025	2025	2026
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)
Fixed-rate borrowings	200,911	239,698	291,011	302,858	315,848
Variable-rate borrowings	479,517	429,581	360,512	237,648	227,596
	680,428	669,279	651,523	540,506	543,444

The ranges of effective interest rates on our borrowings are as follows:

	As at 31 March			As at 30 November	As at 31 March
	2023	2024	2025	2025	2026
					(Unaudited)
Effective interest rates:					
— Fixed-rate borrowings	2.99% to 5.77%	2.75% to 6.34%	2.75% to 6.74%	1.38% to 5.83%	2.75% to 5.68%
— Variable-rate borrowings	2.01% to 4.97%	2.68% to 6.85%	2.05% to 6.32%	1.91% to 3.70%	1.80% to 4.41%

Our bank borrowings remained relatively stable at HK$680.4 million, HK$669.3 million, HK$651.5 million and as at 31 March 2023, 2024 and 2025, respectively. Our bank borrowings then decreased to HK$540.5 million as at 30 November 2025 mainly due to our repayment. Our bank borrowings then remained relatively stable at HK$543.4 million as at 31 March 2026.

Our bank borrowings comprise the following:

(i) Mortgage loans are secured by our Group's investment properties and/or pledge of properties held by related parties which are entities controlled by Mr. Tse, interest-bearing ranging from 2.43% to 3.08%, 2.68% to 3.33%, 2.05% to 2.71%, 2.01% to 2.71% and 1.80% to 2.50% per annum as at 31 March 2023, 2024 and 2025, 30 November 2025 and 31 March 2026, respectively, guaranteed by Mr. Tse, Mrs. Tse and related parties which are entities controlled by Mr. Tse, including Lung Fung International Trading Limited, Full Group Corporation Limited, Max Profit Investment (Holdings) Limited and/or Huge Max (Hong Kong) Limited, and repayable on demand.

(ii) The Group enters into certain supplier finance arrangements with banks. Under these arrangements, the banks pay suppliers the amounts owed by the Group before original due dates. The Group's obligations to suppliers are legally extinguished on settlement by the relevant banks. The Group then settles with the banks between 90 and 120 days after settlement by the banks with interest ranging from 2.99% to 5.77%, 4.23% to 6.34%, 3.60% to 6.74%, 1.38% to 5.83% and 2.87% to 5.68% per annum as at 31 March 2023, 2024 and 2025, 30 November 2025 and 31 March 2026, respectively. Such bank loans are secured by our Group's investment properties and/or pledge of properties held by related parties which are entities controlled by Mr. Tse. Other than an amount of HK$8.5 million as at 31 March 2026 that is unguaranteed, the remaining amounts are guaranteed by Mr. Tse, Mrs. Tse, and related parties which are entities controlled by Mr. Tse, including Lung Fung International Trading Limited, Full Group Corporation Limited, Max Profit Investment (Holdings) Limited, Dragon Grace Corporation Limited and/or Huge Max (Hong Kong) Limited, and repayable on demand. These arrangements have extended the payment terms, which may be extended beyond the original due dates of respective invoices. The interest rates are consistent with the Group's short-term borrowing rates.

(iii) Term loans under the SME Financing Guarantee Scheme are unsecured, interest-bearing ranging from 3.05% to 3.38%, 3.24% to 3.74% and 2.63% to 3.00% as at 31 March 2023, 2024 and 2025, respectively, guaranteed by Mr. Tse, Mrs. Tse, Mr. Tam Shu Wing and Mr. Wong Sze Chun (who were shareholders of certain entities now comprising the Group holding shares on trust for the benefit of Mr. Tse before the Reorganization), and/or HKMC Insurance Limited, and repayable on demand.

(iv) Other loans represent revolving loans, term loans and other borrowings. The loans are secured by our Group's motor vehicles and investment properties and/or pledge of properties held by related parties which are entities controlled by Mr. Tse, interest-bearing ranging from 2.75% to 5.87%, 2.75% to 6.70%, 2.75% to 5.92%, 1.91% to 3.70% and 2.75% to 4.41% per annum as at 31 March 2023, 2024 and 2025, 30 November 2025 and 31 March 2026, respectively and repayable on demand. Other than other borrowings of HK$2.7 million, HK$3.9 million, HK$3.7 million and HK$2.3 million as at 31 March 2024 and 2025, 30 November 2025 and 31 March 2026 respectively which are unguaranteed, the remaining amounts are guaranteed by Mr. Tse, Mrs. Tse, and related parties which are entities controlled by Mr. Tse, including Lung Fung International Trading Limited, Full Group Corporation Limited, Max Profit Investment (Holdings) Limited, Dragon Grace Corporation Limited and/or Huge Max (Hong Kong) Limited.

In respect of bank loans and bank overdrafts from a bank with carrying amounts of HK$284.9 million, HK$337.4 million, HK$303.9 million and HK$302.4 million as at 31 March 2023, 2024 and 2025 and 30 November 2025, we breached a financial covenant of the relevant bank facility stipulating a maximum net value of the related party balances of LFP. The relevant bank has agreed to waive its right to demand immediate repayment of the outstanding bank loans and bank overdrafts as at 31 March 2023, 2024 and 2025. Such waivers were only related to the respective reporting dates and did not stipulate a specific waiver period. As the carrying amounts of such bank loans and bank overdraft have already been classified under current liabilities as at 31 March 2023, 2024 and 2025 as a result of the repayable on demand clause of the relevant bank facilities, the breach has not resulted in a change in the classification of the bank loans and bank overdrafts. The facility agreements for our bank loans contain customary banking covenants, but there is no individual financial covenant for our bank loans and bank overdrafts that are considered to be material in respect of the Group, and there is no specific restriction in such agreements against dividend distribution.

As at 31 March 2026, being the latest practicable date for the purpose of indebtedness statement, we had aggregate banking facilities of HK$894.9 million, of which HK$338.7 million was unutilised. The unutilised amount was committed by the banks but we are not committed to draw down the unutilised amount. There is no material change in indebtedness since 31 March 2026 up to Latest Practicable Date.

During the Track Record Period, Mr. Tse provided guarantees and granted mortgages over his properties as security (the "**Founder's Guarantees**") for certain loans lent to our Group (the "**Founder's Guaranteed Loans**") with maturity dates up to July 2040. The Founder's Guaranteed Loans were utilised in our ordinary course of business. As at 31 March 2026, the amount of the Founder's Guaranteed Loans was approximately HK$532.7 million. The Founder's Guarantees are on normal commercial terms and are not secured by any assets of our Group, therefore they are fully exempted connected transactions in accordance with rule 14A.90 of the Listing Rules. For details of these Founder's Guarantees, see "Relationship with Our Controlling Shareholder — Financial independence".

All the Founder's Guarantees will be released upon the Listing.

During the Track Record Period, our Directors confirmed that we did not experience any delay or default in repayment of bank borrowings nor experience any difficulty in obtaining banking facilities with terms that are commercially acceptable to us. As at the date of this prospectus, we did not have any plan for material external debt financing.

Bank overdrafts

We had bank overdrafts of HK$143.7 million, HK$123.7 million, HK$105.0 million, HK$92.8 million and HK$12.8 million as at 31 March 2023, 2024 and 2025, 30 November 2025 and 31 March 2026, respectively, primarily for our short-term needs of funding for operations. Bank overdrafts are secured by pledge of properties held by related parties which are entities controlled by Mr. Tse, carry interest at market rates which range from 3.48% to 5.88%, 3.73% to 6.60%, 3.10% to 5.81%, 2.02% to 5.50% and 2.85% to 5.25% per annum as at 31 March 2023, 2024 and 2025, 30 November 2025 and 31 March 2026, respectively. We tend to utilise all types of available facilities in an effective and efficient manner. While we were given the overdraft credit limits with interest rates that are not more unfavorable to us than drawing a loan which entailed a more efficient approval process in a timely manner from the banks, we incurred overdrafts to satisfy part of our funding needs from time to time. During the Track Record Period, we did not experience any unexpected expenditures, deficiencies in cash management, or large, one-off payments.

Lease liabilities

Our lease liabilities increased from HK$194.3 million as at 31 March 2023 to HK$221.3 million as at 31 March 2024 and further to HK$265.3 million as at 31 March 2025, due to the increase in number of stores leased resulting from the further expansion of our business. Our lease liabilities decreased to HK$347.4 million as at 30 November 2025, primarily due to the increase in number of retail stores during the period. Our lease liabilities then increased to HK$372.7 million as at 31 March 2026, primarily due to the renewal of leases during the period.

Lease liabilities amounting to HK$177.9 million, HK$214.8 million, HK$253.7 million, HK$331.8 million and HK$315.6 million as at 31 March 2023, 2024 and 2025, 30 November 2025 and 31 March 2026 respectively are secured by rental deposits paid by the Group.

Amounts due to related parties

The following table sets forth a breakdown of our amounts due to related parties as at the dates indicated:

	As at 31 March			As at 30 November	As at 31 March
	2023	**2024**	**2025**	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)
Amount due to Mr. Tse	14,496	16,894	10,928	10,928	—
Amounts due to related parties	35,727	31,247	1,908	14,271	15,789
	50,223	48,141	12,836	25,199	15,789

We had amount due to Mr. Tse of HK$14.5 million, HK$16.9 million, HK$10.9 million, HK$10.9 million and nil as at 31 March 2023, 2024 and 2025, 30 November 2025 and 31 March 2026, respectively. The amounts were non-trade in nature, unsecured, interest-free and repayable on demand.

We had amount due to related parties, which represented entities controlled by Mr. Tse, of HK$35.7 million, HK$31.2 million, HK$1.9 million, HK$14.3 million and HK$15.8 million as at 31 March 2023, 2024 and 2025, 30 November 2025 and 31 March 2026, respectively. The amounts were non-trade in nature, unsecured, interest-free and repayable on demand.

All the amounts due to related parties had been settled in full as at the date of this prospectus.

Contingent liabilities or guarantees

During the Track Record Period, our Group provided a corporate guarantee to an unlimited extent to a bank for banking facilities granted to a related party. As at 31 March 2023, 2024 and 2025, 30 November 2025 and 31 March 2026, bank facilities utilized by the related party amount to HK$128.6 million, HK$106.2 million, HK$92.4 million, HK$82.8 million and HK$75.1 million respectively. We would release the aforesaid corporate guarantee upon the Listing.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, our Group did not have outstanding as at Latest Practicable Date any debt securities issued and outstanding or agreed to be issued, or other similar indebtedness, term loans, bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, or other material contingent liabilities.

TRANSACTIONS WITH RELATED PARTIES

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

CAPITAL EXPENDITURES

Our capital expenditures have principally consisted of expenditures on additions of property, plant and equipment and investment properties. For FY2023, FY2024, FY2025 and 8MFY2026, our Group incurred capital expenditures of HK$10.8 million, HK$27.4 million, HK$54.9 million and HK$28.7 million, respectively.

We expect that our capital expenditures in the remainder of the financial year of 2026 will primarily consist of purchase of property and equipment. We intend to fund our future capital expenditures with our existing cash balance, cash generated from operating activities, proceeds from borrowings and net proceeds received from the Global offering. We may reallocate the fund to be utilized on capital expenditure and long-term investments based on our ongoing business needs. We believe that these sources of funding will be sufficient to finance our contractual commitments and capital expenditure needs for the next 12 months.

Our projected capital expenditures are subject to revision based upon any future changes in our business plan, market conditions, and economic and regulatory environment. Please refer to the section headed "Future plans and use of proceeds" in this prospectus for further information.

CAPITAL COMMITMENTS

As at each of the year/period end, we did not have material capital commitments.

PROPERTY VALUATION

Avista Valuation Advisory Limited, an independent property valuer, has valued certain of our properties as at 31 March 2026 and is of the opinion that the total market value in existing state as at such date was in aggregate HK$170.3 million. The full text of the letter, summary of valuation and valuation certificates with regard to such property interests are set out in Appendix III to this prospectus. A reconciliation of the carrying value of our properties under property valuation as at 31 March 2026 to their fair value as at 31 March 2026 as stated in the property valuation report set out in "Valuation Report" in Appendix III to this prospectus is set out below:

	HK$'000
Properties as at 30 November 2025 with reference to notes 15 and 16 of Accountants' Report contained in Appendix I to this prospectus	177,708
Properties not qualified under property valuation	(1,090)
Properties under property valuation as at 30 November 2025	176,618
Decrease in fair value of investment properties for the four months ended 31 March 2026	(5,350)
Depreciation of owned properties for the four months ended 31 March 2026	(415)
	170,853
Valuation deficit *(Note)*	(553)
Valuation of properties owned by our Group as at 31 March 2026 as set out in the property valuation report in Appendix III to this prospectus	170,300

Note: The valuation deficit of HK$0.6 million represents the deficit in the market value of our Group's owned properties classified under property, plant and equipment below its carrying amount as at 31 March 2026. We consider that there is no impairment indicator on our Group's owned properties as at 31 March 2026 as the relevant property is used as our Group's retail store and is profit generating for the year ended 31 March 2026.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as at each of the dates indicated:

	For the financial year ended/ as at 31 March			For the eight months ended/ as at 30 November
	2023	**2024**	**2025**	**2025**
Gross Profit Margin (%)(1)	24.9	29.3	31.6	30.9
Net (Loss)/Profit Margin (%)(2)	(2.5)	7.2	6.9	7.3
Return on equity (%)(3)	N/A	111.6	384.0	N/A
Return on total assets (%)(4)	N/A	10.8	13.2	N/A
Interest coverage (times)(5)	N/A	4.4	5.2	7.4
Current ratio (times)(6)	0.3	0.4	0.4	0.6
Quick ratio (times)(7)	0.1	0.2	0.1	0.2
Gearing ratio (%)(8)	N/A	612.2	1,704.7	1,142.4

Notes:

(1) Gross profit margin for FY2023, FY2024, FY2025 and 8MFY2026 was calculated on gross profit divided by revenue for the respective year/period. See the paragraph headed "Review of Historical Results of Operation" in this section for more details on our gross profit margins.

(2) Net profit margin for FY2023, FY2024, FY2025 and 8MFY2026 was calculated on profit for the year divided by revenue for the respective year/period. See the paragraph headed "Review of Historical Results of Operation" in this section for more details on our net profit margins.

(3) Return on equity for FY2023, FY2024, FY2025 was calculated based on the profit for the year for the respective year divided by the total equity as at the respective year and multiplied by 100%. The return on equity for 8MFY2026 is not included for the purpose of comparison as we believe it is not meaningful to compare the ratio for 8MFY2026 with the ratio for FY2025.

(4) Return on total assets for FY2023, FY2024, FY2025 was calculated based on the net profit for the respective years divided by the total assets of the respective years and multiplied by 100%. The return on total assets for 8MFY2026 is not included for the purpose of comparison as we believe it is not meaningful to compare the ratio for 8MFY2026 with the ratio for FY2025.

(5) Interest coverage is calculated based on the profit before interest and tax for the year/period and period divided by interest expenses for the year and period.

(6) Current ratios as at 31 March 2023, 2024 and 2025 and 30 November 2025 were calculated based on the total current assets as at the respective dates divided by the total current liabilities as at the respective dates.

(7) Quick ratio was calculated by dividing total current assets minus inventory 31 March 2023, 2024 and 2025 and 30 November 2025 by total current liabilities as at the respective date.

(8) Gearing ratios was calculated by total interest-bearing borrowings, including bank borrowings and bank overdraft, divided by total equity as at the end of the year/period multiplied by 100%.

Return on equity

We had loss for FY2023. Our return on equity increased from 111.6% for FY2024 to 384.0% for FY2025, primarily due to the increase in profit for FY2025.

Return on total assets

We had loss for FY2023. Our return on total assets increased from 10.8% for FY2024 to 13.2% for FY2025, primarily due to the increase in profit for FY2025.

Interest coverage

We had loss for FY2023. Our interest coverage increased from 4.4 times for FY2024 to 5.2 times for FY2025, primarily due to the increase in profit for FY2025. Our interest coverage further increased to 7.4 times for 8MFY2026, primarily due to the decrease in finance costs incurred for 8MFY2026 as a result of the decrease in average interest-bearing borrowings.

Current ratio

Our current ratio remained relatively stable at 0.3 times, 0.4 times and 0.4 times as at 31 March 2023, 2024 and 2025, respectively. Our current ratio then increased to 0.6 times as at 30 November 2025 primarily due to the increase in current portion of amounts due from related parties.

Quick ratio

Our quick ratio remained relatively stable at 0.1 times, 0.2 times and 0.1 times as at 31 March 2023, 2024 and 2025 respectively. Our quick ratio then increased to 0.2 times as at 30 November 2025 primarily due to the increase in current portion of amounts due from related parties.

Gearing ratio

Our gearing ratio increased from 612.2% as at the financial year ended 31 March 2024 to 1,704.7% as at 31 March 2025, primarily due to the decrease in total equity mainly resulting from dividends recognised as distributions of HK$255.0 million for FY2025 partially offset by the increase in profit for the year. Our gearing ratio decreased to 1,142.4% as at 30 November 2025, primarily due to the increase in profit for the period and increase in total equity resulting from the accumulation of profit.

PLEDGE OF ASSETS

The Group's borrowings had been secured by the pledge of the Group's assets and the carrying amounts of the respective assets are as follows:

		As at 31 March		As at 30 November
	2023	**2024**	**2025**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Investment properties	256,500	239,730	187,920	149,760
Property, plant and equipment	—	2,789	4,432	31,354
	256,500	242,519	192,352	181,114

CONTINGENT LIABILITIES

As at the Latest Practicable Date, except for the corporate guarantee provided by our Group to an unlimited extent to a bank for banking facilities granted to a related party, we did not have any material contingent liabilities, guarantees or any litigation or claims of material importance, pending or threatened against us. Our Directors have confirmed that there has not been any material change in our contingent liabilities since the Latest Practicable Date and up to the date of this prospectus. For details of the aforesaid corporate guarantee provided by our Group, please refer to the "Financial Information — Contingent liabilities or guarantees" of this section.

OFF-BALANCE SHEET ARRANGEMENT

As at the Latest Practicable Date, we had not entered into any off-balance sheet transaction.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to a variety of financial risk, such as market risk, including currency risk, interest rate risk, credit risk and liquidity risk.

Details of the risk to which we are exposed are set out in note 32 to the Accountants' Report, the text of which is set out in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

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

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Global Offering. We estimate that our listing expenses will be approximately HK$50.4 million (assuming an Offer Price of HK$5.78 per Offer Share (being the mid-point of the indicative Offer Price range) and no exercise of the Over-allotment Option), of which approximately HK$30.6 million is directly attributable to the issue of our Offer Shares and will be deducted from equity, HK$11.1 million has been expensed in our consolidated statements of profit or loss in 8MFY2026 and approximately HK$8.7 million is expected to be expensed after the Track Record Period. Our estimated listing expenses include: underwriting-related expenses, representing underwriting commission and fees of approximately HK$24.4 million; non-underwriting-related professional fees of approximately HK$23.0 million for their services rendered in relation to the Global Offering and the Listing, and other fees and expenses of approximately HK$3.0 million. The listing expenses above are the best estimate as of the Latest Practicable Date and for reference only and the actual amount may differ from this estimate.

DIVIDENDS AND DIVIDEND POLICY

During the Track Record Period, no dividend has been paid or declared by the Company since its date of incorporation. During the year ended 31 March 2023, Dragon Mind Creation Limited declared dividends of HK$13.0 million to its shareholder. For the year ended 31 March 2025, LFP, Top Harvest Pharmaceuticals Company Limited and Pearl Lake Global Limited declared dividends of HK$200.0 million, HK$33.0 million and HK$22.0 million, respectively, to their respective shareholders. The dividend of LFP, Top Harvest Pharmaceuticals Company Limited and Pearl Lake Global Limited were all settled by offsetting with the amount due from companies controlled by Mr. Tse and charged to amounts due to the relevant related parties of the respective companies on 31 March 2025 respectively. Please see Note 34 in the Accountant's Report in Appendix I for details. When deciding on the dividend payment, we have taken into account various factors other than cash flow of the relevant financial period. These factors include operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests. After balancing various factors, it is considered appropriate to distribute dividends to the shareholders because it is considered appropriate to offset the amounts due from shareholders or related parties of the relevant companies by way of dividend. As advised by our Hong Kong Legal Counsel, the aforesaid dividends were declared and settled out of profits available for distribution of Dragon Mind Creation Limited, LFP and Top Harvest Pharmaceuticals Company Limited at the material time, in compliance with the Companies Ordinance (Cap. 622) and the respective articles of association of the relevant subsidiaries[*(Note)*]. On 10 February 2026 and 21 May 2026, our Company declared dividends of HK$130 per share totalling HK$130,000,000 and HK$23 per share totaling HK$23,000,000, respectively, which were settled by way of an offsetting with our Group's amounts due from related parties.

Note: Under the laws of the British Virgin Islands, the place of incorporation of Pearl Lake Global Limited ("PLG"), and the memorandum and articles of association of PLG, the directors of PLG may by resolution authorise a distribution by the company as they think fit if they are satisfied on reasonable grounds that, immediately after the distribution, (i) the value of the company's assets exceeds its liabilities, and (ii) the company is able to pay its debts as they fall due. Our Directors confirmed that at the material time when PLG declared the relevant dividends, the directors of PLG were satisfied on reasonable grounds that the value of PLG's assets exceeded its liabilities and PLG was able to pay its debts as they fell due.

Our Company does not have any formal dividend policy or predetermined dividend payout ratio. However, subject to the relevant laws and our constitutional documents, the Board intends to, following the Listing, recommend an annual dividend of no less than 50% of our profit for the year available for distribution to the Shareholders, subject to consideration of various factors, including our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Notwithstanding the aforesaid, our Company may not be able to distribute any dividend or may reduce or cease any dividend distribution in certain circumstances where our Company has net cash outflow from operating activities in the year of the consolidated statement of accounts, or the amount of proposed investments or acquisitions of our Company during the year exceeds its operating cash inflow in the same year. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Islands Companies Act. Under the Articles of Association of the Company, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors.

Any dividends declared will be in Hong Kong dollars with respect to our Shares on a per share basis, and our Company will pay such dividends in Hong Kong dollars.

Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 3 October 2025, and had reserves of HK$47.5 million as at 30 November 2025.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

Please see the section "Unaudited Pro Forma Financial Information" in Appendix IIA for our unaudited pro forma adjusted net tangible assets and unaudited pro forma estimated earnings per share.

PROFIT ESTIMATE

Please see the section "Profit Estimate" in Appendix IIB for our profit estimate.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Please see the section headed "Summary — Recent Development and No Material Adverse Change" of this prospectus for details.

FUTURE PLANS

Please refer to "Business — Our Strategies" in this prospectus for a detailed discussion of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$672.1 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, assuming an Offer Price of HK$5.78 per Share, being the mid-point of the Offer Price. We currently intend to apply these net proceeds for the following intended purposes in the amounts set forth below:

- Approximately HK$245.9 million, representing 36.6% of the net proceeds, is expected to be used for expanding, enhancing and optimising our physical and online sales network of which we intend to use approximately 25.8%, 36.7% and 37.5% for the period from the Listing Date to March 2027, FY2028 and FY2029, respectively, among which:

  Physical sales network

  (i) approximately HK$81.7 million, representing 12.2% of the net proceeds, is expected to be used for expanding our physical retail store network by opening up to 11 new retail stores in Hong Kong during the period from the Listing Date to 31 March 2029 with three to four new shops intended to be opened for each financial year. The target areas of the new shops will cover different districts in Hong Kong Island, Kowloon and the New Territories (covering locations with various demographics (both residential and commercial areas)), depending on the market dynamics and subject to the availability of suitable premises. Please also see the section headed "Business — Our Strategies — 1. Continuously expanding the local physical retail network to increase market share". The further diversification of the locations of our stores would widen our outreach of different types of customers, including the residents in the neighbourhood and the workers around the commercial areas. The increased number of stores and locations would also enable the Group to be more flexible in relocating different products across various stores, which would minimize the risk of cannibalization. These net proceeds will be used for initial capital expenditures, which include rental deposit and design and renovation costs;

  (ii) approximately HK$127.0 million, representing 18.9% of the net proceeds, is expected to be used for inventory procurement for the opening of additional retail stores;

  (iii) approximately HK$23.8 million, representing 3.5% of the net proceeds, is expected to be used for recruitment and training of store staff, beauty consultants and registered pharmacists to be stationed at the new retail stores;

Online sales network

(iv) approximately HK$13.4 million, representing 2.0% of the net proceeds, is expected to be used for expanding our online sales channels, which will primarily include (a) further developing and optimising our Lung Fung Mall e-commerce platform in Hong Kong, with an aim to improve user experience, visual appeal and convenience relating to web browsing and the online shopping process on our Official Online Store; we also plan to enhance the functionalities of our Official Online Store to intensify our promotion initiatives via multiple means in order to increase our online sales volume and revenue; (b) broadening our online sales channels and increasing our outreach to customers through online platform such as Douyin; and (c) enhancing our presence by opening additional self-operated e-commerce stores on e-commerce platforms such as Tmall and JD.com for sales in the PRC in order to further strategically promote specific products such as our private label products through enhanced exposure to target customers.

- Approximately HK$23.5 million, representing 3.5% of the net proceeds, is expected to be used for brand management and marketing to increase mass awareness of our Group and the effectiveness of our marketing activities of which we intend to use approximately 15.0%, 35.0% and 50.0% during the period from the Listing Date to March 2027, FY2028 and FY2029, respectively, which will primarily include:

  (i) approximately HK$13.4 million, representing 2.0% of the net proceeds, is expected to be used for engaging entertainers and KOLs as ambassadors for our Group and placing commercial advertisement on major television channels. These net proceeds will be used for the annual endorsement fees for the ambassadors and the design costs relating to our Group's ambassadors and production and design costs and media-buying costs; and

  (ii) approximately HK$10.1 million, representing 1.5% of the net proceeds, is expected to be used for implementing our online marketing and promotion activities, which will primarily include the placement of online advertisements to promote our Group on social media platforms. We will create original media contents and/or sponsored videos to promote our brands on various social media platforms tailoring to the preferences of audiences on different platforms.

- Approximately HK$23.5 million, representing 3.5% of the net proceeds, is expected to be used for strengthening our supply chain capability through expanding and upgrading our existing procurement office and warehouse in Japan and warehouse in Korea of which we intend to use approximately 33.3%, 33.3% and 33.4% during the period from the Listing Date to March 2027, FY2028 and FY2029, respectively. At present, our Group utilises one warehouse in Fukuoka, Japan, for sourcing and goods-transit. We plan to set up another location in Japan, which is a key area of our procurement, to further enhance our sourcing capability. We also plan to strengthen manpower in Japan and Korea to support our operations in those locations, with an aim to enhance our order handling capacity and improve our logistical capabilities and efficiency. We expect to increase the manpower in Japan/Korea by engaging contractors or recruiting employees, taking in account such as the costs involved, availability of suitable candidates and the then business needs. This investment aims to enhance our operational capabilities, improve supplier relationships, and strengthen our competitive position in these key markets. The net proceeds will be used to lease additional office space and warehouse to accommodate a growing team dedicated to sourcing high-quality products from suppliers in Japan and Korea; and

- Approximately HK$76.8 million, representing 11.4% of the net proceeds, is expected to be used for upgrading and enhancing our information technology systems of which we intend to use approximately 29.4%, 38.3% and 32.3% during the period from the Listing Date to March 2027, FY2028 and FY2029, respectively, in particular,

  (i) approximately HK$53.8 million, representing 8.0% of the net proceeds, is expected to be used for upgrading our warehouse by implementing a new warehouse management system. In particular, we plan to modernize our warehouse management, streamline existing personnel management processes and implement modern digital management. We plan to redesign and automate warehouse logistics management, and provide a data integration platform to facilitate data exchange with suppliers, thereby improving efficiency and receipt accuracy. The upgrade aims to enhance our operational efficiency, support better inventory management, and improve our overall logistics capabilities; and

  (ii) approximately HK$23.0 million, representing 3.4% of the net proceeds, is expected to be used for upgrading our point-of-sales system. This strategic investment aims to enhance our transaction capabilities, improve customer experience, and streamline operational processes across our retail locations. These net proceeds will be used for acquiring new POS hardware and software, including terminals, mobile devices, and receipt printers. This equipment will support faster transaction processing and better integration with our inventory management systems.

- Approximately HK$134.4 million, representing 20.0% of the net proceeds, is expected to be used to repay our outstanding loans, primarily certain supplier finance arrangements (please refer to note 23 of Appendix I to this prospectus for further information and revolving loan of interest rate of 3.5% to 4.5% and maturity of 3 to 6 months, of which we intend to use approximately 50.0% and 50.0% during the period from the Listing Date to March 2027 and FY2028, respectively.

- Approximately HK$100.8 million, representing 15.0% of the net proceeds, of which we intend to use approximately 50.0% and 50.0% during FY2028 and FY2029, respectively, is expected to be used for pursue selective strategic investment and acquisition opportunities and further develop strategic partnerships to expand our business scale and our geographic coverage. We plan to acquire companies that either operate in a similar business to ours or can provide synergies that complement our current operations or enable us to expand our business. For instance, we would consider vertical acquisitions such as acquiring upstream suppliers, for instance OEM manufacturers, of products similar to what our Group is currently offering. This would further enhance the stability of supply for certain private label products and potentially increase our profit margin. We would also consider horizontal acquisitions, such as acquiring other retailers in Hong Kong and overseas, in order to increase our market share in the beauty, health and pharmaceutical products retail sector and enhance our market penetration in different geographic areas. In assessing future acquisition targets, we would consider (i) if it is an upstream supplier, whether such acquisition target is an established and reliable supplier of our product portfolio; (ii) if it is a horizontal acquisition, the location of its sales network; (iii) reputation of such company in the industry; (iv) scale of operation of such company; and (v) historical financial performance of such company. Our potential acquisition targets include small-cap retailers with market capitalization below HK$500 million and an estimated annual revenue of less than HK$200 million in Hong Kong. According to Frost & Sullivan, the estimated number of potential targets available in the beauty, health and pharmaceutical products retail sector that meet our selection criteria in Hong Kong is more than 20. As at the Latest Practicable Date, we were not in the process of negotiating with any potential seller, whether in Hong Kong or overseas, for acquisition and we had not identified any appropriate target. We are open as to the destinations of our potential acquisitions and would assess the potential targets based on various factors including the aforesaid.

- Approximately HK$67.2 million, representing 10.0% of the net proceeds, is expected to be used as general working capital of our Group.

In the event that the Offer Price is set at the maximum Offer Price or the minimum Offer Price of the indicative Offer Price range and the Over-allotment Option is not exercised, the net proceeds of the Global Offering will increase or decrease by approximately HK$72.5 million, respectively. To the extent that the net proceeds from the Global Offering are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

The net proceeds that we would receive if the Over-allotment Option were exercised in full would be (i) HK$860.1 million (assuming an Offer Price of HK$6.38 per Share, being the maximum Offer Price), (ii) HK$776.8 million (assuming an Offer Price of HK$5.78 per Share, being the mid-point of the Offer Price range) and (iii) HK$693.5 million (assuming an Offer Price of HK$5.18 per Share, being the minimum Offer Price).

In the event that the Over-allotment Option is exercised in full, we intend to apply the additional proceeds to the above purposes on a pro rata basis. In the event that the actual amount of net proceeds is insufficient to cover our expenses for the above plans, we intend to fund the shortfall through various means, including cash generated from operations, bank loans, and other borrowings.

If any part of our plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our plans not viable, or the occurrence of force majeure events, we will carefully evaluate the situation and may reallocate the net proceeds from the Global Offering. In the event of any material change in our use of net proceeds of the Global Offering from the purposes described above, we will timely issue a formal announcement.

To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, we will only deposit the net proceeds into short-term interest-bearing accounts with licensed commercial banks and/or authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

HONG KONG UNDERWRITERS

DBS Asia Capital Limited
CMB International Capital Limited
Phillip Securities (Hong Kong) Limited
SPDB International Capital Limited
uSmart Securities Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement. If, for any reason, the Offer Price is not agreed between the Overall Coordinator (for itself and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 12,500,000 Hong Kong Offer Shares and the International Offering of initially 112,500,000 International Offer Shares, subject to, in each case, reallocation on the basis as described in the section headed "Structure of the Global Offering" in this prospectus as well as to the Over-allotment Option in the case of the International Offering.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering initially 12,500,000 Hong Kong Offer Shares (subject to reallocation) for subscription by way of a Hong Kong Public Offering at the Offer Price on and subject to the terms and conditions in this prospectus.

Subject to (i) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares (including additional Shares which may be issued pursuant to the exercise of the Over-allotment Option) as mentioned herein, and such approval and permission not having been subsequently revoked prior to the commencement of trading of our Shares on the Main Board of the Stock Exchange and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally, but not jointly, to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions in this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to, amongst other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination, if at any time prior to 8:00 a.m. on the Listing Date:

(a) there has come to the notice of the Sole Sponsor and/or the Overall Coordinator:

(i) any statement contained in any offer documents and/or any notices, announcements, advertisements, communications or other documents in connection with the Global Offering (including any supplement or amendments thereto) (collectively, the "**Relevant Documents**") was, when it was issued, or has become, untrue, incorrect, inaccurate, incomplete, misleading or deceptive in any material respect or that any forecast, expression of opinion, intention or expectation expressed in any of the Relevant Documents is not, in any material respect, in the reasonable opinion of the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters), fair and honest and based on reasonable assumptions, when taken as a whole; or

(ii) any material matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the respective dates of the publication of the Relevant Documents, constitute an omission therefrom; or

(iii) any material breach of any of the obligations imposed or to be imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (including any supplemental or amendment thereto, as applicable) (in each case, other than on the part of any of the Sponsor, the Overall Coordinator and the Underwriters); or

(iv) any material event, act or omission which gives or is likely to give rise to any liability of any of the warrantors pursuant to the Hong Kong Underwriting Agreement or under the International Underwriting Agreement; or

(v) any material adverse change or development involving a prospective material adverse change in the assets, liabilities, general affairs, management, business prospects, shareholders' equity, profits, losses, results of operations, position or conditions (financial, trading or otherwise) or performance of any Group company; or

(vi) any material breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the warranties in the Hong Kong Underwriting Agreement; or

(vii) the approval by the Listing Committee of the listing of, and permission to deal in, the Shares (including any additional Shares that may be issued upon the exercise of the Over-allotment Option) is refused or not granted, or is qualified (other than subject to customary conditions), on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(viii) the Company withdraws any of the Relevant Documents or the Global Offering; or

(ix) any person named as expert in this prospectus (other than the Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Relevant Documents or to the issue of any of the Relevant Documents; or

(x) that a petition or an order is presented for the winding-up or liquidation of any Group company or any Group company makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any Group company or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any Group company or anything analogous thereto occurs in respect of any Group company; or

(xi) an authority or a political body or organization in any relevant jurisdiction has commenced any investigation or other action, or announced an intention to investigate or take other action, against any of the Directors and senior management members of the Group as set out in the section headed "Directors and Senior Management" of this prospectus; or

(xii) a portion of the orders in the bookbuilding process, which is considered by the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) at its sole and absolute opinion to be material, at the time the International Underwriting Agreement is entered into; or

(xiii) any material loss or damage has been sustained by any Group company (howsoever caused and whether or not the subject of any insurance or claim against any person) which is considered by the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) at its reasonable opinion to be material; or

(xiv) any Director or member of senior management of the Company is vacating his or her office, is being charged with an indictable offence or is prohibited by operation of law or otherwise disqualified from taking part in the management or taking directorship of a company or there is the commencement by any governmental authority of any investigation or other action against any Director or member of senior management of the Company in his or her capacity as such or any member of the Group or an announcement by any governmental authority that it intends to commence any such investigation or take any such action; or

(b) there shall develop, occur, exist or come into effect:

(i) any local, national, regional, international event or circumstance, or series of events or circumstances, beyond the reasonable control of the Underwriters (including, without limitation, any acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, earthquake, tsunami, volcanic eruption, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a local, regional, national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases, pandemics or epidemics (including, without limitation, Severe Acute

Respiratory Syndrome, avian influenza A (H5N1), Swine Flu (H1N1), H7N9, Middle East Respiratory Syndrome, coronavirus or such related or mutated forms) or interruption or delay in transportation) in or affecting Hong Kong, the PRC, the United States, the Cayman Islands, the BVI, or any other jurisdictions relevant to any Group company or the Global Offering (the "**Specific Jurisdictions**"); or

(ii) any material adverse change or development involving a prospective material adverse change, or any event or circumstance or series of events or circumstances likely to result in any material adverse change or development involving a prospective material adverse change, in any local, regional, national, international, financial, economic, political, military, industrial, fiscal, legal regulatory, currency, credit or market conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in any of the Specific Jurisdictions; or

(iii) any moratorium, suspension or restriction on trading in securities generally (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) for over three consecutive trading days on any of the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the NASDAQ Global Market, the Shanghai Stock Exchange and the Shenzhen Stock Exchange; or

(iv) any new laws, or any change or development involving a prospective change in existing laws, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change in the interpretation or application of existing laws by any court or other competent authority, in each case, in or affecting any of the Specific Jurisdictions; or

(v) any general moratorium on commercial banking activities, or any disruption in commercial banking activities, foreign exchange trading or securities settlement or clearance services or procedures or matters, in or affecting any of the Specific Jurisdictions; or

(vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by or for any of the Specific Jurisdictions; or

(vii) a material change or development involving a prospective material change in or affecting taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment laws (including, without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a material fluctuation in the exchange rate of the Hong Kong dollar or the Renminbi against any foreign currency) in or affecting any of the Specific Jurisdictions or affecting an investment in the Shares; or

(viii) any material change or development involving a prospective material change in, or a materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(ix) any material litigation or claim of any third party being threatened or instigated against any Group company, the Controlling Shareholders or any Directors or senior management of the Company; or

(x) any material contravention by any member of the Group or any Director or any member of senior management of the Company of any applicable laws or the Listing Rules; or

(xi) the commencement by any governmental, regulatory or political body or organisation of any action against a Director in his or her capacity as such or an announcement by any governmental, regulatory or political body or organisation that it intends to take any such action; or

(xii) a material contravention by any Group company or any Director of the Listing Rules, the Companies Ordinance or any other laws applicable to the Global Offering; or

(xiii) a prohibition on the Company for whatever reason from allotting, issuing the Offer Shares and/or the Over-allotment Shares pursuant to the terms of the Global Offering; or

(xiv) non-compliance of this prospectus and the other Relevant Documents or any aspect of the Global Offering with the Listing Rules or any other laws applicable to the Global Offering; or

(xv) the issue or requirement to issue by the Company of a supplement or amendment to this prospectus and/or any other Relevant Documents pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(xvi) a demand by any creditor for repayment or payment of any indebtedness of any Group company or in respect of which any Group company is liable prior to its stated maturity, or an order or petition for the winding up or liquidation of any Group company or any composition or arrangement made by any Group company with its creditors or a scheme of arrangement entered into by any Group company or any resolution for the winding-up of any Group company or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any Group company or anything analogous thereto occurring in respect of any Group company;

which in each case individually or in aggregate at the sole and absolute opinion of the Sole Sponsor and the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters):

(a) has or is or will or may or could be expected to have an adverse effect on the assets, liabilities, business, general affairs, management, shareholders' equity, profits, losses, results of operation, financial, trading or other condition or position or prospects or risks of the Company or the Group or any Group company or on any present or prospective shareholder of the Company in his, her or its capacity as such; or

(b) has or will or may have or could be expected to have an adverse effect on the success, marketability or pricing of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or

(c) makes or will make or may make it inadvisable, inexpedient or impracticable for any part of the Hong Kong Underwriting Agreement or the Global Offering to be performed or implemented or proceeded with as envisaged or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and manner contemplated by the offer documents or shall otherwise result in an interruption to or delay thereof; or

(d) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms in material respect or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

Undertakings to the Stock Exchange Pursuant to the Listing Rules

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that no further shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued or sold or transferred out of treasury or form the subject of any agreement to such an issue, or sale or transfer out of treasury within six months from the Listing Date (whether or not such issue of shares or securities or sale or transfer out of treasury will be completed within six months from the Listing Date), except any capitalisation issue, capital reduction or consolidation or sub-division of shares and pursuant to the Global Offering.

Undertakings by our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, our Controlling Shareholders have jointly and severally undertaken to the Stock Exchange that, except pursuant to the Global Offering or the Stock Borrowing Agreement (including the exercise of the Over-allotment Option), they will not and shall procure that the relevant registered holder(s) of the Shares, any associates or companies controlled by the Controlling Shareholders or any nominees or trustees holding the Shares in trust for the Controlling Shareholders (as the case may be) shall not:

(i) in the period commencing on the date by reference on which disclosure of the respective shareholding is made in this prospectus and ending on the date which is six months from the Listing Date (the "**Relevant Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests nor encumbrances in respect of (but save pursuant to a pledge or charge as security in favour of an unauthorised institution for a bona fide commercial loan) any of the Shares or securities of the Company owned by the Controlling Shareholders or the relevant registered holder(s), nominee or trustee (including any interest in any shares in any company controlled by the Controlling Shareholders which is, directly or indirectly, the beneficial owner of any of our Shares or securities of the Company) (the "**Relevant Shares**"); and

(ii) in the period of further six months commencing from the expiry of the Relevant Period (the "**Second Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of (but save pursuant to a pledge or charge as security in favour of an unauthorised institution for a bona fide commercial loan) any of the Relevant Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, they would cease to be the controlling shareholders of our Company for the purpose of the Listing Rules.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, our Controlling Shareholders have further jointly and severally undertaken to the Stock Exchange that, during the Relevant Period and the Second Period, they will:

(i) when any of them pledges or charges any Shares beneficially owned by them in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform our Company of such pledge or charge together with the number of Shares so pledged or charged; and

(ii) when any of them receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares will be disposed of, immediately inform our Company in writing of such indications.

Our Company will inform the Stock Exchange as soon as we have been informed of the matters referred to in paragraph (i) and (ii) above (if any) by our Controlling Shareholders and subject to the then applicable requirements of the Listing Rules disclose such matters by way of an announcement.

Undertakings to the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

Pursuant to the Hong Kong Underwriting Agreement, we have undertaken to each of the Sole Sponsor, the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries that except pursuant to the Global Offering (including pursuant to the exercise of the Over-Allotment Option), our Company will not, and will procure each other member of our Group not to, without the prior written consent of the Sole Sponsor and the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the "**First Six-Month Period**"):

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any shares or other securities of any member of our Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any other warrants or other rights to purchase any Shares or any shares of any other member of our Group, as applicable) or deposit any Shares or other securities of the Company or any shares or other securities of any other member of our Group, as applicable, with a depositary in connection with the issue of depositary receipts; or repurchase any Shares or other securities of the Company or any shares or other securities of any other member of our Group, as applicable; or

(b) enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of the Company or any shares or other securities of any other member of our Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company or any shares or other securities of any other member of our Group, as applicable); or

(c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above; or

(d) offer to or agree to or announce any intention to effect any transaction set out in (a), (b) or (c) above,

in each case, whether any of the transactions specified in (a), (b), (c) or (d) above is to be settled by delivery of Shares or other securities of the Company or shares or other securities of any other member of our Group, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period).

We have further undertaken that, in the event that during the period of six months immediately following the expiry of the First Six-Month Period (the "**Second Six-Month Period**"), our Company enters into any of the transactions specified in (a), (b), (c) or (d) above or offers to or agrees to, or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the Shares or other securities of our Company. Each of the Controlling Shareholders and executive Directors has also undertaken to each of the Sole Sponsor, the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries to procure our Company's compliance with the foregoing undertakings.

Undertakings by the Controlling Shareholders

Each of the Controlling Shareholders has jointly and severally undertaken to each of the Company, the Sole Sponsor, the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries that, save as pursuant to the Stock Borrowing Agreement, without the prior written consent of the Sole Sponsor and the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) at any time during the First Six-Month Period, it/he/she shall not, and shall procure that the relevant registered holder(s), any nominee or trustee holding on trust for it/him/her and the companies controlled by it/he/she (together, the "**Controlled Entities**") shall not, (i) allot, issue, sell, offer to allot, issue, sell, contract or agree to allot, issue, sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to allot, issue, sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares) beneficially owned by it/him/her directly or indirectly through its Controlled Entities (the "**Relevant Securities**"), or deposit any Relevant Securities with a depositary in connection with the issue of depositary receipts; or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities; (iii) enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (i) or (ii) above; or (iv) offer to or agree to or announce any intention to enter into or effect any of the transactions referred to in paragraphs (i), (ii) or (iii) above, in each case whether any of the foregoing transactions referred to in paragraphs (i), (ii) or (iii) is to be settled by delivery of Shares or any other securities of our Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period);

(b) in the event that it/he/she enters into any of the transactions specified in paragraphs (a)(i), (a)(ii) and (a)(iii) above or offer to or agrees to or announce any intention to effect any such transaction within the Second Six-Month Period, it/he/she shall take all reasonable steps to ensure that it/he/she will not create a disorderly or false market for any Shares or other securities of our Company; and

(c) it/he/she shall, and shall procure that the relevant registered holder(s) and other Controlled Entities shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by it/him/her or by the registered holder(s) and/or other Controlled Entities of any Shares or other securities of our Company.

(d) within the period from the date by reference to which disclosure of their shareholding in the Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it/he/she will:

(i) when it/he/she pledges or charges any securities or interests in the Relevant Securities in favour of an authorised institution, immediately inform our Company, the Sole Sponsor and the Overall Coordinator in writing of such pledges or charges together with the number of securities and nature of interest so pledged or charged; and

(ii) when it/he/she receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company, the Sole Sponsor and the Overall Coordinator in writing of such indications.

Our Company shall inform the Stock Exchange in writing as soon as it has been informed of any of the matters referred to above (if any) by the Controlling Shareholders and disclose such matters by way of an announcement to be published in accordance with the Listing Rules as soon as possible.

Indemnity

We, the executive Directors and the Controlling Shareholders have agreed to jointly and severally indemnify the Sole Sponsor, the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters for certain losses which they may suffer, including losses incurred arising from our performance of our obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

The International Offering

In connection with the International Offering, it is expected that our Company will enter into the International Underwriting Agreement with the International Underwriters, among others. Under the International Underwriting Agreement, the International Underwriters will, subject to certain conditions set out therein, severally and not jointly, agree to procure subscribers or purchasers for the International Offer Shares, failing which they agree to subscribe for or purchase their respective proportions of the International Offer Shares which are not taken up under the International Offering.

Our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Overall Coordinator (for itself and on behalf of the International Underwriters) at any time from the date of the International Underwriting Agreement until the 30th day from the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to issue and allot up to an aggregate of 18,750,000 additional Offer Shares, representing 15% of the initial Offer Shares, at the Offer Price under the International Offering to cover, among other things, over allocations (if any) in the International Offering.

It is expected the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors shall be reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Underwriting Commission and Expenses

The Underwriters will receive an underwriting commission of 2.38% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option) (the "**Fixed Fees**"), out of which they will pay any sub-underwriting commission and other fees. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, our Company will pay an underwriting commission to the relevant International Underwriters (but not the Hong Kong Underwriters). The Company may also in its sole discretion pay the Underwriters an additional incentive fee of up to 1.0% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option) (the "**Discretionary Fees**").

Assuming that all of the Discretionary Fees will be paid in full to the Underwriters, the aggregate amount of fees payable by us to all syndicate members will be 3.38% of the gross proceeds from the Global Offering, comprising 70.4% in Fixed Fees and 29.6% in Discretionary Fees.

Assuming an Offer Price of HK$5.78 per Offer Share (being the mid-point of the indicative Offer Price range), the aggregate commissions and fees (assuming the full payment of Discretionary Fees and no exercise of the Over-allotment Option), together with listing fees, SFC transaction levy, AFRC transaction levy, Stock Exchange trading fee, legal and other professional fees and printing and other expenses, payable by our Company relating to the Global Offering are estimated to be approximately HK$50.4 million in total.

The commission and expenses were determined after arm's length negotiation between the Company and the Hong Kong Underwriters or other parties by reference to the current market conditions.

HONG KONG UNDERWRITERS' INTERESTS IN THE COMPANY

Save for its obligations under the Hong Kong Underwriting Agreement or otherwise disclosed in this prospectus, none of the Hong Kong Underwriters has any shareholding interests in our Company or the right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in our Company.

Following the completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Underwriting Agreements.

SOLE SPONSOR'S INDEPENDENCE

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

RESTRICTIONS ON THE OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than in Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. In particular, the Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in China and the U.S.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilising process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments our Company and/or persons and entities with relationships with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with our Group's loans and other debt.

In relation to the Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares, which may have a negative impact on the trading price of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the relevant rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilising period described in the section headed "Structure of the Global Offering" in this prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members (other than the Stabilising Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares) whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates expect to provide in the future, investment banking and other services to our Company and its affiliates for which such Syndicate Members or their respective affiliates will receive customary fees and commissions. In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

OVER-ALLOTMENT AND STABILISATION

Details of the arrangements relating to the Over-allotment Option and stabilisation are set forth in the section headed "Structure of the Global Offering" in this prospectus.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering.

The Global Offering comprises:

(a) the Hong Kong Public Offering of initially 12,500,000 Shares (subject to reallocation as mentioned below) in Hong Kong as described in the paragraph headed "— The Hong Kong Public Offering" in this section; and

(b) the International Offering of initially 112,500,000 Shares (subject to reallocation and the Over-allotment Option as mentioned below) to be offered only outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in the paragraph headed "— The International Offering" in this section.

Investors may apply for Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent 25.0% of the enlarged registered share capital of our Company immediately after completion of the Global Offering without taking into account the exercise of the Over-allotment Option, if any. If the Over-allotment Option is exercised in full, the additional International Offer Shares will represent approximately 3.6% of the enlarged registered share capital of our Company immediately after completion of the Global Offering and the exercise of the Over-allotment Option as set out in the paragraph headed "— Over-allotment Option" in this section.

References in this prospectus to applications, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, respectively, may be subject to reallocation as described in the paragraph headed "— The Hong Kong Public Offering — Reallocation" in this section.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

Our Company is initially offering 12,500,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Global Offering.

The number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering and assuming that the Over-allotment Option is not exercised, will represent 2.5% of the total Shares in issue immediately following the completion of the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in the paragraph headed "— Conditions of the Global Offering" in this section.

Allocation

The allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally into two pools: pool A and pool B (with any odd board lots being allocated to pool A). The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to valid applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK$5 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to valid applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of more than HK$5 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the "price" for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 6,250,000 Hong Kong Offer Shares (being 50% of the Offer Shares initially available under the Hong Kong Public Offering) is liable to be rejected.

Reallocation

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Overall Coordinator. In each case, based on the additional Offer Shares reallocated to the Hong Kong Public Offering, the number of Offer Shares allocated to the International Placing will be correspondingly reduced, in such manner as the Overall Coordinator deemed appropriate. Subject to the allocation cap described in the subsequent paragraph, the Overall Coordinator may in their discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering in accordance with the guidance in Chapter 4.14 of the Guide. In addition, if the Hong Kong Public Offering is not fully subscribed, the Overall Coordinator will have the discretion (but shall not under an obligation) to reallocate to the International Offering all or any unsubscribed Hong Kong Offer Shares in such amounts as they deem appropriate.

If: (i) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times; or (ii) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, up to 6,250,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering following such reallocation will be increased to 18,750,000 Offer Shares, representing 15% of the number of the Offer Shares initially available under the Global Offering (before exercise of the Over-allotment Option), and the final Offer Price shall be fixed at the bottom end of the indicative Offer Price range (i.e. HK$5.18 per Offer Share). If the Hong Kong Offer Shares and International Offer Shares are undersubscribed, the Global Offering will not proceed unless the shortfall can be taken up by the Underwriters. In case where the International Offer Shares are fully subscribed or oversubscribed but the Hong Kong Offer Shares are undersubscribed, no reallocation or overallocation will take place.

Given the initial allocation of the Offer Shares to the Hong Kong Public Offering and the International Offering follows the Mechanism B set out under paragraph 2 of Chapter 4.14 of the Guide and the provision of Paragraph 4.2(b) of Practice Note 18 of the Listing Rules, no mandatory clawback or reallocation mechanism is required to increase the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Global Offering expected to be published on Thursday, 4 June 2026.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he/she/it is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application under the International Offering is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be).

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the maximum Offer Price of HK$6.38 per Offer Share in addition to the brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK$3,222.17 for one board lot of 500 Shares. If the Offer Price, as finally determined in the manner described in the paragraph headed "— Pricing and Allocation" in this section, is less than the maximum Offer Price of HK$6.38 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants (subject to application channels), without interest. Please refer to the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus for further details.

THE INTERNATIONAL OFFERING

Number of Offer Shares Initially Offered

The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will consist of an initial offering of 112,500,000 Shares, representing 90% of the total number of Offer Shares initially available under the Global Offering (assuming that the Over-allotment Option is not exercised).

Allocation

The International Offering will involve private placements of the Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for our International Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the paragraph headed "— Pricing and Allocation" in this section and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Group and our Shareholders as a whole.

The Overall Coordinator (for itself on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Overall Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the International Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the reallocation arrangement described in the paragraph headed "— The Hong Kong Public Offering — Reallocation" in this section or the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, our Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Overall Coordinator (for itself and on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Overall Coordinator (for itself and on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong

Public Offering, to require our Company to issue up to an aggregate of 18,750,000 additional Offer Shares, representing not more than 15% of the total number of Offer Shares under the Global Offering, at the Offer Price under the International Offering to cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 3.6% of the total Shares in issue immediately following the completion of the Global Offering and the exercise of the Over-allotment Option.

If the Over-allotment Option is exercised, an announcement will be made.

STABILISATION

Stabilisation is a practise used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the securities in the secondary market during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilization Manager (or any person acting for it), on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilising or supporting the market price of our Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilization Manager (or any person acting for it) to conduct any such stabilising action. Such stabilising action, if taken, (a) will be conducted at the absolute discretion of the Stabilization Manager (or any person acting for it) and in what the Stabilization Manager reasonably regards as the best interest of our Company, (b) may be discontinued at any time and (c) is required to be brought to an end within 30 days from the last day for lodging applications under the Hong Kong Public Offering.

Stabilisation actions permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO include (a) over-allocating for the purpose of preventing or minimising any reduction in the market price of our Shares, (b) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of our Shares, (c) purchasing, or agreeing to purchase, our Shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (a) or (b) above, (d) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimising any reduction in the market price of our Shares, (e) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (f) offering or attempting to do anything as described in paragraph (b), (c), (d) or (e) above.

Specifically, prospective applicants for and investors in our Offer Shares should note that:

(a) the Stabilization Manager (or any person acting for it) may, in connection with the stabilising action, maintain a long position in our Shares;

(b) there is no certainty as to the extent to which and the time or period for which the Stabilization Manager (or any person acting for it) will maintain such a long position;

(c) liquidation of any such long position by the Stabilization Manager (or any person acting for it) and selling in the open market may have an adverse impact on the market price of our Shares;

(d) no stabilising action can be taken to support the price of our Shares for longer than the stabilisation period, which will begin on the Listing Date, and is expected to expire on the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for our Shares, and therefore the price of the Shares, could fall;

(e) the price of our Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and

(f) stabilising bids or transactions effected in the course of the stabilising action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

In order to effect stabilisation actions, the Stabilization Manager may arrange cover of up to an aggregate of 18,750,000 Offer Shares, representing up to 15% of the total number of the initial Offer Shares under the Global Offering.

Following any overallocation of Shares in connected with the Global Offering, the Stabilization Manager (or any person acting for it) may cover such overallocation by exercising the Over-allotment Options in full or in part, by using Shares purchased by the Stabilization Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangement or a combination of this means.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilisation period.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilization Manager (or its affiliates, acting on its behalf) may choose to borrow up to 18,750,000 Shares (being the maximum number of Shares which may be issued upon exercise of the Over-allotment Option) from TTK Holding pursuant to the Stock Borrowing Agreement. The stock borrowing arrangements under the Stock Borrowing Agreement will comply with the requirements set out in Rule 10.07(3) of the Listing Rules. The same number of Shares as that borrowed must be returned to TTK Holding on or before the third Business Day following the earlier of (i) the last day on which the Over-allotment Option may be exercised and (ii) the day on which the Over-allotment Option is exercised in full.

No payment will be made to TTK Holding by the Stabilization Manager (or its affiliates) in relation to such stock borrowing arrangement.

PRICING AND ALLOCATION

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Wednesday, 3 June 2026 and, in any event, no later than 12:00 noon on Wednesday, 3 June 2026 by agreement between the Overall Coordinator (for itself and on behalf of the Underwriters) and our Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$6.38 per Offer Share and is expected to be not less than HK$5.18 per Offer Share, unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the maximum Offer Price of HK$6.38 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%, amounting to a total of HK$3,222.17 for one board lot of 500 Shares. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the minimum Offer Price stated in this prospectus.**

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Overall Coordinator (for itself and on behalf of the Underwriters) may, where it deems appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of our Company, reduce the number of Offer Shares offered and/or the Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the website of our Company at **www.lungfung.hk** and the Stock Exchange at **www.hkexnews.hk**, respectively, an announcement, cancel the Global Offering and relaunch the Global Offering at the revised number of Offer Shares and/or the revised Offer Price range and the requirements under Rule 11.13 of the Listing Rules (which include the issue of a supplemental prospectus or a new prospectus (as appropriate)). Such announcement and/or supplemental prospectus will also include confirmation or revision, as appropriate, of the working capital statement and the offering statistics as currently set out in this prospectus and any other financial information which may change as a result of such reduction. In case of any significant change affecting any matter contained in this prospectus or a significant new matter has arisen, the inclusion of information in respect of which would have been required to be in this prospectus if it had arisen before this prospectus was issued, our Company will, as soon as practicable, and in any event before the commencement of dealings in our Shares on the Stock Exchange, cause to be published on the website of our Company at **www.lungfung.hk** and the Stock Exchange at **www.hkexnews.hk**, respectively, an announcement, cancel the Global Offering and relaunch the Global Offering in accordance with the requirements of Rule 11.13 of the Listing Rules (which include the issue of a supplemental prospectus or a new prospectus (as appropriate)). Upon issue of such announcement or supplemental prospectus (as appropriate), the number of Offer Shares offered in the Global Offering and/or the revised Offer Price will be final and conclusive. The Global Offering must first be cancelled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. In the absence of any such announcement so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Overall Coordinator (for itself and on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

In the event of a reduction in the number of Offer Shares, the Overall Coordinator (for itself and on behalf of the Underwriters) may, at its sole and aboslute discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Overall Coordinator (for itself and on behalf of the Underwriters).

ANNOUNCEMENT OF FINAL OFFER PRICE

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be announced on Thursday, 4 June 2026 on the website of our Company at **www.lungfung.hk** and the website of the Stock Exchange at **www.hkexnews.hk**.

HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to the Overall Coordinator (for itself and on behalf of the Underwriters) and our Company agreeing on the Offer Price. Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarised in the section headed "Underwriting" in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

(a) the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares to be offered pursuant to the Global Offering (including any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option), on the Main Board of the Stock Exchange, and such approval not subsequently having been withdrawn or revoked prior to the Listing Date;

(b) the Offer Price having been agreed between the Overall Coordinator (for itself and on behalf of the Underwriters) and our Company;

(c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

(d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between the Overall Coordinator (for itself and on behalf of the Underwriters) and our Company at or before 12:00 noon on Wednesday, 3 June 2026, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the website of our Company at **www.lungfung.hk** and the Stock Exchange at **www.hkexnews.hk**, respectively, on the next day following such lapse. In such a situation, all application monies will be returned (subject to application channels), without interest, on the terms set out in the paragraph headed "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of Share Certificates and Refund of Application Monies" in this prospectus.

Share certificates for the Offer Shares will only become valid at 8:00 a.m. on Friday, 5 June 2026 provided that the Global Offering has become unconditional in all respects at or before that time and the right of termination as described in the paragraph headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" in this prospectus has not been exercised.

ADMISSION OF THE SHARES INTO CCASS

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and the Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangements as such arrangement may affect their rights and interests.

DEALINGS ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 5 June 2026, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, 5 June 2026. The Shares will be traded in board lots of 500 Shares each and the stock code of our Shares will be 2290.

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offer and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "HKEXnews > New Listings > New Listing Information" section, and our website at www.lungfung.hk.

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older;
- have a Hong Kong address *(for the* ***HK eIPO White Form*** *service only)*; and
- are outside the United States (within the meaning of Regulation S), and are a person described in paragraph (h)(3) of Rule 902 of Regulation S.

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to us, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing Shareholder or close associates; or
- are a Director or any of his/her close associates.

2. Application Channels

The Hong Kong Public Offer period will begin at 9:00 a.m. on Thursday, 28 May 2026 and end at 12:00 noon on Tuesday, 2 June 2026 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
HK eIPO White Form service	www.hkeipo.hk	Investors who would like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Thursday, 28 May 2026 to 11:30 a.m. on Tuesday, 2 June 2026, Hong Kong time. The latest time for completing full payment of Application monies will be 12:00 noon on Tuesday, 2 June 2026, Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction.	Investors who would not like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **HK eIPO White Form** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **HK eIPO White Form** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the electronic application instructions are given, you shall be deemed to have declared that only one set of electronic application instructions has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of electronic application instructions for the benefit of the person for whom you are an agent and that you are duly authorised to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **HK eIPO White Form** service, you are deemed to have authorised the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offer.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

3. Information Required to Apply

You <u>must</u> provide the following information with your application:

For Individual Applicants	**For Corporate Applicants**
● Full name(s)[2] as shown on your identity document	● Full name(s)[2] as shown on your identity document
● Identity document's issuing country or jurisdiction	● Identity document's issuing country or jurisdiction
● Identity document type, with order of priority: i. HKID card; or ii. National identification document; or iii. Passport; and	● Identity document type, with order of priority: i. LEI registration document; or ii. Certificate of incorporation; or iii. Business registration certificate; or iv. Other equivalent document; and
● Identity document number	● Identity document number

Notes:

1. If you are applying through the **HK eIPO White Form** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.
2. The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application to subscribe for shares in a public offer. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.
3. If the applicant is a trustee, the client identification data ("**CID**") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.
4. The maximum number of joint account holders on FINI is capped at 4[1] in accordance with market practise.
5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii) the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.
6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

   "Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

   "Statutory control" means you:

   - control the composition of the board of directors of the company;
   - control more than half of the voting power of the company; or
   - hold more than half of the registered share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through **HKSCC EIPO** channel, and making an application under a power of attorney, we and the Overall Coordinator, as our agents, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

[1] Subject to change, if the Company's Articles of Incorporation and applicable company law prescribe a lower cap.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size	:	500 Shares
Permitted number of Hong Kong Offer Shares for application and amount payable on application/successful allotment	:	Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below.

The maximum Offer Price is HK$6.38 per Offer Share.

If you are applying through the **HKSCC EIPO** channel, your broker or custodian may require you to pre-fund your application, in such amount as determined by the broker or custodian, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the Designated Bank for your broker or custodian.

If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment *HK$*	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment *HK$*	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment *HK$*	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment *HK$*
500	3,222.17	7,000	45,110.40	50,000	322,217.11	700,000	4,511,039.61
1,000	6,444.34	8,000	51,554.74	60,000	386,660.54	800,000	5,155,473.85
1,500	9,666.51	9,000	57,999.08	70,000	451,103.96	900,000	5,799,908.06
2,000	12,888.68	10,000	64,443.42	80,000	515,547.39	1,000,000	6,444,342.30
2,500	16,110.85	15,000	96,665.13	90,000	579,990.80	2,000,000	12,888,684.60
3,000	19,333.03	20,000	128,886.85	100,000	644,434.24	3,000,000	19,333,026.90
3,500	22,555.19	25,000	161,108.56	200,000	1,288,868.45	4,000,000	25,777,369.20
4,000	25,777.37	30,000	193,330.27	300,000	1,933,302.69	5,000,000	32,221,711.50
4,500	28,999.54	35,000	225,551.98	400,000	2,577,736.92	6,250,000(1)	40,277,139.38
5,000	32,221.71	40,000	257,773.69	500,000	3,222,171.16		
6,000	38,666.05	45,000	289,995.40	600,000	3,866,605.38		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** service) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed "— A. Application for Hong Kong Offer Shares — 3. Information Required to Apply" in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **HK eIPO White Form** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **HK eIPO White Form** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply further for any Offer Shares.

The Hong Kong Share Registrar would record all applications into its system and identify suspected multiple applications with identical names and identification document numbers according to the Best Practice Note on Treatment of Multiple/Suspected Multiple Applications ("**Best Practice Note**") issued by the Federation of Share Registrars Limited.

Since applications are subject to personal information collection statements, identification document numbers displayed are redacted.

6. Terms and Conditions of an Application

By applying for Hong Kong Offer Shares through the **HK eIPO White Form** service or **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

(i) undertake to execute all relevant documents and instruct and authorise us and/or the Overall Coordinator, as our agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;

(ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **HK eIPO White Form** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;

(iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;

(iv) confirm that you are aware of the restrictions on offers and sales of shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;

(v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;

(vi) agree that the Sole Sponsor, the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, their directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering (the "**Relevant Persons**"), the Hong Kong Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;

(vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the Hong Kong Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraphs headed "— G. Personal Data — 3. Purposes" and "— G. Personal Data — 4. Transfer of personal data" in this section;

(viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees' application) has been accepted) that you will not rescind it because of an innocent misrepresentation;

(ix) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the Hong Kong Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed "— B. Publication of Results" in this section;

(x) confirm that you are aware of the situations specified in the paragraph headed "— C. Circumstances in which you will not be allocated Hong Kong Offer Shares" in this section;

(xi) agree that your application or HKSCC Nominees' application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(xiii) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by the Company, any of the directors, chief executives, substantial Shareholder(s) or existing shareholder(s) of our Company or any of our subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from our Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of our Company or any of our subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in your name or otherwise held by you;

(xiv) warrant that the information you have provided is true and accurate;

(xv) confirm that you understand that we and the Overall Coordinator will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

(xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving electronic application instructions to HKSCC directly or indirectly or through the application channel of the **HK eIPO White Form** service or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving electronic application instructions to HKSCC or the **HK eIPO White Form** Service Provider and (2) you have due authority to give electronic application instructions on behalf of that other person as its agent.

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong offer Shares through:

Platform		Date/Time
Applying through the **HK eIPO White Form** services or **HKSCC EIPO** channel:		
Website	From the "Allotment Results" page at **www.tricor.com.hk/ipo/result** or **www.hkeipo.hk/IPOResult** with a "search by ID" function.	24 hours, from 11:00 p.m. on Thursday, 4 June 2026 to 12:00 midnight on Wednesday, 10 June 2026 (Hong Kong time).
	The full list of (i) wholly or partially successful applicants using the **HK eIPO White Form** service and **HKSCC EIPO** channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed at **www.hkeipo.hk/IPOResult** or **www.tricor.com.hk/ipo/result**.	
	The Stock Exchange's website at **www.hkexnews.hk** and our website at **www.lungfung.hk** which will provide links to the abovementioned websites of the Hong Kong Share Registrar.	No later than 11:00 p.m. on Thursday, 4 June 2026 (Hong Kong time).
Telephone	+852 3691 8488 — the allocation results telephone enquiry line provided by the Hong Kong Share Registrar.	between 9:00 a.m. and 6:00 p.m., from Friday, 5 June 2026 to Wednesday, 10 June 2026 (Hong Kong time) on a business day.

For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Wednesday, 3 June 2026 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Wednesday, 3 June 2026 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce the results of the final Offer Price, the level of indications of interest in the Global Offering, the level of applications in the Hong Kong Public Offer and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.lungfung.hk** by no later than 11:00 p.m. on Thursday, 4 June 2026 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If we or our agents exercise our discretion to reject your application:

We, the Overall Coordinator, the Hong Kong Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed "— A. Application for Hong Kong Offer Shares — 5. Multiple Applications Prohibited" in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated; or
- we or the Overall Coordinator believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their Designated Bank before balloting. After balloting of Hong Kong Offer Shares, the Receiving Bank will collect the portion of these funds required to settle each HKSCC Participant's actual allotment of Hong Kong Offer Shares from their Designated Bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its Designated Bank), who is acting on your behalf in settling payment for your allotted shares, HKSCC will contact the defaulting HKSCC Participant and its Designated Bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the Global Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the Hong Kong Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **HKSCC EIPO** channel where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

Share certificates will only become valid at 8:00 a.m. on Friday, 5 June 2026 (Hong Kong time), provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	HK eIPO White Form service	**HKSCC EIPO channel**
Despatch/collection of Share certificate[2]		
For application of 1,000,000 Hong Kong Offer Shares or more	Collection in person at the Hong Kong Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong	Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account
	Time: from 9:00 a.m. to 1:00 p.m. on Friday, 5 June 2026 (Hong Kong time)	No action by you is required
	If you are an individual, you must not authorise any other person to collect for you. If you are a corporate applicant, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop	
	Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar	
	Note: If you do not collect your Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk	
For application of less than 1,000,000 Hong Kong Offer Shares	Your Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk	
	Date: Thursday, 4 June 2026	

2 Except in the event of a tropical cyclone warning signal number 8 or above, a black rainstorm warning and/or an "extreme conditions" announcement issued after a super typhoon in force in Hong Kong in the morning on Thursday, 4 June 2026 rendering it impossible for the relevant Share certificates to be dispatched to HKSCC in a timely manner, our Company shall procure the Hong Kong Share Registrar to arrange for delivery of the supporting documents and Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to the paragraph headed "— E. Severe Weather Arrangements" in this section.

	HK eIPO White Form service	HKSCC EIPO channel
Refund mechanism for surplus application monies paid by you		
Date	Friday, 5 June 2026	Subject to the arrangement between you and your broker or custodian
Responsible party	Hong Kong Share Registrar	Your broker or custodian
Application monies paid through single bank account	**HK eIPO White Form** e-Auto Refund payment instructions to your designated bank account	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it
Application monies paid through multiple bank accounts	Refund cheque(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk	

E. SEVERE WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Tuesday, 2 June 2026 if, there is:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- Extreme Conditions

(collectively, "**Severe Weather Signals**"),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 2 June 2026.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have **Severe Weather Signals** in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made and published on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.lungfung.hk** of the revised timetable.

If a **Severe Weather Signal** is hoisted on Thursday, 4 June 2026, the Hong Kong Share Registrar will make appropriate arrangements for the delivery of the Share certificates to the CCASS Depository's service counter so that they would be available for trading on Friday, 5 June 2026.

If a **Severe Weather Signal** is hoisted on Thursday, 4 June 2026, for application of less than 1,000,000 Hong Kong Offer Shares, the despatch of physical Share certificate(s) will be made by ordinary post when the post office re-opens after the **Severe Weather Signal** is lowered or cancelled (e.g. in the afternoon of Thursday, 4 June 2026 or on Friday, 5 June 2026).

If a **Severe Weather Signal** is hoisted on Friday, 5 June 2026, for application of 1,000,000 Hong Kong Offer Shares or more, physical Share certificate(s) will be available for collection in person at the Hong Kong Share Registrar's office after the **Severe Weather Signal** is lowered or cancelled (e.g. in the afternoon of Friday, 5 June 2026 or on Monday, 8 June 2026).

Prospective investors should be aware that if they choose to receive physical Share certificates issued in their own name, there may be a delay in receiving the Share certificates.

F. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement Day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by our Company, the Hong Kong Share Registrar, the Receiving Bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of our Company and the Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the Collection of Your Personal Data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to our Company or our agents and the Hong Kong Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the Hong Kong Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of our Company or the Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform our Company and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and **HK eIPO White Form** e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of our Company;
- verifying identities of applicants for and holders of the Shares and identifying any duplicate applications for the Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from our Company and our subsidiaries;
- compiling statistical information and profiles of the holder of the Shares;
- disclosing relevant information to facilitate claims on entitlements; and

- any other incidental or associated purposes relating to the above and/or to enable our Company and the Hong Kong Share Registrar to discharge our and their obligations to applicants and holders of the Shares and/or regulators and/or any other purposes to which applicants and holders of the Shares may from time to time agree.

4. Transfer of Personal Data

Personal data held by our Company and the Hong Kong Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but our Company and the Hong Kong Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- our Company's appointed agents such as financial advisers, Receiving Bank and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the Hong Kong Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the Hong Kong Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of Personal Data

Our Company and the Hong Kong Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and Correction of Personal Data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether our Company or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. Our Company and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to our Company and the Hong Kong Share Registrar, at their registered address disclosed in the section headed "Corporate Information" in this prospectus or as notified from time to time, for the attention of the company secretary, or the Hong Kong Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report set out on pages I-1 to I-74, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF LUNG FUNG GROUP HOLDINGS LIMITED AND DBS ASIA CAPITAL LIMITED

Introduction

We report on the historical financial information of Lung Fung Group Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-74, which comprises the consolidated statements of financial position of the Group as at 31 March 2023, 2024 and 2025 and 30 November 2025, the statement of financial position of the Company as at 30 November 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 31 March 2025 and the eight months ended 30 November 2025 (the "**Track Record Period**") and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-4 to I-74 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 28 May 2026 (the "**Prospectus**") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 March 2023, 2024 and 2025 and 30 November 2025, of the Company's financial position as at 30 November 2025, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises 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 eight months ended 30 November 2024 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review 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 HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 14 to the Historical Financial Information which contains information about the dividends declared and paid by the Company's subsidiaries in respect of the Track Record Period and states that no dividend was declared or paid by the Company since its incorporation and up to the end of the Track Record Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 May 2026

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with HKFRS Accounting Standards issued by the HKICPA and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in HK dollars ("**HK$**") and all values are rounded to the nearest thousand ("**HK$'000**") except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR EACH OF THE THREE YEARS ENDED 31 MARCH 2025 AND THE EIGHT MONTHS ENDED 30 NOVEMBER 2025

	Notes	Year ended 31 March			Eight months ended 30 November	
		2023	**2024**	**2025**	**2024**	**2025**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)	
Revenue	*6*	1,094,011	2,020,731	2,460,478	1,510,369	2,035,135
Cost of sales		(821,802)	(1,427,915)	(1,682,861)	(1,031,402)	(1,406,405)
Gross profit		272,209	592,816	777,617	478,967	628,730
Other income	*7*	26,345	26,629	30,326	20,317	22,822
Other gains and losses	*8*	7	(471)	(700)	(671)	(578)
Decrease in fair value of investment properties		(17,690)	(16,596)	(53,482)	(47,162)	(11,140)
Selling and distribution expenses		(232,462)	(321,738)	(431,606)	(272,806)	(380,946)
Administrative expenses		(41,110)	(47,067)	(52,584)	(36,165)	(41,111)
Finance costs	*9*	(32,506)	(52,716)	(51,550)	(35,329)	(27,881)
Listing expenses		—	—	—	—	(11,132)
(Loss) profit before tax		(25,207)	180,857	218,021	107,151	178,764
Income tax expense	*10*	(1,933)	(36,321)	(47,589)	(27,277)	(30,381)
(Loss) profit for the year/period	*11*	(27,140)	144,536	170,432	79,874	148,383
Other comprehensive income (expense) for the year/period						
Item that will not be reclassified to profit or loss:						
Remeasurement of defined benefit plan		236	128	(557)	(259)	(207)
Item that may be reclassified subsequently to profit or loss:						
Exchange differences arising on translation of foreign operations		(15)	(92)	(13)	7	(127)
Other comprehensive income (expense) for the year/period		221	36	(570)	(252)	(334)
Total comprehensive (expense) income for the year/period		(26,919)	144,572	169,862	79,622	148,049
		HK$	*HK$*	*HK$*	*HK$*	*HK$*
(Loss) earnings per share						
Basic	*13*	(0.07)	0.39	0.45	0.21	0.40

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2023, 2024 AND 2025 AND 30 NOVEMBER 2025

		As at 31 March			As at 30 November
	Notes	**2023**	**2024**	**2025**	**2025**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Property, plant and equipment	*15*	21,967	35,217	73,084	112,848
Investment properties	*16*	257,320	242,140	189,470	150,850
Right-of-use assets	*17*	184,976	216,183	261,366	339,357
Deposits	*19*	29,167	45,679	52,960	62,504
Amounts due from related parties	*20*	355,468	392,638	273,696	—
Deferred tax assets	*26*	42,573	10,079	1,798	7,018
		891,471	941,936	852,374	672,577
Current assets					
Inventories	*18*	176,016	225,394	336,038	402,353
Trade and other receivables	*19*	16,170	31,092	23,996	48,242
Amounts due from related parties	*20*	52,880	75,131	15,381	163,918
Cash and cash equivalents	*21*	43,137	61,408	61,182	49,896
		288,203	393,025	436,597	664,409
Current liabilities					
Trade and other payables	*22*	101,522	114,482	154,992	185,333
Amounts due to related parties	*20*	50,223	48,141	12,836	25,199
Tax payable		1,345	3,861	20,699	49,471
Bank borrowings	*23*	680,428	669,279	651,523	540,506
Lease liabilities	*24*	102,126	106,378	135,034	168,069
Contract liabilities	*25*	2,725	781	126	187
Bank overdrafts	*21*	143,685	123,699	105,049	92,755
		1,082,054	1,066,621	1,080,259	1,061,520
Net current liabilities		(793,851)	(673,596)	(643,662)	(397,111)
Total assets less current liabilities		97,620	268,340	208,712	275,466

	Notes	As at 31 March 2023	As at 31 March 2024	As at 31 March 2025	As at 30 November 2025
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current liabilities					
Lease liabilities	*24*	92,173	114,881	130,233	179,330
Provisions	*27*	18,852	21,978	31,038	36,825
Retirement benefit obligations	*28*	1,647	1,961	3,059	3,880
		112,672	138,820	164,330	220,035
Net (liabilities) assets		(15,052)	129,520	44,382	55,431
Capital and reserves					
Capital	*29*	137,023	137,023	137,023	—*
Reserves		(152,075)	(7,503)	(92,641)	55,431
Total (deficit)/equity		(15,052)	129,520	44,382	55,431

* *Less than HK$1,000*

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	**As at 30 November 2025** *HK$'000*
Non-current asset		
Investments in subsidiaries	*37*	58,663
Current asset		
Other receivables and prepayments	*19*	3,593
Current liabilities		
Other payables and accruals	*22*	6,469
Amount due to a subsidiary	*37*	8,256
		14,725
Net current liabilities		(11,132)
Net assets		47,531
Capital and reserves		
Share capital	*29*	—*
Reserves	*37*	47,531
		47,531

* *Less than HK$1,000*

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR EACH OF THE THREE YEARS ENDED 31 MARCH 2025 AND THE EIGHT MONTHS ENDED 30 NOVEMBER 2025

	Share capital	Share premium	Other reserve	Exchange reserve	(Accumulated losses) retained earnings	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2022	23	—	—	248	(112,404)	(112,133)
Loss for the year	—	—	—	—	(27,140)	(27,140)
Remeasurement of defined benefit plan	—	—	—	—	236	236
Exchange differences arising on translation of foreign operations	—	—	—	(15)	—	(15)
Total comprehensive expense for the year	—	—	—	(15)	(26,904)	(26,919)
Issue and allotment of shares *(note 29)*	137,000	—	—	—	—	137,000
Dividends recognized as distributions *(note 14)*	—	—	—	—	(13,000)	(13,000)
At 31 March 2023	137,023	—	—	233	(152,308)	(15,052)
Profit for the year	—	—	—	—	144,536	144,536
Remeasurement of defined benefit plan	—	—	—	—	128	128
Exchange differences arising on translation of foreign operations	—	—	—	(92)	—	(92)
Total comprehensive (expense) income for the year	—	—	—	(92)	144,664	144,572
At 31 March 2024	137,023	—	—	141	(7,644)	129,520

	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000	Exchange reserve HK$'000	(Accumulated losses) retained earnings HK$'000	Total HK$'000
Profit for the year	—	—	—	—	170,432	170,432
Remeasurement of defined benefit plan	—	—	—	—	(557)	(557)
Exchange differences arising on translation of foreign operations	—	—	—	(13)	—	(13)
Total comprehensive (expense) income for the year	—	—	—	(13)	169,875	169,862
Dividends recognized as distributions *(note 14)*	—	—	—	—	(255,000)	(255,000)
At 31 March 2025	137,023	—	—	128	(92,769)	44,382
Profit for the period	—	—	—	—	148,383	148,383
Remeasurement of defined benefit plan	—	—	—	—	(207)	(207)
Exchange differences arising on translation of foreign operations	—	—	—	(127)	—	(127)
Total comprehensive (expense) income for the period	—	—	—	(127)	148,176	148,049
Issue and allotment of shares *(Note)*	—*	58,663	(58,663)	—	—	—*
Transfer upon group reorganization *(note 2)*	(137,023)	—	137,023	—	—	—
Deemed distribution *(note 2)*	—	—	(137,000)	—	—	(137,000)
At 30 November 2025	—*	58,663	(58,640)	1	55,407	55,431

* *Less than HK$1,000*

	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000	Exchange reserve HK$'000	(Accumulated losses) retained earnings HK$'000	Total HK$'000
For the eight months ended 30 November 2024 (unaudited)						
At 1 April 2024	137,023	—	—	141	(7,644)	129,520
Profit for the period	—	—	—	—	79,874	79,874
Remeasurement of defined benefit plan	—	—	—	—	(259)	(259)
Exchange differences arising on translation of foreign operations	—	—	—	7	—	7
Total comprehensive income for the period	—	—	—	7	79,615	79,622
At 30 November 2024	137,023	—	—	148	71,971	209,142

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR EACH OF THE THREE YEARS ENDED 31 MARCH 2025 AND THE EIGHT MONTHS ENDED 30 NOVEMBER 2025

	Year ended 31 March			Eight months ended 30 November	
	2023	2024	2025	2024	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
OPERATING ACTIVITIES					
(Loss) profit before tax	(25,207)	180,857	218,021	107,151	178,764
Adjustments for:					
Finance costs	32,506	52,716	51,550	35,329	27,881
Interest income	(14,415)	(14,530)	(16,157)	(10,335)	(12,215)
Depreciation of property, plant and equipment	12,433	12,597	16,922	10,795	16,345
Depreciation of right-of-use assets	115,664	121,603	157,420	103,015	131,576
Decrease in fair value of investment properties	17,690	16,596	53,482	47,162	11,140
Net loss on disposal/write-off of property, plant and equipment	68	149	79	67	91
Operating cash flows before movements in working capital	138,739	369,988	481,317	293,184	353,582
Increase in inventories	(67,780)	(49,372)	(110,643)	(78,349)	(66,313)
Decrease (increase) in trade and other receivables	11,336	(16,983)	7,318	(14,505)	(23,178)
Increase in trade and other payables	637,440	937,721	1,110,204	698,853	825,129
Increase in retirement benefit obligations	1,607	255	1,015	532	748
Cash generated from operations	721,342	1,241,609	1,489,211	899,715	1,089,968
Interests paid on bank overdrafts	(5,002)	(6,376)	(4,326)	(3,196)	(1,527)
Income tax paid	(160)	(1,313)	(22,470)	(174)	(6,829)
NET CASH FROM OPERATING ACTIVITIES	716,180	1,233,920	1,462,415	896,345	1,081,612
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	(10,760)	(25,999)	(54,870)	(30,139)	(28,716)
Addition of investment property	—	(1,416)	—	—	—
Payments for rental deposits	(10,823)	(16,838)	(22,710)	(10,939)	(13,224)
Refund of rental deposits	2,572	421	12,568	3,764	822
Advances to related parties	(74,221)	(122,641)	(141,883)	(69,447)	(22,189)
Repayments from related parties	75,377	76,661	113,282	55,282	21,176
Interests received	1	27	65	37	4
NET CASH USED IN INVESTING ACTIVITIES	(17,854)	(89,785)	(93,548)	(51,442)	(42,127)

	Year ended 31 March			Eight months ended 30 November	
	2023	**2024**	**2025**	**2024**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
FINANCING ACTIVITIES					
New bank borrowings raised	458,167	389,226	311,594	206,594	162,944
Repayments of bank borrowings	(977,684)	(1,327,083)	(1,400,013)	(932,695)	(1,066,829)
Interests paid on bank borrowings	(20,686)	(34,359)	(29,073)	(20,130)	(13,509)
Repayments of lease liabilities	(86,891)	(119,650)	(146,566)	(93,280)	(118,855)
Interests paid on lease liabilities	(6,778)	(11,922)	(18,068)	(11,948)	(12,772)
Advances from related parties	23,508	10,047	7,769	4,261	16,111
Repayments to related parties	(21,368)	(12,129)	(76,074)	(1,033)	(3,748)
Issue costs paid	—	—	—	—	(1,854)
NET CASH USED IN FINANCING ACTIVITIES	(631,732)	(1,105,870)	(1,350,431)	(848,231)	(1,038,512)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	66,594	38,265	18,436	(3,328)	973
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	(167,062)	(100,548)	(62,291)	(62,291)	(43,867)
Effect of foreign exchange rate changes	(80)	(8)	(12)	5	35
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	(100,548)	(62,291)	(43,867)	(65,614)	(42,859)
REPRESENTED BY:					
Cash and cash equivalents	43,137	61,408	61,182	31,671	49,896
Bank overdrafts	(143,685)	(123,699)	(105,049)	(97,285)	(92,755)
	(100,548)	(62,291)	(43,867)	(65,614)	(42,859)

NOTES TO THE HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE THREE YEARS ENDED 31 MARCH 2025 AND THE EIGHT MONTHS ENDED 30 NOVEMBER 2025

1. GENERAL INFORMATION

Lung Fung Group Holdings Limited (the "**Company**") was incorporated on 3 October 2025 as an exempted company with limited liability under the laws of the Cayman Islands. The addresses of the Company's registered office and principal place of business are disclosed in the section headed "Corporate Information" in the Prospectus.

The Company's ultimate and immediate holding company is TTK Holding Limited ("**TTK Holding**"), a company incorporated under the laws of the British Virgin Islands (the "**BVI**") with limited liability on 25 September 2025, which is owned as to 97.29%, 2.70% and 0.01% by Mr. Tse Siu Hoi ("**Mr. Tse**"), Ms. Chan Yuen Fong Shirley ("**Mrs. Tse**"), the spouse of Mr. Tse, and Ms. Tse Chui Ying, the daughter of Mr. Tse and Mrs. Tse ("**Ms. Tse**"), respectively. Mr. Tse, Mrs. Tse and Ms. Tse have been acting in concert historically and throughout the Track Record Period and collectively exercised their control over the entities now comprising the Group, and are collectively the ultimate controlling shareholders (the "**Controlling Shareholders**") of the Company and its subsidiaries (together referred to as the "**Group**").

The Company is an investment holding company. Prior to the incorporation of the Company and the completion of the group reorganization as set out in note 2, the entities now comprising the Group are principally engaged in the sales of beauty products, health products, pharmaceutical products and other consumer products. Details of the entities now comprising the Group are disclosed in note 38.

The Historical Financial Information is presented in HK$, which is the same as the Company's functional currency.

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies which conform with HKFRS Accounting Standards and the principle of merger accounting under Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA.

In preparation for the proposed listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Listing**"), the entities now comprising the Group underwent a group reorganization (referred to as the "**Reorganization**") as follows:

(a) Incorporation of the Company

The Company was incorporated on 3 October 2025 as an exempted company with limited liability under the laws of the Cayman Islands, with an authorized share capital of HK$390,000 divided into 3,900,000,000 ordinary shares with a par value of HK$0.0001 each. Upon the Company's incorporation, one fully-paid subscriber's share was immediately transferred to TTK Holding.

(b) Incorporation of LF Retail Holding Limited, TH Wholesale Holding Limited, PL Beautie Limited and LF Consultancy Limited

On 9 October 2025, each of LF Retail Holding Limited, TH Wholesale Holding Limited, PL Beautie Limited and LF Consultancy Limited was incorporated in the BVI with an authorized share capital of US$10,000 divided into 10,000 ordinary shares of a single class with par value of US$1.00 each. Upon the incorporation of these companies, one share (being 100% of the issued share capital of each of LF Retail Holding Limited, TH Wholesale Holding Limited, PL Beautie Limited and LF Consultancy Limited) was issued and allotted to the Company. Upon completion of such issuance, each of LF Retail Holding Limited, TH Wholesale Holding Limited, PL Beautie Limited and LF Consultancy Limited became a direct wholly-owned subsidiary of the Company.

(c) Acquisition of the Retail Companies (as defined in note 38), San Fung Health Limited and Fancy Mind Corporation Limited

Prior to the Reorganization, each of the Retail Companies, San Fung Health Limited and Fancy Mind Corporation Limited was, either directly or indirectly, wholly-owned by Mr. Tse or Ms. Tse.

On 20 October 2025, the Company, via LF Retail Holding Limited as the purchaser's nominee, acquired all shares of the Retail Companies, San Fung Health Limited and Fancy Mind Corporation Limited from their respective legal and beneficial owner(s).

The consideration for the transfer of share(s) in five of the Retail Companies was settled by the allotment and issue of an aggregate of 73 shares in the Company, all credited as fully paid, free from all encumbrances and together with the benefit of all rights and profits attaching thereto, to TTK Holding. The determination of the relevant consideration was based on the net asset value of each of these Retail Companies as at the reference date. For the transfer of share(s) in each of the rest of the Retail Companies, San Fung Health Limited and Fancy Mind Corporation Limited, the consideration is HK$1 and was settled in cash.

In consideration of the nomination by the Company of LF Retail Holding Limited to take up the relevant shares in those five Retail Companies, LF Retail Holding Limited allotted and issued five shares to the Company.

Upon completion of the above, all Retail Companies, San Fung Health Limited and Fancy Mind Corporation Limited became indirectly wholly-owned subsidiaries of the Company.

(d) Allotment of shares and capital reduction in Lung Fung Pharmaceutical (Group) Limited ("LFP")

Prior to the Reorganization, LFP was directly wholly-owned by Mr. Tse.

On 16 October 2025, LF Retail Holding Limited subscribed for 100,000 shares in LFP. Upon completion of the shares subscription in LFP, LFP was owned as to 99% by LF Retail Holding Limited and 1% by Mr. Tse. In consideration of HK$10 for the 100,000 new shares in LFP issued to LF Retail Holding Limited, LF Retail Holding Limited allotted and issued one share, credited as fully paid, to the Company.

On 22 October 2025, LFP passed a shareholder's resolution in relation to a reduction of its registered capital by repaying HK$137,000,000 paid-up share capital comprising 1,000 ordinary shares to Mr. Tse, through the offsetting of HK$137,000,000 due from an entity indirectly wholly-owned by Mr. Tse.

In consideration of Mr. Tse agreeing to have his shares in LFP cancelled, Mr. Tse directed TTK Holding to receive 935,079 new shares as his nominee, all credited as fully paid, issued by the Company.

The share reduction was completed on 28 November 2025 and LFP became an indirectly wholly-owned subsidiary of the Company. Such share reduction was debited to other reserve as a deemed distribution to Mr. Tse in the consolidated statements of changes in equity for the eight months ended 30 November 2025, and was settled through the amount due from a related party.

(e) Acquisition of the Wholesale Companies (as defined in note 38)

Prior to the Reorganization, each of the Wholesale Companies was, directly or indirectly, wholly owned by Mr. Tse and/or Mrs. Tse.

On 20 October 2025, the Company, via TH Wholesale Holding Limited as the purchaser's nominee, acquired all shares in the Wholesale Companies from their respective legal and beneficial owner(s).

The consideration for the transfer of shares in two of the Wholesale Companies was settled by the allotment and issue of an aggregate of 34,043 shares in the Company, all credited as fully paid, free from all encumbrances and together with the benefit of all rights and profits attaching thereto, to TTK Holding. The determination of the relevant consideration was based on the net asset value of each of these Wholesale Companies as at the reference date. For the transfer of shares in each of the rest of the Wholesale Companies, the consideration is HK$1 and was settled in cash.

In consideration of the nomination by the Company of TH Wholesale Holding Limited to take up the relevant shares in those two Wholesale Companies, TH Wholesale Holding Limited allotted and issued two shares to the Company.

Upon completion of the above, all Wholesale Companies became indirectly wholly-owned subsidiaries of the Company.

(f) Acquisition of Pearl Lake Global Limited, Lung Fung Investment (China) Limited and Lung Fung Investment (Japan) Limited

Prior to the Reorganization, each of Pearl Lake Global Limited, Lung Fung Investment (China) Limited and Lung Fung Investment (Japan) Limited was, directly or indirectly, wholly owned by Lung Fung Group Co., Ltd ("**LFG**"), a company incorporated in Hong Kong and is wholly owned by Mr. Tse.

On 20 October 2025, the Company, via PL Beautie Limited as its nominee, acquired all shares in each of Pearl Lake Global Limited, Lung Fung Investment (China) Limited and Lung Fung Investment (Japan) Limited from LFG.

The consideration for the transfer of share in Pearl Lake Global Limited was settled by the allotment and issue of an aggregate of 30,592 shares in the Company, all credited as fully paid, free from all encumbrances and together with the benefit of all rights and profits attaching thereto, to TTK Holding. The determination of the consideration was based on the net asset value of Pearl Lake Global Limited as at the reference date. For the transfer of share in each of Lung Fung Investment (China) Limited and Lung Fung Investment (Japan) Limited, the consideration is HK$1 and was settled in cash.

In consideration of the nomination by the Company of PL Beautie Limited to take up the shares in Pearl Lake Global Limited, PL Beautie Limited allotted and issued one share to the Company.

Upon completion of the above, each of Pearl Lake Global Limited, Lung Fung Investment (China) Limited and Lung Fung Investment (Japan) Limited became an indirectly wholly-owned subsidiary of the Company.

(g) Acquisition of Dragon Mind Creation Limited

Prior to the Reorganization, Dragon Mind Creation Limited was directly wholly owned by Mr. Tse.

On 20 October 2025, the Company, via LF Consultancy Limited as its nominee, acquired all shares of Dragon Mind Creation Limited from Mr. Tse, who was the sole legal and beneficial owner of Dragon Mind Creation Limited.

The consideration for the transfer of share in Dragon Mind Creation Limited was settled by the allotment and issue of 212 shares in the Company, all credited as fully paid, free from all encumbrances and together with the benefit of all rights and profits attaching thereto, to TTK Holding. The determination of the consideration was based on the net asset value of Dragon Mind Creation Limited as at the reference date.

In consideration of the nomination by the Company of LF Consultancy Limited to take up the shares in Dragon Mind Creation Limited, LF Consultancy Limited allotted and issued one share to the Company.

Upon completion of the above, Dragon Mind Creation Limited became an indirectly wholly-owned subsidiary of the Company.

Pursuant to the Reorganization, the Company became the holding company of the entities now comprising the Group on 20 October 2025.

The consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows which include the results, changes in equity and cash flows of the entities now comprising the Group for the Track Record Period, 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 Track Record Period, or since their respective dates of incorporation, where this is a shorter period.

The consolidated statements of financial position of the Group as at 31 March 2023, 2024 and 2025 have been prepared to present the assets and liabilities of the entities now comprising the Group as if the current group structure had been in existence at those dates, taking into account the respective date of incorporation, where applicable.

No statutory financial statements of the Company have been prepared since its date of incorporation as it is incorporated in the jurisdiction where there are no statutory audit requirements.

Going concern assessment

The Historical Financial Information has been prepared on the going concern basis.

As at 30 November 2025, the Group has net current liabilities of HK$397,111,000. The directors of the Company have prepared a cash flow forecast covering a period of not less than twelve months from the date of this report. Based on this forecast, which takes into account expected operating cash inflows and available banking facilities, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due and to sustain its operations for the next twelve months from the date of this report. Accordingly, the directors of the Company consider it appropriate to prepare the Historical Financial Information on a going concern basis.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with HKFRS Accounting Standards, which are effective for the accounting period beginning on 1 April 2025 throughout the Track Record Period.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

At the date of this report, the following new and amendments to HKFRS Accounting Standards have been issued but are not yet effective:

HKFRS 18	Presentation and Disclosure in Financial Statements[3]
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency[3]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11[2]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all amendments to HKFRS Accounting Standards will have no material impact on the Group's future consolidated financial statements.

HKFRS 18 "Presentation and Disclosure in Financial Statements" ("**HKFRS 18**")

HKFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 "Presentation of Financial Statements" ("**HKAS 1**"). This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and HKFRS 7 "Financial Instruments: Disclosures". Minor amendments to HKAS 7 "Statement of Cash Flows" and HKAS 33 "Earnings per Share" are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The directors of the Company anticipate that the application of HKFRS 18 will have no material impact on the Group's financial position and performance in the future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Merger accounting for combination involving entities under common control

The Historical Financial Information incorporates the financial statements items of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities are combined using the existing book values from the controlling party's perspective. No amount is recognized in respect of goodwill or bargain purchase gain at the time of common control combination.

Expenditure incurred in relation to a common control combination that is to be accounted for by using merger accounting is recognized as an expense in the period in which it is incurred.

The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any identified impairment losses.

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in note 6.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional leases or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statements of financial position. Right-of-use assets that meet the definition of investment property is presented within "investment properties".

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognized as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment;
- the lease payments change due to changes in market rental rates following a market rent review, in which case the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate; and
- a lease contract is modified and the lease modification is not accounted for as a separate lease.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease.

Allocation of consideration to components of a contract

When a contract includes both lease and non-lease components, the Group applies HKFRS 15 "Revenue from Contracts with Customers" to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from leases components on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 "Financial Instruments" and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as a deduction from the carrying amount of the relevant asset in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the relevant assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plan (representing the Mandatory Provident Fund ("**MPF**") Scheme) are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plan (representing the Long Service Payment ("**LSP**") under the Hong Kong Employment Ordinance), the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. In determining the present value of the Group's defined benefit obligations and related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan's benefit formula.

Remeasurement, comprising actuarial gains and losses, is reflected immediately in the consolidated statements of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained profits and will not be reclassified to profit or loss.

Interest is calculated by applying the discount rate at the beginning of the period to the defined benefit liability.

Defined benefit costs are categorized as follows:

- service cost (including current service cost and past service cost);
- interest expense on the defined benefit liability; and
- remeasurement on the defined benefit liability in other comprehensive income.

The retirement benefit obligation recognized in the consolidated statements of financial position represents the actual deficit in the Group's defined benefit plans.

For LSP obligation, the Group accounts for the employer MPF contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of paragraph 93(a) of HKAS 19 "Employee Benefits" and it is measured on a net basis. The estimated amount of LSP obligation is determined after deducting the negative service cost arising from the accrued benefits (being projected and attributed to periods of service) derived from the Group's MPF contributions that have been vested with employees and would be used to offset the employee's LSP benefits, which are deemed to be contributions from the relevant employees.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another HKFRS Accounting Standards requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees after deducting any amount already paid.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit or loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statements of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties also include leased properties which are being recognized as right-of-use assets and subleased by the Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

If a property becomes an owner-occupied property because its use has been changed as evidenced by commencement of owner-occupation, the carrying amount of the property at the date of change in use is considered as the deemed cost for subsequent accounting.

Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position include:

- cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

- cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average 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.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Provisions for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognized at the date of inception of the lease at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 "Revenue from Contracts with Customers" ("**HKFRS 15**"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit losses ("**ECL**") model on financial assets (including trade receivables, other receivables and deposits, amounts due from related parties and bank balances) and financial guarantee contracts which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognizes lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; or

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial liabilities at amortized cost

Financial liabilities including trade and other payables, amounts due to related parties and bank borrowings and bank overdrafts are subsequently measured at amortized cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognized less, where appropriate, cumulative amortisation recognized over the guarantee period.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the key assumption concerning the future, and other key sources of estimation uncertainty at the end of each of the reporting periods that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Estimated allowances for inventories

The Group monitors inventory levels, turnover days and sales performance of individual stock-keeping units ("**SKU**") in order to identify slow-moving items. Specific inventory allowances are made at the SKU level based on an assessment of net realisable value taking into account historical sales records, ageing analysis, marketing and promotion plans and subsequent selling prices of the inventories.

The identification of slow-moving inventories and the estimation of related allowances involve significant management judgement and the use of estimates. Changes in these estimates may affect the carrying amount of inventories and the recognized allowances in the periods in which revisions are made.

As at 31 March 2023, 2024 and 2025 and 30 November 2025, the carrying amounts of inventories are HK$176,016,000, HK$225,394,000, HK$336,038,000 and HK$402,353,000, respectively.

Fair values of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuer. The determination of the fair value involves certain assumptions of market conditions which are set out in note 16.

In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statements of profit or loss and other comprehensive income.

As at 31 March 2023, 2024 and 2025 and 30 November 2025, the carrying amount of the Group's investment properties amounted to HK$257,320,000, HK$242,140,000, HK$189,470,000 and HK$150,850,000, respectively.

6. **REVENUE AND SEGMENT INFORMATION**

Revenue

Disaggregation of revenue from contracts with customers

	Year ended 31 March			Eight months ended 30 November	
	2023	**2024**	**2025**	**2024**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Sales channels					
Retail sales through retail stores	1,027,169	1,958,982	2,391,643	1,464,799	1,988,312
Retail sales through online platforms	44,637	38,160	42,682	27,330	30,203
Wholesale sales	22,205	23,589	26,153	18,240	16,620
	1,094,011	2,020,731	2,460,478	1,510,369	2,035,135
Product categories					
Beauty products	306,014	668,228	818,044	499,932	667,216
Health products	174,752	357,656	433,752	276,827	369,039
Pharmaceutical products	246,529	398,219	473,105	277,446	354,641
Other consumer products	366,716	596,628	735,577	456,164	644,239
	1,094,011	2,020,731	2,460,478	1,510,369	2,035,135
Geographical markets					
Hong Kong	1,042,634	1,978,086	2,412,855	1,481,230	2,007,398
Chinese Mainland	51,377	42,645	47,623	29,139	27,737
	1,094,011	2,020,731	2,460,478	1,510,369	2,035,135
Timing of revenue recognition					
A point in time	1,094,011	2,020,731	2,460,478	1,510,369	2,035,135

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 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 each of the reporting periods is not significant.

Transaction price allocated to the remaining performance obligation for contracts with customers

During the Track Record Period, contracts with customers with unsatisfied performance obligations, including the customer loyalty program, have durations of one year or less. As permitted under HKFRS 15, the transaction prices allocated to these unsatisfied contracts or the customer loyalty program are not disclosed.

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 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.

Information about major customers

None of the Group's customers contributed over 10% of the Group's total revenue during the Track Record Period.

7. OTHER INCOME

	Year ended 31 March			Eight months ended 30 November	
	2023	**2024**	**2025**	**2024**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Interest income:					
— Bank balances	1	27	65	37	4
— Amounts due from related parties	13,287	13,441	14,707	8,959	10,828
— Rental deposits	1,127	1,062	1,385	1,339	1,383
Management fee income from related parties	1,974	1,974	1,974	1,316	1,316
Fixed operating lease income	5,984	6,781	6,380	4,280	3,851
Government grants *(Note)*	2,463	384	—	—	—
Others	1,509	2,960	5,815	4,386	5,440
	26,345	26,629	30,326	20,317	22,822

Note: During the year ended 31 March 2023, the Group recognized government grants of approximately HK$2,400,000 in respect of the Employment Support Scheme launched by the Hong Kong government.

8. OTHER GAINS AND LOSSES

	Year ended 31 March			Eight months ended 30 November	
	2023	**2024**	**2025**	**2024**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Net loss on disposal/write-off of property, plant and equipment	(68)	(149)	(79)	(67)	(91)
Net foreign exchange gains (losses)	75	(322)	(1,001)	(604)	(487)
Others	—	—	380	—	—
	7	(471)	(700)	(671)	(578)

9. FINANCE COSTS

	Year ended 31 March			Eight months ended 30 November	
	2023	**2024**	**2025**	**2024**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Interests on:					
— Lease liabilities	6,778	11,922	18,068	11,948	12,772
— Bank overdrafts	5,002	6,376	4,326	3,196	1,527
— Bank borrowings	20,686	34,359	29,073	20,130	13,509
— Retirement benefit obligations	40	59	83	55	73
	32,506	52,716	51,550	35,329	27,881

10. INCOME TAX EXPENSE

	Year ended 31 March			Eight months ended 30 November	
	2023	**2024**	**2025**	**2024**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Current tax					
— Hong Kong Profits Tax	1,030	3,827	39,308	19,795	35,601
Deferred tax charge (credit) *(note 26)*	903	32,494	8,281	7,482	(5,220)
	1,933	36,321	47,589	27,277	30,381

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity now comprising the Group is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million for the Track Record Period.

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 relevant PRC subsidiary is 25% for the Track Record Period. No PRC Enterprise Income Tax has been made during the Track Record Period as the relevant PRC subsidiary has no assessable profits or has sufficient tax losses brought forward to offset assessable profits during the Track Record Period.

The income tax expense for the years ended 31 March 2023, 2024 and 2025 and the eight months ended 30 November 2024 and 2025 can be reconciled to the (loss) profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 March			Eight months ended 30 November	
	2023	**2024**	**2025**	**2024**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
(Loss) profit before tax	(25,207)	180,857	218,021	107,151	178,764
Tax at the Hong Kong Profits Tax rate of 16.5%	(4,159)	29,841	35,973	17,680	29,496
Tax effect of expense not deductible for tax purpose	4,994	5,324	10,212	7,726	3,965
Tax effect of income not taxable for tax purpose	(583)	(667)	(442)	(211)	(109)
Tax effect of tax losses not recognized	833	820	770	625	463
Utilization of tax losses previously not recognized	(347)	(39)	(29)	—	(144)
Tax effect of deductible temporary differences not recognized	1,119	1,066	1,098	1,473	652
Tax effect of previously unrecognized temporary differences	—	—	—	—	(3,988)
Effect of different tax rate applicable to a PRC subsidiary	76	(24)	7	(16)	46
Income tax expense	1,933	36,321	47,589	27,277	30,381

11. (LOSS) PROFIT FOR THE YEAR/PERIOD

	Year ended 31 March			Eight months ended 30 November	
	2023	**2024**	**2025**	**2024**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
(Loss) profit for the year/period has been arrived at after charging:					
Directors' emoluments *(note 12)*	1,097	1,292	1,362	812	1,016
Other staff costs (excluding the directors' emoluments)					
— Salaries, allowances and other benefits	98,117	165,496	212,575	134,626	184,707
— Retirement benefits	5,959	7,226	9,481	6,156	8,731
Total staff costs	105,173	174,014	223,418	141,594	194,454
Depreciation of property, plant and equipment	12,433	12,597	16,922	10,795	16,345
Depreciation of right-of-use assets	115,664	121,603	157,420	103,015	131,576
Auditor's remuneration	334	366	380	193	885
Cost of inventories recognized as an expense	811,191	1,421,849	1,675,086	1,026,340	1,400,842
Listing expenses recognized in profit or loss	—	—	—	—	11,132

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

(a) Directors' and the Chief Executive's emoluments

Mr. Tse was appointed as a Director in October 2025 and re-designated as an Executive Director of the Company in November 2025. He is the chairman of the Board of Directors and the Chief Executive Officer of the Company.

Ms. Tse was appointed as a Director of the Company in October 2025 and re-designated as an Executive Director of the Company in November 2025.

Mr. Chu Woon Ming, Mr. Yau Sheung Yu and Ms. Woo Pui Yan Joyce were appointed as the Independent Non-executive Directors of the Company in November 2025.

The Directors' and Chief Executive's remuneration (including emoluments for services as directors/employees of entities now comprising the Group) disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance is as follows:

	Fee	Salaries, allowances and benefits	Retirement benefits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2023				
Executive Directors				
Mr. Tse	—	839	20	859
Ms. Tse	—	226	12	238
	—	1,065	32	1,097
For the year ended 31 March 2024				
Executive Directors				
Mr. Tse	—	936	21	957
Ms. Tse	—	320	15	335
	—	1,256	36	1,292
For the year ended 31 March 2025				
Executive Directors				
Mr. Tse	—	932	21	953
Ms. Tse	—	390	19	409
	—	1,322	40	1,362
For the eight months ended 30 November 2024 (unaudited)				
Executive Directors				
Mr. Tse	—	558	14	572
Ms. Tse	—	228	12	240
	—	786	26	812
For the eight months ended 30 November 2025				
Executive Directors				
Mr. Tse	—	691	14	705
Ms. Tse	—	298	13	311
	—	989	27	1,016

In addition, the Group provided accommodation leased from related parties to Mr. Tse for use by him and his family members at no charge during the Track Record Period. The estimated money value of the benefit in kind amounted to HK$658,000, HK$658,000, HK$569,000, HK$409,000 (unaudited) and HK$320,000 for the years ended 31 March 2023, 2024 and 2025 and the eight months ended 30 November 2024 and 2025, respectively.

The directors' emoluments shown above were for their services in connection with the management of the affairs of the Group.

No emoluments were paid to the Company's independent non-executive directors during the Track Record Period.

There was no compensation for loss of office and/or inducement for joining the Group paid/payable to the directors of the Company during the Track Record Period.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Track Record Period.

(b) Five highest paid individuals

The five highest paid employees included 1, 1, 1, 1 (unaudited) and 1 director for the years ended 31 March 2023, 2024 and 2025 and the eight months ended 30 November 2024 and 2025, respectively, details of whose remuneration are set out in (a) above.

Details of the remuneration of the remaining 4, 4, 4, 4 (unaudited) and 4 highest paid employees who are neither a director nor chief executive of the Company for the years ended 31 March 2023, 2024 and 2025 and the eight months ended 30 November 2024 and 2025, respectively, are as follows:

	Year ended 31 March			**Eight months ended 30 November**	
	2023	**2024**	**2025**	**2024**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Salaries allowances and other benefits	3,100	3,884	4,011	2,425	2,286
Retirement benefits	78	81	81	54	53
	3,178	3,965	4,092	2,479	2,339

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

	Year ended 31 March			**Eight months ended 30 November**	
	2023	**2024**	**2025**	**2024** (Unaudited)	**2025**
Nil to HK$1,000,000	3	3	3	4	4
HK$1,000,001 to HK$1,500,000	1	1	1	—	—
	4	4	4	4	4

During the Track Record Period, no remuneration was paid by the Group to the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

13. (LOSS) EARNINGS PER SHARE

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

	Year ended 31 March			Eight months ended 30 November	
	2023	**2024**	**2025**	**2024**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
(Loss) profit for the year/period attributable to owners of the Company for the purpose of basic (loss) earnings per share	(27,140)	144,536	170,432	79,874	148,383

Number of shares

	Year ended 31 March			Eight months ended 30 November	
	2023	**2024**	**2025**	**2024**	**2025**
	'000	*'000*	*'000*	*'000*	*'000*
Weighted average number of shares for the purpose of basic (loss) earnings per share	375,000	375,000	375,000	375,000	375,000

The weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share for the Track Record Period has been adjusted retrospectively for the effects in connection with (i) the Reorganization as set out in note 2; and (ii) the effect of the capitalization issue subsequent to the end of the reporting period as set out in note 39, as if both the Reorganization and the capitalization issue had been effective since 1 April 2022.

No diluted (loss) earnings per share for the Track Record Period is presented as there were no potential ordinary shares in issue during the Track Record Period.

14. DIVIDENDS

During the year ended 31 March 2023, Dragon Mind Creation Limited declared dividends of HK$13,000,000 to its shareholder. During the year ended 31 March 2025, LFP, Top Harvest Pharmaceuticals Company Limited and Pearl Lake Global Limited declared dividends of HK$200,000,000, HK$33,000,000 and HK$22,000,000 respectively to their respective shareholders.

The rate of dividends and number of shares ranking for the dividends are not presented as such information is not considered meaningful having regard to the purpose of this report.

No dividend was declared or paid by the Company since its incorporation and up to the end of the Track Record Period.

On 10 February 2026 and 21 May 2026, the Company declared dividends of HK$130 per share totaling HK$130,000,000 and HK$23 per share totaling HK$23,000,000, respectively, which were settled by way of an offsetting with the Group's amounts due from related parties.

15. PROPERTY, PLANT AND EQUIPMENT

	Owned properties *HK$'000*	Leasehold improvements *HK$'000*	Furniture and fixtures *HK$'000*	Computer equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
COST						
At 1 April 2022	—	50,646	12,247	11,693	3,228	77,814
Additions	—	6,989	1,175	2,596	—	10,760
Disposals/write-off	—	(4,083)	(500)	(561)	—	(5,144)
Exchange realignment	—	—	—	(30)	—	(30)
At 31 March 2023	—	53,552	12,922	13,698	3,228	83,400
Additions	—	9,536	9,130	4,320	3,013	25,999
Disposals/write-off	—	—	(448)	—	(850)	(1,298)
Exchange realignment	—	—	—	(23)	—	(23)
At 31 March 2024	—	63,088	21,604	17,995	5,391	108,078
Additions	—	21,332	20,812	10,146	2,580	54,870
Disposals/write-off	—	(1,981)	(371)	(245)	—	(2,597)
Exchange realignment	—	—	—	(5)	—	(5)
At 31 March 2025	—	82,439	42,045	27,891	7,971	160,346
Additions	—	10,608	13,132	4,032	944	28,716
Transfer from investment properties	27,480	—	—	—	—	27,480
Disposals/write-off	—	(315)	(40)	—	—	(355)
Exchange realignment	—	—	—	9	—	9
At 30 November 2025	27,480	92,732	55,137	31,932	8,915	216,196

	Owned properties *HK$'000*	Leasehold improvements *HK$'000*	Furniture and fixtures *HK$'000*	Computer equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
DEPRECIATION						
At 1 April 2022	—	33,957	8,365	8,846	2,928	54,096
Provided for the year	—	8,530	1,945	1,814	144	12,433
Eliminated on disposals/ write-off	—	(4,077)	(484)	(515)	—	(5,076)
Exchange realignment	—	—	—	(20)	—	(20)
At 31 March 2023	—	38,410	9,826	10,125	3,072	61,433
Provided for the year	—	8,133	2,308	1,788	368	12,597
Eliminated on disposals/ write-off	—	—	(299)	—	(850)	(1,149)
Exchange realignment	—	—	—	(20)	—	(20)
At 31 March 2024	—	46,543	11,835	11,893	2,590	72,861
Provided for the year	—	8,610	4,654	2,710	948	16,922
Eliminated on disposals/ write-off	—	(1,910)	(361)	(247)	—	(2,518)
Exchange realignment	—	—	—	(3)	—	(3)
At 31 March 2025	—	53,243	16,128	14,353	3,538	87,262
Provided for the period	622	6,502	5,504	2,845	872	16,345
Eliminated on disposals/ write-off	—	(224)	(40)	—	—	(264)
Exchange realignment	—	—	—	5	—	5
At 30 November 2025	622	59,521	21,592	17,203	4,410	103,348
CARRYING AMOUNTS						
At 31 March 2023	—	15,142	3,096	3,573	156	21,967
At 31 March 2024	—	16,545	9,769	6,102	2,801	35,217
At 31 March 2025	—	29,196	25,917	13,538	4,433	73,084
At 30 November 2025	26,858	33,211	33,545	14,729	4,505	112,848

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Owned properties	4.5%
Leasehold improvements	Over the shorter of lease terms of the properties or 5 years
Furniture and fixtures	20%
Computer equipment	20%
Motor vehicles	20%

The Group pledged motor vehicles with carrying amounts of HK$2,789,000, HK$4,432,000 and HK$4,496,000 as at 31 March 2024 and 2025 and 30 November 2025 and owned properties with carrying amount of HK$26,858,000 as at 30 November 2025 to secure bank facilities granted to the Group.

16. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 April 2022	275,010
Decrease in fair value recognized in profit or loss, unrealized	(17,690)
At 31 March 2023	257,320
Additions	1,416
Decrease in fair value recognized in profit or loss, unrealized	(16,596)
At 31 March 2024	242,140
Additions	812
Decrease in fair value recognized in profit or loss, unrealized	(53,482)
At 31 March 2025	189,470
Transfer to property, plant and equipment	(27,480)
Decrease in fair value recognized in profit or loss, unrealized	(11,140)
At 30 November 2025	150,850

The Group leases out retail shop units and residential units located in Hong Kong under operating leases with rentals payable monthly. The leases typically run for an initial period of 3 years, 3 years, 2 years to 3 years and 1 year to 3 years during the years ended 31 March 2023, 2024 and 2025 and the eight months ended 30 November 2025.

The total cash outflow for leases paid for leased properties under subleases amounted to HK$333,000, HK$345,000, HK$391,000, HK$235,000 (unaudited) and HK$244,000, for the three years ended 31 March 2023, 2024 and 2025 and the eight months ended 30 November 2024 and 2025, respectively.

The fair values of the Group's investment properties as at 31 March 2023, 2024 and 2025 and 30 November 2025 have been arrived at on the basis of a valuation carried out on the respective dates by Messrs AVISTA Valuation Advisory Limited, located at Suites 2401–06, 24/F, Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong, independent qualified professional valuer not connected to the Group.

Retail shop units and residential units located in Hong Kong with aggregate fair values of HK$232,040,000, HK$222,330,000, HK$173,170,000 and HK$134,430,000 as at 31 March 2023, 2024 and 2025 and 30 November 2025, respectively, are determined based on the income capitalization approach, where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for the same types of properties.

Residential units located in Hong Kong with aggregate fair values of HK$25,280,000, HK$19,810,000, HK$16,300,000 and HK$16,420,000 as at 31 March 2023, 2024 and 2025 and 30 November 2025, respectively, are determined based on the direct comparison approach, which reflects recent transaction prices for similar properties adjusted for differences in the nature, location and condition of the properties under review.

In determining the fair value of the relevant properties, the management of the Group would determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The following table shows the valuation techniques used in the determination of fair values for investment properties and unobservable inputs used in the valuation models.

	Valuation technique(s)	Significant unobservable input(s)	Range of significant unobservable input(s)	Relationship of unobservable inputs to fair value
Retail shop units located in Hong Kong 31 March 2023: HK$231,220,000 31 March 2024: HK$219,920,000 31 March 2025: HK$171,620,000 30 November 2025: HK$133,340,000	Income capitalization approach	Capitalization rate, taking into account the capitalization of rental income potential, nature of the property and prevailing market condition.	31 March 2023: 2.45% to 2.70%. 31 March 2024: 2.65% to 2.90%. 31 March 2025: 3.05% to 3.30%. 30 November 2025: 3.35% to 3.60%.	An increase in the capitalization rate used would result in a decrease in fair value, and vice versa.
		Monthly market rent, taking into account the differences in location, and individual factors, such as frontage and size, between the comparables and the property	31 March 2023: HK$103 to HK$127 per square foot. 31 March 2024: HK$105 to HK$129 per square foot. 31 March 2025: HK$94 to HK$116 per square foot. 30 November 2025: HK$96 to HK$119 per square foot.	An increase in the market rent used would result in an increase in fair value, and vice versa.
Residential units located in Hong Kong 31 March 2023: HK$25,280,000 31 March 2024: HK$19,810,000 31 March 2025: HK$16,300,000 30 November 2025: HK$16,420,000	Direct comparison approach	Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property	31 March 2023: HK$5,844 to HK$6,430 per square foot. 31 March 2024: HK$4,580 to HK$5,038 per square foot. 31 March 2025: HK$3,768 to HK$4,146 per square foot. 30 November 2025: HK$3,795 to HK$4,175 per square foot.	An increase in the market unit rate used would result in an increase in fair value, and vice versa.

	Valuation technique(s)	Significant unobservable input(s)	Range of significant unobservable input(s)	Relationship of unobservable inputs to fair value
Residential units located in Hong Kong 31 March 2023: HK$820,000 31 March 2024: HK$2,410,000 31 March 2025: HK$1,550,000 30 November 2025: HK$1,090,000	Income capitalization approach	Capitalization rate, taking into account the capitalization of rental income potential, nature of the property and prevailing market condition.	31 March 2023: 3.05% to 3.30%. 31 March 2024: 3.55% to 3.80%. 31 March 2025: 3.95% to 4.20%. 30 November 2025: 3.95% to 4.20%.	An increase in the capitalization rate used would result in a decrease in fair value, and vice versa.
		Monthly market rent, taking into account the differences in location, and individual factors, such as frontage and size, between the comparables and the property	31 March 2023: HK$24 to HK$25 per square foot. 31 March 2024: HK$24 to HK$25 per square foot. 31 March 2025: HK$23 to HK$24 per square foot. 30 November 2025: HK$24 to HK$25 per square foot.	An increase in the market rent used would result in an increase in fair value, and vice versa.

The fair value measurement is categorized into Level 3 fair value hierarchy. There were no transfers into or out of Level 3 during the Track Record Period.

As at 31 March 2023, 2024 and 2025 and 30 November 2025, investment properties amounting to HK$256,500,000, HK$239,730,000, HK$187,920,000 and HK$149,760,000 respectively have been pledged to secure bank facilities granted to the Group.

17. RIGHT-OF-USE ASSETS

	Office premises and staff quarters	Warehouses	Retail stores	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
CARRYING AMOUNT				
At 1 April 2022	2,375	—	168,285	170,660
At 31 March 2023	6,469	4,821	173,686	184,976
At 31 March 2024	965	1,154	214,064	216,183
At 31 March 2025	1,939	4,084	255,343	261,366
At 30 November 2025	3,611	8,483	327,263	339,357
DEPRECIATION				
For the year ended 31 March 2023	8,173	4,260	103,231	115,664
For the year ended 31 March 2024	6,009	3,668	111,926	121,603
For the year ended 31 March 2025	6,842	6,758	143,820	157,420
For the eight months ended 30 November 2024 (unaudited)	6,070	3,705	93,240	103,015
For the eight months ended 30 November 2025	6,189	7,162	118,225	131,576

	Year ended 31 March			Eight months ended 30 November	
	2023	**2024**	**2025**	**2024**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Expenses relating to leases of low value assets	18	59	26	20	107
Variable lease payments not included in the measurement of lease liabilities	26	1,841	4,549	1,918	2,291
Total cash outflow for leases	93,380	133,127	168,818	106,931	133,781
Additions to right-of-use assets (including adjustments on lease modifications)	129,980	152,810	202,961	138,704	209,567

The Group leases various offices premises and staff quarters, warehouses and retail stores for its operations. Lease contracts are entered into for fixed term of 1 year to 12 years, 1 year to 12 years, 1 year to 12 years and 1 year to 12 years for the years ended 31 March 2023, 2024 and 2025 and the eight months ended 30 November 2025, respectively. Lease terms are negotiated on an individual basis and contain 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.

Leases of retail stores are either with only fixed lease payments or contain variable lease payments that are based on 3% to 6% of sales and minimum annual lease payment that are fixed over the lease term. Some variable payment terms include cap clauses. The payment terms are common in retail stores in Hong Kong where the Group operates.

Restrictions or covenants on leases

In addition, lease liabilities of HK$193,505,000, HK$220,464,000, HK$264,472,000, and HK$347,399,000 are recognized with related right-of-use assets of HK$184,976,000, HK$216,183,000, HK$261,366,000 and HK$339,357,000 as at 31 March 2023, 2024 and 2025 and 30 November 2025, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Lease committed

As at 31 March 2023 and 2025 and 30 November 2025, the Group entered into new leases for several retail stores that have not yet commenced, with average non-cancellable period ranging from 1 to 3 years, 1 to 3 years and 3 years respectively, and the total future undiscounted cash flows over the non-cancellable period amounted to HK$10,800,000, HK$30,437,000 and HK$17,428,000, respectively. There was no lease committed as at 31 March 2024.

18. INVENTORIES

	As at 31 March			As at 30 November
	2023	**2024**	**2025**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Finished goods	176,016	225,394	336,038	402,353

19. TRADE AND OTHER RECEIVABLES

	The Group				The Company
	As at 31 March			As at 30 November	As at 30 November
	2023	**2024**	**2025**	**2025**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables from contracts with customers	3,948	17,332	8,193	22,600	—
Rental, utilities and other deposits	29,167	45,679	52,960	62,504	—
Other receivables	928	585	954	84	—
Prepayments to suppliers	4,354	3,436	3,498	8,140	—
Prepaid expenses	6,940	9,739	11,351	13,825	—
Prepaid listing expenses	—	—	—	229	229
Prepaid issue costs	—	—	—	13	13
Deferred issue costs	—	—	—	3,351	3,351
	45,337	76,771	76,956	110,746	3,593
Analyzed for reporting purposes as:					
Deposits under non-current assets	29,167	45,679	52,960	62,504	—
Trade and other receivables under current assets	16,170	31,092	23,996	48,242	3,593
	45,337	76,771	76,956	110,746	3,593

As at 1 April 2022, trade receivables from contracts with customers amounted to HK$3,561,000.

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 each of the reporting periods is as follows:

	As at 31 March			As at 30 November
	2023	**2024**	**2025**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	3,029	16,709	7,379	22,344
31 to 60 days	99	108	552	—
61 to 90 days	640	90	82	120
Over 90 days	180	425	180	136
	3,948	17,332	8,193	22,600

Details of impairment assessment of trade and other receivables are set out in note 32(b).

20. AMOUNTS DUE FROM (TO) RELATED PARTIES

	As at 1 April 2022	As at 31 March 2023	As at 31 March 2024	As at 31 March 2025	As at 30 November 2025	Maximum amounts outstanding: Year ended 31 March 2023	Year ended 31 March 2024	Year ended 31 March 2025	Eight months ended 30 November 2024	Eight months ended 30 November 2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Amount due from a director *(Note i)*										
Amount due from Mr. Tse	34,701	42,113	55,459	12,252	9,180	46,910	55,459	69,891	60,408	14,324
Amounts due from related parties *(Note ii)*										
Best Earn International Development Limited	1	1	1	8	8	1	1	8	8	8
China Harvest Creation Limited	—	—	394	247	1,819	—	394	394	394	1,819
CHK Duty Free Group Limited	16	21	21	21	21	21	21	21	21	21
Click Limited	65	178	178	178	178	178	178	178	178	178
Dragon Grace Corporation Limited	108,074	111,307	114,391	—	1,496	111,307	114,391	115,145	115,145	97,863
Express Harvest Limited	6	6	3	3	3	6	6	3	3	3
Full Group Corporation Limited	—	5,337	6,002	20,674	20,847	5,337	6,002	24,305	24,305	20,847
Great Dragon International Development Limited	18,170	19,172	20,634	22,346	23,370	19,173	20,634	22,427	21,531	23,370
Huge Max Development Limited	5,017	5,136	4,745	561	—	5,138	5,255	73,833	4,897	769
Huge Max (Hong Kong) Limited	185,546	184,445	209,091	224,501	97,661	218,489	209,091	224,501	211,980	227,243
Luck Dragon International Development Limited	281	281	281	281	281	281	281	281	281	281
Lung Fung Charitable Foundation Limited	15	15	15	—	6	15	15	15	15	6
Lung Fung Dispensary Limited	3,341	3,341	3,340	—	—	3,341	3,341	3,347	3,347	—
Lung Fung Group Co., Limited	5,575	5,575	5,619	—	—	5,575	5,619	5,627	5,619	6
Lung Fung International Trading Limited	233	11,805	14,464	5,351	5,905	11,805	15,063	14,965	14,655	15,519
Max Profit Investment (Holdings) Limited	—	18,983	24,204	1,979	2,468	18,983	24,204	24,378	24,378	22,703
Most Harvest (HK) Limited	—	—	—	—	2	—	—	—	—	2
Power Max (Hong Kong) Limited	35	35	35	35	—	35	35	35	35	35
Prospects Group Limited	382	382	470	470	487	382	967	470	470	487
Sky Harvest Medicine Company Limited	—	—	—	52	52	—	—	52	52	52
Sunny Rich Holdings Limited	32	59	45	51	51	59	85	51	47	51
Tse's Pharmaceutical Factory (HK) Limited	54	58	65	67	70	58	65	67	65	70
World Step (China) Limited	—	—	8,312	—	13	—	8,312	8,337	8,334	8,353
新龍豐(深圳)購物資訊有限公司	90	98	—	—	—	98	98	—	—	—
	326,933	366,235	412,310	276,825	154,738					
	361,634	408,348	467,769	289,077	163,918					
Analyzed for reporting purposes as:										
Non-current		355,468	392,638	273,696	—					
Current		52,880	75,131	15,381	163,918					
		408,348	467,769	289,077	163,918					

	As at 1 April 2022	As at 31 March 2023	2024	2025	As at 30 November 2025
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Amount due to a director *(Note i)*					
Amount due to Mr. Tse	16,378	14,496	16,894	10,928	10,928
Amounts due to related parties *(Note iii)*					
China Harvest Creation Limited	7,243	6,631	—	—	—
Dragon Grace Corporation Limited	—	—	—	979	—
Easy Hill International Limited	9	17	17	17	17
Full Group Corporation Limited	57,128	—	—	—	—
Harbour Harvest Medicine Company Limited	178	178	179	172	172
Huge Max Development Limited	—	—	—	—	13,450
Lung Fung Group Co., Limited	—	—	—	—	1
Lung Fung International Trading Limited	5,468	—	—	—	—
Max Profit Investment (Holdings) Limited	22,205	—	—	—	—
Most Harvest (HK) Limited	28,167	28,164	30,158	—	—
Power Harvest Corporation Limited	724	717	893	737	631
Sunny Rich Holdings Limited	—	20	—	—	—
World Step (China) Limited	—	—	—	3	—
	121,122	35,727	31,247	1,908	14,271
	137,500	50,223	48,141	12,836	25,199

Notes:

(i) The amount due from (to) Mr. Tse is non-trade in nature, unsecured, interest-free and repayable on demand.

(ii) The amounts due from entities controlled by Mr. Tse are non-trade in nature, unsecured and repayable on demand. Other than aggregate amounts of HK$355,468,000, HK$392,638,000, HK$273,696,000 and HK$151,747,000 as at 31 March 2023, 2024 and 2025 and 30 November 2025 respectively which carry interest at 3.5% per annum, other amounts are interest-free.

In the opinion of the directors of the Company, other than amounts due from related parties amounting to HK$355,468,000, HK$392,638,000 and HK$273,696,000 as at 31 March 2023, 2024 and 2025 respectively which are not expected to be repaid within one year from the end of each of the reporting period and classified as non-current, the remaining amounts are expected to be repaid within one year from the end of each of the reporting periods and are classified as current.

(iii) The amounts due to entities controlled by Mr. Tse are non-trade in nature, unsecured, interest-free and repayable on demand.

On 10 February 2026 and 21 May 2026, the Company declared dividends of HK$130 per share totaling HK$130,000,000 and HK$23 per share totaling HK$23,000,000, respectively, which were settled by way of an offsetting with the Group's amounts due from related parties. Accordingly, all outstanding balances with related parties had been settled in full.

21. CASH AND CASH EQUIVALENTS/BANK OVERDRAFTS

Cash and cash equivalents

Cash and cash equivalents include demand deposits and short-term deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates range from 0.001% to 0.126%, 0.001% to 5.1%, 0.001% to 0.126% and 0.001% to 0.126% per annum as at 31 March 2023, 2024 and 2025 and 30 November 2025.

Details of impairment assessment of bank balances as at 31 March 2023, 2024 and 2025 and 30 November 2025 are set out in note 32(b).

Bank balances and cash denominated in currencies other than the functional currency of the relevant entities now comprising the Group are set out below:

	As at 31 March			As at 30 November
	2023	**2024**	**2025**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Japanese Yen ("**JPY**")	425	719	202	205
Renminbi ("**RMB**")	253	889	678	1,434

Bank overdrafts

Bank overdrafts carry interest at market rates which range from 3.48% to 5.88%, 3.73% to 6.60%, 3.10% to 5.81%, and 2.02% to 5.50% per annum as at 31 March 2023, 2024 and 2025 and 30 November 2025, respectively.

22. TRADE AND OTHER PAYABLES

	The Group				The Company
	As at 31 March			As at 30 November	As at 30 November
	2023	**2024**	**2025**	**2025**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	81,389	86,480	108,598	123,334	—
Other payables	6,166	6,557	16,895	6,373	—
Accrued expenses	3,276	4,462	5,767	10,868	—
Accrued staff costs	10,691	16,983	23,732	38,289	—
Accrued listing expenses	—	—	—	4,959	4,959
Accrued issue costs	—	—	—	1,510	1,510
	101,522	114,482	154,992	185,333	6,469

The credit period granted by 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 each of the reporting periods:

	As at 31 March			As at 30 November
	2023	**2024**	**2025**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	54,749	55,054	79,740	93,714
31 to 60 days	12,580	12,514	11,731	13,287
61 to 90 days	5,210	8,113	6,426	4,600
Over 90 days	8,850	10,799	10,701	11,733
	81,389	86,480	108,598	123,334

Trade payables denominated in currencies other than the functional currency of the relevant entities now comprising the Group are set out below:

	As at 31 March			As at 30 November
	2023	**2024**	**2025**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
US dollars ("**US$**")	1,718	2,021	3,306	2,787
JPY	2,016	1,172	787	1,329
RMB	808	808	808	808

23. BANK BORROWINGS

	As at 31 March			As at 30 November
	2023	**2024**	**2025**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Mortgage loans *(Note i)*	143,343	134,253	110,556	103,572
Bank loans under supplier finance arrangements *(Note ii)*	200,911	237,009	287,111	299,182
Term loans under the Small and Medium Enterprises ("**SME**") Financing Guarantee Scheme *(Note iii)*	124,017	108,886	91,059	—
Other loans *(Note iv)*	212,157	189,131	162,797	137,752
	680,428	669,279	651,523	540,506
Secured	556,411	560,393	560,464	540,506
Unsecured	124,017	108,886	91,059	—
	680,428	669,279	651,523	540,506
Guaranteed	680,428	666,590	647,623	536,830
Unguaranteed	—	2,689	3,900	3,676
	680,428	669,279	651,523	540,506

The carrying amounts of the above borrowings are analyzed based on contractual repayment date as follows:

	As at 31 March			As at 30 November
	2023	**2024**	**2025**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
The carrying amounts of borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:				
Within one year	423,288	443,382	461,539	443,039
Within a period of more than one year but not exceeding two years	42,436	48,330	41,461	14,911
Within a period of more than two years but not exceeding five years	94,357	81,615	71,247	33,262
Within a period of more than five years	120,347	95,952	77,276	49,294
	680,428	669,279	651,523	540,506

The exposure of the Group's borrowings is as follows:

	As at 31 March			As at 30 November
	2023	**2024**	**2025**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Fixed-rate borrowings	200,911	239,698	291,011	302,858
Variable-rate borrowings	479,517	429,581	360,512	237,648
	680,428	669,279	651,523	540,506

The ranges of effective interest rates on the Group's borrowings are as follows:

	As at 31 March			As at 30 November
	2023	**2024**	**2025**	**2025**
Effective interest rates:				
— Fixed-rate borrowings	2.99% to 5.77%	2.75% to 6.34%	2.75% to 6.74%	1.38% to 5.83%
— Variable-rate borrowings	2.01% to 4.97%	2.68% to 6.85%	2.05% to 6.32%	1.91% to 3.70%

Notes:

(i) Mortgage loans are secured, interest-bearing ranging from 2.43% to 3.08%, 2.68% to 3.33%, 2.05% to 2.71% and 2.01% to 2.71% per annum as at 31 March 2023, 2024 and 2025 and 30 November 2025, respectively, guaranteed by Mr. Tse, Mrs. Tse and related parties which are entities controlled by Mr. Tse, including Lung Fung International Trading Limited, Full Group Corporation Limited, Max Profit Investment (Holdings) Limited and/or Huge Max (Hong Kong) Limited, and repayable on demand.

(ii) The Group enters into certain supplier finance arrangements with banks. Under these arrangements, the banks pay suppliers the amounts owed by the Group before original due dates. The Group's obligations to suppliers are legally extinguished on settlement by the relevant banks. The Group then settles with the banks between 90 and 120 days after settlement by the banks with interest ranging from 2.99% to 5.77%, 4.23% to 6.34%, 3.60% to 6.74% and 1.38% to 5.83% per annum as at 31 March 2023, 2024 and 2025 and 30 November 2025, respectively. Such bank loans are secured, guaranteed by Mr. Tse, Mrs. Tse, and related parties which are entities controlled by Mr. Tse, including Lung Fung International Trading Limited, Full Group Corporation Limited, Max Profit Investment (Holdings) Limited, Dragon Grace Corporation Limited and/or Huge Max (Hong Kong) Limited, and repayable on demand. These arrangements have extended the payment terms, which may be extended beyond the original due dates of respective invoices. The interest rates are consistent with the Group's short-term borrowing rates. Information of the Group's supplier finance arrangements is set out in note 33(b).

(iii) Term loans under the SME Financing Guarantee Scheme are unsecured, interest-bearing ranging from 3.05% to 3.38%, 3.24% to 3.74% and 2.63% to 3.00% per annum as at 31 March 2023, 2024 and 2025, respectively, guaranteed by Mr. Tse, Mrs. Tse, Mr. Tam Shu Wing and Mr. Wong Sze Chun (who were shareholders of certain entities now comprising the Group holding shares on trust for the benefit of Mr. Tse before the Reorganization), and/or HKMC Insurance Limited, and repayable on demand.

(iv) Other loans represent revolving loans, term loans and other borrowings. The loans are secured, interest-bearing ranging from 2.75% to 5.87%, 2.75% to 6.70%, 2.75% to 5.92% and 1.91% to 3.70% per annum as at 31 March 2023, 2024 and 2025 and 30 November 2025, respectively and repayable on demand. Other than other borrowings of HK$2,689,000, HK$3,900,000 and HK$3,676,000 as at 31 March 2024 and 2025 and 30 November 2025 which are unguaranteed, the remaining amounts are guaranteed by Mr. Tse, Mrs. Tse, and related parties which are entities controlled by Mr. Tse, including Lung Fung International Trading Limited, Full Group Corporation Limited, Max Profit Investment (Holdings) Limited, Dragon Grace Corporation Limited and/or Huge Max (Hong Kong) Limited.

As represented by the directors of the Company, all the guarantees will be released upon the Listing.

In respect of bank loans and bank overdrafts from a bank with carrying amounts of HK$284,936,000, HK$337,447,000, HK$303,913,000 and HK$302,368,000 as at 31 March 2023, 2024 and 2025 and 30 November 2025, the Group breached a financial covenant of the relevant bank facility stipulating a maximum net value of the related party balances of LFP. The relevant bank has agreed to waive its right to demand immediate repayment of the outstanding bank loans and bank overdrafts as at 31 March 2023, 2024 and 2025. Such waivers were only related to the respective reporting dates and did not stipulate a specific waiver period. As the carrying amounts of such bank loans and bank overdrafts have already been classified under current liabilities as at 31 March 2023, 2024 and 2025 and 30 November 2025 as a result of the repayable on demand clause of the relevant bank facility, the breach has not resulted in a change in the classification of the bank loans and bank overdrafts.

24. LEASE LIABILITIES

	As at 31 March			As at 30 November
	2023	2024	2025	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Lease liabilities payable				
Within one year	102,126	106,378	135,034	168,069
Within a period of more than one year but not more than two years	59,910	74,548	99,510	112,198
Within a period of more than two years but not more than five years	27,270	36,013	27,128	64,050
Within a period of more than five years	4,993	4,320	3,595	3,082
	194,299	221,259	265,267	347,399
Less: Amount due for settlement within 12 months shown under current liabilities	(102,126)	(106,378)	(135,034)	(168,069)
Amount due for settlement after 12 months shown under non-current liabilities	92,173	114,881	130,233	179,330

The weighted average incremental borrowing rate applied to lease liabilities is 4.10%, 5.28%, 5.86% and 5.27% as at 31 March 2023, 2024 and 2025 and 30 November 2025.

25. CONTRACT LIABILITIES

	As at 31 March			As at 30 November
	2023	2024	2025	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deposits received in advance of delivery	2,725	781	126	187

As at 1 April 2022, contract liabilities amounted to HK$1,066,000.

The Group receives deposits from mainly wholesale customers and recognizes contract liabilities for the amounts received in advance. The contract liabilities will be recognized as revenue when control of the goods are transferred to the customers upon delivery of the goods.

The following table shows how much of the revenue recognized relates to carried-forward contract liabilities:

	As at 31 March			As at 30 November
	2023	2024	2025	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue that was included in the contract liability balance at the beginning of the year/period	1,066	2,725	781	126

26. DEFERRED TAXATION

The followings are the major deferred tax assets (liabilities) recognized and movements thereon during the Track Record Period:

	Accelerated tax depreciation	Tax losses	Provisions	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 April 2022	2,432	40,956	—	88	43,476
Credit (charge) to profit or loss	791	(1,685)	—	(9)	(903)
As at 31 March 2023	3,223	39,271	—	79	42,573
(Charge) credit to profit or loss	(225)	(32,667)	—	398	(32,494)
As at 31 March 2024	2,998	6,604	—	477	10,079
(Charge) credit to profit or loss	(1,856)	(6,604)	—	179	(8,281)
As at 31 March 2025	1,142	—	—	656	1,798
Credit (charge) to profit or loss	707	—	4,862	(349)	5,220
As at 30 November 2025	1,849	—	4,862	307	7,018

As at 31 March 2023 and 2024, the Group has unused tax losses of approximately HK$245,728,000 and HK$52,391,000 available for offset against future profits. A deferred tax asset has been recognized in respect of approximately HK$238,009,000 and HK$40,024,000 as at 31 March 2023 and 2024. No deferred tax asset has been recognized in respect of the remaining tax losses of approximately HK$7,719,000 and HK$12,367,000 due to the unpredictability of future profits streams.

As at 31 March 2025 and 30 November 2025, the Group has unused tax losses of approximately HK$16,913,000 and HK$19,141,000. No deferred tax asset has been recognized in respect of such tax losses due to the unpredictability of future profits streams.

Other than tax losses arising from the PRC subsidiary of approximately HK$2,433,000, HK$2,602,000, HK$2,487,000 and HK$1,911,000 as at 31 March 2023, 2024 and 2025 and 30 November 2025 which will expire after 5 years from the year such loss arises, other tax losses may be carried forward indefinitely.

27. PROVISIONS

	Provision for restoration costs
	HK$'000
At 1 April 2022	13,572
Additional provision in the year	5,704
Utilization of provision	(424)
At 31 March 2023	18,852
Additional provision in the year	3,126
At 31 March 2024	21,978
Additional provision in the year	9,408
Utilization of provision	(348)
At 31 March 2025	31,038
Additional provision in the period	5,787
At 30 November 2025	36,825

28. RETIREMENT BENEFIT PLANS

Defined contribution plans

The Group participates in a Mandatory Provident Fund Scheme (the "**MPF Scheme**") established under the Mandatory Provident Fund Schemes Ordinance in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees.

For members of the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a monthly cap of HK$1,500.

The total expenses recognized in profit or loss of HK$5,728,000, HK$6,861,000, HK$8,966,000, HK$5,812,000 (unaudited) and HK$8,217,000 for the years ended 31 March 2023, 2024 and 2025 and the eight months ended 30 November 2024 and 2025, respectively, represent contributions paid/payable to the MPF Scheme by the Group at the rate specified in the rules of the plan.

Defined benefit plan

Obligation to pay LSP under Hong Kong Employment Ordinance (Chapter 57)

For entities now comprising the Group which operate in Hong Kong, pursuant to the Hong Kong Employment Ordinance Chapter 57, the Group has the obligation to pay LSP to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period, based on the following formula:

Last monthly wages (before termination of employment) × 2/3 × Years of service

Last monthly wages are capped at HK$22,500 while the amount of long service payment shall not exceed HK$390,000. This obligation is accounted for as a post-employment defined benefit plan.

Meanwhile, the Group has made mandatory MPF contributions under the MPF Scheme to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. The Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilize the Group's mandatory MPF contributions, plus/minus any positive/negative returns thereof, for the purpose of offsetting LSP payable to an employee (the "**Offsetting Arrangement**").

On 17 June 2022, the Government of the Hong Kong Special Administrative Region gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP (the "**Abolition**"). The Abolition will officially take effect on 1 May 2025 (the "**Transition Date**").

Under the Amendment Ordinance, the Group's mandatory MPF contributions, plus/minus any positive/negative returns, after the Transition Date can continue to be applied to offset the pre-Transition Date LSP obligation but are not eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligation before the Transition Date will be grandfathered and calculated based on the last monthly wages immediately preceding the Transition Date and the years of service up to that date. The Amendment Ordinance has impact on the Group's LSP obligation with respect to employees that participate in MPF Scheme and the Group has accounted for the LSP obligation, taking into account the Abolition, in accordance with the accounting policies disclosed in note 4.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism and the impact arising from the abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively for the year ended 31 March 2023.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee's LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA's guidance, as a result of the Abolition, these contributions are no longer considered "linked solely to the employee's service in that period" since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as "independent of the number of years of service" and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19. Accordingly, the Group has recognized a cumulative catch-up adjustment of HK$1,580,000 in profit or loss for the service cost, interest expense and remeasurement effect from changes in actuarial assumptions for the year ended 31 March 2023, with corresponding adjustment to the LSP obligation. The cumulative catch-up adjustment is calculated as the difference at the enactment date (16 June 2022) between the carrying amount of the LSP liability calculated under paragraph 93(b) of HKAS 19 before the Abolition and the carrying amount of the LSP liability calculated under paragraph 93(a) of HKAS 19 after the Abolition.

Movements in the present value of LSP obligation for the Track Record Period were as follows:

	As at 31 March			As at 30 November
	2023	**2024**	**2025**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Opening LSP obligation	—	1,647	1,961	3,059
Cumulative catch-up adjustment upon enactment of the Amendment Ordinance	1,580	—	—	—
Current service cost	263	401	555	541
Interest cost	40	59	83	73
Remeasurements recognized in other comprehensive income				
— Actuarial (gains) losses arising from changes in financial assumptions	(58)	(230)	310	(61)
— Actuarial (gains) losses arising from experience adjustments	(178)	102	247	268
Benefits paid	—	(18)	(97)	—
Closing LSP obligation	1,647	1,961	3,059	3,880

	Year ended 31 March			Eight months ended 30 November	
	2023	**2024**	**2025**	**2024**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
The service cost is recognized within:					
Selling and distribution expenses	202	302	447	298	467
Administrative expenses	61	99	108	72	74
	263	401	555	370	541

The average duration of the benefit obligation is 17.7, 16.2, 16.1 and 16.0 years as at 31 March 2023, 2024 and 2025 and 30 November 2025, respectively.

Significant actuarial assumptions for the determination of the LSP obligation are discount rates of 3.6%, 4.3%, 3.6% and 3.7% and expected salary increase of 3.0%, 3.0%, 3.0% and 3.0% as at 31 March 2023, 2024 and 2025 and 30 November 2025, respectively.

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 25 basis points higher (lower), the LSP obligation would decrease by HK$69,000, HK$74,000, HK$116,000 and HK$145,000 (increase by HK$72,000, HK$78,000, HK$123,000 and HK$154,000) as at 31 March 2023, 2024 and 2025 and 30 November 2025.

- If the expected salary increases (decreases) by 0.25%, the LSP obligation would increase by HK$8,000, HK$10,000, HK$21,000 and HK$31,000 (decrease by HK$9,000, HK$12,000, HK$23,000, HK$33,000) as at 31 March 2023, 2024 and 2025 and 30 November 2025.

The sensitivity analysis presented above may not be representative of the actual change in the LSP obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

29. CAPITAL

The Group

The Group's capital as at 1 April 2022, 31 March 2023, 2024 and 2025 represents the aggregate issued share capital/registered capital of entities now comprising the Group as follows:

	As at 1 April 2022	As at 31 March 2023	2024	2025
	HK$	*HK$*	*HK$*	*HK$*
Able Harvest Asia Investment Limited	1	1	1	1
Access Holdings Limited	—	—	—	1
Allied Way International Investment Limited	100	100	100	100
Best Harvest Enterprises Limited	100	100	100	100
China Smart Capital Investment Limited	10,000	10,000	10,000	10,000
Dai Ching Holdings Company Limited	100	100	100	100
Dragon Mind Creation Limited	100	100	100	100
Fancy Mind Corporation Limited	1	1	1	1
Forever Rising Worldwide Limited	1,000	1,000	1,000	1,000
Full Honest Asia Limited	1	1	1	1
Full Well International Enterprise Limited	1	1	1	1
Gain Ocean International Limited	100	100	100	100
Golden Period Management Limited	1	1	1	1
Great Dragon Industrial Limited	1	1	1	1
Great Harvest Asia Investment Limited	1	1	1	1
Great Harvest Enterprise Limited	1	1	1	1
Harvest Concept International Limited	—	—	—	1
Huge Harvest Trading Limited	100	100	100	100
Leader Harvest Asia Pacific Limited	100	100	—	—
Lucky Talent Corporation Limited	1	1	1	1
Lung Fung Dispensary (3rd Store) Limited	100	100	100	100
Lung Fung Dispensary (Main Store) Limited	100	100	100	100
Lung Fung Investment (China) Limited	100	100	100	100
Lung Fung Investment (Japan) Limited	100	100	100	100
Lung Fung Pharmaceutical (Group) Limited	100	137,000,000	137,000,000	137,000,000
Man Fung Dispensary Limited	100	100	100	100
Man Wah Dispensary Limited	100	100	100	100
Max Dragon Capital Investment Limited	10,000	10,000	10,000	10,000
Max Great Corporation Limited	1	1	1	1
Pearl Lake Global Limited	8	8	8	8
Rich More Investment Limited	—	—	—	1
Rich Stand Limited	—	—	—	1
Robust Harvest Asia Limited	100	100	100	100
San Fung Health Limited	1	1	1	1
Success Power Industrial Limited	1	1	1	1
Tai Fung Medicine Company Limited	100	100	100	100
Tai Tak Pharmacy Limited	100	100	100	100
Top Harvest Pharmaceuticals Company Limited	100	100	100	100
True Harvest Dispensary Company Limited	100	100	100	100
Well Harvest (China) Limited	100	100	100	100
	23,020	137,022,920	137,022,820	137,022,824

The Group's capital as at 30 November 2025 represents the share capital of the Company.

The movements in capital during the Track Record Period are as follows:

	HK$
At 1 April 2022	23,020
Issue of shares — Lung Fung Pharmaceutical (Group) Limited	136,999,900
At 31 March 2023	137,022,920
Release upon deregistration — Leader Harvest Asia Pacific Limited	(100)
At 31 March 2024	137,022,820
Issue of shares:	
— Access Holdings Limited	1
— Rich More Investment Limited	1
— Rich Stand Limited	1
— Harvest Concept Investment Limited	1
At 31 March 2025	137,022,824
Transfer to other reserve upon group reorganization	(137,022,824)
Issue of shares by the Company	100
At 30 November 2025	100

The Company

Ordinary shares of HK$0.0001 each

Authorized	**Number of shares**	**Nominal value of ordinary shares**
		HK$
At 3 October 2025 (date of incorporation) and 30 November 2025	3,900,000,000	390,000
Issued and fully paid		
At 3 October 2025 (date of incorporation)	1	—*
Issue of shares as part of the Reorganization *(note 2)*	999,999	100
At 30 November 2025	1,000,000	100

* *Less than HK$1*

30. OPERATING LEASE ARRANGEMENTS

The Group as lessor

All of the properties held by the Group for rental purposes have committed lessees for the next 3 years, 3 years, 3 years and 3 years as at 31 March 2023, 2024, 2025 and 30 November 2025 respectively. The lessee does not have an option to purchase the property at the expiry of the lease period.

Undiscounted lease payments receivable on leases are as follows:

	As at 31 March			As at 30 November
	2023	**2024**	**2025**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	5,765	6,073	5,759	3,540
In the second year	5,533	5,212	2,154	1,100
In the third year	4,672	2,053	648	—
	15,970	13,338	8,561	4,640

31. 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 throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes amounts due to related parties, bank borrowings and lease liabilities disclosed in notes 20, 23 and 24 respectively, net of cash and cash equivalents and equity of the Group, comprising capital and reserves.

The management reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with the capital. Based on recommendations of the management, the Group will balance its overall capital structure through new share issues, the payment of dividends and the issue of new debt or the redemption of existing debt.

32. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	The Group				The Company
	As at 31 March			As at 30 November	As at 30 November
	2023	**2024**	**2025**	**2025**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets					
At amortized cost	485,528	592,773	412,366	299,002	—
Financial liabilities					
At amortized cost	961,891	934,156	894,901	788,167	8.256

(b) Financial risk management objectives and policies

The Group's financial instruments include trade and other receivables, amounts due from (to) related parties, cash and cash equivalents, trade and other payables, bank borrowings and bank overdrafts. The Company's financial instruments include amount due to a subsidiary. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Group has foreign currency purchases which expose the Group to foreign currency risk. The Company is not exposed to significant foreign currency risk.

The carrying amounts of the Group's significant foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets				**Liabilities**			
				As at				**As at**
	As at 31 March			**30 November**	**As at 31 March**			**30 November**
	2023	**2024**	**2025**	**2025**	**2023**	**2024**	**2025**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
US$	—	—	—	—	1,718	2,021	3,306	2,787
JPY	425	719	202	205	2,016	1,172	787	1,329
RMB	253	889	678	1,434	808	808	808	808

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in HK$ against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of each of the reporting periods for a 5% change in foreign currency rates. A positive number below indicates a decrease in post-tax loss for the year ended 31 March 2023 and an increase in post-tax profit for the years ended 31 March 2024 and 2025 and the eight months ended 30 November 2025, where the HK$ strengthens against the relevant currency. For a 5% weakening of HK$ against the relevant currency, there would be an equal and opposite impact on profit or loss and the amounts below would be negative.

				As at
	As at 31 March			**30 November**
	2023	**2024**	**2025**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Impact on profit or loss				
US$	72	84	138	116
JPY	66	19	24	47
RMB	23	(3)	5	(26)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year/period end exposure does not reflect the exposure during the relevant year/period.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate amounts due from related parties, bank borrowings and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances, bank borrowings and bank overdrafts. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and Hongkong Interbank Offered Rate arising from the Group's Hong Kong dollar denominated 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 reviews the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range. The Company is not exposed to significant interest rate risk.

Total interest income from financial assets that are measured at amortized cost and total expense from financial liabilities that are measured at amortized cost are as follows:

	Year ended 31 March			Eight months ended 30 November	
	2023	**2024**	**2025**	**2024**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Interest income on financial assets at amortized cost	14,415	14,530	16,157	10,335	12,215
Interest expenses on financial liabilities at amortized cost	25,688	40,735	33,399	23,326	15,036

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of each of the reporting periods. The analysis is prepared assuming the financial instruments outstanding at the end of each of the reporting periods were outstanding for the whole year/period. A 100 basis point increase or decrease in variable-rate bank borrowings and bank overdrafts are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the management of the Group considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 March 2023 would increase/decrease by HK$5,204,000, and the Group's post-tax profit for the years ended 31 March 2024 and 2025 and the eight months ended 30 November 2025 would decrease/increase by HK$4,620,000, HK$3,887,000 and HK$2,759,000, respectively, which is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings and bank overdrafts.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, other receivables and deposits, amounts due from related parties, bank balances and financial guarantee contracts. The Group does not hold any collateral or other credit enhancements to cover the credit risk associated with their financial assets and financial guarantee contracts.

Trade receivables arising from contracts with customers

Trade receivables arising from retail sales represent amounts receivable from electronic payment service providers and online platforms which are mainly banks and other financial institutions and online platform providers and who have high credit ratings assigned by international credit rating agencies. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For trade receivables arising from wholesale sales, in order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group assesses the credit quality of each potential customer and defines a credit rating and limit for each customer which are reviewed regularly by the management. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the management considers that the Group's credit risk is significantly reduced.

The Group performs impairment assessment under ECL model on trade receivables and has applied the simplified approach to measure the loss allowance at lifetime ECL. Trade receivables arising from retail sales have been assessed for ECL individually based on external credit rating. Trade receivables from wholesale customers are assessed for ECL individually based on internal credit rating. No significant lifetime ECL is recognized on the Group's trade receivables considering their external credit rating (if available), repayment history and historical default experience of the counterparties.

Other receivables, deposits and amounts due from related parties

For other receivables and deposits and amounts due from related parties, the management makes periodic individual assessment on the recoverability of other receivables, deposits and amounts due from related parties based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

As there is no significant change in the credit profile of the counterparties, the management of the Group considers that there are no significant increases in credit risk of these amounts since initial recognition. As such, the Group assesses the amounts for impairment based on 12m ECL under the ECL model. No significant 12m ECL is recognized considering the financial background, repayment history and historical default experience of the counterparties.

Bank balances

Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assesses 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. No significant 12m ECL is recognized based on the low average loss rates of the counterparties.

Financial guarantee contracts

For financial guarantee contracts, the amount of bank facilities utilized by a related party in respect of which financial guarantee contracts have been issued to banks by the Group amounted to HK$128,599,000, HK$106,154,000, HK$92,409,000 and HK$82,792,000 as at 31 March 2023, 2024 and 2025 and 30 November 2025 respectively. The fair value of these financial guarantee, as at dates of initial recognition, were considered insignificant. At the end of the reporting period, the management of the Group has performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12m ECL. No loss allowance was recognized in the profit or loss as the amount of the loss allowance was not significant.

The Group is not subject to significant concentration of credit risk.

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

Internal credit rating	**Description**	**Trade receivables**	**Other financial assets**
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL — not credit-impaired	12-month 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

The tables below detail the credit risk exposures of the Group's financial assets and financial guarantee contracts, which are subject to ECL assessment:

					Gross carrying amounts			
					As at 31 March			As at 30 November
	Notes	**External credit rating**	**Internal credit rating**	**12m or lifetime ECL**	**2023**	**2024**	**2025**	**2025**
					HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at amortized cost								
Trade receivables	*19*	P-1	N/A	Lifetime ECL (individual assessment)	3,198	15,094	5,229	17,869
		N/A	Low risk	Lifetime ECL (individual assessment)	750	2,238	2,964	4,731
					3,948	17,332	8,193	22,600
Other receivables and deposits	*19*	N/A	Low risk	12m ECL	30,095	46,264	53,914	62,588
Amounts due from related parties	*20*	N/A	Low risk	12m ECL	408,348	467,769	289,077	163,918
Bank balances	*21*	P-1	N/A	12m ECL	38,827	54,109	55,967	36,508
Other item								
Financial guarantee contracts	*35*	N/A	Low risk	12m ECL	128,599	106,154	92,409	82,792

Note: For financial guarantee contracts, the gross carrying amount represents the maximum amount the Group has guaranteed under the respective contracts.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings and bank overdrafts as a significant source of liquidity. As at 31 March 2023, 2024, 2025 and 30 November 2025, the Group has available unutilized overdraft and short-term loan facilities of HK$82,175,000, HK$112,161,000, HK$185,309,000 and HK$196,942,000, respectively.

The Group entered into supplier finance arrangement to ease access to credit for its suppliers. A substantial portion of the Group's trade payables is subject to supplier finance arrangement with a few banks. This results in the Group having obligation of settlement concentrated in that party. The facility for borrowings under supplier finance arrangement is entered into for a period of 3 months. As at 31 March 2023, 2024 and 2025 and 30 November 2025, the Group has available unutilized facility for such supplier finance arrangements of HK$244,685,000, HK$235,292,000, HK$224,694,000 and HK$242,402,000, respectively. Details of the arrangements are set out in note 23.

Considering the aggregated available facilities in respect of the above overdraft and short-term loan facilities and supplier finance arrangements under the respective bank facilities, the aggregate amount of unutilized bank facilities amounted to HK$275,264,000, HK$273,122,000, HK$308,199,000 and HK$338,421,000 as at 31 March 2023, 2024 and 2025 and 30 November 2025, respectively.

Details of the going concern assessment are set out in note 2.

The following table details the Group's remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest cash flows are based on variable rate, the undiscounted amount is derived based on management's best estimates at the end of the reporting period, taking into consideration interest rate curve, if available.

Liquidity tables

	Weighted average effective interest rate	On demand or less than 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
The Group								
As at 31 March 2023								
Trade and other payables	—	87,555	—	—	—	—	87,555	87,555
Amounts due to related parties	—	50,223	—	—	—	—	50,223	50,223
Bank borrowings								
— fixed-rate	5.06	200,911	—	—	—	—	200,911	200,911
— variable-rate	3.96	479,517	—	—	—	—	479,517	479,517
Lease liabilities	4.10	11,006	18,200	74,356	95,465	6,148	205,175	194,299
Bank overdrafts	3.84	143,685	—	—	—	—	143,685	143,685
		972,897	18,200	74,356	95,465	6,148	1,167,066	1,156,190
Financial guarantee contracts	—	128,599	—	—	—	—	128,599	—

	Weighted average effective interest rate	On demand or less than 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2024								
Trade and other payables	—	93,037	—	—	—	—	93,037	93,037
Amounts due to related parties	—	48,141	—	—	—	—	48,141	48,141
Bank borrowings								
— fixed-rate	5.95	239,698	—	—	—	—	239,698	239,698
— variable-rate	4.58	429,581	—	—	—	—	429,581	429,581
Lease liabilities	5.28	10,271	22,090	86,667	120,708	5,134	244,870	221,259
Bank overdrafts	5.45	123,699	—	—	—	—	123,699	123,699
		944,427	22,090	86,667	120,708	5,134	1,179,026	1,155,415
Financial guarantee contracts	—	106,154	—	—	—	—	106,154	—
As at 31 March 2025								
Trade and other payables	—	125,493	—	—	—	—	125,493	125,493
Amounts due to related parties	—	12,836	—	—	—	—	12,836	12,836
Bank borrowings								
— fixed-rate	5.48	291,011	—	—	—	—	291,011	291,011
— variable-rate	3.84	360,512	—	—	—	—	360,512	360,512
Lease liabilities	5.86	13,865	28,549	109,976	135,682	4,119	292,191	265,267
Bank overdrafts	4.26	105,049	—	—	—	—	105,049	105,049
		908,766	28,549	109,976	135,682	4,119	1,187,092	1,160,168
Financial guarantee contracts	—	92,409	—	—	—	—	92,409	—
As at 30 November 2025								
Trade and other payables	—	129,707	—	—	—	—	129,707	129,707
Amounts due to related parties	—	25,199	—	—	—	—	25,199	25,199
Bank borrowings								
— fixed-rate	2.14	302,858	—	—	—	—	302,858	302,858
— variable-rate	2.57	237,648	—	—	—	—	237,648	237,648
Lease liabilities	5.27	17,384	35,602	134,229	197,096	3,443	387,754	347,399
Bank overdrafts	2.26	92,755	—	—	—	—	92,755	92,755
		805,551	35,602	134,229	197,096	3,443	1,175,921	1,135,566
Financial guarantee contracts	—	82,792	—	—	—	—	82,792	—
The Company								
As at 30 November 2025								
Amount due to a subsidiary	—	8,256	—	—	—	—	8,256	8,256

Bank loans with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. Taking into account the Group's financial position, the management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management of the Group believes that such bank loans will be repaid after the end of each of the reporting periods in accordance with the scheduled repayment dates set out in the loan agreements. Details are set out in the table below:

	Less than 1 year	1 year to 2 years	2 years to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2023	437,499	49,791	107,275	193,582	788,147	680,428
As at 31 March 2024	464,544	53,490	90,838	103,590	712,462	669,279
As at 31 March 2025	472,666	46,068	79,820	84,490	683,044	651,523
As at 30 November 2025	450,311	17,451	38,572	54,842	561,176	540,506

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of each of the reporting periods, the management considers that it is more likely that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of each of the reporting periods.

(c) Fair value measurements of financial instruments

The directors of the Company consider that the Group's carrying amounts of financial assets and financial liabilities recorded at amortized cost in the Historical Financial Information approximate to their fair values.

33. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) 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 Group's consolidated statements of cash flows as cash flows from financing activities.

	Amounts due to related parties	Lease liabilities	Bank borrowings	Accrued issue costs	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2022	137,500	157,645	598,180	—	893,325
Financing cash flows	2,140	(93,669)	(540,203)	—	(631,732)
Borrowings raised under supplier finance arrangement	—	—	601,765	—	601,765
New leases entered/leases modified	—	123,545	—	—	123,545
Interest expenses	—	6,778	20,686	—	27,464
Settlement of issue of shares *(note 34)*	(89,417)	—	—	—	(89,417)
At 31 March 2023	50,223	194,299	680,428	—	924,950
Financing cash flows	(2,082)	(131,572)	(972,216)	—	(1,105,870)
Borrowings raised under supplier finance arrangement	—	—	926,708	—	926,708
New leases entered/leases modified	—	146,610	—	—	146,610
Interest expenses	—	11,922	34,359	—	46,281
At 31 March 2024	48,141	221,259	669,279	—	938,679
Financing cash flows	(68,305)	(164,634)	(1,117,492)	—	(1,350,431)
Borrowings raised under supplier finance arrangement	—	—	1,070,663	—	1,070,663
New leases entered/leases modified	—	190,574	—	—	190,574
Interest expenses	—	18,068	29,073	—	47,141
Dividends declared	33,000	—	—	—	33,000
At 31 March 2025	12,836	265,267	651,523	—	929,626
Financing cash flows	12,363	(131,627)	(917,394)	(1,854)	(1,038,512)
Borrowings raised under supplier finance arrangement	—	—	792,868	—	792,868
New leases entered/leases modified	—	200,987	—	—	200,987
Issue costs recognized	—	—	—	3,351	3,351
Prepaid issue costs recognized	—	—	—	13	13
Interest expenses	—	12,772	13,509	—	26,281
At 30 November 2025	25,199	347,399	540,506	1,510	914,614
For the eight months ended 30 November 2024 (unaudited)					
At 1 April 2024	48,141	221,259	669,279	—	938,679
Financing cash flows	3,228	(105,228)	(746,231)	—	(848,231)
Borrowings raised under supplier finance arrangement	—	—	679,700	—	679,700
New leases entered/leases modified	—	130,643	—	—	130,643
Interest expenses	—	11,948	20,130	—	32,078
At 30 November 2024	51,369	258,622	622,878	—	932,869

(b) Information of supplier finance arrangements

	As at 31 March			As at 30 November
	2023	2024	2025	2025
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Carrying amount of the financial liabilities that are subject to supplier finance arrangements				
— Presented as part of "bank borrowings" *(note 23)*	200,911	237,009	287,111	299,182
— Of which suppliers have already received payment from the finance provider	200,911	237,009	287,111	299,182

	As at 31 March			As at 30 November
	2023	2024	2025	2025
	Days	*Days*	*Days*	*Days*
Range of payment due dates				
For liabilities presented as part of "bank borrowings":				
— Liabilities that are part of supplier finance arrangements	90 to 120	90 to 120	90 to 120	90 to 120
— Comparable trade payables that are not part of supplier finance arrangements	0 to 60	0 to 60	0 to 60	0 to 60

Changes in liabilities that are subject to supplier finance arrangements are primarily attributable to additions resulting from purchases of goods and subsequent cash settlements. During the years ended 31 March 2023, 2024 and 2025 and the eight months ended 30 November 2024 and 2025, borrowings under supplier finance arrangement of HK$601,765,000, HK$926,708,000, HK$1,070,663,000, HK$679,700,000 (unaudited) and HK$792,868,000, respectively, represent the payments to the suppliers by the relevant banks directly. There were no other material non-cash changes in these liabilities.

34. MAJOR NON-CASH TRANSACTIONS

During the Track Record Period, the Group entered into the following major non-cash transactions:

- During the years ended 31 March 2023, 2024 and 2025 and the eight months ended 30 November 2024 and 2025, the Group entered into new lease agreements and modified existing lease agreements for the use of leased properties and recognized right-of-use assets of HK$129,980,000, HK$152,810,000, HK$202,961,000, HK$138,704,000 (unaudited) HK$209,567,000, and lease liabilities of HK$123,545,000, HK$146,610,000, HK$190,574,000 and HK$130,643,000 (unaudited) and HK$200,987,000 respectively on the lease commencement/modification.

- Dividends declared by Dragon Mind Creation Limited of HK$13,000,000 during the year ended 31 March 2023 were charged to amounts due to related parties. Dividends declared by LFP, Top Harvest Pharmaceuticals Company Limited and Pearl Lake Global Limited of HK$200,000,000, HK$33,000,000 and HK$22,000,000 respectively during the year ended 31 March 2025 were settled through amounts due from related parties as to HK$222,000,000 and charged to amounts due to related parties as to HK$33,000,000.

- During the year ended 31 March 2023, share capital issued by LFP of HK$137,000,000 was settled through the amounts due from related parties as to HK$47,583,000 and charged to amounts due to related parties as to HK$89,417,000.

- During the eight months ended 30 November 2025, the registered capital of LFP was reduced by HK$137,000,000, which was settled through the amount due from a related party.

35. RELATED PARTY DISCLOSURES

(a) Related party transactions

Other than as disclosed elsewhere in the Historical Financial Information, the Group has following transactions with related parties which are entities controlled by Mr. Tse:

	Year ended 31 March			Eight months ended 30 November	
	2023	**2024**	**2025**	**2024**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Management fee income	1,974	1,974	1,974	1,316	1,316
Interest income	13,287	13,441	14,707	8,959	10,828
Building management expenses	1,110	1,360	1,818	1,201	2,287

(b) The Group entered into lease agreements with related parties (which are entities controlled by Mr. Tse) for the use of office premises, warehouses and retail stores. The lease terms range from 0.5 to 5 years, from 1.5 to 5 years, from 2 to 5 years, 2 to 5 years (unaudited) and from 2 to 5 years for the years ended 31 March 2023, 2024 and 2025 and the eight months ended 30 November 2024 and 2025 respectively. The related lease liabilities as at 31 March 2023, 2024 and 2025 and 30 November 2025 amounted to HK$14,204,000, HK$6,143,000, HK$11,317,000 and HK$14,005,000, respectively.

Further information about the Group's leases with related parties for the years ended 31 March 2023, 2024 and 2025 and the eight months ended 30 November 2025 is as follows:

	Year ended 31 March			Eight months ended 30 November	
	2023	**2024**	**2025**	**2024**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Adjustments to lease liabilities upon lease modification	25,601	3,815	19,330	8,432	18,521
Interest expenses on lease liabilities	550	492	540	349	871
Lease payments	13,331	12,368	14,696	9,269	16,704

(c) Related party balances

Details of the Group's balances with related parties are set out in the consolidated statements of financial position and note 20.

(d) As disclosed in note 23, Mr. Tse and Mrs. Tse provided personal guarantees to an unlimited extent to banks for bank facilities granted to the Group for the years ended 31 March 2023, 2024 and 2025 and the eight months ended 30 November 2025. As represented by the directors of the Company, the personal guarantees will be released upon the Listing.

(e) As disclosed in note 23, related parties which are entities controlled by Mr. Tse provided corporate guarantees to banks to an unlimited extent for bank facilities granted to the Group for the three years ended 31 March 2023, 2024 and 2025 and the eight months ended 30 November 2025. As represented by the directors of the Company, the corporate guarantees will be released upon the Listing.

(f) As disclosed in note 23, bank borrowings of HK$556,411,000, HK$557,704,000, HK$556,564,000 and HK$536,830,000 as at 31 March 2023, 2024, 2025 and 30 November 2025 are secured by pledge of properties held by related parties which are entities controlled by Mr. Tse. As represented by the directors of the Company, the pledge will be released upon the Listing.

(g) The Group provided a corporate guarantee to an unlimited extent to a bank for banking facilities granted to a related party. As at 31 March 2023, 2024 and 2025 and 30 November 2025, bank facilities utilized by the related party amounted to HK$128,599,000, HK$106,154,000, HK$92,409,000 and HK$82,792,000 respectively. As represented by the directors of the Company, the corporate guarantee will be released upon the Listing.

(h) Compensation of key management personnel

The remuneration of directors and other members of key management during the Track Record Period was as follows:

	Year ended 31 March			Eight months ended 30 November	
	2023	**2024**	**2025**	**2024**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Short-term employee benefits	4,697	5,502	5,957	2,972	3,070
Post-employment benefits	119	123	126	84	23
	4,816	5,625	6,083	3,056	3,093

36. PLEDGE OF ASSETS

The Group's borrowings had been secured by the pledge of the Group's assets and the carrying amounts of the respective assets are as follows:

	As at 31 March			As at 30 November
	2023	**2024**	**2025**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Investment properties	256,500	239,730	187,920	149,760
Property, plant and equipment	—	2,789	4,432	31,354
	256,500	242,519	192,352	181,114

37. FINANCIAL INFORMATION OF THE COMPANY

(a) Investments in subsidiaries

	As at 30 November 2025
	HK$'000
Unlisted investment at cost	58,663

(b) Amount due to a subsidiary

Amount due to a subsidiary as at 30 November 2025 is non-trade related, unsecured, interest-free and repayable on demand.

(c) Reserves

	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
At 3 October 2025 (date of incorporation)	—	—	—
Issue and allotment of shares	58,663	—	58,663
Loss and total comprehensive expense for the period	—	(11,132)	(11,132)
At 30 November 2025	58,663	(11,132)	47,531

38. PARTICULARS OF SUBSIDIARIES

During the Track Record Period and as at the date of this report, the Company has direct and indirect shareholding/equity interests in the following subsidiaries:

Name of subsidiary	Place the date of incorporation/ establishment	Issued and fully paid capital/ registered capital	Shareholding/equity interests attributable to the Group					Principal activities	*Notes*
			As at 31 March			As at 30 November	As at date of this report		
			2023	2024	2025	2025			
Directly held									
LF Retail Holding Limited	BVI 9 October 2025	US$1	N/A	N/A	N/A	N/A	100%	Investment holding	*(a)*
TH Wholesale Holding Limited	BVI 9 October 2025	US$1	N/A	N/A	N/A	N/A	100%	Investment holding	*(a)*
PL Beautie Limited	BVI 9 October 2025	US$1	N/A	N/A	N/A	N/A	100%	Investment holding	*(a)*
LF Consultancy Limited	BVI 9 October 2025	US$1	N/A	N/A	N/A	N/A	100%	Investment holding	*(a)*
Indirectly held									
Able Harvest Asia Investment Limited*	Hong Kong 7 March 2013	HK$1	100%	100%	100%	100%	100%	Operation of retail stores	*(f)*
Access Holdings Limited*	Hong Kong 10 January 2025	HK$1	N/A	N/A	100%	100%	100%	Operation of retail stores	*(f)*
Allied Way International Investment Limited*	Hong Kong 17 June 2016	HK$100	N/A	N/A	100%	100%	100%	Operation of retail stores	*(f)*
Best Harvest Enterprises Limited*	Hong Kong 13 January 2009	HK$100	100%	100%	100%	100%	100%	Operation of retail stores	*(f)*
China Smart Capital Investment Limited*	Hong Kong 1 November 2016	HK$10,000	100%	100%	100%	100%	100%	Operation of retail stores	*(f)*
Dai Ching Holdings Company Limited#	Hong Kong 10 June 2009	HK$100	100%	100%	100%	100%	100%	Wholesale	*(d)*
Dragon Mind Creation Limited	Hong Kong 3 August 2015	HK$100	100%	100%	100%	100%	100%	Advertising and promotion agency	*(b)*
Fancy Mind Corporation Limited	Hong Kong 4 January 2019	HK$1	100%	100%	100%	100%	100%	Inactive	*(f)*

Name of subsidiary	Place the date of incorporation/ establishment	Issued and fully paid capital/ registered capital	Shareholding/equity interests attributable to the Group As at 31 March 2023	2024	2025	As at 30 November 2025	As at date of this report	Principal activities	Notes
Forever Rising Worldwide Limited*	Hong Kong 30 October 2009	HK$1,000	100%	100%	100%	100%	100%	Operation of retail stores	(f)
Full Honest Asia Limited*	Hong Kong 18 January 2018	HK$1	100%	100%	100%	100%	100%	Operation of retail stores	(f)
Full Well International Enterprise Limited*	Hong Kong 18 October 2019	HK$1	100%	100%	100%	100%	100%	Operation of retail stores	(f)
Gain Ocean International Limited*	Hong Kong 23 July 2009	HK$100	100%	100%	100%	100%	100%	Operation of retail stores	(f)
Golden Period Management Limited*	Hong Kong 28 June 2023	HK$1	100%	100%	100%	100%	100%	Operation of retail stores	(f)
Grand Harvest Worldwide Limited	Hong Kong 3 November 2010	HK$100	N/A	100%	100%	100%	100%	Lease management	(f)
Great Dragon Industrial Limited*	Hong Kong 17 January 2013	HK$1	100%	100%	100%	100%	100%	Operation of retail stores	(f)
Great Harvest Asia Investment Limited*	Hong Kong 23 May 2018	HK$1	100%	100%	100%	100%	100%	Operation of retail stores	(f)
Great Harvest Enterprise Limited*	Hong Kong 5 June 2006	HK$1	100%	100%	100%	100%	100%	Operation of retail stores	(f)
Harvest Concept International Limited*	Hong Kong 15 October 2024	HK$1	N/A	N/A	100%	100%	100%	Operation of retail stores	(f)
Harvest Smart Holdings Limited	Hong Kong 12 January 2018	HK$1	100%	100%	100%	100%	100%	Property holding	(c)
Huge Harvest Trading Limited#	Hong Kong 16 November 2006	HK$100	100%	100%	100%	100%	100%	Wholesale	(f)
Kidbrooke Group Limited	Samoa 16 September 1997	US$1	100%	100%	100%	100%	100%	Property holding	(c)
Leader Harvest Asia Pacific Limited	Hong Kong 15 November 2018	(Note e)	60%	N/A	N/A	N/A	N/A	N/A	(f)
Lucky Talent Corporation Limited#	Hong Kong 13 October 2016	HK$1	100%	100%	100%	100%	100%	Wholesale	(f)
Lung Fung Dispensary (3rd Store) Limited*	Hong Kong 15 October 2007	HK$100	100%	100%	100%	100%	100%	Operation of retail stores	(f)
Lung Fung Dispensary (Main Store) Limited*	Hong Kong 2 June 2004	HK$100	100%	100%	100%	100%	100%	Operation of retail stores	(f)
Lung Fung Investment (China) Limited	Hong Kong 3 August 2018	HK$100	100%	100%	100%	100%	100%	Investment holding	(f)
Lung Fung Investment (Japan) Limited	Hong Kong 22 May 2018	HK$100	100%	100%	100%	100%	100%	Overseas sourcing	(f)

Name of subsidiary	Place the date of incorporation/ establishment	Issued and fully paid capital/ registered capital	Shareholding/equity interests attributable to the Group					Principal activities	Notes
			As at 31 March			As at 30 November	As at date of this report		
			2023	2024	2025	2025			
Lung Fung Pharmaceutical (Group) Limited	Hong Kong 8 June 2007	(Note f)	100%	100%	100%	100%	100%	Retail, wholesale and investment holding	*(d)*
Man Fung Dispensary Limited*	Hong Kong 3 August 2011	HK$100	100%	100%	100%	100%	100%	Operation of retail stores	*(f)*
Man Wah Dispensary Limited*	Hong Kong 7 June 2011	HK$100	100%	100%	100%	100%	100%	Operation of retail stores	*(f)*
Master Grand Investment Limited*	Hong Kong 8 April 2025	HK$1	N/A	N/A	N/A	100%	100%	Operation of retail stores	*(f)*
Max Dragon Capital Investment Limited*	Hong Kong 1 November 2016	HK$10,000	100%	100%	100%	100%	100%	Operation of retail stores	*(f)*
Max Great Corporation Limited*	Hong Kong 31 August 2018	HK$1	100%	100%	100%	100%	100%	Operation of retail shops	*(f)*
Pearl Lake (Hong Kong) Limited	Hong Kong 24 October 2016	HK$1	100%	100%	100%	100%	100%	Private label business	*(e)*
Pearl Lake Global Limited	BVI 23 October 2019	US$1	100%	100%	100%	100%	100%	Investment holding	*(a)*
Rich More Investment Limited*	Hong Kong 12 July 2024	HK$1	N/A	N/A	100%	100%	100%	Operation of retail stores	*(e)*
Rich Stand Limited*	Hong Kong 10 May 2024	HK$1	N/A	N/A	100%	100%	100%	Operation of retail stores	*(e)*
Robust Harvest Asia Limited*	Hong Kong 17 April 2008	HK$100	100%	100%	100%	100%	100%	Operation of retail stores	*(f)*
San Fung Health Limited	Hong Kong 30 April 2005	HK$1	100%	100%	100%	100%	100%	Inactive	*(f)*
Success Power Industrial Limited*	Hong Kong 2 January 2018	HK$1	100%	100%	100%	100%	100%	Operation of retail stores	*(f)*
Tai Fung Medicine Company Limited*	Hong Kong 4 June 2010	HK$100	100%	100%	100%	100%	100%	Operation of retail stores	*(f)*
Tai Tak Pharmacy Limited*	Hong Kong 16 October 2009	HK$100	100%	100%	100%	100%	100%	Operation of retail stores	*(f)*
Tak Fung International Trading Development (Guangzhou) Co., Limited 德豐國際貿易發展(廣州)有限公司	PRC 12 March 2021	RMB6,400,000	100%	100%	100%	100%	100%	Wholesale	*(f)*
Top Harvest Pharmaceuticals Company Limited#	Hong Kong 26 April 2002	HK$100	100%	100%	100%	100%	100%	Wholesale	*(d)*
True Harvest Dispensary Company Limited*	Hong Kong 12 August 2010	HK$100	100%	100%	100%	100%	100%	Operation of retail stores	*(f)*
Well Harvest (China) Limited*	Hong Kong 1 September 2015	HK$100	100%	100%	100%	100%	100%	Operation of retail stores	*(f)*

* For the purpose of the Reorganization as set out in note 2, these entities are collectively referred to as the "Retail Companies"

For the purpose of the Reorganization as set out in note 2, these entities are collectively referred to as the "Wholesale Companies"

All entities now comprising the Group are limited liability companies. Other than Tak Fung International Trading Development (Guangzhou) Co., Limited which was established in the PRC and has a financial year end date of 31 December, all other entities now comprising the Group have adopted 31 March as their financial year end date.

Notes:

(a) No audited financial statements for these companies have been prepared since their respective dates of incorporation as they are incorporated in the jurisdiction where there are no statutory audit requirements.

(b) The statutory financial statements for this entity for the year ended 31 March 2023 was prepared in accordance with HKFRS Accounting Standards for Private Entities as issued by the HKICPA and were audited by World Link CPA Limited, Certified Public Accountants registered in Hong Kong. No statutory audited financial statements have been prepared for the year ended 31 March 2024 and 2025.

(c) The statutory financial statements for these entities for each of the years ended 31 March 2023 and 2024 were prepared in accordance with HKFRS Accounting Standards for Private Entities as issued by the HKICPA and were audited by World Link CPA Limited, Certified Public Accountants registered in Hong Kong. No statutory audited financial statements have been prepared for the year ended 31 March 2025.

(d) The statutory financial statements for these entities for each of the years ended 31 March 2023, 2024 and 2025 were prepared in accordance with HKFRS Accounting Standards for Private Entities as issued by the HKICPA and were audited by World Link CPA Limited, Certified Public Accountants registered in Hong Kong.

(e) No statutory audited financial statements have been prepared for these entities for each of the years ended 31 March 2023 and 2024. The statutory financial statements for this entity for the year ended 31 March 2025 was prepared in accordance with HKFRS Accounting Standards for Private Entities as issued by the HKICPA and were audited by World Link CPA Limited, Certified Public Accountants registered in Hong Kong.

(f) No statutory audited financial statements have been prepared for these entities for each of years ended 31 March 2023, 2024 and 2025.

(g) The issued share capital of Leader Harvest Asia Pacific Limited as at 31 March 2023 amounted to HK$100. Leader Harvest Asia Pacific Limited was deregistered on 8 September 2023.

(h) The issued and fully paid-up share capital of LFP as at 31 March 2023, 2024 and 2025 amounted to HK$137,000,000. As disclosed in note 2, as part of the Reorganization, on 16 October 2025, LFP issued and allotted 100,000 new shares to LF Retail Holding Limited at a total consideration of HK$10; and on 28 November 2025, 1,000 existing shares amounting to HK$137,000,000 were cancelled and repaid through the offsetting of HK$137,000,000 due from an entity indirectly wholly-owned by Mr. Tse. Accordingly, the share capital of LFP as at 30 November 2025 and the date of this report amounted to HK$10.

39. SUBSEQUENT EVENTS

Saved as disclosed in the report, subsequent to the end of the Track Record Period, the following significant events took place:

- On 10 February 2026 and 21 May 2026, the Company declared dividends of HK$130 per share totaling HK$130,000,000 and HK$23 per share totaling HK$23,000,000, respectively, which were settled by way of an offsetting with the Group's amounts due from related parties.

- On 18 May 2026, TTK Holding has resolved that, conditional upon the share premium account of the Company being credited as a result of the issue of the offer shares pursuant to the Global Offering (as defined in the Prospectus), the directors of the Company were authorized to capitalize HK$37,400 standing to the credit of the share premium account of the Company by applying such sums towards the paying up in full at par a total of 374,000,000 shares for allotment and issue to the holders of shares whose names appear on the register of members of the Company on at the close of business on 11 May 2026 in proportion (as near as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing respective shareholding in the Company.

40. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to the end of the Track Record Period.

The information set out in this Appendix II does not form part of the Accountants' Report from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set out in Appendix I to this prospectus and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" of this prospectus and the Accountants' Report set forth in Appendix I, to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Global Offering (as defined in this prospectus) on the audited consolidated net tangible assets of the Group as at 30 November 2025, as if the proposed Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group as at 30 November 2025 or any future dates following the Global Offering.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is based on the audited consolidated net tangible assets of the Group as at 30 November 2025 as set out in Appendix I to this prospectus, and adjusted as follows:

	Audited consolidated net tangible assets of the Group as at 30 November 2025	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 November 2025	Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 November 2025 per Share
	HK$'000	*HK$'000*	*HK$'000*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*
Based on Offer Price of HK$5.18 per Offer Share	55,431	610,765	666,196	1.33
Based on Offer Price of HK$6.38 per Offer Share	55,431	755,682	811,113	1.62

Notes:

(1) The audited consolidated net tangible assets of the Group as at 30 November 2025 is extracted from the audited consolidated net assets of HK$55,431,000 as at 30 November 2025, as shown in the audited consolidated statements of financial position set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on 125,000,000 Shares to be issued at the Offer Price of HK$5.18 and HK$6.38 per Offer Share, being the low-end and high-end of the indicative Offer Price range, respectively, after deduction of the estimated underwriting fees and commissions and other listing related expenses payable by the Company (excluding the listing expenses that have been charged to profit or loss during the Track Record Period). It does not take into account (i) any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, or (ii) any Shares which may be issued or repurchased by the Company pursuant to the general mandates.

(3) The number of shares used for the calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group per Share is based on 500,000,000 Shares, being Shares in issue as at 30 November 2025 and after the completion of the Capitalization Issue and the Global Offering, assuming the Capitalization and the Global Offering had been completed on 30 November 2025. It does not take into account (i) any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, or (ii) any Shares which may be issued or repurchased by the Company pursuant to the general mandates.

(4) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 November 2025 to reflect any operating results or other transactions of the Group entered into subsequent to 30 November 2025.

(5) By comparing the valuation of properties set out in the valuation report prepared by AVISTA Valuation Advisory Limited dated 28 May 2026, the net valuation surplus is approximately HK$492,000 as compared to the carrying amounts of the owned properties as at 30 November 2025, which has not been included in the above consolidated net tangible assets of the Group. The valuation surplus of the properties will not be incorporated in the Group's financial statements in the future. If the valuation surplus were to be included in the financial statements, an additional annual depreciation charge of approximately HK$23,000 would be incurred.

(6) As described in note 39 to the historical financial information of the Accountants' Report as set forth in Appendix I, the Company declared dividends of HK$130,000,000 on 10 February 2026 and HK$23,000,000 on 21 May 2026 which were settled by way of offsetting with the Group's amounts due from related parties. Accordingly, the unaudited pro forma adjusted consolidated net tangible assets of the Group would therefore have decreased to HK$513,196,000 and HK$658,113,000, based on Offer Price of HK$5.18 and HK$6.38 per Offer Share, respectively, and the unaudited pro forma adjusted consolidated net tangible assets of the Group per Share would have decreased to approximately HK$1.03 and HK$1.32, based on Offer Price of HK$5.18 and HK$6.38 per Offer Share, respectively.

B. REPORTING ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Lung Fung Group Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Lung Fung Group Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 30 November 2025 and related notes as set out on pages IIA-1 to IIA-2 of Appendix II to the prospectus issued by the Company dated 28 May 2026 (the "**Prospectus**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages IIA-1 to IIA-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Global Offering (as defined in the Prospectus) on the Group's financial position as at 30 November 2025 as if the Global Offering had taken place at 30 November 2025. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for each of the three years ended 31 March 2025 and the eight months ended 30 November 2025, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 November 2025 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 May 2026

A. BASES

The Directors have prepared the estimate of consolidated profit for the year ended 31 March 2026 based on the audited consolidated results of the Group for the eight months ended 30 November 2025 and the unaudited consolidated results based on the management accounts of the Group for the four months ended 31 March 2026.

The estimate has been prepared on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in note 4 to the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

B. PROFIT ESTIMATE FOR THE YEAR ENDED 31 MARCH 2026

Estimated consolidated profit attributable to owners of the Company for the year ended 31 March 2026	Not less than HK$265 million

C. LETTER FROM THE REPORTING ACCOUNTANTS

The following is the text of a letter received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's profit estimate prepared for the purpose of incorporation in this prospectus.

Deloitte. 德勤

28 May 2026
The Board of Directors
Lung Fung Group Holdings Limited
5/F, Lung Fung Group Centre
23 Yip Cheong Street
Fanling, New Territories
Hong Kong

DBS Asia Capital Limited
73/F
The Center
99 Queen's Road Central
Hong Kong

Dear Sirs,

Lung Fung Group Holdings Limited (the "Company")

Profit Estimate for Year Ended 31 March 2026

We refer to the estimate of the consolidated profit of the Group for the year ended 31 March 2026 (the "**Profit Estimate**") set forth in the section headed Profit Estimate for the Year Ended 31 March 2026 in Part B of Appendix IIB in the prospectus of the Company dated 28 May 2026 (the "**Prospectus**").

Directors' Responsibilities

The Profit Estimate has been prepared by the directors of the Company based on the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the eight months ended 30 November 2025 and the unaudited consolidated results based on the management accounts of the Group for the four months ended 31 March 2026.

The Company's directors are solely responsible for the Profit Estimate.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Profit Estimate in accordance with the bases adopted by the directors and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors as set out in Appendix IIB of the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report dated 28 May 2026, the text of which is set out in Appendix I of the Prospectus.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

D. LETTER FROM THE SOLE SPONSOR

The following is the text of a letter, prepared for the inclusion in this prospectus, received from DBS Asia Capital Limited, the Sole Sponsor, in relation to our Group's profit estimate for the year ended 31 March 2026.

The Directors
Lung Fung Group Holdings Limited

28 May 2026

Dear Sirs,

We refer to the estimate of the consolidated profit of Lung Fung Group Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2026 (the "**Profit Estimate**"), for which you as the Directors of the Company are solely responsible for, set forth in the paragraph headed "Profit Estimate for the Year Ended 31 March 2026" in the prospectus of the Company dated 28 May 2026 (the "**Prospectus**").

The Profit Estimate, for which you as the Directors of the Company are solely responsible for, has been prepared by the Directors of the Company based on the audited consolidated results of the Group for the eight months ended 30 November 2025, and the unaudited consolidated results based on the management accounts of the Group for the four months ended 31 March 2026.

We have reviewed and discussed with you the bases made by the Directors of the Company as set forth in Appendix IIB to the Prospectus, upon which the Profit Estimate has been made. We have also considered, and relied upon, the letter dated 28 May 2026 addressed to you and us from Deloitte Touche Tohmatsu, the reporting accountants of the Company (the "**Reporting Accountants**"), regarding the accounting policies and calculations upon which the Profit Estimate has been made.

On the basis of the information comprising the Profit Estimate and on the basis of the accounting policies and calculations adopted by you and reviewed by the Reporting Accountants, we are of the opinion that the Profit Estimate, for which you as the Directors of the Company are solely responsible for, has been made after due and careful enquiry.

Yours faithfully

For and on behalf of
DBS Asia Capital Limited
CHEUNG Yan To
Senior Vice President

The following is the text of a letter, a summary of values and valuation certificates prepared for the purpose of incorporation in this prospectus received from AVISTA Valuation Advisory Limited, an independent valuer, in connection with its valuation as at 31 March 2026 of the property interests held by the Company.

AVISTA Valuation Advisory
艾 華 迪 評 估 諮 詢

Suites 2401-06, 24/F, Everbright Centre, 108 Gloucester Road,
Wan Chai, Hong Kong

TEL : (852) 3702 7338 FAX : (852) 3914 6388

info@avaval.com

www.avaval.com

28 May 2026

The Board of Directors
Lung Fung Group Holdings Limited (龍豐集團控股有限公司)
5/F, Lung Fung Group Centre,
23 Yip Cheong Street,
Fanling, New Territories,
Hong Kong

Dear Sirs/Madams,

INSTRUCTIONS

In accordance with the instructions of Lung Fung Group Holdings Limited (龍豐集團控股有限公司) (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") for us to carry out the valuation of the property interests (the "**Properties**") located in Hong Kong held by the Company, we confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Properties as at 31 March 2026 (the "**Valuation Date**").

BASIS OF VALUATION AND VALUATION STANDARDS

Our valuation is carried out on a market value basis, which is defined by the Royal Institution of Chartered Surveyors as "*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*".

In valuing the Properties, we have complied with all the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the RICS Valuation — Global Standards 2024 published by the Royal Institution of Chartered Surveyors ("**RICS**") and the International Valuation Standards published from time to time by the International Valuation Standards Council.

CATEGORISATION OF PROPERTY INTERESTS

In the course of our valuation, the appraised Properties have been categorized according firstly to type of interests held by the Company, which in turn being classified into the following groups:

Group I — Property interests held for investment by the Company in Hong Kong

Group II — Property interests held for owner occupation by the Company in Hong Kong

VALUATION ASSUMPTIONS

Our valuation of the Properties excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value or costs of sale and purchase or offset for any associated taxes.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the Properties valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed.

VALUATION METHODOLOGY

Residential portions of the Properties have been valued by market approach, which generally involves comparing recent market evidence of similar properties located in the neighborhood area of the subject properties. Adjustments are considered to reflect differences in various aspects including market conditions, size, location, time, age, quality, and any other relevant factors when comparing such sales against the subject properties. This approach is commonly used to value properties where reliable market evidence is available.

Retail portions of the Properties have been valued by the income approach. The income approach takes into considerations of the term value of the property by capitalizing the rental income over the existing lease terms and the reversionary value by capitalizing the current market rental income of the property until the end of the land use right terms. The current market rent adopted in determining the reversionary value is based on the findings of rental comparables in the locality which share similar characteristics with the subject properties. When determining the parameter of capitalization rate or market yield, reference has been made to the current sale price and rental income of the properties in the locality which share similar characteristics with the subject properties. The income approach estimates the value of the property by taking into consideration the existing rental level and current market condition, without specifically involving the forecasting of future profits.

TITLE INVESTIGATION

We have not been provided with copies of the title documents relating to the Properties in Hong Kong. We have conducted searches at the Land Registry in Hong Kong on 12 May 2026. However, we have not examined the original documents to verify ownership and encumbrances, or to ascertain any amendment which may or may not appear on the land search. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

SITE INVESTIGATION

We have inspected the exteriors and, where possible, the interior of the subject properties. The site inspection was carried out on 10 October 2025 by Samuel Lau (Senior Analyst) and Josh Chow (Senior Analyst). They have more than 4 years' experience in valuation of properties in Hong Kong.

In the course of our inspection, we did not note any serious defects. However, we have not carried out an investigation on site to determine the suitability of ground conditions and services for any development thereon, nor have we conducted structural surveys to ascertain whether the subject properties are free of rot, infestation, or any other structural defects. Additionally, no tests have been carried out on any of the utility services. Our valuation has been prepared on the assumption that these aspects are satisfactory. We have further assumed that there is no significant pollution or contamination in the locality which may affect any future developments.

SOURCE OF INFORMATION

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by the Group or other professional advisors on such matters as statutory notices, planning approvals, zoning, easements, tenures, completion date of buildings, development proposal, identification of the properties, particulars of occupation, site areas, floor areas, matters relating to tenure, tenancies and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

LIMITING CONDITION

Wherever the content of this report is extracted and translated from the relevant documents supplied in Chinese context and there are discrepancies in wordings, those parts of the original documents will take prevalent.

CURRENCY

Unless otherwise stated, all monetary amounts stated in this report are in Hong Kong Dollar (HKD).

Our valuations are summarized below, and the valuation certificates are attached.

Yours faithfully,
For and on behalf of
AVISTA Valuation Advisory Limited
Vincent C B Pang
MRICS CFA FCPA FCPA Australia
RICS Registered Valuer
Managing Partner

Note: Mr. Vincent C B Pang is a member of Royal Institution of Chartered Surveyors (RICS) and a registered valuer of RICS. He has over 15 years' experience in valuation of properties including Hong Kong, the PRC, the U.S., and East and Southeast Asia.

SUMMARY OF VALUES

Abbreviation

Group I:	Property interests held for investment by the Company in Hong Kong
Group II:	Property interests held for owner occupation by the Company in Hong Kong
"–" or N/A:	Not applicable or not available

No.	Property	Market value in existing state as at 31 March 2026 *HKD* Group I	Market value in existing state as at 31 March 2026 *HKD* Group II	Interest Attributable to the Company	Market value Attributable to the Company as at 31 March 2026 *HKD*
1.	G/F and cockloft, 1/F with flat roof and 2/F with roof, Nos. 41A–41B Fu Hing Street and Nos. 15–19 San Fat Street, Sheung Shui, New Territories, Hong Kong	109,460,000	N/A	100%	109,460,000
2.	G/F and cockloft, No. 49 Fu Hing Street and No. 87 San Fung Avenue, Sheung Shui, New Territories, Hong Kong	34,950,000	25,890,000	100%	60,840,000
	Total:	144,410,000	25,890,000		170,300,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2026 *HKD*
1.	G/F and cockloft, 1/F with flat roof and 2/F with roof, Nos. 41A–41B Fu Hing Street and Nos. 15–19 San Fat Street, Sheung Shui, New Territories, Hong Kong Lot Number: Lot No. 3874 in D.D.91 Share of the Lot: —	The property comprises 10 retail units located on the ground floor and 2 residential units located on the 1st and 2nd floor with a total saleable area of approximately 6,075.75 sq.ft., of which certain units are provided with adjoining ancillary accommodation. As measured from the approved building plans, the area details are listed as below:	Portions of the property, with a saleable area of approximately 5,534.64 sq.ft., comprising 6 retail units and 2 residential units, were leased to 6 tenants for retail or residential use as at the Valuation Date. The remaining portions of the property were vacant.	109,460,000 (100% interest attributable to the Company: 109,460,000)

Units	Saleable Area *(sq.ft.)*	Area of Adjoining Ancillary Accommodation *(sq.ft.)*
Units 1 & 2, G/F	1,069.94	2,060.37 (Cockloft)
Unit 3A, G/F	293.90	—
Unit 3B, G/F	48.34	—
Unit 3C, G/F	101.38	—
Unit 4, G/F	135.79	—
Unit 5A, G/F	124.25	—
Unit 5B, G/F	142.17	—
Unit 6A, G/F	188.21	—
Unit 6B, G/F	86.48	—
Unit 7, G/F	59.19	—
1/F	1,913.05	588.59 (Flat Roof)
2/F	1,913.05	1,597.96 (Roof)
	6,075.75	4,246.92

The property was held for investment as at the Valuation Date.

Pursuant to the Occupation Permit No. N.T. 180/72, the property was completed in November 1972.

The property is located at the junction of Fu Hing Street and San Fat Street in Sheung Shui, the Northern District of Hong Kong, with approximately 0.3 km to Sheung Shui MTR Station and 4.0 km to Lo Wu Immigration Control Point, Luohu Port. The surrounding locality is characterized by low-rise residential buildings with retail shops.

The property is held under New Grant no. 10386 for a lease term of 99 years commencing from 1 July 1898. The term has been extended until 30 June 2047 pursuant to Section 6 of the New Territories Leases (Extension) Ordinance. The annual Government Rent payable is equivalent to 3% of the rateable value for the time being.

Notes:

1. As at the Valuation Date, the registered owner of the property is Kidbrooke Group Limited, in which the Company holds an indirect ownership stake of 100%.

2. The property is zoned for ''Commercial/Residential Use'' under Approved Fanling/Sheung Shui Outline Zoning Plan No. S/FSS/28.

3. Pursuant to 6 tenancy agreements, 6 retail units and 2 residential units with a saleable area of approximately 5,534.64 sq.ft. had been leased to various independent third parties with a total monthly rent of HKD325,580 as at the Valuation Date, exclusive of management fee, utility fees, government rent and rates, for various terms with the expiry dates between 22 May 2026 to 31 March 2028.

4. The property is subject to the following encumbrances or registrations:

   a. Occupation Permit No. N.T. 180/72 dated 20 November 1972;

   b. Sealed copy of Judgement in High Court action no. A7714 of 1985 dated 4 January 1986, registered vide memorial No. N221096;

   c. Government Notice No. ''UMB/5OD101/1501–013/0001'' under Section 30B(3) of the Buildings Ordinance (Cap. 123) dated 2 June 2016, registered vide memorial no. 16122002240235; and

   d. Mortgage in favour of Hang Seng Bank Limited to secure all money dated 18 July 2018, registered vide memorial no. 18073102380307.

5. Our valuation has been made on the following basis and analysis:

   In the course of valuation of the residential portions of the property, we have made reference to comparables located in the area close to the subject property with similar nature, use, size and accessibility as the subject property. The adjusted unit prices of the comparables range from HKD3,490 to HKD4,910 per sq.ft. for residential units on effective saleable area basis. The unit rate adopted in the valuation is consistent with the unit rates of the relevant comparables after due adjustments in terms of floor, time and size, etc.

   In the course of our valuation of the retail portions of the property, we have made reference to various relevant rental evidence in the locality with characteristics similar to those of the subject property such as nature, use, size and accessibility. The adjusted unit rents of the comparables range from HKD75 to HKD130 per sq.ft. per month for retail units on the ground floor on effective saleable area basis. The market yield assumed by us is 3.80% for retail units, which is consistent with the prevailing market yields of the property sector.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2026 *HKD*
2.	G/F and cockloft, No. 49 Fu Hing Street and No. 87 San Fung Avenue, Sheung Shui, New Territories, Hong Kong Lot Number: Lot No. 3855 in D.D.91 Share of the Lot: 4/12	The property comprises 5 retail units located on the ground floor with a total saleable floor area of approximately 1,373.31 sq.ft., of which certain units are provided with adjoining ancillary accommodation. As measured from the approved building plans, the area details are listed as below:	Portions of the Investment Property, with a saleable area of approximately 366.77 sq.ft., comprising 3 retail units, were leased to 3 tenants for retail use as at the Valuation Date. The remaining portions of the Investment Property were vacant. The Owner-occupied Property was occupied by the Group as at the Valuation Date for retail pharmaceutical purposes.	60,840,000 (100% interest attributable to the Company: 60,840,000)

Units	Saleable Area *(sq.ft.)*	Area of Adjoining Ancillary Accommodation *(sq.ft.)*
G/F, No. 49 Fu Hing Street	755.17	—
Unit A, G/F, No. 87 San Fung Avenue	101.69	—
Unit B, G/F, No. 87 San Fung Avenue	128.07	—
Unit C, G/F, No. 87 San Fung Avenue	137.01	—
Unit D & E, G/F, No. 87 San Fung Avenue	251.37	1,353.13 (Cockloft)
	1,373.31	1,353.13

Portions of the property, with a total saleable area of approximately 755.17 sq.ft., were held and occupied by the Group (the "**Owner-occupied Property**"). The remaining portions were held for investment (the "**Investment Property**").

Pursuant to the Occupation Permit No. N.T. 47/68, the property was completed in July 1968.

The property is located at the junction of San Fung Ave and Fu Hing Street in Sheung Shui, the Northern District of Hong Kong, with approximately 0.2 km to Sheung Shui MTR Station and 4.0 km to Lo Wu Immigration Control Point, Luohu Port. The surrounding locality is characterized by low-rise residential buildings with retail shops.

The property is held under New Grant no. N9711 for a lease term of 99 years commencing from 1 July 1898. The term has been extended until 30 June 2047 pursuant to Section 6 of the New Territories Leases (Extension) Ordinance. The annual Government Rent payable is equivalent to 3% of the rateable value for the time being.

Notes:

1. As at the Valuation Date, the registered owner of the property is Harvest Smart Holdings Limited, in which the Company holds an indirect ownership stake of 100%.

2. The property is zoned for "Commercial/Residential Use" under Approved Fanling/Sheung Shui Outline Zoning Plan No. S/FSS/28.

3. Pursuant to 3 tenancy agreements, 3 retail units with a saleable area of approximately 366.77 sq.ft. had been leased to various independent third parties with a total monthly rent of HKD155,357 as at the Valuation Date, exclusive of management fee, utility fees, government rent and rates, for various terms with the expiry dates between 30 April 2026 to 22 April 2028.

4. The property is subject to the following encumbrances or registrations:

   a. Occupation Permit No. N.T. 47/68 dated 9 July 1968;

   b. Deed of Mutual Covenant dated 2 October 1968, registered vide memorial No. N162403;

   c. Government Notice No. "UMB/MB061203–004/0001" under Section 30B(3) of the Buildings Ordinance dated 29 November 2013, registered vide memorial no. 15060300730027;

   d. Mortgage in favour of Hang Seng Bank Limited to secure all money dated 22 January 2020, registered vide memorial no. 20020402230024; and

   e. Second Mortgage in favour of Hang Seng Bank Limited to secure all money dated 22 January 2020, registered vide memorial no. 20021101360012.

5. Our valuation has been made on the following basis and analysis:

   In the course of our valuation of the property, we have made reference to various relevant rental evidence in the locality with characteristics similar to those of the subject property such as nature, use, size and accessibility. The adjusted unit rents of the comparables range from HKD75 to HKD130 per sq.ft. per month for retail units on the ground floor on effective saleable area basis. The market yield assumed by us is 3.80% for retail units, which is consistent with the prevailing market yields of the property sector.

6. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the Valuation Date in its existing state is set out as below:

Classification	**Market value in existing state as at the Valuation Date** *(HKD)*
Group I — Property interests held for investment by the Company in Hong Kong	34,950,000
Group II — Property interests held for owner-occupation by the Company in Hong Kong	25,890,000
Total:	60,840,000

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 3 October 2025 under the Companies Act (As Revised) of the Cayman Islands (the "**Companies Act**"). The Company's constitutional documents consist of its Memorandum of Association (the "**Memorandum**") and its Articles of Association (the "**Articles**").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, *inter alia*, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Act and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 18 May 2026 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Act, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (including at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class (excluding treasury shares). Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

(i) increase its share capital by the creation of new shares;

(ii) consolidate all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are listed on the Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares. The register of members in respect of its listed shares (whether the principal register or a branch register) may be kept by recording the particulars required by Section 40 of the Companies Act in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares. Further, subject to the Companies Act and all applicable laws and regulations, including the Securities and Futures Ordinance and the Securities and Futures (Uncertificated Securities Market) Rules (Cap. 571AS) made under the Securities and Futures Ordinance (the "**USM Rules**") (if and when effective), transfers of shares may be effected in uncertificated form through such electronic system as permissible under the applicable laws and regulations, without the need for a written instrument of transfer.

For certificated shares, the instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year. The period of thirty (30) days may be extended for a further period or periods not exceeding thirty (30) days in respect of any year if approved by members by ordinary resolution.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Act and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange. Subject to the Companies Act, the rules of the Stock Exchange and of any competent regulatory authority, the Company is also authorized to hold any repurchased, redeemed or surrendered shares as treasury shares without the need for a separate resolution of the board for each instance.

The board may accept the surrender for no consideration of any fully paid share.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election.

A Director (including a managing or other executive Director) may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he resigns by notice in writing delivered to the Company;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or

(ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Act and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Act and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount to their nominal value.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Act to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Act, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or past Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

The board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) the giving of any security or indemnity either:

(aaa) to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or

(bbb) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(bb) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(cc) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:

(aaa) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (bbb) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the Directors, his close associate(s) and employee(s) of the Company or any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates;

(dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Act, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. Votes (whether on a show of hands or by way of poll) may be cast by such means, electronic or otherwise, as the Directors or the chairman of the meeting may determine.

Any corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any general meeting of the Company or at any meeting of any class of members. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member and such corporation shall for the purposes of the Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, the right to speak and to vote, and where a show of hands is allowed, the right to vote individually on a show of hands.

All members have the right to speak and vote at a general meeting except where a member is required, by the rules of the Stock Exchange, to abstain from voting to approve the matter under consideration.

Where the Company has any knowledge that any member is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and extraordinary general meetings

The Company must hold an annual general meeting of the Company for each financial year and such general meeting must be held within six (6) months after the end of the Company's financial year unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more members holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company (excluding treasury shares) having the right of voting at general meetings, on a one vote per share basis. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business or resolution specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

Notwithstanding any provisions in the Articles, any general meeting or any class meeting may be held physically, as a hybrid meeting (partially physical and partially electronic) or wholly by electronic means using such telephone, electronic or other communication facilities as to permit all persons participating in the meeting to communicate with each other, and participation in such a meeting shall constitute presence at such meeting. Unless otherwise determined by the Directors, the manner of convening and the proceedings at a general meeting set out in the Articles shall apply, *mutatis mutandis*, to hybrid or wholly electronic meetings.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days. All other general meetings must be called by notice of at least fourteen (14) clear days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers; and

(ee) the fixing of the remuneration of the directors and of the auditors.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy or, for quorum purposes only, two persons appointed by the clearing house as authorized representative or proxy, and entitled to vote. In respect of a separate class meeting (including an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class (excluding treasury shares).

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall by ordinary resolution appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by ordinary resolution remove the auditor at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed and approved by the Company by an ordinary resolution passed at a general meeting or in such manner as the members may by ordinary resolution determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Act.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders. For the avoidance of doubt, any dividend, interest, or other sum payable in cash may also be paid by electronic funds transfer on such terms and conditions as the Directors may determine.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members maintained in Hong Kong shall be open to inspection for at least two (2) hours during business hours by members and holders of Prescribed Securities (as defined in the USM Rules) without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Act or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to members of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

Unless otherwise provided by the Companies Act, a resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Act divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Act, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

(l) Electronic communications and securities management

The Articles permit the Company to accept electronic instructions from members and securities holders of the Company for activities such as attending meetings, appointing proxies, voting, and responding to corporate communications, provided such actions comply with applicable laws, the rules of the Stock Exchange, and authentication measures determined by the board. Further, the Articles have provisions to align with the Securities and Futures Ordinance and the Securities and Futures (Uncertificated Securities Market) Rules (Cap. 571AS) of Hong Kong (if and when effective), enabling the holding, transfer, and registration of shares and other securities in uncertificated form through electronic systems, such as the Uncertificated Securities Registration and Transfer (UNSRT) system, which facilitates title evidencing and transfer without physical instruments; the Company is also authorised to support electronic voting, proxy instructions, and distribution of corporate action proceeds, ensuring alignment with the uncertificated securities market framework and Cayman Islands laws.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Act and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Act provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, reduce its share capital in any way by (i) special resolution and confirmation to the Grand Court of the Cayman Islands (the "**Court**"); or (ii) special resolution supported by a solvency statement in accordance with the Companies Act.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Act expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not to be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Act.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Act contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Act of the Cayman Islands, the Company has obtained an undertaking:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 7 October 2025.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Act prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

The notice of registered office is a matter of public record. A list of the names of the current directors and alternate directors (if applicable) is made available by the Registrar of Companies for inspection by any person on payment of a fee. The register of mortgages is open to inspection by creditors and members.

Members of the Company have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. The register of members shall contain such particulars as required by Section 40 of the Companies Act. A branch register must be kept in the same manner in which a principal register is by the Companies Act required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to identify its beneficial owners and provide details of these beneficial owners to its corporate service provider ("**CSP**") which maintains its beneficial ownership register in the Cayman Islands. A beneficial owner is defined as an individual who (a) ultimately owns or controls, whether through director or indirect ownership or control 25% or more of the shares, voting rights, or partnership interests in the company, (b) otherwise exercises ultimate effective control over the management of the company, or (c) is identified as exercising control of the company through other means. The beneficial ownership register may be accessed by members of the public who demonstrate a legitimate interest, subject to approval by the competent authority. An exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange, may provide its CSP with details of its listed status as an alternative compliance route instead of providing details of its beneficial owners. Accordingly, as long as the shares of the Company remain listed on the Stock Exchange, the Company may opt for this alternative compliance route rather than maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by (i) a majority in number representing seventy-five per cent. (75%) in value of creditors, or (ii) seventy-five per cent. (75%) in value of shareholders or class of shareholders, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

The Companies Act also contains statutory provisions which provide that a company may present a petition to the Court for the appointment of a restructuring officer on the grounds that the company (a) is or is likely to become unable to pay its debts within the meaning of section 93 of the Companies Act; and (b) intends to present a compromise or arrangement to its creditors (or classes thereof) either, pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring. The petition may be presented by a company acting by its directors, without a resolution of its shareholders or an express power in its articles of association. On hearing such a petition, the Court may, among other things, make an order appointing a restructuring officer or make any other order as the Court thinks fit.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, upon the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accepting the offer, the offeror may at any time within two (2) months after such acceptance, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders or non-compliance with the statutory requirements.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

(u) Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Act of the Cayman Islands ("**ES Act**") that came into force on 1 January 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Act. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Act.

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is available for inspection as referred to in the paragraph headed "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix VI to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Act as an exempted company with limited liability on 3 October 2025.

We have been registered in Hong Kong under Part 16 of the Companies Ordinance as a non-Hong Kong company on 12 November 2025, and our principal place of business in Hong Kong is at 5/F, Lung Fung Group Centre, 23 Yip Cheong Street, Fanling, New Territories, Hong Kong. In compliance with the requirements of the Companies Ordinance, Mr. Tse has been appointed as the authorized representative in Hong Kong for the acceptance of service of process and any notice required to be served on our Company in Hong Kong.

Our Company was incorporated in the Cayman Islands and is subject to Cayman Islands law. Its constitution comprises the Memorandum and the Articles of Association. A summary of certain relevant parts of its constitution and certain relevant aspects of Cayman Islands company law is set out in "Appendix IV — Summary of the Constitution of our Company and Cayman Islands Company Law".

2. Changes in the Share Capital of our Company

(a) As at the date of incorporation of our Company on 3 October 2025, our authorized share capital was HK$390,000 divided into 3,900,000,000 Shares having a par value of HK$0.0001 each. On the date of incorporation, one Share of HK$0.0001 was allotted and issued as fully-paid at par to an initial subscriber who is an Independent Third Party, and such share was transferred to TTK Holding on the same day. On 20 October 2025, our Company allotted and issued 999,999 Shares to TTK Holding, credited as fully paid; and

(b) Immediately after the Capitalization Issue and the Global Offering (without taking into account any Shares which may be allotted, issued or sold upon exercise of the Over-allotment Option or Shares which may be issued under the Share Scheme), the authorized share capital of our Company will remain to be HK$390,000, divided into 3,900,000,000 Shares of HK$0.0001 each.

Other than pursuant to the exercise of the Over-allotment Option, our Directors at present have no intention to issue to any party any of the authorized but unissued share capital of our Company, and, without the prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in "History, Reorganization and Corporate Structure", there has been no alteration in the share capital of our Company since its incorporation.

Our Company has no founder shares, management shares or deferred shares.

3. Resolutions in writing of our sole Shareholder passed on 18 May 2026

Pursuant to the written resolutions passed by our sole Shareholder on 18 May 2026, it was resolved that, among other matters:

(a) the Articles of Association was conditionally approved and adopted with effect from the Listing Date

(b) conditional on: (A) the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus; (B) the Offer Price having been determined; (C) the execution and delivery of the Underwriting Agreements on or before the date as mentioned in this prospectus; and (D) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before the day falling 30 days after the date of this prospectus:

(i) the Global Offering and the Over-allotment Option were approved, and our Directors were authorized to allot and issue the Offer Shares pursuant to the Global Offering and such number of Shares as may be required to be allotted and issued upon the exercise of the Over-allotment Option;

(ii) conditional on the share premium account of our Company being credited as a result of the Global Offering, our Directors were authorized to capitalize HK$37,400 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 374,000,000 Shares for allotment and issue to holders of Shares whose names appear on the register of members of our Company at the close of business on 11 May 2026 in proportion (as nearly as possible without involving fractions so that no fraction of a Share shall be allotted and issued) to their then existing holdings in our Company and so that the Shares to be allotted and issued pursuant to this resolution should rank *pari passu* in all respects with the then existing issued Shares and our Directors were authorized to give effect to such capitalization;

(iii) a general unconditional mandate was granted to our Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than pursuant to (a) a rights issue, (b) scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any dividend in accordance with the Articles, or (c) the Global Offering or the Capitalization Issue or pursuant to the exercise of the Over-allotment Option, an aggregate number of Shares not exceeding 20% of the aggregate number of Shares in issue immediately following completion of the Capitalization Issue and the Global Offering (without taking into account any Shares which may be allotted, issued or sold upon exercise of the Over-allotment Option) until the conclusion of the next annual general meeting of our Company, or upon the expiry of the period within which our Company is required by any applicable law or the Memorandum and Articles of Association to hold its next annual general meeting, or when it is varied, revoked or renewed by an ordinary resolution of our Shareholders in a general meeting, whichever occurs first (“**Applicable Period**”);

(iv) a general unconditional mandate (the “**Repurchase Mandate**”) was granted to our Directors to exercise all powers of our Company to purchase or repurchase Shares on the Stock Exchange or another stock exchange on which the securities of our Company may be listed and recognized by the SFC and the Stock Exchange for this purpose, with an aggregate number of not exceeding 10% of the number of Shares in issue immediately following completion of the Capitalization Issue and the Global Offering (without taking into account any Shares which may be allotted, issued or sold upon exercise of the Over-allotment Option), until the conclusion of the next annual general meeting of our Company, or upon the expiry of the Applicable Period; and

(v) the extension of the general mandate to allot, issue and deal with Shares pursuant to sub-paragraph (iv) above to include the number of Shares which may be purchased or repurchased pursuant to sub-paragraph (v) above; and

(c) the form and substance of each of the service agreements made between each of our executive Directors and non-executive Directors and our Company, and the form and substance of each of the appointment letters made between each of our independent non-executive Directors and our Company were approved.

4. Reorganization

The companies comprising our Group underwent the Reorganization to rationalize our Group’s structure in preparation for the Listing. Following the Reorganization, our Company became the holding company of our Group. For more details regarding the Reorganization, see “History, Reorganization and Corporate Structure”.

5. Changes in the Share Capital of our subsidiaries

The subsidiaries of our Company are listed in “Appendix I — Accountants’ Report”.

Except as disclosed below and in “History, Reorganization and Corporate Structure”, there are no changes in the share capital of each of our Company’s subsidiaries within the two years immediately preceding the date of this prospectus.

(a) LFP

On 22 October 2025, LFP passed a Shareholder’s resolution in relation to a reduction of its registered capital to HK$10 comprising 100,000 ordinary shares (the “**Capital Reduction**”). Subsequent to the Capital Reduction, the issued share capital of LFP was decreased from HK$137,000,010 divided into 101,000 shares to HK$10 divided into 100,000 shares. The Capital Reduction was fully completed on 28 November 2025.

6. Repurchases of our own securities

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

A resolution in writing was passed by our sole Shareholder on 18 May 2026, pursuant to which a general unconditional mandate (i.e. the Repurchase Mandate) was granted to our Directors authorizing the purchase or repurchase of such number of Shares by our Company on the Stock Exchange or another stock exchange on which the securities of our Company may be listed and recognized by the SFC and the Stock Exchange for this purpose, with an aggregate number of not exceeding 10% of the aggregate number of Shares in issue immediately following completion of the Capitalization Issue and the Global Offering (without taking into account any Shares which may be allotted, issued or sold upon exercise of the Over-allotment Option), until the conclusion of the next annual general meeting of our Company, or upon the expiry of the period within which our Company is required by any applicable law or the Memorandum and Articles of Association to hold its next annual general meeting, or when it is varied, revoked or renewed by an ordinary resolution of our Shareholders in a general meeting, whichever occurs first (the "**Relevant Period**").

(b) Source of funds

Any repurchases must be paid out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association, the Listing Rules, the Cayman Islands Companies Act and the applicable laws and regulations of the Cayman Islands. A listed company is prohibited from repurchasing its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Under the Companies Act, any repurchase of Shares may be made out of the profits of our Company, the share premium amount of our Company and/or the proceeds of a fresh issue of Shares made for the purpose of the repurchase and, in the case of any premium payable on a purchase over the par value of the Shares to be repurchased must be provided for, out of either or both of the profits of our Company or from sums standing to the credit of the share premium account of our Company. Subject to the Companies Act, a repurchase of Shares may also be paid out of capital.

(c) Reasons for repurchases

Our Directors believe that the ability to repurchase our Shares is in the best interest of our Company and our Shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at the time, result in an increase in the net assets and/or earnings per Share. Our Directors have sought the Repurchase Mandate to give our Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by our Directors at the relevant time, having regard to the circumstances then prevailing and such repurchases will only be made if our Directors believe that such repurchases will benefit our Company and our Shareholders as a whole.

(d) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Memorandum and Articles of Association, the Listing Rules, the Cayman Islands Companies Act and the applicable laws and regulations of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Group, our Directors consider that, if the repurchases under the Repurchase Mandate were to be carried out in full at any time during the Relevant Period, it might have a material adverse impact on the working capital and/or the gearing position of our Group as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse impact on the working capital and/or the gearing position of our Group which in the opinion of our Directors are from time to time appropriate for our Group.

(e) General

The exercise in full of the Repurchase Mandate, on the basis of 500,000,000 Shares in issue immediately after the Capitalization Issue and the Global Offering (without taking into account any Shares which may be allotted, issued or sold upon exercise of the Over-allotment Option), would result in up to 50,000,000 Shares being repurchased by our Company during the Relevant Period.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associate currently intends to sell any Shares to our Company or our subsidiaries. No core connected person of our Company has notified our Company that he/she/it has any present intention to sell Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Memorandum and Articles of Association, the Listing Rules, the Cayman Islands Companies Act and the applicable laws and regulations of the Cayman Islands.

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

No purchase of Shares has been made by our Company within six months prior to the date of the Prospectus.

Our Directors shall not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

(a) Deed of Indemnity;

(b) Reorganisation agreement dated 20 October 2025 entered into among Lung Fung Group Co., Ltd, Lung Fung Pharmaceutical (Group) Limited, Peal Lake Global Limited, Mrs. Tse, Chan Yuen Yi, Chan Wai Kong, Chan Wai Lung, Kong Yau Kwan, Tam Shu Wing, Ms. Tse, Mr. Tse and Wong Sze Chun as the vendors and the Company as the purchaser for the sale and purchase of the entire issued share capital in the relevant companies as described therein; and

(c) the Hong Kong Underwriting Agreement.

2. Our material intellectual property rights

As at the Latest Practicable Date, we had 13 registered trademarks in Hong Kong, as well as 3 domain names which we believe are material to our business.

(a) Trademarks

As at the Latest Practicable Date, we have registered the following trademarks:

No.	Trademarks	Registration No.	Class	Validity period	Place of registration	Registered owner
1.		300473544	35, 44	9 August 2005 to 8 August 2035	Hong Kong	LFP
2.	龍豐集團 LUNG FUNG GROUP / 龍豐集團 LUNG FUNG GROUP	304602465	35, 44	18 July 2018 to 17 July 2028	Hong Kong	LFP
3.	龍豐集團 LUNG FUNG GROUP / 龍豐集團 LUNG FUNG GROUP	6281543	35	19 August 2020 to 19 August 2030	Japan	LFP
4.	龍豐集團 LUNG FUNG GROUP	52611062	35	28 December 2021 to 27 December 2031	PRC	LFP
5.	龙丰	15195085	35	7 October 2025 to 6 October 2035	PRC	LFP
6.	龍豐藥粧 LUNG FUNG COSMETIC	304528242	3, 5, 30	16 May 2018 to 15 May 2028	Hong Kong	LFP
7.	LUNG FUNG 龍豐旗艦店 MEGA STORE	304497931	5, 35	19 April 2018 to 18 April 2028	Hong Kong	LFP
8.	龍豐 LUNG FUNG Mall	304731237	35	12 November 2018 to 11 November 2028	Hong Kong	LFP

No.	Trademarks	Registration No.	Class	Validity period	Place of registration	Registered owner
9.	龍 豐	304714641	3, 5, 30	29 October 2018 to 28 October 2028	Hong Kong	LFP
10.		303043511	5	23 June 2014 to 22 June 2034	Hong Kong	LFP
11.		301098801	5	21 April 2008 to 20 April 2028	Hong Kong	LFP
12.		301098829	5	21 April 2008 to 20 April 2028	Hong Kong	LFP
13.		306760783	35	18 December 2024 to 17 December 2034	Hong Kong	LFP

(b) Domain name

As at the Latest Practicable Date, we have registered the following domain names which we believe are material to our business:

No.	Domain name	Registrant	Date of registration	Expiry date
1.	https://www.lungfung.hk/	Top Harvest Pharmaceuticals Company Limited	24 November 2006	7 December 2027
2.	https://eshop.lungfung.hk/	Top Harvest Pharmaceuticals Company Limited	24 November 2006	7 December 2027
3.	https://topharvest.hk/en/	Top Harvest Pharmaceuticals Company Limited	24 November 2006	6 December 2030

3. Connected transactions and related party transactions

Except as disclosed in "Connected Transactions" and in "Appendix I — Accountants' Report — Notes to the Historical Financial Information — Note 35", the text of which is set out in "Appendix I — Accountants' Report", during the two years immediately preceding the date of this prospectus, our Company has not engaged in any other material connected transactions or related party transactions.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Our Directors

(a) Disclosure of interests of our Directors

(i) Each of Mr. Tse and Ms. Tse is interested in the Reorganization, and the transactions contemplated under the material contracts as set out in "— B. Further Information about our Business — 1. Summary of material contracts".

(ii) Except as disclosed in this prospectus, none of our Directors or their associates was engaged in any dealings with our Group during the two years immediately preceding the date of this prospectus.

(b) Particulars of our Directors' service contracts

Our executive Directors

Each of our executive Directors has entered into a service contract with our Company for a term of three years commencing from the Listing Date until terminated by not less than three months' notice in writing served by either party on the other.

Our independent non-executive Directors

Each of our independent non-executive Directors has been appointed for an initial term of three years commencing from the Listing Date until terminated by either party giving not less than three months' written notice to the other pursuant to a letter of appointment.

Except for directors' fees, none of our independent non-executive Directors is expected to receive any other remuneration for holding his office as an independent non-executive Director.

Except as aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any of our subsidiaries other than contracts expiring or determinable by us within one year without the payment of compensation (other than statutory compensation).

(c) Our Directors' remuneration

(i) The aggregate emoluments paid and benefits in kind granted by our Group to our Directors in respect of FY2023, FY2024 and FY2025 and 8MFY2026 were approximately HK$1.1 million, HK$1.3 million, HK$1.4 million and HK$1.0 million, respectively.

(ii) None of our Directors or any past directors of any member of our Group has been paid any sum of money for FY2023, FY2024 and FY2025 and 8MFY2026 (i) as an inducement to join or upon joining our Group; or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

(iii) There has been no arrangement under which a Director has waived or agreed to waive any emoluments for FY2023, FY2024 and FY2025 and 8MFY2026.

(d) Interests and/or short positions of our Directors in the shares, underlying shares or debentures of our Company and its associated corporations

Immediately after the Capitalization Issue and the Global Offering (without taking into account any Shares which may be allotted, issued or sold upon exercise of the Over-Allotment Option), the interests and/or short positions of our Directors and the chief executive of our Company in the shares, underlying shares or debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions in which they are taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, in each case once our Shares are listed, will be as follows:

Long position in the Shares

Name of Director	Capacity/nature of interest	Number of Shares[(1)]	Approximate percentage of interest in our Company
Mr. Tse[(2)(3)]	Interest in a controlled corporation and interest jointly held with other persons	375,000,000 (L)	75%
Ms. Tse[(2)(3)]	Interest in a controlled corporation and interest jointly held with other persons	375,000,000 (L)	75%

Notes:

(1) The letter ''L'' denotes a person's long position in our Shares.

(2) Mr. Tse, Mrs. Tse and Ms. Tse are family members of one another. Therefore, pursuant to the SFO, they are deemed to be interested in any Shares in which one another is interested through their controlled corporation, TTK Holding.

Long position in the ordinary shares of associated corporation

Name of Director	**Associated corporation**	**Capacity/nature of interest**	**Number of share(s)[(1)]**	**Percentage of interest in the associated corporation**
Mr. Tse[(2)(3)]	TTK Holding	Beneficial owner and interest jointly held with other persons	9,729 (L)	97.29%
Ms. Tse[(2)(3)]	TTK Holding	Beneficial owner and interest jointly held with other persons	1 (L)	0.01%

Notes:

(1) The letter ''L'' denotes a person's long position in the relevant associated corporation.

(2) Mr. Tse, Mrs. Tse and Ms. Tse are family members of one another. Therefore, pursuant to the SFO, they are deemed to be interested in any shares in TTK Holding in which one another is interested.

2. Disclosure of interests under the SFO and for substantial shareholders

So far as our Directors are aware, immediately after the Capitalization Issue and the Global Offering (without taking into account any Shares which may be allotted, issued or sold upon exercise of the Over-allotment Option), other than a Director or chief executive of our Company whose interests are disclosed under ''— C. Further Information about our Directors and Substantial Shareholders — 1. Our Directors'', the following persons will have an interest or a short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name of Shareholder	Capacity/nature of interest	Number of Shares[(1)]	Approximate percentage of shareholding
TTK Holding	Beneficial owner	375,000,000 (L)	75%

Notes:

(1) The Letter "L" denotes a person's long position in our Shares.

(2) TTK Holding is held by Mr. Tse, Mrs. Tse and Ms. Tse as to 97.29%, 2.7% and 0.01% respectively. TTK Holding in interested in 100% of the equity interests of the Company.

3. Disclaimers

Except as disclosed in this prospectus:

(a) our Directors are not aware of any person (not being a Director or chief executive of our Company) who immediately after the Capitalization Issue and the Global Offering (without taking into account any Shares which may be allotted, issued or sold upon exercise of the Over-allotment Option) will have an interest or a short position in our Shares and underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;

(b) none of our Directors has any interest or short position in any of the shares, underlying shares or debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions in which they are taken or is deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, in each case once our Shares are listed;

(c) none of our Directors nor any of the parties listed in "— D. Other Information — 8. Qualifications of experts" has been interested in the promotion of, or has any direct or indirect interest in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to our Company or any of the subsidiaries of our Company, or are proposed to be acquired or disposed of by or leased to our Company or any other member of our Group nor will any Director apply for the Offer Shares either in his own name or in the name of a nominee;

(d) none of our Directors nor any of the parties listed in "— D. Other Information — 8. Qualifications of experts" is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group; and

1. except in connection with the Underwriting Agreements, none of the parties listed in "— D. Other Information — 8. Qualifications of experts":

   (i) is interested legally or beneficially in any securities of any member of our Group; or

   (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

D. OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

As at the Latest Practicable Date, neither our Company nor any of our subsidiaries is engaged in any litigation or arbitration of material importance, and no litigation or claim of material importance is known to our Directors to be pending or threatened against our Company or any of our subsidiaries, that would have a material adverse effect on the results of operations or financial condition of our Company.

3. Preliminary expenses

The preliminary expenses of our Company were approximately US$8,944.7 and were paid by our Company.

4. Promoters

(a) Our Company has no promoter.

(b) Within the two years preceding the date of this prospectus, no amount or benefit has been paid or given to the promoters named in sub-paragraph (a) above in connection with the Global Offering or the related transactions described in this prospectus.

5. Sole Sponsor's independence

The Sole Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 3A.07 of the Listing Rules.

6. Agency fees or commissions received

The Underwriters will receive a gross underwriting commission of 2.38% of the aggregate Offer Price in respect of all of the Offer Shares. Our Company may also in our sole discretion pay an aggregate discretionary incentive fee of up to 1.0% of the aggregate Offer Price in respect of all of the Offer Shares. The Sole Sponsor will also receive sponsor fee of HK$3.6 million.

7. Application for Listing of Shares

The Sole Sponsor have made an application on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and any Shares which may be issued upon the exercise of the Over-allotment Option and any options granted.

All necessary arrangements have been made to enable the securities to be admitted into CCASS.

8. Qualifications of experts

The qualifications of the experts who have given opinions and/or whose names are included in this prospectus are as follows:

Name	Qualification
DBS Asia Capital Limited	Licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Ms. Queenie W.S. Ng	Barrister-at-law in Hong Kong
Jincheng Tongda & Neal Law Firm	Legal advisor to our Company as to PRC law
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Deloitte Touche Tohmatsu	Certified Public Accountants under Professional Accountant Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Frost & Sullivan Limited	Industry consultant
AVISTA Valuation Advisory Limited	Property Valuer

9. Consents of experts

Each of the experts named above has given and has not withdrawn its written consent to the issue of this prospectus with copies of its reports, valuation, letters or opinions (as the case may be) and the references to its names or summaries of opinions included herein in the form and context in which they respectively appear.

10. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

11. Taxation of holders of Shares

(a) Hong Kong

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.13% of the consideration or, if higher, the value of the Shares being sold or transferred.

Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) The Cayman Islands

Under the present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfer of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisors

Intending holders of Shares are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares or exercising any rights attaching to them. It is emphasized that none of our Company, our Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercising any rights attaching to them.

12. Estate duty, tax and other indemnities

Our Controlling Shareholders have entered into the Deed of Indemnity with and in favour of our Company (for ourselves and as trustee for each of our subsidiaries stated therein).

Pursuant to the Deed of Indemnity, the Indemnifiers have agreed to jointly and severally indemnify each of the members of our Group in respect of, among other matters:

(a) any liability for Hong Kong estate duty which might be incurred by any member of our Group by reason of any transfer of property (within the meaning of section 35 and section 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong)) to any member of our Group on or before the date on which the Global Offering becomes unconditional (the "**Effective Date**");

(b) taxation which might fall on us in respect of any income, profits or gains earned, accrued or received on or before the Effective Date, subject to certain exceptions set out below;

(c) any and all expenses, payments, sums, outgoings, fees, demands, claims, actions, proceedings, judgments, damages, losses, costs (including but not limited to legal and other professional costs), charges, contributions, liabilities, fines, penalties (collectively the "**Costs**") in connection with any failure, delay or defects of non-compliance under, or any breach of any provision of, all applicable laws, rules or regulations by any member of our Group on or before the Effective Date;

(d) any losses, damages, costs and expenses sustained by our Group as a result of the lack of relevant mortgagee's consent for certain leases of our Group entered into before the Effective Date;

(e) all liabilities and penalties which may arise as a result of any outstanding and potential litigations and claims of our Group on or before the Effective Date; and

(f) losses and costs incurred by our Group in relation to the unreleased Building Order and the Warning Notice.

The Indemnifiers will, however, not be liable in respect of any taxation referred to in paragraph (b) above:

(i) to the extent that provision or reserve has been made for such taxation in the audited accounts of our Group for the Track Record Period and to the extent that such taxation is incurred or accrued since 1 December 2025 which arises in our ordinary course of business; or

(ii) to the extent that a claim or liability for such taxation falls on us in respect of the accounting period commencing on or after 1 December 2025 unless such taxation would not have arisen but for some act or omission of, or transaction voluntarily effected by the Indemnifiers or us otherwise than in the ordinary course of business or in the ordinary course of acquiring or disposing of capital assets, before the Effective Date; or

(iii) to the extent that a claim or liability for such taxation would not have arisen but for a voluntary act or transaction carried out or effected (other than pursuant to a legally binding commitment created on or before the date of the Deed of Indemnity) by us after the date of the Deed of Indemnity; or

(iv) to the extent that a claim or liability for such taxation arises as a consequence of any retrospective change in the law, rules and regulations, or the interpretation or practice thereof by any relevant authority coming into force after the date of the Deed of Indemnity or to the extent that such taxation arises or is increased by an increase in rates of taxation after the date of the Deed of Indemnity with retrospective effect; or

(v) to the extent of any provision or reserve made for taxation in the audited accounts of our Group up to the three financial years ended 31 March 2025 and the eight months ended 30 November 2025 and which is finally established to be an over-provision or an excessive reserve.

13. Miscellaneous

(a) Except as disclosed herein:

(i) within two years preceding the date of this prospectus:

(aa) no share or loan capital of our Company or of any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

(bb) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and

(cc) no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any Shares in our Company or any of our subsidiaries;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) our Group does not have any outstanding convertible debt securities or debentures;

(b) our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 30 November 2025 (being the date to which the latest consolidated financial statements of our Group were made up);

(c) no equity or debt securities of our Company is listed or dealt in on any stock exchange, nor is any listing or permission to deal being or proposed to be sought;

(d) the Global Offering does not involve the exercise of any right of pre-emption or the transfer of subscription rights;

(e) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus; and

(f) there is no arrangement under which future dividends are waived or agreed to be waived.

14. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) copies of each of the material contracts referred to in "Statutory and General Information — B. Further Information about our Business — 1. Summary of material contracts" in Appendix V to this prospectus; and

(b) the written consents referred to in "Statutory and General Information — D. Other Information — 9. Consents of experts" in Appendix V to this prospectus.

2. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **https://www.lungfung.hk** up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and Articles of Association;

(b) the Accountants' Report of our Group for the three years ended 31 March 2025 and the eight months ended 30 November 2025 from Deloitte Touche Tohmatsu, the texts of which are set out in "Appendix I — Accountants' Report";

(c) the report on the unaudited pro forma financial information Deloitte Touche Tohmatsu, the text of which is set out in "Appendix IIA — Unaudited Pro Forma Financial Information";

(d) the letters from Deloitte Touche Tohmatsu and the Sole Sponsor relating to the profit estimate of our Group for the year ended 31 March 2026, the text of which is set out in Appendix IIB to this Prospectus;

(e) the audited consolidated financial statements of our Group for the three years ended 31 March 2025 and the eight months ended 30 November 2025;

(f) the letter of advice prepared by Conyers Dill & Pearman, our legal advisors as to Cayman Islands laws, summarizing certain aspects of Cayman Islands company law, referred to in "Appendix IV — Summary of the Constitution of Our Company and Cayman Islands Company Law";

(g) the legal opinion issued by Jincheng Tongda & Neal Law Firm, our legal adviser as to PRC laws, in respect of certain matters of our Group in the PRC;

(h) the industry report issued by Frost & Sullivan;

(i) the valuation report from Avista Valuation Advisory Limited, the text of which is set out in Appendix III;

(j) the material contracts, referred to in "Appendix V — Statutory and General Information — B. Further Information About Our Business — 1. Summary of material contracts";

(k) the written consents, referred to in "Appendix V — Statutory and General Information — D. Other Information — 9. Consents of experts";

(l) service contracts and letters of appointment, referred to in "Appendix V — Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders — b. Particulars of Our Directors' service contracts";

(m) the Cayman Islands Companies Act; and

(n) the legal opinion issued by Ms. Queenie W.S. Ng, our Hong Kong Legal Counsel as to certain aspects of Hong Kong law.

龍豐集團
LUNG FUNG GROUP

Lung Fung Group Holdings Limited

龍 豐 集 團 控 股 有 限 公 司