HS

30 周年
30th ANNIVERSARY

衍生集團(國際)控股有限公司

Hin Sang Group (International) Holding Co. Ltd.

(於開曼群島註冊成立之有限公司)
(Incorporated in the Cayman Islands with limited liability)

股份代號：6893
Stock Code ： 6893

衍生® No.1* TOP SELLER In Hong Kong for 15 Consecutive Years

2025/2026 Annual Report

*According to research conducted by Frost & Sullivan, Hin Sang has ranked 1st in the Hong Kong paediatric supplements market by retail sales value for 15 consecutive years, from June 2010 to June 2025.

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FINANCIAL HIGHLIGHTS

	2025/2026	2024/2025	Increase/ (Decrease)	%
Operating results (HK$'000)				
Revenue	**104,603**	91,887	12,716	13.8
Gross profit	**63,799**	60,283	3,516	5.8
Loss for the year	**(45,517)**	(49,420)	(3,903)	(7.9)
Profitability (%)				
Gross profit margin	**61.0**	65.6	(4.6)	(7.0)
Net loss margin	**(43.5)**	(53.8)	(10.3)	(19.1)
Return on equity	**(39.8)**	(31.7)	8.1	25.6
Return on total assets	**(8.6)**	(8.9)	(0.3)	(3.4)
Liquidity				
Current ratio (time)	**0.1**	0.2	(0.1)	(50)
Quick ratio (time)	**0.1**	0.1	-	-
Inventory turnover (days)	**104.1**	157.8	(53.7)	(34)
Trade receivables turnover (days)	**30.8**	35.7	(4.9)	(13.7)
Trade payables turnover (days)	**64.0**	97.9	(33.9)	(34.6)
Per share data				
Loss per share				
– Basic (HK cents)	**(4.20)**	(4.52)	(0.32)	(7.1)
– Diluted (HK cents)	**(4.20)**	(4.52)	(0.32)	(7.1)
Dividend per share				
– Interim (HK cents)	**-**	-		
– Final (HK cents)	**-**	-		

DEFINITIONS

In this annual report, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below.

"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"Brand Development and Management Segment"	the business segment in which the Group purchases primarily personal care products from the brand proprietors and manages and develops the brand of such products
"BVI"	the British Virgin Islands
"Company"	Hin Sang Group (International) Holding Co. Limited (衍生集團(國際)控股有限公司), an exempted company incorporated with limited liability in the Cayman Islands on 28 October 2010
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and, in the context of the Company, means each of Mr. Pang, Ms. Kwan and Genwealth
"Director(s)"	the directors of the Company
"Fullshare"	Fullshare Holdings Limited (豐盛控股有限公司), a company incorporated in the Cayman Islands with limited liability whose issued shares are listed on the Stock Exchange (stock code: 607)
"Genwealth"	Genwealth Group Holding Company Limited (衍富集團控股有限公司), a company incorporated with limited liability on 5 October 2010 in the BVI, the issued shares of which are owned as to 90% by Mr. Pang and 10% by Ms. Kwan, a controlling shareholder of the Company under the Listing Rules
"Group"	the Company and its subsidiaries
"Healthcare Segment"	the business segment in which the Group engages in providing Chinese medical healthcare related services which targets for mothers and children in Mainland China
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing"	the listing of Shares on the Main Board

DEFINITIONS

"Listing Date"	16 October 2014, being the date on which dealings of the Shares on the main board of the Stock Exchange first commenced
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Pang"	Mr. Pang Siu Hin (彭少衍), resigned on 8 June 2026 as an executive Director, the spouse of Ms. Kwan, a Controlling Shareholder
"Ms. Kwan"	Ms. Kwan Lai Man (關麗雯), the spouse of Mr. Pang, an executive Director and a Controlling Shareholder
"Nomination Committee"	the nomination committee of the Company
"PRC or China"	the People's Republic of China
"Product Development Segment"	the business segment in which the Group develops and sales of personal care products, health supplements and household products, including but not limited to own brands product "Hin Sang (衍生)", "Tai Wo Tong (太和堂)", "Care Plus (私+呵護)", "King's Antiseptic (殺菌王)", "Weverse (營漢方)" and "Yabune (神之傳)"
"Remuneration Committee"	the remuneration committee of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) with a nominal value of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Share Option Scheme"	the share option scheme adopted by the Company on 25 September 2014
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Trading of Goods Segment"	the business segment in which the Group engages in trading and distributing skin care products, personal care products and household products purchased from various authorised dealers and independent traders or directly from suppliers
"USD"	United States dollars, the lawful currency of the United States
"Year"	the year ended 31 March 2026

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Pang Siu Hin *(Suspended duties on 15 April 2026 and resigned on 8 June 2026)*
Ms. Kwan Lai Man *(Chairperson and Co-Chief Executive Officer) (Appointed as Acting Chairperson on 15 April 2026 and appointed as Chief Executive Officer on 20 April 2026 and re-designated as Co-Chief Executive Officer on 20 May 2026 and re-designated as Chairperson on 8 June 2026)*
Mr. Ma Chi Wai, Vincent (*alias: Ma Chun Wai, Steven*) *(Vice Chairperson and Chief Executive Officer) (Appointed as Executive Director, Vice Chairman and Co-Chief Executive Officer on 20 May 2026)*
Ms. Pang Tsz Yan *(Appointed on 20 April 2026)*

Non-executive Directors

Ms. Wong Wai Ling *(Resigned on 1 April 2025)*
Ms. Tian Shanshan

Independent non-executive Directors

Mr. Lau Chi Kit
Mr. Lee Luk Shiu
Dr. Tang Sing Hing, Kenny

AUDIT COMMITTEE

Mr. Lee Luk Shiu *(Chairman)*
Mr. Lau Chi Kit
Dr. Tang Sing Hing, Kenny

REMUNERATION COMMITTEE

Mr. Lau Chi Kit *(Chairman)*
Ms. Kwan Lai Man
Mr. Lee Luk Shiu
Dr. Tang Sing Hing, Kenny

NOMINATION COMMITTEE

Dr. Tang Sing Hing, Kenny *(Chairman)*
Ms. Kwan Lai Man
Mr. Lau Chi Kit
Mr. Lee Luk Shiu

COMPANY SECRETARY

Mr. Chen Yeung Tak

AUTHORISED REPRESENTATIVES

Ms. Kwan Lai Man
Ms. Pang Tsz Yan

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 1213–1215, 12/F, Seapower Tower,
Concordia Plaza, 1 Science Museum Road,
Tsim Sha Tsui, Kowloon, Hong Kong

AUDITORS

HLB Hodgson Impey Cheng Limited

PRINCIPAL BANKERS

Agricultural Bank of China Limited
Shanghai Commercial Bank Limited
Chong Hing Bank Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE/REGISTERED OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park,
PO Box 1350, Grand Cayman,
KY1-1108, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

COMPANY WEBSITE

www.hinsanggroup.com

STOCK CODE

Stock Exchange: 6893

ENQUIRIES

Company:

Email: contact@hinsanggroup.com

CHAIRPERSON'S STATEMENT

Dear Shareholders:

On behalf of the board of Directors of Hin Sang Group (International) Holding Co. Ltd. and its subsidiaries, I would like to present the annual report of the Group for the Year.

ANNUAL REVIEW

The Group continues to strive to develop new products that cater to a healthier and more diversified market, thereby enriching its health supplement portfolio, and has always placed great emphasis on product quality and research and development. We have established our own manufacturing plant and research and development center, namely the Yunfu Health and Medical Industrial Park (the "**Industrial Park**"), in Yunfu City, Guangdong Province, the PRC. We produce most of the Group's products at the Industrial Park instead of outsourcing them to external suppliers. In addition to ensuring stringent control over product quality and product cost, the Industrial Park also provides the Group with sufficient production capacity.

The Group has laid a solid foundation for future business development. Although fierce competition still exists, the Group believes that this segment is a niche market and it will generate sustainable revenue and bring value for the Group in the long run. The Group has been able to maintain a substantial market share and strong position in the children's healthcare market by capitalising on our core strengths and competitive advantages.

Since our inception, we have valued corporate responsibility and giving back to society. The Group has continued to be involved in various charitable initiatives and has provided appropriate support to vulnerable groups, such as children and the elderly through donations of our products. We have also provided essential supplies to those in need. We are proud to be a socially responsible company that makes a positive difference in the society. We believe that our success is measured not only by our profits, but also by our contributions to the communities we serve.

ANNUAL RESULTS

For the Year, the Group's total revenue amounted to approximately HK$104.6 million, representing an increase of approximately 13.8% from HK$91.9 million for the last year. The Group recorded a net loss of approximately HK$45.5 million, representing a decrease of approximately 7.9% from HK$49.4 million for the last year.

PROSPECTS

The Group believes that "Hin Sang (衍生)" has a strong competitive edge in the health supplement market, despite the challenging market conditions. The Group remains confident in the Hong Kong market and continues to focus on the development of the Mainland China market by expanding its distribution network and devoting more resources to various marketing activities. We are committed to meeting the growing demand for high-quality health supplements from consumers in Hong Kong and Mainland China.

The China paediatric healthcare products market is encouraged and supported by the PRC government with policies such as the National Nutrition Plan (2017-2030) (《國民營養計劃 (2017-2030 年)》) and the Provisions on Administration of Food Safety Risk Monitoring (《食品安全風險監測管理規定》). The children's healthcare market is valued and in demand by Chinese families, especially in light of the impact of the COVID-19 pandemic, which has raised parents' awareness and concerns about their children's immunity and health.

During the Year, the Group continued to promote its new products to customers, enhancing customer awareness and actively expanding in both the Hong Kong and Mainland China markets. In addition to children healthcare market, the Group is also heading to explore the adult healthcare market. To overcome the challenges and seize future opportunities ahead, the Group remains prudent and implement the following strategies to create value for our Shareholders:

(a) Developing new products and enhancing brand recognition

The Group launched several new products under our own brands "Hin Sang (衍生)", "Weverse (營漢方)" and "Yabune (神之傳)" during the Year to meet the needs of different age groups and markets and to provide a solution for stress related illnesses. To cope with the rapidly changing market, the Group understands that introduction of new products is essential. The Group continues to make progress in research and development to develop more new products and modify the existing ones if necessary, thereby offering more choices in the market and meet various needs. This strategy of expanding the product portfolio is expected to create a new revenue stream for the Group.

(b) Expanding e-commerce channels for sales distribution

The significant growth of e-commerce is the prevailing trend in today's business landscape, and online shopping has already become the new norm of daily lives of most customers. The Group has established a presence on popular e-commerce and social media platforms in both the Hong Kong and PRC markets to expand its sales distribution channels. The Group will further expand its online sales network and leverage the power of social media platforms with appropriate marketing strategies to promote our own-branded products, aiming to reach a wider customer base.

(c) Developing original equipment manufacturing (OEM) business in the Mainland China market

To fully utilise the Group's existing manufacturing capacities in the Industrial Park, the Group manufactures health supplement products under our own brands. This initiative aims to reduce production costs, increase operational efficiency and productivity, and ensure stricter quality control over our healthcare products. Nevertheless, the Group makes every endeavour to look for opportunities to cooperate with OEM customers to produce their products based on their specifications and requirements. These products are registered and sold under the OEM customers' own brand names. This widens the income source for the Group and increases its profitability.

ACKNOWLEDGEMENTS

I would like to take this opportunity to express my gratitude to the members of the Board, management and employees for their valuable contributions to the development of the Group, as well as our Shareholders, investors and business partners for their continued trust and support. We believe that the years ahead will be full of opportunities despite the challenges. Hin Sang Group (International) Holding Co. Ltd. will continue to make determined efforts to create greater value for our Shareholders and investors.

Yours faithfully
Kwan Lai Man
Chairperson

Hong Kong, 30 June 2026

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the marketing, selling and manufacturing of healthcare products primarily targeting children, among which "Hin Sang (衍生)" is a long-established reputable brand. The Group continues to expand its e-commerce business through various popular and influential online and mobile platforms in order to keep pace with consumer trends and seize business opportunities. In addition, the Group trades in personal care products of reputable brands, to leverage existing resources to increase profits. Furthermore, the Group is developing its business in Chinese medical healthcare as well as diagnosis and treatment services projects.

For the Year, the Group's total revenue was approximately HK$104.6 million, representing an increase of approximately 13.8% from approximately HK$91.9 million for the last year. The Group has four business segments which are classified according to their ownership, licensing rights and services rendered. During the Year, the Product Development Segment, which engages in the sale of the Group's own branded products, remained the largest business segment of the Group and contributed approximately 98.9% (2025: approximately 98.0%) of the Group's total revenue. On the other hand, the revenue contribution from the Brand Development and Management Segment decreased from approximately 0.9% of the total revenue for the last year to approximately 0.5% of the total revenue for the Year. The Trading of Goods Segment accounted for approximately 0.1% of total revenue for the Year (2025: approximately 0.4%), and the Healthcare Segment accounted for approximately 0.5% (2025: approximately 0.7%) of the Group's total revenue for the Year. The increase in the Group's total revenue for the Year as compared to the last year was mainly due to the increase in sales of products under the Product Development Segment.

The Group's business operations are based in both Hong Kong and Mainland China. Revenue generated from the Hong Kong market for the Year recorded approximately HK$73.3 million (2025: approximately HK$65.0 million), representing approximately 70% of the total revenue for the Year (2025: approximately 70.7%). Revenue generated from the Mainland China market for the Year was approximately HK$31.3 million (2025: approximately HK$26.9 million), representing approximately 30% of the total revenue for the Year (2025: approximately 29.3%).

Product Development Segment

In the Product Development Segment, the Group develops and sells healthcare products, personal care products and household products under its own brand names, which are mainly "Hin Sang (衍生)", "Tai Wo Tong (太和堂)", "Care Plus (私+呵護)", "King's Antiseptic (殺菌王)", "Weverse (營漢方)" and "Yabune (神之傳)". The Group launched the "Hin Sang (衍生)" brand in 2004, mainly for health supplements. In 2012, the Group launched "Tai Wo Tong (太和堂)" mainly for the Group's proprietary Chinese medicine category. To further capitalise on its brand equity and penetrate untapped markets, the Group intends to develop and launch high-demand new products.

Revenue of this segment was approximately HK$103.5 million for the Year, representing an increase of approximately 14.9% from approximately HK$90.1 million for the last year. The segment's loss and loss margin for the Year were approximately HK$23.8 million and 23% respectively, as compared to the segment's loss and loss margin of approximately HK$22.4 million and 24.9% respectively for the last year.

Brand Development and Management Segment

Since 1999, the Group has been a trusted partner for various brand proprietors of personal care products mainly in the Hong Kong market. The Group offers one-stop solutions for marketing, sales and distribution, logistics and delivery services for their branded products under exclusive distribution agreements with each of the brand proprietors. The Group has a track record of successfully managing and developing a number of brands for its clients, who are primarily manufacturers and owners of the products.

Among the products managed and developed by the Group for the brand proprietors, the major brand is "Ausnow (澳雪)". Revenue of this segment was approximately HK$490,000 for the Year, representing a decrease of approximately 41.5% from approximately HK$838,000 for the last year. The decrease in revenue of this segment was mainly due to the Group's focus on the Product Development Segment during the Year in order to enhance the brand image of its own branded products. The segment's profit and profit margin for the Year were approximately HK$81,000 and 16.5% respectively, as compared to the segment's profit and profit margin of approximately HK$40,000 and 4.8% respectively for the last year.

Trading of Goods Segment

The Group has served its trade customers with high-quality products sourced from authorised dealers and overseas suppliers. The low-margin products in this segment will be phased out, and more resources will be devoted to the Product Development Segment, which is expected to yield higher profit margin.

Revenue of this segment was approximately HK$135,000 for the Year, representing a decrease of approximately 61.3% from approximately HK$349,000 for the last year.

Healthcare Segment

The Healthcare Segment provides various types of healthcare-related services and products in Mainland China to mothers and children. The Group has established clinics to provide medical treatment and consultation by experienced Chinese physicians specialising in Chinese medical healthcare.

Revenue of this segment was approximately HK$480,000 for the Year, representing a decrease of approximately 23.6% from approximately HK$628,000 for the last year. The decrease in revenue of this segment was mainly due to the decrease in demand for products and services provided by our medical centre. The segment loss decreased by approximately 32% from approximately HK$690,000 for the last year to approximately HK$469,000 for the Year.

PRINCIPAL RISKS AND UNCERTAINTIES

The business of the Group is subject to various risks and uncertainties. Some of the relatively material risks relating to the Group are summarised as follows:

Strategic risks

The Directors maintain a strategic plan based on the knowledge to the external environments. The Group will invest in projects and investments based on the strategic plan in order to cope with the market demand and expectation. Given the rapid change of unforeseeable external environments in the financial and equity markets, the Group is facing significant strategic risks on its investments when changing the strategic plans to adopt the unexpected changes of external environments.

Risks with regards to consumers

The demand for the Group's products is subject to changes in consumer preferences, perception and spending habits. The Group's performance depends significantly on factors which may affect the level and pattern of consumer spending. Such factors include consumer preferences, consumer confidence, consumer income and consumer perception of the safety and quality of the Group's products. Media coverage regarding the safety or quality of, or diet or health issues relating to, health supplements or the raw materials, ingredients or processes involved in their manufacturing, may damage consumer confidence in the Group's products. If there is a change in consumer preferences, perception and spending habits at any time, the demand for the Group's products by consumers may decline and the Group's business, financial condition and results of operations may be materially and adversely affected.

Operational risks

Management regularly reviews the Group's operations to ensure that the Group's risk of losses, whether financial or otherwise, resulting from fraud, errors, omissions and other operational and compliance matters, are adequately managed.

Financial risks

The principal financial risks are set out in Note 37(b) to the consolidated financial statements headed "FINANCIAL INSTRUMENTS" – "Financial risk management objectives and policies".

For detailed discussion of the risk factors, please refer to the section headed "Risk Factors" in the prospectus of the Company dated 30 September 2014.

In response to the aforementioned possible risks, the Group has been closely monitoring the changes in the policies in Hong Kong and the Mainland China, and would strengthen our interpretation and analysis of policies and adjust strategies in advance to cope with the ever-changing operating environment. In particular, the Group will strengthen the marketing management to cope with changes in consumer behaviour and needs, closely control inventories, establish our own sales policies and product development, safety management and environmental protection level, and push forward the construction of lean management and risk control system. The Group will proactively develop solutions to minimise impacts of possible risks on the business of the Group.

SOCIAL RESPONSIBILITIES

The Group is committed to fulfilling its corporate social responsibility and creating shared value for its stakeholders. It recognises that its business performance is not only determined by the financial results, but also by social and environmental impact.

The Group has consistently supported various charitable causes. Through the Hin Sang Volunteer Team, the Group provided timely assistance to underprivileged groups, such as children and the elderly. The Group also distributed essential items to those most in need. It was honoured to be a socially conscious company that makes a positive impact in the community.

One of the Group's main areas of philanthropy is education. The Group believes that education is the foundation of a prosperous society and the key to unlocking human potential. This is why we have established the "Hin Sang Scholarship (衍生獎學金)" for students from kindergarten to university level in Hong Kong for the tenth consecutive year. The scholarship aims to encourage students with potential and diverse interests to pursue their academic and personal goals. The Group particularly values the needs and development of children: they are the future of the society and their well-being is always the Group's top priority.

HUMAN RESOURCES

The Group had a total of 198 staff as at 31 March 2026 (2025: 208). The remuneration of the employees consists of fixed salary, individual sales commission and year-end discretionary performance bonus. The Group has devised an assessment system for its employees, and the Group uses the assessment result for salary review and promotion decisions. All of the employees undergo a performance appraisal once a year. Such appraisal provides the Group with an opportunity to assess each employee's strengths and areas for improvement, and facilitate the Group to provide necessary training and career development opportunities accordingly. Pursuant to applicable laws and regulations, the Group has participated in relevant defined contribution retirement schemes administered by responsible government authorities in the PRC for its employees there and provided a mandatory provident fund scheme to employees in Hong Kong.

PROSPECTS

The Group is confident that the Hong Kong market can continue to provide a stable platform for its business growth and expansion. The Group continues its efforts in new product development to enrich its health supplement portfolio and enhance its brand image as a health supplement specialist. The Group ensures that only those products with high sales volume potential are retained in the product portfolio.

At the same time, the Group will also focus on the development of the Mainland China market, especially the children's health supplement market. The Group believes that this market will benefit greatly from the implementation of China's "Three-child" policy. To seize this opportunity, the Group will continue to expand its distribution network by recruiting additional distributors and devoting more resources to promoting its corporate image to expand its customer base.

The Group has prudently outlined the following strategies for its future business development with the aim of creating value for the Shareholders:

(a) To continue enhancing brand recognition of the Group's own brands

The Group has developed the "Hin Sang (衍生)" brand into a well-recognised brand in Hong Kong through effective, targeted and well-positioned advertising programmes that emphasise product safety and quality.

The Group continued to focus on and implement its brand strategies of multi-channel marketing and diverse product portfolios. The Group adopted a market-driven research and product development strategy to meet evolving customer demands and needs while achieving rapid growth. Our new product launches aim to meet the needs and preferences of different age groups and markets and to broaden the Group's product portfolio and customer base. The Group's new product development initiative for the coming year will focus on the development of more products in the mother and children health supplement segment in Hong Kong and Mainland China.

(b) To expand the manufacturing arm of the Group

As part of the Group's plan to enhance the production efficiency of its own branded products and to capture future opportunities, the Group has developed a production plant for health supplements in Yunfu City of the Guangdong Province, the PRC. This facility has enabled the Group to manufacture health supplement products in-house, rather than outsourcing them to an external Original Equipment Manufacturer ("**OEM**"). This initiative aims to reduce production costs, increase operational efficiency and productivity, and ensure stricter quality control of the Group's own branded healthcare products. This facility is a long-term investment that will help the Group seize future opportunities in the health supplements market.

(c) To expand e-commerce for own-brand products

The Group will continue to develop and upgrade its e-commerce platform, which focuses on online sales of products under "Hin Sang (衍生)", enabling customers, particularly customers in Mainland China, to place orders online and enjoy home delivery services.

Recognising the significant growth of e-commerce, the Group has implemented a marketing strategy to enhance brand influence, cultivate customer loyalty and expand its market share in the healthcare products industry. The Group has established a presence on popular e-commerce and social media platforms such as Xiaohongshu (小紅書), Douyin (抖音), Kuaishou (快手), Tmall (天貓) and JD.com (京東). To further expand its online sales network, the Group has partnered with influential key opinion leaders (KOLs) in e-commerce livestreaming. The Group will continue to introduce high-quality health supplements on these platforms while remaining innovative in its marketing approach to keep pace with consumer trends and reach a wider audience.

FINANCIAL REVIEW

Revenue

The Group's revenue was approximately HK$104.6 million for the Year as compared to approximately HK$91.9 million for the last year, representing an increase of approximately 13.8%, which was mainly due to the increase in sales of products under the Product Development Segment.

For the Year, the revenue generated from the Product Development Segment was approximately HK$103.5 million, representing an increase of approximately 14.9% from approximately HK$90.1 million for the last year. The revenue generated from the Brand Development and Management Segment was approximately HK$490,000 for the Year, representing a decrease of approximately 41.5% from approximately HK$838,000 for the last year. The revenue generated from the Trading of Goods Segment was approximately HK$135,000 for the Year, representing a decrease of approximately 61.3% from approximately HK$349,000 for the last year. The revenue generated from the Healthcare Segment was approximately HK$480,000 for the Year, representing a decrease of approximately 23.6% from approximately HK$628,000 for the last year.

Cost of Sales

The Group's cost of sales increased by approximately 29.1% from approximately HK$31.6 million for the last year to approximately HK$40.8 million for the Year. The increase was mainly due to the increase in the sales of products during the Year.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by approximately 5.8% from approximately HK$60.3 million for the last year to approximately HK$63.8 million for the Year. The gross profit margin decreased from approximately 65.6% for the last year to approximately 61% for the Year, which mainly resulted from a decrease in average selling price for the sales of products generated from the Product Development Segment.

Other Income

The Group's other income decreased from approximately HK$3.7 million for the last year to approximately HK$2.8 million for the Year, which was mainly due to the decrease in government grants and others.

Other Gains and Losses

The Group recorded other losses of approximately HK$23 million for the Year (2025: approximately HK$10.8 million). It was mainly attributable to the impairment loss recognised on property, plant and equipment and right-of-use assets of approximately HK$10.2 million and HK$12.2 million respectively for the Year (2025: approximately HK$8.2 million and HK$1 million respectively).

Selling and Distribution Expenses

Selling and distribution expenses decreased by approximately 21.5% from approximately HK$14.9 million for the last year to approximately HK$11.7 million for the Year. Such a decrease in selling and distribution expenses was mainly attributable to the success of our cost containment in advertising expenses.

Administrative and Other Operating Expenses

Administrative and other operating expenses decreased by approximately HK$7.4 million or 10.8% from approximately HK$68.9 million for the last year to approximately HK$61.5 million for the Year, which was mainly attributable to the success of our cost control in administrative expenses.

Taxation

The income tax expense increased by approximately 310.6% from approximately HK$94,000 for the last year to approximately HK$386,000 for the Year. Such an increase in income tax expense was mainly attributable to the derecognition of deferred tax asset.

Loss for the Year

As a result of the foregoing, the Group's net loss decreased by approximately 7.9% from approximately HK$49.4 million for the last year to approximately HK$45.5 million for the Year.

Other Comprehensive Income/(Expense)

The Group recorded other comprehensive income of approximately HK$3.9 million for the Year, as compared to other comprehensive expense of approximately HK$3.8 million for the last year. The reason for the turnaround was mainly attributable to (i) a gain on fair value of financial assets at fair value through other comprehensive income of approximately HK$154,000 for the Year, as compared to a loss on fair value of financial assets at fair value through other comprehensive income of approximately HK$4.9 million for the last year; (ii) partially offset by a loss of reclassification of cumulative translation reserve upon disposal of a foreign operation of approximately HK$444,000 for the Year; and (iii) a gain of exchange differences on translating foreign operations of approximately HK$4.1 million for the Year, as compared to a gain of exchange differences on translating foreign operations of approximately HK$1.1 million for the last year.

Financial Assets at Fair Value through Other Comprehensive Income

During the Year, the Group held certain investments for medium to long term purpose, and it represented investment in two listed equity securities which are stated at fair value.

The first listed equity security represents 2,375,300 shares in Fullshare (stock code: 607), and there was no acquisition or disposal of the shares of Fullshare during the Year. Fullshare is principally engaged in property, tourism, investment and financial services, healthcare and education and new energy businesses. As at 31 March 2026, the carrying amount of these shares amounted to approximately HK$3.3 million (2025: approximately HK$1.1 million), with the fair value gain of approximately HK$2.2 million recognised as other comprehensive income for the Year, and these shares represented approximately 0.4% of the issued ordinary shares of Fullshare as at 31 March 2026. The carrying amount of these shares represented approximately 0.6% of the total assets of the Group as at 31 March 2026.

The second listed equity security represents 45,411,600 shares in Nanjing Sinolife United Company Limited ("**Nanjing Sinolife**") (stock code: 3332). There was no acquisition or disposal of this investment during the Year. Nanjing Sinolife is principally engaged in the manufacturing and sale of nutritional supplements and the trading of packaged health food products in the PRC, Australia and New Zealand. As at 31 March 2026, the carrying amount of these shares amounted to approximately HK$20 million (2025: approximately HK$22 million), with the fair value loss of approximately HK$2 million was recognised as other comprehensive expense for the Year, and these shares represented approximately 4.8% of the total issued ordinary shares of Nanjing Sinolife as at 31 March 2026. The carrying amount of these shares represented approximately 3.8% of the total assets of the Group as at 31 March 2026.

The fair value of these securities as at the date of this announcement was approximately HK$9.2 million.

Inventories

The Group's inventories decreased by approximately 22.4% from approximately HK$13.1 million as at 31 March 2025 to approximately HK$10.2 million as at 31 March 2026, which was primarily due to the decrease in finished products by approximately 23.1% from approximately HK$9.5 million as at 31 March 2025 to approximately HK$7.3 million as at 31 March 2026.

Financial Assets at Fair Value through Profit or Loss – Held for Trading

The Group held two listed equity securities for short term trading purpose and they are stated at fair value. They include 13,432,000 shares (2025: 13,432,000 shares) in Nanjing Sinolife and 25,000 shares in Mansion International Holdings Limited (stock code: 8456). As at 31 March 2026, the carrying amount of equity securities held for trading amounted to approximately HK$5.9 million and represented approximately 1.1% of the total assets of the Group as at 31 March 2026.

Subsequent to the reporting date, 1,078,000 shares in Nanjing Sinolife were sold. The fair value of these securities as at the date of this announcement was approximately HK$2.2 million.

Trade Receivables

The Group's trade receivables (net of allowance for credit losses) decreased by approximately 24.4% from approximately HK$10.1 million as at 31 March 2025 to approximately HK$7.6 million as at 31 March 2026.

Trade Payables

The Group's trade payables decreased by approximately 20.1% from approximately HK$8 million as at 31 March 2025 to approximately HK$6.3 million as at 31 March 2026.

Liquidity, Gearing Ratio and Capital Structure

The Group's bank balances and cash were mainly denominated in HKD and RMB. The bank balances and cash increased by approximately 19% from approximately HK$13.4 million as at 31 March 2025 to approximately HK$15.9 million as at 31 March 2026. The Group's bank and other borrowings were denominated in HKD, RMB and USD. As at 31 March 2026, the amount of Group's outstanding bank and other borrowings was approximately HK$359.8 million (2025: approximately HK$342.8 million). As at 31 March 2026, bank and other borrowings included bank borrowings which bore floating interest rates and fixed rates of approximately HK$239.7 million and HK$67.2 million respectively and other borrowings which bore floating interest rates and fixed rates of approximately HK$5.4 million and HK$47.5 million respectively. The gearing ratio (total debts divided by total equity) as at 31 March 2026 was 3.1 (2025: 2.2). The current ratio (total current assets divided by total current liabilities) as at 31 March 2026 was 0.1 (2025: 0.2).

Contingent Liabilities

As at 31 March 2026, the Directors were not aware of any significant events that would have resulted in material contingent liabilities of the Group.

Charges on the Group's Assets

As at 31 March 2026, the carrying value of the assets of the Group that were pledged to secure the Group's borrowings was approximately HK$424.1 million (2025: approximately HK$455.7 million).

Capital Commitment

As at 31 March 2026, the Group did not have any capital commitment in respect of the acquisition of property, plant and equipment (2025: Nil).

Financial Management and Policy

The Group continues to adopt prudent financing and treasury policies. The Group's entire financing and treasury activities are centrally managed and controlled. Implementation of the Group's related policies is made under collective but extensive considerations on liquidity risk, financing cost and exchange rate risk. The executive Directors, with the assistance of the Group's financial controller, are responsible for identifying, reviewing, evaluating and analysing the investment opportunities of the Group. The executive Directors also regularly monitor the cash position and funding requirements of the Group.

Foreign Exchange Exposure

Foreign exchange risk represents the risk to the Group's financial conditions and results of operations arising from fluctuations of foreign exchange rates. The Group primarily operates in Hong Kong and the Mainland China and most of its business transactions, assets and liabilities are denominated in HKD and RMB. The Group is exposed to foreign currency risk primarily in respect of RMB denominated transactions from its operations in the Mainland China and its foreign currency borrowings denominated in RMB and USD. As a matter of policy, the management of the Group regularly and closely monitors the Group's foreign currency exposure to efficiently and effectively manage these risks and considers hedging against significant foreign currency exposure should the need arises. During the Year, the Group did not enter into any financial instruments to hedge against its foreign currency risk exposure, as the management is of the opinion that the related foreign currency risk exposure has not adversely affected the Group's liquidity or operations and is manageable.

Subsequent Event

On 15 April 2026, the Board became aware that Mr. Pang, the previous chairman, the previous chief executive officer and an executive director of the Company, is currently being held in criminal custody (the "**Criminal Custody**") by the Public Security Bureau* (公安局) in the PRC. Given that Mr. Pang has not been able to discharge his duties as the chairman, the chief executive officer and an executive Director as a result of the Criminal Custody, the Board has resolved on 15 April 2026 to suspend all administrative and executive duties and powers of Mr. Pang as the chairman, the chief executive officer and an executive Director with immediate effect until further notice. Ms. Kwan was appointed as the Acting Chairperson of the Board on the same date. On 8 June 2026, Mr. Pang resigned as an executive Director of the Company and was ceased to be the chairman of the Board and the chief executive officer of the Company. Ms. Kwan was re-designated from the Acting Chairperson to the Chairperson on the same date. For details, please refer to the announcements of the Company dated 15 April 2026 and 8 June 2026.

Save as disclosed above, there has been no significant event affecting the Group which occurred after 31 March 2026 and up to the date of this annual report which requires disclosure.

Significant Investment Held, Major Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

There were no significant investments held, no material acquisitions or disposals of subsidiaries, associates or joint ventures by the Group during the Year.

Future Plans for Material Investments or Capital Assets

Save as disclosed in this report, there was no specific plan for material investments or capital assets as at 31 March 2026.

** For identification only*

EXECUTIVE DIRECTORS

Ms. Kwan Lai Man (關麗雯), aged 54, was appointed in October 2010 as an executive Director. Ms. Kwan is a founder of the Group since 1996 and has been the Acting Chairperson and the Chief Executive Officer since April 2026. She was re-designated as Co-Chief Executive Officer and Chairperson on 20 May 2026 and 8 June 2026, respectively. She is responsible for supervising the Group's business operations. She is also a director of various subsidiaries of the Company. She has over 30 years of experience in the distribution, marketing and sale of healthcare products, personal care products and household products, the experience of which was gained from the operation of the Group. She is also devoted in the development of education work in the PRC and is the life honorary chairman of Xuan Yuan Education Fund Association since 2010. In 2017, she was appointed as the vice president of Hong Kong Children, Babies, Maternity Industries Association Limited (香港孕嬰童業協會有限公司). She was appointed as the member of Committee for Yun Fu City of the People's Political Consultative Conference in 2018 and appointed as the director of board of directors of Pok Oi Hospital in Hong Kong since 2018. Ms. Kwan Lai Man is the mother of Ms. Pang Tsz Yan ("**Ms. Pang**").

Mr. Ma Chi Wai, Vincent (馬志偉) (alias: Ma Chun Wai, Steven) (別名: 馬浚偉) ("**Mr. Ma**"), aged 54, was appointed in May 2026 as an executive Director, Vice Chairman of the Board and a Co-Chief Executive Officer of the Company. He has extensive experience in corporate management, media, creative arts, and branding strategy. He joined Metro Broadcast Corporation Limited as chief operating officer in late 2023 and was subsequently promoted to chief executive officer in June 2025, a position he holds until his upcoming departure on 19 May 2026. Prior to that, he served as principal of TVB Artiste Training Centre and creative director of Radio Television Hong Kong. Over the past decade, Mr. Ma has founded and operated multiple ventures across the publishing, education, and catering sectors, as well as a non-governmental organization which is a registered charity under Section 88 of the Inland Revenue Ordinance.

Ms. Pang Tsz Yan (彭芷欣), aged 31, was appointed in April 2026 as an executive Director. She is also a director of various subsidiaries of the Company. Ms. Pang joined our Group in August 2022 and currently serves as the general manager of Hin Sang Hong Company Limited (an indirect wholly-owned subsidiary of the Company). She has extensive experience in business management, marketing, administration, and formulating strategies on corporate operations and development. Ms. Pang holds a Bachelor of Science in Accounting and Finance from University of Birmingham, United Kingdom and a Master of Science in Marketing Strategic and Innovation from City, University of London, United Kingdom. Ms. Pang is the daughter of Ms. Kwan.

NON-EXECUTIVE DIRECTOR

Ms. Tian Shanshan (田珊珊), aged 42, was appointed in December 2021 as a non-executive Director. Ms. Tian has over 10 years of experience in investment management and company secretarial practice. She obtained a Bachelor of Arts degree in English from the Foreign Language Institute of Southeast University in 2004, a Master of Economics degree in Industrial Economics from the School of Economics and Management of Southeast University in 2009, and a Master of Corporate Governance from Hong Kong Metropolitan University in 2022. She is a certified management accountant of the Institute of Certified Management Accountants of the Institute of Management Accountants United States of America. She is also an associate member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries). From July 2009 to April 2011, Ms. Tian worked at Changzhou Future Land Wanbo Property Co., Ltd.* (常州新城萬博置業有限公司) for business planning. She was the investment manager of Nanjing Jiangong Industrial Group Co., Ltd.* (南京建工產業集團有限公司) from April 2011 to December 2013. She was a director of Nanjing Xingfang Enterprise Management Company Limited* (南京星方企業管理有限公司). Since December 2013, Ms. Tian has served as the deputy investment director and investment director and currently serves as president assistant of Fullshare Holdings Limited (Stock code: 607), the shares of which are listed on the Main Board of the Stock Exchange. Fullshare Holdings Limited is a substantial shareholder of the Company (as defined in the Listing Rules).

** For identification only*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lau Chi Kit (劉智傑), aged 81, was appointed in October 2017 as an independent non-executive Director. He retired from The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**") in December 2000 after more than 35 years' of service. Among the senior positions he held in HSBC, he was the assistant general manager and head of Personal Banking Hong Kong and assistant general manager and head of strategic implementation, Asia-Pacific Region. He is a fellow of the Hong Kong Institute of Bankers (the "**Institute**"). He was the chairman of the Institute's executive committee (from January 1999 to December 2000) and is currently the honorary advisor of the Institute's executive committee. He served as a member of a number of committees appointed by the Government of Hong Kong Special Administration Region, including the Advisory Council on the Environment (from October 1998 to December 2001), the Advisory Committee on Human Resources Development in the Financial Services Sector (from June 2000 to May 2001), the Corruption Prevention Advisory Committee of the Independent Commission Against Corruption (from January 2000 to December 2003), the Environment and Conservation Fund Committee (from August 2000 to October 2006), the Innovation and Technology Fund (Environment) Projects Vetting Committee (from January 2000 to December 2004) and the Law Reform Commission's Privacy Sub-committee (from February 1990 to March 2006). He also served as the chairman of Business Environment Council Limited (from September 1998 to December 2001). Currently, he is an independent non-executive director of Royale Home Holdings Limited (formerly known as Royale Furniture Holdings Limited) (stock code: 1198), and Leoch International Technology Limited (stock code: 842). He also served as an independent non-executive director (from February 2012 to September 2013) and an executive director (from September 2013 to May 2023) of Chinlink International Holdings Limited (stock code: 997), and an independent non-executive director of Century Sunshine Group Holdings Limited (stock code: 509) (from April 2014 to June 2021). The shares of Royale Home Holdings Limited, Leoch International Technology Limited, Chinlink International Holdings Limited and Century Sunshine Group Holdings Limited are listed on the Main Board of the Stock Exchange.

Mr. Lee Luk Shiu (李祿兆), aged 68, was appointed in September 2014 as an independent non-executive Director. Mr. Lee has about 30 years of experience in commercial accounting and corporate finance. Mr. Lee became a member of the Hong Kong Institute of Certified Public Accountants in February 1987 and was a fellow member of The Association of Chartered Certified Accountants from April 2001 to June 2023. He obtained a diploma in business administration from Hong Kong Shue Yan College (now known as Hong Kong Shue Yan University) in July 1983. He has worked in the Stock Exchange for around 15 years from 1986 to 1993 and from 1997 to 2005, his duties included regulating and monitoring the Hong Kong listed companies in relation to their compliance with the Listing Rules and processing new listing applications. His last position with the Stock Exchange was an assistant vice president of the Listing Division. Mr. Lee was also a senior consultant of an investment bank for 5 years from 2007 to 2012. Mr. Lee has been an independent non-executive director of Huabao International Holdings Limited (stock code: 336) since 1 May 2006 and Yee Hop Holdings Limited (stock code: 1662) since 25 November 2015, the shares of which are listed on the Main Board of the Stock Exchange.

Dr. Tang Sing Hing, Kenny (鄧聲興), aged 57, was appointed in November 2010 as an independent non-executive Director. Dr. Tang has about 30 years of experience in the financial and securities sector. He is a member of the Election Committee Member (Financial Services) of the Hong Kong Special Administrative Region. He obtained a bachelor's degree in business, majoring in finance from Edith Cowan University, Australia in February 1993 and holds a PhD. degree in Economics from Renmin University of China in July 2007. He became a senior associate of the Australian Institute of Banking and Finance in December 1995 and was appointed as Hong Kong Chief Analyst by the Finance and Securities Institute of Renmin University of China in December 2010. Currently, he is a non-executive director of Legendary Education Group Limited (previously known as Legendary Group Limited) (stock code: 8195), the shares of which are listed on the GEM Board of the Stock Exchange. He is a non-executive director of AOM International Group Company Limited (stock code: 381), the shares of which are listed on the Main Board of the Stock Exchange. He was a non-executive director of Edvance International Holdings Limited (stock code: 1410) (from November 2016 to May 2021), the shares of which are listed on the Main Board of the Stock Exchange. He is also the chairman of The Hong Kong Institute of Financial Analysts and Professional Commentators Limited. He is a fellow member of the Hong Kong Institute of Directors Limited since September 2024. He is a Managing Partner of VC Culture Limited.

DISCLOSURE ON CHANGES IN INFORMATION OF DIRECTORS

1. On 15 April 2026, the Board has resolved to suspend all administrative and executive duties and powers of Mr. Pang as the chairman, the chief executive officer and an executive Director of the Company;

2. Ms. Kwan was appointed as the Acting Chairperson of the Company of the Company on 15 April 2026;

3. Ms. Kwan was appointed as the Chief Executive Officer of the Company on 20 April 2026;

4. Ms. Pang was appointed as executive Director of the Company with effect from 20 April 2026;

5. Mr. Ma was appointed as the Vice Chairman, a Co-Chief Executive Officer and an executive Director of the Company with effect from 20 May 2026;

6. Ms. Kwan was re-designated from the Chief Executive Officer to a Co-Chief Executive Officer on 20 May 2026;

7. Mr. Pang resigned as an executive Director of the Company and was ceased to be the chairman of the Board and the chief executive officer of the Company with effect from 8 June 2026; and

8. Ms. Kwan was re-designated from the Acting Chairperson to the Chairperson on 8 June 2026.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1) REPORTING BOUNDARIES

This Environmental, Social and Governance Report (the "**Report**") details the ESG strategies, initiatives, and performance of Hin Sang Group (International) Holding Co. Ltd. and its subsidiaries (the "**Group**") for the financial year from 1 April 2025 to 31 March 2026 (the "**Year**").

The reporting boundary was established based on the criteria of operational control and financial significance to the Group. Accordingly, the scope of this Report captures our principal business segments: the manufacturing, marketing, distribution, and sales of healthcare products.

To provide a focused and representative view of our material environmental and social impacts, the disclosure encompasses four principal operating facilities where we exercise direct operational control:

a) Hong Kong (Tsim Sha Tsui) – Head office
b) Hong Kong (Yuen Long) – Warehouse
c) Hong Kong (Shatin) – Warehouse
d) Mainland China (Yunfu, Guangdong Province) – Manufacturing factory

The Report was prepared in accordance with the "Environmental, Social and Governance Reporting Code" as set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as well as the actual situation of the Group.

2) REPORTING PRINCIPLE

This Environmental, Social and Governance Report (the "**Report**") has been prepared in accordance with the mandatory disclosure requirements and the "comply or explain" provisions set out in the Environmental, Social and Governance Reporting Code contained in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Report is prepared with reference to the Group's actual business operations, reporting boundary, internal policies and management records, with the aim of presenting a fair, structured and reliable account of the Group's ESG performance during the Year.

In preparing this Report, the Group has applied the four reporting principles of materiality, quantitative, balance and consistency as required under the ESG Reporting Code.

Materiality: We prioritize ESG issues based on their impact on our business and stakeholders through regular engagement, ensuring this Report focuses only on the most significant topics.

Quantitative: We present measurable environmental and social KPIs, supported by clear calculation methodologies, assumptions, and comparative data to track performance trends.

Balance: We provide an objective and transparent view of our ESG performance, fairly disclosing both our achievements and the challenges or areas requiring improvement.

Consistency: We apply consistent data collection and reporting methodologies to ensure meaningful year-on-year comparability, and will clearly disclose any changes in scope or calculation methods.

In addition to the mentioned stakeholder communication channels, we undertook the following three steps to effectively prepare and conduct the materiality assessment during the Year:

3) BOARD STATEMENT

The board of directors (the "**Board**") of Hin Sang Group (International) Holding Co. Ltd. and its subsidiaries (hereafter referred to as the "**Group**" or "**We**") has overall responsibility for the Group's ESG strategy, governance, risk management and reporting.

The Group is principally engaged in the development, marketing, sale and distribution of personal care products, healthcare products and household products, as well as the provision of Chinese medical healthcare related services. In particular, "Hin Sang (衍生)" is a long-established and highly reputable brand within our portfolio. In view of the nature of its business, the Board recognises that sound ESG management is closely linked to product quality and safety, responsible operations, employee well-being, environmental protection, supply chain resilience and the trust of customers and the wider community.

Three-Tier ESG Governance Framework

To integrate ESG considerations into our business strategy, the Group has established a three-tier ESG governance framework. This structure clearly outlines the roles and responsibilities of all involved departments, providing a solid foundation for the continuous advancement of our ESG practices:

Governance Level	Key Roles and Responsibilities
Board of Directors	• Formulate and manage ESG strategies • Conduct risk management on ESG topics
Policy Committee	• Report to the Board on material ESG topics • Recommend ESG policies and targets for review and approval by the Board
Execution Committee and Factory Steering Groups	• Organise with the Policy Committee to coordinate and implement relevant practices • Coordinate with relevant employees to involve in and fulfill the defined targets

During the Year, the Board reviewed the Group's ESG performance with reference to its operational characteristics and stakeholder expectations. The Board also reviewed the effectiveness of the ESG governance framework and internal reporting process to support the continuous enhancement of the Group's ESG management.

Strategic ESG Measures

Driven by the Board's strategic direction, our current practical ESG measures include, but are not limited to:

- Enhancement of the environmental protection characteristics of equipment and machinery along our production lines;
- Collaboration with customers and business partners in the supply chain to explore green technologies; and
- Investment in the exploration and application of renewable energy projects.

As a prime example of this commitment, since November 2023, the Group has operated an on-site photovoltaic electricity generation facility. This investment underscores the Board's dedication to advancing the Group's sustainability agenda by integrating renewable energy solutions.

Our Corporate Social Vision

Simultaneously, the Group is committed to fulfilling our corporate social responsibilities. "The Eternal Extension of Life" is the Group's motto. It is always the Group's core value to uphold corporate social responsibility through various means of giving back to society and caring for the needy in the communities.

To translate this vision into action, corporate policies have been formulated to communicate the Group's commitments to our shareholders and the public, which include:

- To devote to society through contribution and services;
- To pursue continuous improvement in the culture of governance;
- To collaborate with business partners and employees by upholding accountability, fairness, devotion and integrity;
- To dedicate to attaining sustainable development and achievement for all shareholders and stakeholders; and
- To emphasise environmental protection.

The Board believes that sustainability is an integral part of the Group's long-term development. Guided by the Group's values and its commitment to responsible corporate citizenship, the Group will continue to strengthen its ESG governance, improve transparency in disclosure, and promote sustainable development across its operations, with the aim of creating long-term value for shareholders and other stakeholders.

4) STAKEHOLDER ENGAGEMENT

The Group believes that maintaining an open, ongoing dialogue with stakeholders is essential for sustainable development and long-term value creation. We actively listen to the expectations, concerns, and feedback of our diverse stakeholder groups to ensure our ESG strategies align with their needs and industry best practices.

To achieve this, the Group has established a variety of regular communication channels tailored to the specific characteristics of each primary stakeholder group:

Key Stakeholder Groups	Communication Channels	Key Areas of Concern
Shareholders and Investors	• General meetings and reports • Corporate website and announcements	• Financial & ESG performance • Corporate governance and risk
Customers	• Hotlines and feedback channels • Social media and website	• Product and service quality • Health and safety • Data privacy
Employees	• Internal communications • Appraisals and training • Staff meetings	• Compensation and benefits • Career development
Suppliers	• Assessments and site visits • Contracts and business meetings	• Fair procurement • Supply chain sustainability • Business ethics
Government and Regulators	• Regulatory filings • Routine inspections	• Legal and regulatory compliance • Corporate governance

Key Stakeholder Groups	Communication Channels	Key Areas of Concern
Community and Public	• Volunteer work and charity • Media engagement	• Community welfare • Environmental impact

5) MATERIALITY ASSESSEMENT

The Group recognizes that material ESG issues often span a multi-year horizon. During the Year, the Board and the Policy Committee conducted a comprehensive review of the Group's current business operations, strategic direction, and the broader healthcare industry landscape. Confirming that there have been no significant shifts in our operating model or stakeholder expectations, the Group has validated the core sustainability topics and their prioritization to ensure our ESG strategy remains sharply focused on our most critical impacts.

To ensure ongoing transparency for our readers, the adopted materiality results were originally derived from a rigorous, three-step stakeholder engagement process:

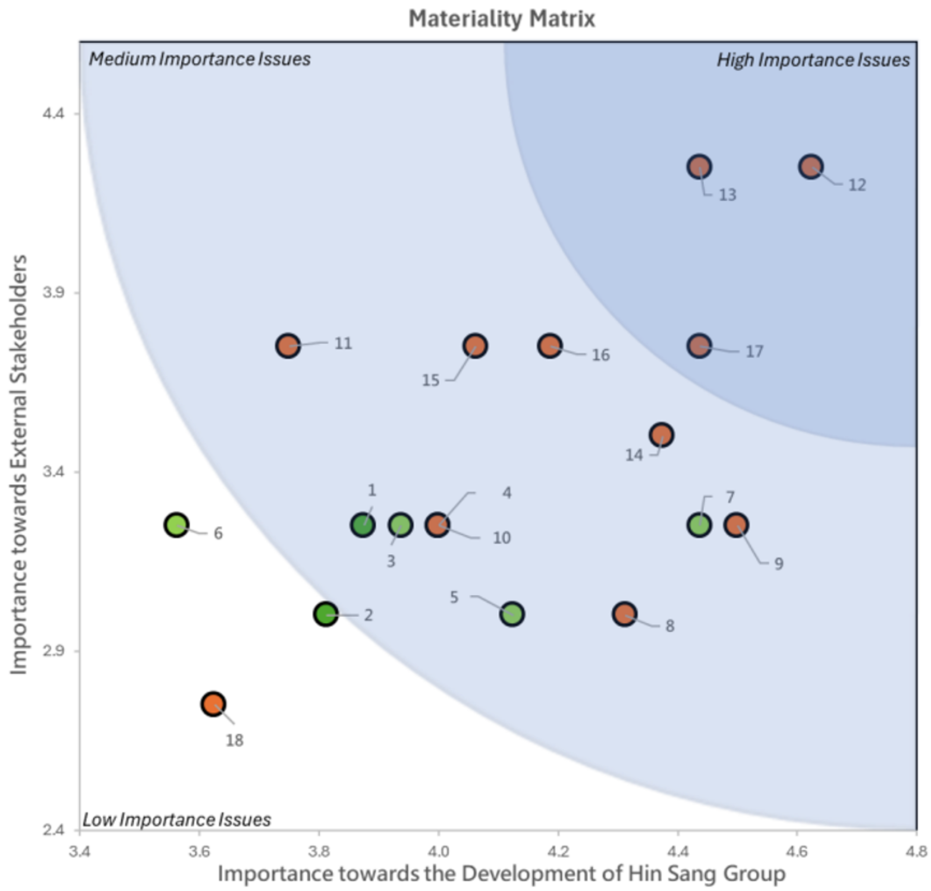
1. Identification
We defined 18 core sustainability topics relevant to our business based on the HKEX ESG Reporting Code (Appendix C2), corporate strategies, and industry trends.

2. Stakeholder Survey
Targeted questionnaires were distributed to representative samples of our key stakeholder groups, namely customers, suppliers, and employees, to capture their expectations.

3. Prioritise
The quantitative feedback was analyzed to measure the significance of each topic to external stakeholders against its strategic importance to the Group, culminating in our ESG Materiality Matrix.

The 18 topics evaluated across four core pillars are as follows:

Environmental Protection		Employment and Labour Management	
1	Energy Management	**7**	Employee Benefits and Welfare
2	Exhaust and Carbon Dioxide Emission	**8**	Fair Recruitment
3	Water Saving	**9**	Occupational Health and Safety
4	Solid Waste Treatment	**10**	Comprehensive Training
5	Responsible Production		
6	Climate Change		
Operating Practices		**Community Investment**	
11	Procurement and Supply Chain Management	**18**	Caring for the Community
12	Product Quality		
13	Customer Service		
14	Corporate Governance		
15	Anti-competitive Practice		
16	Protection of Intellectual Property Rights		
17	Information Security and Personal Data Protection		



Based on the validated ESG Materiality Matrix, the Board has re-confirmed that the topics clustered in the upper-right quadrant continue to represent the most significant ESG priorities for the Group. The highest-priority topics are:

Topic 12: Product Quality
Topic 13: Customer Service
Topic 17: Information Security and Personal Data Protection

6) COMMUNITY SERVICE

Connecting with the Community

The Group is deeply committed to bridging community divides, providing hope and support to the underprivileged, and actively giving back to society. We believe that community investment not only creates shared social value but also cultivates a strong sense of belonging and corporate cohesion among our employees. Guided by this core sense of social responsibility, the Group has championed community service and philanthropic initiatives for many years.

During the Year, the Group was proudly awarded the "15 Years Plus Caring Company Logo" by the Hong Kong Council of Social Service (香港社會服務聯會 - 商界展關懷). This prestigious accolade serves as a testament to our steadfast, 15-year commitment and outstanding achievements in community engagement, employee well-being, and environmental stewardship.

Leading by Example

Setting the tone at the top, our Chairperson, Ms. Kwan Lai Man, actively leads the Group's philanthropic efforts. Deeply dedicated to public service, she holds prominent roles across various charitable organizations, including serving as the Permanent Honorary Chairman of the Xuan Yuan Education Fund Association (軒轅教育基金會) since 2010. Ms. Kwan also serves as Vice President of the Hong Kong Children Babies Maternity Industries Association, member of the Yunfu Municipal CPPCC, and Director of the Board of Directors of Pok Oi Hospital. Translating our corporate spirit into concrete action, Ms. Kwan has previously led the Group in major philanthropic responses, such as donating nearly HK$1 million in essential supplies to support vulnerable groups during public health crises.

Nourishing the Next Generation: "The Hin Sang Scholarship"

Driven by a passion for youth development, Ms. Kwan founded the "Hin Sang Scholarship" to provide crucial financial assistance and recognition to students from underprivileged backgrounds. The scholarship is designed to encourage holistic development, empowering youths to enhance their competitiveness and ultimately contribute meaningfully to society.

Since its inception in 2015, the Hin Sang Scholarship proudly entered its 11th edition during the Year. The program is dedicated to commending and subsidizing talented students, with a special focus on providing critical support to youths from low-income families. Following a rigorous selection process, a total of 16 students from both primary and secondary schools were awarded this year. Each awardee received a monetary scholarship ranging from HK$500 to HK$1,500, a certificate of merit, and sponsored gifts valued at up to HK$3,500.

The core theme for this year's scholarship was "Inheriting Love - Extending Care" (傳承愛·「衍」愛心). The program encouraged students to express their gratitude for their parents' nurturing care through diverse creative formats, including videos, photographs, essays, and design sketches. At its heart, the initiative aimed to guide students in practicing the traditional virtue that "filial piety is the most important of all virtues", reminding the younger generation to repay their parents' love and support with concrete actions.

Through the ongoing provision of this scholarship, Hin Sang Group hopes to inspire students to not only pursue academic excellence but also cultivate a spirit of gratitude and reciprocity, ultimately empowering them to become pillars of society.

The 11th Hin Sang Scholarship - "Inheriting Love - Extending Care" (傳承愛·「衍」愛心)

Hin Sang Volunteering Team

The Group actively encourages employees to participate in volunteer work and allocates resources to support diverse community initiatives. Since its inception in 2006, the "Hin Sang Volunteering Team" has been deeply involved in various charitable activities. During the Year, our employees continued this proud tradition of giving back, contributing a total of 82 hours of community service.

Scope	Hong Kong and Mainland China
Volunteering Service	82 hours

Hin Sang Community Involvement

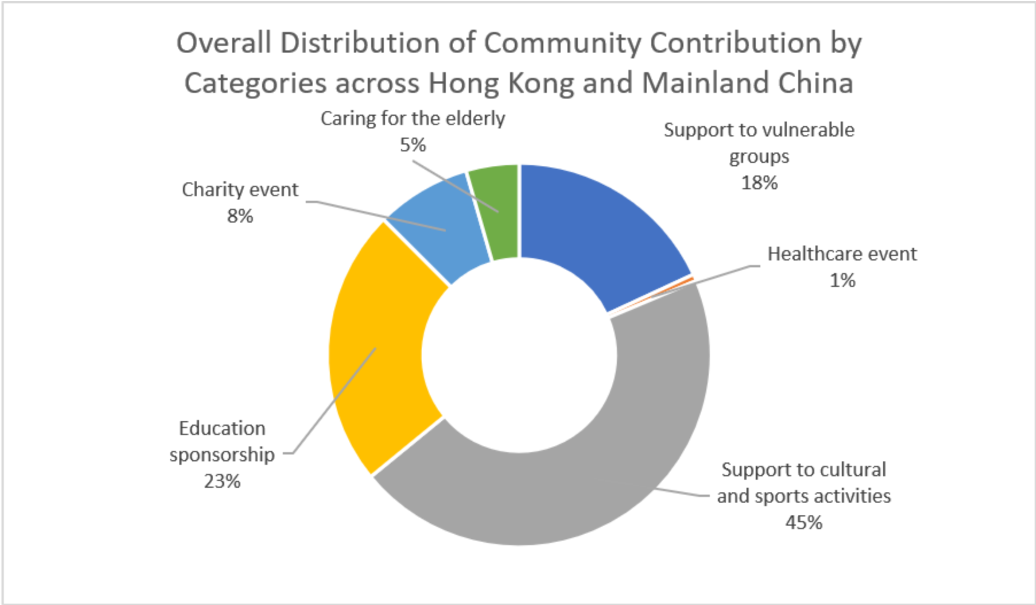
In addition to volunteering services, the Group consistently allocates corporate resources to address a wide array of community needs. By collaborating with diverse stakeholders and community organisations, we extend vital support to those in need. During the Year, the Group actively delivered targeted community contributions across six key categories, assisting individuals across both Hong Kong and Mainland China:

1. Caring for the Elderly
2. Charity Events
3. Education Sponsorship
4. Healthcare Event
5. Support for Cultural and Sports Activities
6. Support for Vulnerable Groups

Community Contribution Categories	Details
Caring for The Elderly	During the Year, the Group provided in-kind donations worth over HKD 231,878 to four elderly centres and supported five major caring events, including: ▪ Yan Oi Tong Mid-Autumn Festival Lucky Bag Distribution for the Elderly (中秋福袋送暖行動予長者) ▪ Xuan Yuan Education Fund Association Respect for the Elderly Activity (軒轅基金敬老活動) ▪ Po Leung Kuk Luk Hing Too Primary School x True Light Villa District Elderly Community Centre Activity (保良局陸慶濤小學 X 真光苑長者活動中心) ▪ Fanling Chaozhou Menlan Association Autumn Respect for the Elderly Afternoon Tea (乙巳年盂蘭節慶功宴暨秋季敬老下午茶聚) ▪ Pok Oi Hospital Lam Tei Care Home for the Elderly Charity Banquet (博愛醫院藍地護老院慈善宴會)
Charity Event	Cash and in-kind donations worth over HKD 416,022 to sponsor events hosted by various charitable organizations, including: ▪ Charity Lunch for Parents in All is Well Charitable Foundation Limited (「健愛社頌親恩」慈善午宴) ▪ Charity Lunch for Parents in Our Neighborhood (鄰舍輔導會頌親恩活動) ▪ Pok Oi Hospital Month Opening Ceremony Table Prize Sponsorship (博愛月開幕禮枱獎禮品) ▪ Pok Oi Hospital Charity Dinner Dance 2025 (博愛慈善餐舞會 2025) ▪ HK Health Food Association 20th Anniversary Dinner (香港保健食品協會 20 週年晚宴) ▪ Tuen Mun Chamber of Commerce Spring Dinner (屯門商會春節聯歡晚會) ▪ Pok Oi Hospital Board of Directors Inauguration Dinner (博愛醫院丙午年董事局就職晚宴) ▪ Pok Oi Hospital Month Award Ceremony (博愛月頒獎典禮)
Education Sponsorship	In-kind donations worth HKD 105,844 and RMB 1,107,933 for initiatives including: ▪ My Dream Program by London Ball Foundation (夢想成真計劃頒獎典禮) ▪ Neighborhood Advice-Action Council Yau Oi Day Crèche 30th Anniversary Activity (鄰舍輔導會友愛育嬰園之「時光同行三十載，童心種子創未來」活動) ▪ Yuen Long Police District Junior Police Call Sponsorship (元朗警署少年警訊贊助) ▪ HKYSA "Fire Squad Leader Physical Fitness Competition" (HKYSA「消防小隊長體能競技比賽」) ▪ Hin Sang Group's Love and Dream Building Campus (衍生集團愛心築夢校園)
Health Care Event	In-kind donations worth HKD 29,450 for initiatives including: ▪ Smile and Vitality "Dental Care and Fitness Walk Activity" (「微笑與活力」護齒與健身同行活動) ▪ Hong Kong Society for Rehabilitation City Orienteering and Barrier-Free Walkathon (香港復康會 城市定向體驗及無障行者籌款活動)
Support for Cultural and Sports	In-kind donations worth over HKD 2,353,744 to sponsor events and organizations, including: ▪ Macau Road Cycling League hosted by HKJC International BMX Park (香港賽馬會國際小輪車場「澳門公路單車聯賽」) ▪ Yan Oi Tong Charity Walkathon (仁愛堂慈善步行日) ▪ Yan Oi Tong Charity Orienteering Race (仁愛堂野外定向慈善賽) ▪ Macau Road Cycling League (澳門公路單車聯賽) ▪ Toddler and Children Gymnastics Competition 2025 (幼兒及兒童體操比賽 2025) ▪ Tai Po Wan Tau Tong Golden Melody Awards Ceremony Celebrating the 28th Anniversary of the Handover (大埔運頭塘金曲賀 28 載慶回歸活動) ▪ Tea Gathering for Ma On Shan Residents to Celebrate the 28th Anniversary of Hong Kong's Return to the Motherland (香港回歸祖國 28 周年馬鞍山居民茶聚活動)

	▪ Hong Kong Book Fair (香港書展) ▪ Fanling Teochew Hungry Ghost Festival Buddhist Service (粉嶺潮僑盂蘭勝會普渡法會) ▪ 2025 Golden Horse Chinese New Year Reunion Dinner (2025 年金馬賀歲團年飯) ▪ 2025 Green Ribbon Movement Wo Che Estate Carnival (2025 年綠絲帶禾輋邨嘉年華) ▪ Neighborhood Advice-Action Council "Charity Jumping Jacks Challenge 2025" World Record Attempt (鄰舍輔導會「慈善開合跳挑戰 2025」千人開合跳創世界紀錄) ▪ Henderson x Pok Oi Central Harbourfront Charity Run 2026 (恒基 x 博愛中環海濱慈善跑 2026) ▪ Shanghai Commercial Bank - Pok Oi Cycle for Millions 2026 (上海商業．博愛單車百萬行 2026) ▪ Suppliers Association Christmas Party (供應商協會聖誕聯歡會) ▪ Fanling Chiu Chiao Hung Festival "Winter Charity Golden Melody Concert for Soulmates"(粉嶺潮僑盂蘭勝會「冬季慈善金曲會知音」活動) ▪ Kowloon General Chamber of Commerce 87th Anniversary Celebration (九龍總商會成立八十七周年聯歡大會) ▪ New Territories Association of Societies Lunar New Year Dinner (Year of the Snake) (新界社團聯會乙巳年團年飯) ▪ 2026 Spring Festival Gala of the Guangdong-Hong Kong-Macao Greater Bay Area Listed Companies Association (粵港澳大灣區上市公司聯合會 2026 新春晚宴) ▪ Hong Kong and Kowloon Pharmacy General Association Spring Banquet (港九藥房總商會春茗)
Support for Vulnerable Groups	▪ In-kind donations worth HKD 802,840 and RMB 135,000 to sponsor events and initiatives, including: ▪ 2025 Golden Horse Chinese New Year Reunion Dinner (香港寧波同鄉會 x 夏日愛心探訪日) ▪ Ning Po Residents Association x Caritas Ngau Tau Kok Community Centre Visit to Cleaners (香港寧波同鄉會義工團 x 明愛牛頭角社區中心探訪觀塘區內清潔工人活動) ▪ Donation of Materials to Pok Oi for Tai Po Fire Incident (物資予博愛(大埔火災事宜) ▪ Donations to Families in Need via New Territories Association of Societies (LegCo Member Mr. Kazaf Tam Chun-kwok) (新社聯(譚鎮國議員)捐贈給有需要家庭) ▪ Visits and extends greetings to retired soldiers in Hekou Subdistrict (Yunfu City) (雲浮市河口街道走訪慰問退伍軍人) ▪ Delivering relief supplies to Sri Lanka (向斯里蘭卡緩助救援物資)
Total Contribution	**Over HKD 3.93 million and RMB 1.24 million**

During the Year, the Group contributed to the needy in Hong Kong and Mainland China with both cash and in-kind donations of over HKD 5.37 million in total.

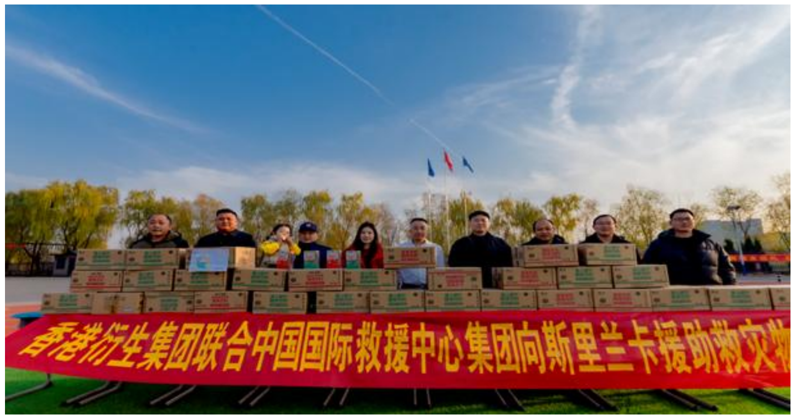


Community Impact in Action

Sponsored the Hong Kong Society for Rehabilitation's
Barrier Busters - City Orienteering Challenge "Hunt" event (無障城市追擊「搜」活動)

Hin Sang Group's Love and Dream Building Campus

Visits and extends greetings to retired soldiers in Hekou Subdistrict (Yunfu City)



Delivering relief supplies to Sri Lanka

Awards and Achievements

During the Year, the Group's unwavering commitment to sustainable development, product excellence, and community care was recognized by various esteemed organizations and community partners.

Apart from our excellent CSR performance, Hin Sang ranked 1st in sales of children's supplements in Hong Kong for 15 consecutive years, according to retail sales data from June 2010 to June 2025 by Frost & Sullivan Limited, showcasing our sustained market leadership and expertise in this particular segment.

Corporate Sustainability & Brand Recognition

Greater Bay Area ESG Sustainability Award 2025 (100% HK Branding Awards)

Community Service and Philanthropy

衍生行有限公司 惠存

感謝狀

金錢村何東學校敬贈
二零二五年九月三十日

鄰舍輔導會
THE NEIGHBOURHOOD ADVICE-ACTION COUNCIL

二零二五年五月二十四日

Certificate of Appreciation from Kam Tsin Village Ho Tung School

Letter of Appreciation from The Neighbourhood Advice-Action Council

Christian Action

30th June 2025

Ms. Ivy Lau
Senior Marketing Manager,
Hin Sang Group.

By e-mail: 130@hshcl.com

Dear Ms. Lau,

Thank You for Supporting Christian Action's
3 - Legged Easter Island Adventure Charity Walk 2025

We would like to thank you for Hin Sang Group's generous in-kind sponsorship of 300 boxes of dampness expel granules (去濕靈) (@10pc) and 1,000 sachets of pain relief oil (鎮痛油) (@3ml) (at value of HK$18,000 & HK$19,000 respectively), in support of this year's '3 - Legged Easter Island Adventure Charity Walk 2025'. Your contribution is deeply appreciated and was integral to the success of our mission call.

With the support of compassionate donors like yourself, we were able to raise HK$600,000 to-date! These funds allow us to continue empowering grassroots children with hope, self-confidence, and better health, whilst also supporting Hong Kong's elderly and ethnic minority communities, as well as orphans and children with disabilities in Qinghai. Your generosity is creating lasting impact across generations and communities.

This year's event brought together over 1,000 participants, including 418 beneficiaries from low-income families, who were able to showcase their talents at specialist stalls, contributing towards a diverse variety of activities and join all those present, to enjoy inspiring performances at the carnival. The event embodied the spirit of social inclusion, while highlighting Christian Action's services. None of this would have been possible without your help.

Once again, we sincerely thank you for your generosity and commitment to making a positive difference; your action contributes towards collective power, in transforming lives for the better.

Our service is based on the example of Jesus Christ who came to serve all people, regardless of age, gender, nationality and religion.

Should you have any questions, please feel free to contact me or Ms. Lucci Yu, Senior Manager of Corporate Communications & Development Division at lucci.yu@christian-action.org.hk or on 2716-8873.

Your faithful partnership sustains the work of Christian Action, and we look forward to collaborating with you again in the future.

Yours sincerely,

Cheung-Ang Siew Mei
Executive Director
www.christianactiondirector.com

c.c. Albert Lee / Sharon Lee / Lucci Yu

Christian Action's Website
Director's Blog

INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL
– HONG KONG DISTRICT LTD.

國際四方福音會香港教區有限公司

二零二六年一月十日

社會福利署資助服務

Letter of Appreciation from Christian Action

Letter of Appreciation from the International Church of the Foursquare Gospel - Hong Kong District Ltd.

7) CORPORATE GOVERNANCE

The Group's corporate governance policies are formulated based on the "Corporate Governance Code" as set out in Appendix C1 of the Listing Rules of the Stock Exchange of Hong Kong. The Group is committed to promoting a corporate culture of trustworthiness, professional ethics, and business integrity. Our corporate values, missions, and strategies are deeply integrated with ethical business practices. Furthermore, our collaboration with customers, suppliers, and employees is rooted in this corporate culture. The Board and management at all levels strictly undertake these essential responsibilities at both the individual and organizational levels.

In addition, the Group has arranged specialized training for the Board of Directors regarding the proposed enhancement of climate-related disclosures under the latest ESG framework rules. This training covered explanations of the proposed amendments to better prepare the Board for upcoming regulatory changes and to ensure strict compliance with evolving environmental standards.

Code of Conduct

The Group has established a comprehensive Code of Conduct for employees. The Board also adopts the provisions set out in the "Corporate Governance Report" and "Report of the Directors" in the annual report as the foundation for this Code.

The Code applies to all management personnel and general staff of the Group and is effectively communicated to all employees, including during new staff orientation. The Code of Conduct primarily covers three categories:

- Requesting, receiving, or providing benefits or advantages;
- Conflict of interest; and
- Confidentiality of information.

Anti-corruption

The Group is strictly bound by relevant anti-corruption laws and compliance requirements. All employees must follow these requirements, abide by local regulations, perform their duties with absolute integrity, and are strictly prohibited from accepting or offering any benefits. Our anti-corruption policy is formally established and embedded within the Code of Conduct.

To reinforce policy implementation, the Group has arranged relevant training for employees. General employees received training on anti-corruption practices and whistle-blowing procedures, recording a total of 2,358 training hours during the Year. In addition, the Group arranged training for the Company's directors on topics related to corporate governance and HKEX compliance requirements. During the Year, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees, nor did the Group identify any material non-compliance with relevant laws and regulations relating to bribery, extortion, fraud, and money laundering.

Whistle-blowing Mechanism

The Group has established a robust whistle-blowing mechanism to handle suspected misconduct, which operates under the direct supervision of the Group's Chairman, Managing Director, and representatives of the Audit Committee.

Employees are encouraged to report and submit evidence of any suspected or confirmed misconduct to the Group's Chairman, Managing Director, or an Audit Committee representative. Reports can be made verbally or in writing, and may be submitted anonymously or with real names. Upon receiving a report, the Group will launch an independent internal investigation. Should the investigation reveal any violations of the law, the Group will follow established procedures to report the matter to the relevant law enforcement authorities.

8) EMPLOYMENT

The Group has formulated comprehensive employment policies and guidelines in accordance with local regulations. We strictly comply with the labour laws and related regulations in the PRC, Hong Kong, and all other operating jurisdictions. The Group assures that no employee's salary is paid below the statutory minimum wage level as defined by the government regulations in any of our operating regions.

Prevention of Child and Forced Labour

The Group strictly prohibits child labour and currently does not employ any personnel under the age of 18. Stringent measures are in place to prevent the employment of child labour, such as verifying original identification documents during the recruitment process.

Furthermore, the Group has formulated control procedures to prohibit all forms of forced labour, ensuring that all employees work voluntarily and have clear channels to file related complaints. Prohibited practices include, but are not limited to requesting deposits or collateral during employment, retaining personal identification documents, withholding wages, involuntary overtime work, bonded labour, and any practices that force work through violence, threats, or the illegal restriction of personal liberty.

In the unlikely event that any instance of child or forced labour is discovered, the Group will immediately terminate the employment and take all required corrective actions to eliminate the violation in accordance with local laws and regulations. For other illegal incidents, the Group will report the case to the relevant local law enforcement agencies.

Equal Opportunity, Recruitment, and Dismissal

The Group values fair and equal opportunities for every employee and is deeply committed to eliminating all forms of discrimination. Recruitment is based strictly on candidates' experiences, abilities, and business needs, regardless of race, gender, age, marital status, pregnancy, family status, sexual orientation, religion, disability, or nationality. All talented candidates and employees have equal access to hiring, promotion, and relevant training to meet both business needs and personal career development goals.

The Group strictly proceeds in compliance with local employment regulations regarding the termination of employment. Additionally, we have established a comprehensive employee assessment system where all employees undergo an annual performance appraisal. This process enables the Group to evaluate each employee's strengths and areas for development, thereby facilitating targeted training and supporting their professional growth. Appraisal results are also utilized to inform salary reviews and promotion decisions impartially.

Retirement

Notwithstanding the Group's mandatory retirement policy, applications from individuals approaching retirement age who express a desire to continue employment post-retirement are duly considered. Each application undergoes a comprehensive evaluation, taking into account the applicant's individual circumstances, professional competencies, historical job performance, and alignment with the Group's operational needs. This process is carefully designed to uphold the principles of fairness and prevent any form of age discrimination.

Compensation and Welfare

The Group's compensation and welfare policies align with local industry standards and are appropriately adjusted based on employees' performance, experience, and qualifications. Working hours, rest periods, holidays, and other benefits are established in accordance with prevalent local industry practices and are reasonably tailored to reflect seniority. The Group incorporates key performance indicators (KPIs) as a fundamental component in determining employee incentive schemes. Furthermore, the Group has implemented family-friendly practices to support and acknowledge working mothers, such as providing dedicated lactation rooms.

During the Year, the Group recorded one minor non-compliance incident regarding employment termination procedures in Mainland China, which resulted in a compensation payment of RMB 18,000. The Group has since reviewed and reinforced its human resources protocols to ensure strict adherence to local labour laws. Other than this isolated incident, the Group did not identify any material non-compliance relating to compensation and dismissal, recruitment, working hours, equal opportunity, or the prevention of child and forced labour.

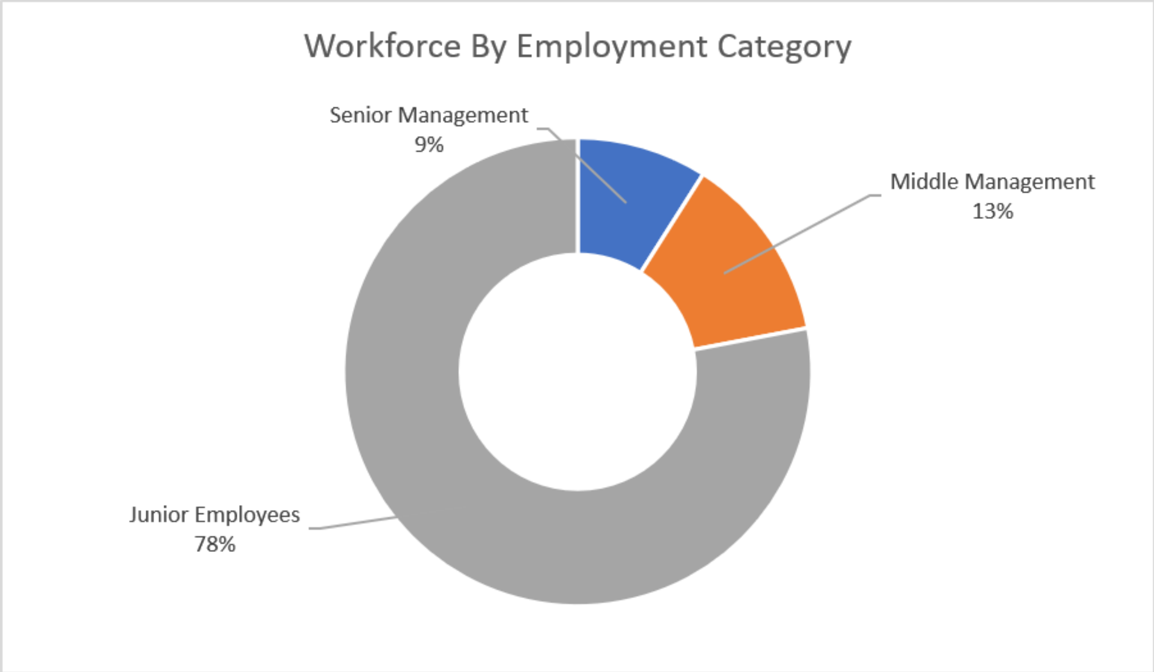
Team Structure

As of 31 March 2026, the Group had 198 employees, 196 of whom were full-time and 2 were part-time. Of these, 35 were in Hong Kong and 163 were in Mainland China.

	Monthly Average[1] Number of Employees	Monthly Average[2] Employee Turnover Rate (%)
Total	198	6.02%
Gender		
Male	90	6.85%
Female	108	5.32%
Age Group		
18-30 years old	42	8.53%
31-45 years old	103	4.94%
46-60 years old	47	6.91%
> 60 years old	6	0.00%
Working Location		
Hong Kong	35	5.71%
Mainland China	163	6.08%

[1] The monthly average number of employees in each specified category was calculated by summing the total number of employees in that category at the end of each month and dividing the sum by 12. During the Year, the monthly average total workforce was 198 employees

[2] The monthly average turnover rate for each specified category was calculated using a 12-month average of the monthly turnover rates. The formula for the monthly turnover rate is: (Number of employees leaving during the specified month / Number of employees at the end of the specified month) x 100%.



Employment Category	Number	% Proportion
Senior Management	18	9%
Middle Management	25	13%
Junior Employees	155	78%

9) OCCUPATIONAL HEALTH AND SAFETY (OHS)

The Group is deeply committed to safeguarding the health and safety of its employees. To ensure a secure working environment, the Group maintains workplaces with adequate lighting, proper ventilation systems, and ample, tidy workspace. We also provide ergonomic office equipment, such as height-adjustable chairs with adjustable armrests and tilting backrests. All equipment and firefighting facilities are strictly maintained in safe condition. Furthermore, routine fire drills are conducted in accordance with local fire safety laws, and comprehensive security measures are enforced to prevent unauthorized personnel from entering the Group's operating areas.

To reinforce a culture of safety, the Group provides comprehensive safety orientation for all new employees, as well as ongoing occupational health and safety (OHS) training tailored to the specific nature of employees' roles. This training educates staff on relevant OHS laws and regulations, enhancing their understanding of workplace hazards, safety protocols, and compliance. During the Year, a total of 468 training hours on occupational health and safety topics were provided to employees.

It is with deep regret that the Group reports 1 fatality during the Year, which occurred when an employee experienced a sudden medical illness at the workplace (representing a fatality rate of 0.51%). Although the incident was not caused by an occupational safety hazard, the Group fully cooperated with relevant authorities, conducted a thorough review, and provided appropriate support to the affected family. In the past two years, the Group maintained a record of 0 work-related fatalities.

Additionally, the Group recorded 21 lost days due to work-related injuries during the Year. Except for the aforementioned medical emergency, the Group did not identify any material non-compliance with relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards. Moving forward, the Group will continue to rigorously review and enhance its safety protocols to protect the well-being of all employees.

10) EMPLOYEE TRAINING AND DEVELOPMENT

The Group recognises that staff quality is crucial for sustaining growth and enhancing profitability, and acknowledging the direct correlation between service and product quality and employee training and development. The Group is committed to allocating resources to maintain an effective and robust training system through:

- Orientation training for the new employee(s);
- Regular training sessions, including technical know-how and soft skills training for existing employees;
- Training sessions conducted by internal or external qualified personnel; and
- New employees are trained and assisted by experienced employees to get familiar with the working conditions and procedures.

The Group organises training programs tailored to employees' respective job responsibilities. These training encompass a range of topics, including product knowledge, sales techniques, quality control, the latest laws and regulations related to proprietary Chinese medicines that may impact business operations, business management system as well as environmental protection. Such initiatives not only equip employees with up-to-date information and skills but also bolster their confidence and ability to adapt to the rapidly evolving market environment. Post-training assessments are conducted to evaluate the effectiveness of the programs and to support employees' ongoing career development.

During the Year, the relevant training figures for non-director employees of the Group were depicted by gender and employee category as follows:

	Total number of training participants throughout the Year	**Proportion of employees Trained[3]**	**Total number of training hours throughout the Year**	**Average training hours per employee[4]**
Gender				
Male	122	11.30%	2,719	30.21
Female	130	10.03%	2,910	26.94
Employee Category				
Senior Management	10	4.63%	55	3.06
Middle Management	14	4.67%	313	12.50
Junior Employees	228	12.26%	5,261	33.94
Total	**252**	**10.61%**	**5,628**	**28.42**

[3] The proportion of employees trained in each specified category was calculated using a monthly average approach. The calculation involves dividing the total number of training participants throughout the Year by 12, and then dividing that figure by the monthly average number of employees in the specified category.

[4] The average training hours per employee in each specified category was calculated by dividing the total number of training hours by the monthly average number of employees in that specified category.

11) SUPPLY CHAIN MANAGEMENT

The Group is committed to partnering with suppliers who uphold the same principles of fairness, integrity, and diligence in business operations. During the supplier selection process, the Group evaluates not only financial and quality criteria but also environmental, social, and governance (ESG) factors to ensure alignment with our sustainability objectives. Suppliers are required to provide products, including packaging materials, free from any toxic substances. Furthermore, procurement contracts incorporate standards of conduct that emphasise governance aspects related to environmental protection and social responsibility, encouraging suppliers to share the Group's vision for sustainable and responsible business practices.

- Suppliers and their upstream entities do not force employees to work in any form of violence or threat and do not employ child labour;
- Employment is solely based on working performance and not affected by any discrimination against race, gender, age, marital status, pregnancy, family status, sexual orientation, religion, disability and nationality;
- Salary is paid in fair value and all other entitled benefits are also fulfilled;
- A safe and healthy working environment shall be provided in compliance with the local laws and regulations;
- Business decisions adhere firmly to the principle of sustainable development. Business processes shall comply with the local regulations on environmental protection; and
- Integration of the business and organisation into the circumstances of the community.

Furthermore, the Group encourages suppliers to achieve management systems certification (including but not limited to ISO 9001, ISO 14001 and SA 8000). In addition, the Group shall regularly assess the performance of suppliers for room for improvement.

As of 31 March 2026, there was a total of 171 suppliers located in Mainland China. A total of 67 new suppliers have been engaged in Mainland China during the Year. All these new suppliers have satisfactorily gone through the aforesaid evaluation. Also, all the existing suppliers have been evaluated to ensure continual compliance with the procurement requirements of the Group. The scope of evaluation included a review of the supplier's environmental performance and the verification of relevant environmental protection certifications. On-site assessments were conducted whenever deemed appropriate to ensure compliance and conduct exhaust gas, wastewater, dust and noise inspections.

Management of environmental and social risks in supply chain

The Group prioritises engaging with suppliers without incurring significant hazards to the environment. They will be evaluated on their emission, pollution, or other adverse impacts on the environment. At the same time, business partners in the supply chain will also be evaluated on their operational compliance and the associated social risks, such as compliance in the employment of labour, occupational safety, as well as product safety. For assurance of product safety and hence protection of customers and consumers, the inspection and/or testing will be arranged after procurement on incoming materials, including ingredients such as concentrated liquid and glucose, and also packaging materials such as composite films and retail boxes. Only those materials which passed laboratory testing and complied with national food safety standards can be released for storage and used in subsequent production stages.

Upon the procurement decision, priority is generally given to those suppliers, e.g. packaging suppliers, who have already attained certification related to environmental or social responsibility (e.g. ISO14001/ GB/T24001, SA8000). Furthermore, the procurement contract signed with the supplier is accompanied by a signed "Prohibition of Commercial Bribery Guarantee Agreement (禁止商業賄賂保證協定)" to safeguard the corruption and bribery risks. The Group also requires suppliers to provide "Production And Operation Concession Certificates (生產與經營特許證書)", a requirement explicitly incorporated into the binding terms of our procurement contracts.

To protect the environment and enhance the utilisation rate of natural resources, the Group has incorporated the elements of environmental protection and sustainable development in its operations. Through supply chain management, the Group encourages suppliers to cooperate, jointly promote and adopt good environmental management measures, as well as to assess suppliers' operations for continuous monitoring and improvement of environmental performance.

Preference in Green Procurement

Under the conditions complying with the operational requirements, the Group prioritise the use of equipment and materials possessing environmentally friendly characteristics. For example, plastic support (塑托) within the retail product pack is made of PET plastic material, which is odourless and does not produce toxic gases after incineration. Another example is the use of POF thermal contraction film which is more easily degradable.

Upon selection of energy-consuming equipment, priority will be given to those attained with energy saving certification or product labels of high energy efficiency.

The Group is also actively implementing green office management; for example, the use of Enterprise Resources Planning (ERP) management system to promote the use of electronic files and forms. The Group fully adopts the use of Forest Stewardship Council-certified paper ("**FSC paper**") in daily operation when necessary, reflecting our unwavering support for environmental protection in terms of office paper consumption.

Furthermore, the Group has formulated the local procurement policy, as one of the measures in green procurement. When encountering suppliers with the same level of quality, preference will be using products and services from those suppliers situated in the local region (Hong Kong and Mainland China), for mitigating the emission of greenhouse gases during transportation along the procurement process. As illustrated in the aforesaid supplier's distribution during the Year, all suppliers of the Group's manufacturing site in Yunfu were situated in Mainland China.

12) PRODUCT RESPONSIBILITY

Since the inception of the Group's brands, we have acted as an agency for international personal care and health products. As a result, the Group maintains strict control over product quality. The Group has adopted the ISO 9001 quality management system to ensure that effective procedures and processes are in place to produce excellent and safe products. Upon the receipt of materials, the quality inspection process is clearly defined and strictly implemented in accordance with relevant regulations. Each batch of products is only formally released to the market after passing rigorous inspection.

All food and Chinese medicine products must undergo comprehensive testing for pesticides, heavy metals, and microorganisms. Furthermore, all products that fall under the definition of proprietary Chinese medicines within the Chinese Medicine Ordinance are highly regulated and must meet strict requirements regarding safety, quality, and efficacy before they can be registered. The Group also regularly monitors our suppliers' production and quality inspection procedures to verify and confirm their continuous capability to provide compliant and safe products.

The Group has established a dedicated crisis management team to handle emergency issues and has formulated emergency protocols for the remediation of any incidents and potential risks arising from product safety.

Fair Promotional Information

The Group complies with the Trade Descriptions Ordinance that prohibits unfair trade practices including false trade descriptions of services, misleading omissions, aggressive commercial practices, bait advertising, bait-and-switch and wrongly accepting payment. Therefore, all employees are required to provide true and accurate product and service information to customers when selling the products. The Group also arranges appropriate training to ensure the personnel are equipped with proper sales techniques and precise product information.

For all registered proprietary Chinese medicines, the labelling must comply with the statutory labelling requirements such as main ingredients, method of usage, dosage, packing specifications, place of production, etc. Labelling enables customers to understand the products' ingredients fully and builds trust towards the products. A customer service hotline is also set up, printed on the surface of each box of products that is easily accessible and traceable to the customers to make after-sales enquiries when necessary.

Market Conduct and Distribution Management

The Group is committed to upholding fair business practices and maintaining order within our sales channels. During the Year, in response to market distribution dynamics, the Group proactively strengthened its management and oversight of customer sales pricing. These enhanced control measures are designed to ensure fair trade, protect brand integrity, and safeguard the interests of both the Group and its consumers.

Handling of Customer Complaints

As a responsible supplier of health and personal care products, the Group has handled all matters relating to product quality in accordance with the ISO 9001 procedures, including customer complaints about product quality:

- When receiving customers’ complaints or requests for goods return, an initial reply to the customer will be given within the time frame specified in the procedure;
- The Group’s customer service representatives or sales team will resolve the complaint by phone, online or in person; and
- Serious complaints will be followed up by the crisis management team.

During the Year, the Group did not identify any material non-compliance with relevant laws and regulations relating to health and safety, advertising, labelling, and privacy matters relating to products and services provided. Furthermore, none (0%) of the Group’s total products sold or shipped were subject to recalls for safety and health reasons.

The Group highly values customer feedback as a tool for continuous improvement. During the Year, the Group received a total of 15 product and service-related complaints, all of which originated from Mainland China. These cases were primarily related to product consumption issues. The Group immediately implemented corrective actions for each case, offering product exchanges and providing detailed explanations regarding proper product consumption and usage. All 15 cases were satisfactorily resolved within the Year, achieving a 100% resolution rate.

To prevent the recurrence of similar cases, the Group conducted thorough follow-up investigations led by our customer service teams and management. Based on these findings, we proactively optimized our product formulas and manufacturing processes, upgraded relevant equipment, and reinforced our standard operating procedures.

Management of Intellectual Property Rights

Intellectual property rights managed by the Group mainly cover its own-branded products registered in the business regions. As of 31 March 2026, the Group owned 628 (2025: 630) registered trademarks in Hong Kong and 1,080 (2025: 1,069) in Mainland China, respectively. To protect the rights of the registered brands, the Group allocates resources to uphold confidential information such as product specifications. The server storing such information is equipped with a licensed firewall which restricts access from external systems. Users are required to log in with passwords and are allowed to access the authorised information only.

In addition to protecting our own intellectual property rights, the Group deeply respects the intellectual property rights of others. We strictly prohibit the use of third parties' intellectual property without prior authorization. Any unlawful or inappropriate acts regarding intellectual property are entirely unacceptable within the Group.

Maintenance of Customer Information

Although the Group's direct customers are primarily enterprises, their corporate information is handled with the same strict confidentiality as personal privacy data. The Group's Privacy Policy is formulated based on the Personal Data (Privacy) Ordinance (Cap. 486) of the Hong Kong Special Administrative Region. This policy ensures that all personal and corporate information collected, stored, transmitted, or utilized by the Group is handled in strict accordance with statutory requirements.

The Group's management and staff uphold rigorous confidentiality practices to ensure the proper retention and protection of all data. Furthermore, to prevent data leakage and enhance overall cybersecurity, the Group strictly prohibits the use of outdated or unauthorized software across all operating systems.

During the Year, the Group did not identify any material non-compliance with relevant laws and regulations relating to privacy matters, nor did the Group receive any complaints regarding data privacy issues.

13) ENVIRONMENTAL PROTECTION

The Group integrates environmental protection into its corporate culture and recognises environmental stewardship as an indispensable element in its operational decision-making process. The Group is committed to strictly complying with all applicable local environmental regulations to promote sustainable development and prevent pollution.

To ensure rigorous compliance, the Group engages qualified third-party agencies to conduct quarterly on-site monitoring of exhaust gases, wastewater, dust, and noise within the Yunfu factory area. Where necessary, samples are collected on-site for independent laboratory testing. In addition, the discharge of the factory's wastewater is monitored continuously by a professional government agency, ensuring that only wastewater fulfilling the statutory tolerance limits is allowed for discharge.

During the Year, the Group did not identify any material non-compliance with relevant environmental laws and regulations, nor did it receive any related complaints.

14) CLIMATE CHANGE

The Group recognises that climate change is a critical global challenge and is fully committed to supporting national policies aimed at achieving carbon neutrality. In accordance with the new climate-related disclosure requirements under Part D of the HKEX ESG Reporting Code, the Group structures its climate response across four core pillars: Governance, Strategy, Risk Management, and Metrics and Targets.

Governance

Climate-related governance is fully integrated into the Group's overall ESG governance framework. The Board of Directors holds the ultimate responsibility for overseeing the Group's climate-related risks and opportunities. The Board regularly reviews the Group's sustainability strategy, progress against climate-related targets, and overall environmental compliance. At the operational level, the Group's Policy Committee is responsible for executing the climate strategy and monitoring day-to-day environmental performance. Furthermore, the Execution Committee and Factory Steering Groups ensure that climate resilience is seamlessly integrated into the Group's standard operating procedures.

Strategy

The Group's climate strategy focuses on enhancing manufacturing and office resilience while supporting national carbon neutrality goals. We assess climate risks and opportunities over the short term (1 to 5 years), medium term (5 to 10 years), and long term (over 10 years). Currently, the Group adopts a phased approach to climate disclosures. We have not yet implemented internal carbon pricing or climate-linked remuneration, focusing instead on progressively improving our data systems and risk evaluation capacity.

Risk Management

Climate-related risks are integrated into the Group's overall risk management framework. For extreme weather emergencies, the Group relies on its formal "Safety Production Rules and Regulations" (安全生產規章制度) to systematically control risks around production and warehouse facilities. To mitigate financial losses and operational disruptions, the Group maintains comprehensive asset insurance and Business Continuity Plans.

The Group's key climate-related risks, along with our specific preparedness and mitigation measures, are summarised below:

Risk Type	Risk Description	Time Horizon	Financial Impact	Risk Responses & Mitigations
Physical Risk				
Acute	▪ Extreme weather (typhoons, landslides, urban flooding, hail)	Short to Medium Term	▪ Temporary loss of revenue due to production halts and plant infrastructure damage	▪ Install gates/barriers to prevent flooding ▪ Dredge rainwater pipe networks prior to storms ▪ Strengthen exterior plant structures and billboards ▪ Secure outdoor equipment with ropes prior to typhoons ▪ Suspend outdoor activities/attractions as needed
Chronic	▪ Sustained heat waves	Medium to Long Term	▪ Higher energy costs required for air conditioning and automatic machine operation	▪ Regularly assess plant infrastructure for heat resilience ▪ Optimize energy efficiency of production equipment
Transition Risk				
Compliance	▪ Interruptions to individual material supply chains	Short to Medium Term	▪ Increased procurement costs and raw material shortages (impacting prices and quantities)	▪ Closely monitor raw material pricing and availability ▪ Plan for changes to the composition of materials if resources become constrained
Reputation	▪ Tightening environmental regulations	Short to Medium Term	▪ Increased compliance, monitoring, and operational costs	▪ Monitor policy updates and align with national carbon neutrality policies

Metrics and Targets

The Group's operations primarily consist of office and manufacturing activities. While the generation of industrial effluents is not a material environmental factor for the Group, we are highly committed to mitigating our greenhouse gas (GHG) emissions and air pollutants by systematically identifying emission sources and implementing targeted reduction strategies.

The Group's Scope 1 (direct) emissions arise from vehicle and plant equipment fuel combustion, as well as fugitive refrigerant emissions. Scope 2 (energy indirect) emissions, driven by purchased electricity and steam, represent our primary emission source. Finally, Scope 3 (other indirect) emissions currently include business air travel and landfill paper disposal.

Going forward, the Group will continue to review its broader value chain and progressively enhance its Scope 3 disclosures in line with evolving regulatory expectations.

Key Emission Sources of the Group's Greenhouse Gases (GHG)

Resources	Electricity	Diesel Oil	Petrol	Steam[5]	Refrigerant[6]
2025/2026 GHG emission volume (tonne CO_2 equivalent)	1,449.22	19.27	66.52	558.11	142.80
2025/2026 GHG emission intensity[7] (kilogram CO_2 equivalent /box)	0.69	0.01	0.03	0.27	0.05

GHG emission[8]	2025/2026
Scope 1 [9] (tonne CO_2 equivalent)	190.00
Scope 2 [10] (tonne CO_2 equivalent)	2,007.33
Scope 3 [11] (tonne CO_2 equivalent)	13.92
Total GHG emission (tonne CO_2 equivalent)	2,211.25
Total GHG emission intensity (kilogram CO_2 equivalent / box)	1.05

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5 The parameter 0.000808 tce/m^3 (tonnes of coal equivalent / m^3) of steam was used for the calculation of indirect GHG emission incurred by purchased steam.

6 The types of refrigerants consumed are R22, R32, and R410. The calculation of GHG emissions from the use of these refrigerants is based on the Global Warming Potential (GWP) values published in the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report.

7 The baseline used for the calculation of emission intensity is the total number of shipment boxes of retail packages produced during the Year, which amounted to 2,096,926 boxes (2024/25: 2,413,601). This data is also utilised for calculating other intensity metrics.

8 Global Warming Potentials (GWP) adopted in this GHG calculation were based on the values disclosed in the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC).

9 The calculation method was based on"2006 IPCC Guidelines for National Greenhouse Gas Inventories"

10 For electricity-related emissions in Hong Kong and Mainland China, the grid emission factors adopted are sourced from the latest sustainability reports published by CLP Holdings Limited and the National Grid Emission Factors published by the Ministry of Ecology and Environment of the People's Republic of China.

11 The calculation of GHG emissions from paper disposed of at landfills was based on the emission factors set out in "Appendix 2: Reporting Guidance on Environmental KPIs" published by HKEX. Emissions from business travel are calculated using the International Civil Aviation Organization (ICAO) Carbon Emissions Calculator.

Environmental targets	Directional Targets	Key Actions & Achievements in 2025/26
Emission Reduction	1. Enhancement in the filtration and treatment system for reducing exhaust gases/dust to the environment.	• Improved dust removal system in the facilities to enhance the dust recovery rate for exhaust gas filtration before discharge to the environment. ✓ Recovered **166 kg** of dust.
	2. Decrease in diesel oil/gasoline consumption from vehicles to reduce direct GHG emissions.	• Consolidated procurement orders and planned optimal delivery routes to avoid peak-hour congestion, significantly reducing transport frequency. • Transitioned from diesel forklifts to electric forklifts, eliminating exhaust and direct GHG emissions from these engines.
Waste Reduction	1. Processing of herbal residues (藥渣) for other uses instead of direct disposal.	• Re-use of **21.7 tonnes** processed herbal residues for livestock feed (e.g. chicken) and fertiliser application, representing a **5%** increase compared to 2024/25.
	2. Improving existing equipment for reducing waste during manufacturing.	• Purchase high-quality herbal materials and perform technical transformation of the extraction equipment to improve the quality and quantity of the extracted liquid to reduce herbal residues (藥渣). ✓ Reduced the generation of herbal residues by **3.70 tonnes** compared to 2024/25.. • Upgrades packaging equipment to reduce the use of POF Shrinkable Film (熱收縮膜). ✓ Procured **3.31 tonnes** of POF Shrinkable Film, representing an increase of **17%** compared to 2024/25.
	3. Recycling materials (e.g. iron, plastic, waste paper, stainless steel, aluminium, etc.)	• Implement waste classification throughout operations and ensure that recyclable waste materials are carefully separated and sent for recycling to reduce waste. ✓ Recycled **26.04 tonnes** of materials.
	4. Installation of appropriate machinery/equipment for minimizing waste generation.	• Continued use of automatic packaging machines for automation in the external packaging process, reduced the generation of waste incurred from manual issues.
	5. Identification of appropriate devices/tools for repeated use and minimizing waste generation.	• Continued the internal use of 80 reusable stainless-steel drums, completely replacing disposable plastic containers and cardboard boxes.

Environmental targets	Directional Targets	Key Actions & Achievements in 2025/26
	6. Reduction in paper waste generated from the office operation	• Comprehensive use of electronic operation systems, e.g. DingTalk OA office system (釘釘 OA 辦公系統), Kingdee ERP financial system (金蝶 ERP 財務系統), for reduction of paper consumption in offices. • Continued to encourage employees to maximise paper efficiency by utilizing double-sided printing for general (non-confidential) documents and scaling down multiple pages to fit onto a single printed sheet. ✓ Avoided the generation of **108 kg** of paper waste from office operations.
	7. Reduction in hazardous wastes from disposed fluorescent light tubes.	• Yunfu factory replaced traditional lighting (fluorescent light tubes) with LED lights to reduce hazardous waste. ✓ Replaced with a total of 138 tubes of LED lights in the reporting year.
Energy use efficiency	1. Application of energy efficiency equipment	• Continued the use of "Air-source heat pump water heater (空氣能熱水器)", providing hot water of around **416 m^3** and improved heating speed and heat preservation. ✓ Saved around an estimated **17,000 kWh** compared with traditional heating facilities. • Equipped with a one-to-two ceiling air conditioner in all three outsourcing rooms. ✓ Saved **75,800 kWh** annually.
	2. Application of renewable energy	• Maximized the use of the Group's invested photovoltaic power generation system to supply clean energy for the Yunfu factory's operations. ✓ The system generated a total of **1,308,045 kWh** of electricity.
Water use efficiency	1. Utilised harmless purifying technology (淨化與無害技術) in sewage treatment facilities to reduce wastewater discharge.	• The use of online monitoring purification system ensures that only wastewater that fulfils the tolerance limit can be discharged. ✓ Treated **9,808 tonnes** of wastewater before discharging into the environment.
	2. Adopting additional processes to optimise water use efficiency.	• Implement the concentration process in the extraction workshop that optimises operation efficiency. • Utilise chilled water from the air conditioning system.
	3. Installation of appropriate machinery/equipment for minimising water usage.	• Equipped with cooling tower that efficiently circulates and cools the condensers of both the screw chillers (螺杆式冷水機組) and double-effect concentrators (雙效濃縮器的冷凝器). This system resulted in a total water savings of **9,808 m^3**. ✓ Screw chillers saved **59,904 m^3** ✓ Double-effect concentrators saved **13,200 m^3**

15) ENVIRONMENTAL PROTECTION & RESOURCE MANAGEMENT

a) Air Pollutants Emission

Although vehicle transportation accounts for a relatively small proportion of our total emissions, the Group actively seeks to reduce fuel consumption and promotes the use of environmentally friendly alternatives to continuously improve our overall air quality and greenhouse gas performance.

Moreover, the Group's head office is located in Tsim Sha Tsui, a central urban area within walking distance of major public transportation hubs. The Group encourages employees to utilise public transit and reduce reliance on private vehicles, promoting sustainable commuting practices. Additionally, the Group supports the use of video conferencing as an alternative to business travel to minimise GHG emissions further.

The Group's current emission reduction measures include:

- Use of the EU 5 trucks across the board;
- Adoption of detailed inventory plan to reduce the number of shipments in procurement;
- Plan for optimal delivery routes to avoid transportation at the time of peak hours or along roads with severe traffic congestion.

Emissions of the following pollutants from the use of vehicles were depicted as follows:

Types of Air Pollutants	Annual Emission (kg)[12]
Nitrogen Oxides (NOx)	240.51
Sulphur Oxides (SOx)	0.48
Particulate Matter (PM)	23.62

b) Waste Disposal

During product design and sales planning, the Group adopts the principle of waste reduction through innovative product design, supply chain management, and waste recycling. The Group generates hazardous wastes, mainly at the operating site in Yunfu. The Group records and reports three types of waste according to the National Hazardous Waste List:

- Wasted mineral oil (Waste code: 900-249-08);
- Exhausted fluorescent light tubes (Waste code: 900-023-29); and
- Waste generated in the chemistry and biological laboratory (Waste code: 900- 047-49).

The Group engaged external third-party waste disposal agency to collect and handle the above hazardous waste in accordance with the Group's internal environmental policy and other legal requirements.

In response to the latest government policy regarding the Producer Responsibility Scheme (PRS) on waste electrical and electronic equipment (WEEE), the Group also pays particular attention to WEEE such as computers, printers, scanners, and monitors, if disposal is needed. Merely registered suppliers/service providers will be employed to handle and dispose of WEEE legally and adequately.

The Group's non-hazardous wastes mainly consist of Chinese medicine residues generated from the manufacturing processes in the Yunfu factory, alongside general office waste paper.

[12] The calculation of air pollutant emissions from the use of vehicles was based on the emission factors set out in "Appendix 2: Reporting Guidance on Environmental KPIs" published by HKEX.

To minimize our environmental footprint, the Group has implemented robust circular economy practices for its manufacturing by-products. All Chinese medicine residues are collected, processed, and fully recycled as chemical fertilisers and feedstock for internal farming and livestock feeding, successfully diverting this waste from landfills.

Regarding office operations, the Group actively promotes paper reduction and recycling. Recycling boxes are placed at designated locations to collect waste paper, which is then handed over to licensed recycling agencies. To further minimize paper consumption at the source, the Group encourages employees to utilize double-sided printing and reuse single-sided printed paper. Moreover, the Group utilizes mobile applications to process customer orders digitally whenever appropriate, significantly reducing the reliance on physical paperwork.

Types of Waste	Total Weight of Wastes Generated (tonne)	Waste Emission Intensity (kilogram /box)
Non-hazardous wastes	23.09	0.011
Hazardous wastes	0.22	0.0001

c) Energy and Water Saving

In addition to reducing GHG emissions and waste generation, the Group has also taken appropriate measures to conserve natural resources with the aim of environmental protection. The Group's conservation measures are mainly conveyed through energy management.

The Group has adopted both administrative practices and equipment installation for energy conservation over the years, for example, requesting staff to turn off the air conditioning and lighting during lunchtime and non-office hours; activating the energy-saving mode of office equipment; maintaining air indoor temperature at a moderate level; and placing energy-saving reminders at the prominent location, as well as persistent replacement with more energy-efficient LED lighting in Yunfu factory.

The water supply system in Hong Kong and Yunfu is owned and controlled by the local government. Also, water tanks are available in Yunfu to store water for emergency use, and hence, there were no difficulties in sourcing water. Notwithstanding the fact, the Group is aware of the scarcity of water resources and the importance of environmental education. Therefore, the Group raises the awareness of employees on water conservation by placing reminders or slogans near toilets and pantries.

The Group’s Resource Consumption and Intensity

Energy Consumption	Annual Total Consumption (MWh)	Consumption Intensity (kWh/box)
Electricity	2,563.18	1.22
Diesel oil	77.38	0.04
Petrol	241.63	0.12
Steam	330.63	0.16
Total	3,212.81	1.54

Water Resources	Annual Total Consumption (m^3)	Consumption Intensity (m^3/box)
Water	25,864.98	0.012

Other than energy and water, three types of packaging materials were used for delivering products of the Group during shipment, and the amount of consumption was listed as follows:

Packaging materials	Annual Total Weight of Consumption (tonne)	Consumption Intensity (kilogram per box unit)
Paper	202.72	0.10
Plastic	65.74	0.03
Metal	88.87	0.04
Total	357.33	0.17

16) ENVIRONMENT AND NATURAL RESOURCES

The Group's operational activities do not have a significant adverse impact on the surrounding environment and natural resources. In Hong Kong, our office operations consume minimal water and generate only standard domestic sewage. For our manufacturing operations in Yunfu, the Group has proactively installed onsite wastewater treatment facilities and septic tanks. These ensure all manufacturing wastewater is rigorously processed prior to discharge, strictly meeting the emission standards defined by relevant environmental laws and regulations.

Furthermore, the environmental impact of any airborne pollutants released from the manufacturing site has been fully assessed. To effectively manage this, the Yunfu facility is equipped with advanced filtration devices including dedicated pollutant removers and odour control systems to guarantee that all air emissions remain fully compliant with statutory environmental regulations.

17) APPENDIX: ESG CODE CONTENT INDEX

This report has been prepared in line with the ESG Code contained in Appendix C2 to The Rules Governing the Listing of Securities on the Stock Exchange.

Part B: Mandatory Disclosure Requirements		**Location/Remarks**
Governance Structure		3) Board Statement
Reporting Principles		2) Reporting Framework and Principles
Reporting Boundary		1) Reporting Boundary and Scope
Part C: "Comply or explain" Provisions		
A1: Emissions	General Disclosure	13) Environmental
A1.1	The types of emissions and respective emissions data.	13) Environmental
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	13) Environmental
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	13) Environmental
A1.5	Description of emission target(s) set and steps taken to achieve them.	13) Environmental
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	13) Environmental
A2: Use of Resources	General Disclosure	13) Environmental

A2.1	Direct and/or indirect energy consumption by type in total and intensity.	13) Environmental
A2.2	Water consumption in total and intensity.	13) Environmental
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	13) Environmental
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	13) Environmental
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	13) Environmental
A3: The Environment and Natural Resources	General Disclosure	16) Environment and Natural Resources
A3.1 KPI	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	16) Environment and Natural Resources
B1: Employment	General Disclosure	8) Employment
B1.1	Total workforce by gender, employment type, age group and geographical region.	8) Employment
B1.2	Employee turnover rate by gender, age group and geographical region.	8) Employment
B2: Health and Safety	General Disclosure	9) Occupational Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	9) Occupational Health and Safety
B2.2	Lost days due to work injury.	9) Occupational Health and Safety
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	9) Occupational Health and Safety
B3: Development and Training	General Disclosure	10) Employee Training and Development
B3.1	The percentage of employees trained by gender and employee category.	10) Employee Training and Development
B3.2	The average training hours completed per employee by gender and employee category.	10) Employee Training and Development
B4: Labour Standards	General Disclosure	8) Employment
B4.1	Description of measures to review employment practices to avoid child and forced labour.	8) Employment
B4.2	Description of steps taken to eliminate such practices when discovered.	8) Employment
B5: Supply Chain Management	General Disclosure	11) Supply Chain Management
B5.1	Number of suppliers by geographical region.	11) Supply Chain Management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	11) Supply Chain Management

B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	11) Supply Chain Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	11) Supply Chain Management
B6: Product Responsibility	General Disclosure	12) Product Responsibility
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	12) Product Responsibility
B6.2	Number of products and service related complaints received and how they are dealt with.	12) Product Responsibility
B6.3	Description of practices relating to observing and protecting intellectual property rights.	12) Product Responsibility
B6.4	Description of quality assurance process and recall procedures.	12) Product Responsibility
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	12) Product Responsibility
B7: Anticorruption	General Disclosure	7) Corporate Governance
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	7) Corporate Governance
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	7) Corporate Governance
B7.3	Description of anti-corruption training provided to directors and staff.	7) Corporate Governance
B8: Community Investment	General Disclosure	6) Community Service
B8.1	Focus areas of contribution.	6) Community Service
B8.2	Resources contributed to the focus area.	6) Community Service

Part D: Climate-related Disclosures		
(I) Governance	(a) the governance body(s) or individual(s) responsible for oversight of climate related risks and opportunities; and (b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	14) Climate Change
(II) Strategy	Climate-related risks and opportunities	14) Climate Change
	Business model and value chain	14) Climate Change
	Strategy and decision-making	14) Climate Change
	Financial position, financial performance and cash flows	
	Current financial effect	14) Climate Change
	Anticipated financial effect	14) Climate Change

	Climate resilience	In future reports, we will conduct climate-related scenario analysis and disclose the relevant findings.
(III) Risk Management	(a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks; and	14) Climate Change
	(b) the processes the issuer uses to identify, assess, prioritise and monitor climate related opportunities; and	14) Climate Change
	(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	14) Climate Change
(IV) Metrics and Targets	Greenhouse gas emissions	14) Climate Change
	Climate-related transition risks	14) Climate Change
	Climate-related physical risks	14) Climate Change
	Climate-related opportunities	14) Climate Change
	Capital deployment	14) Climate Change
	Internal carbon prices	We currently do not incorporate internal carbon prices into our decision making process. We will explore the use of internal carbon prices in the future.
	Remuneration	We will explore the feasibility of enhancing our remuneration policies by incorporating climate related metrics into senior management remuneration.
	Industry-based metrics	We will review the internal information and disclose the KPIs as appropriate to ensure transparency and compliance.
	Climate-related targets	14) Climate Change
	Applicability of cross-industry metrics and industry-based metrics	N/A

The Board and senior management of the Group strive to maintain a high standard of corporate governance, to formulate sound corporate governance practice for improvement of accountability and transparency in operations, and to strengthen the internal control system from time to time so as to ensure Shareholders' expectations are met.

CULTURES AND VALUES

The Company recognises a healthy corporate culture across the Group is integral to attain its vision and strategy. It is the Board's role to establish the Company's mission, values and business strategies while ensuring that they are aligned with the Company's corporate culture, which is guided by the following core principles.

1. Integrity

   The Group strives to maintain high standards of business ethics and corporate governance across all our activities and operations. The Directors, management and staff are all required to act lawfully, ethically and responsibly. The required standards and norms are explicitly set out in the training materials for all new staff and embedded in various policies such as the Group's employee handbook (including the Group's code of conduct therein), the anti-corruption policy and the whistleblowing policy of the Group.

2. Commitment

   The Group believes that commitment to workforce development, workplace safety and health, diversity, and sustainability helps to foster employees' sense of commitment to and emotional engagement with the Group's mission. This sets the tone for a strong and productive workforce that attracts, develops, and retains the best talent and produces the highest quality work. Moreover, the Company's strategy in the business development and management are to achieve long-term, steady and sustainable growth, while having due considerations from environment, social and governance aspects.

The Board has instilled our core principles throughout the Group to guide our daily operations and the behaviour of our employees. Our corporate culture, as guided by our core principles, is well aligned with the Company's mission to develop and produce quality healthcare products to meet the healthcare needs of every family.

By upholding a healthy and optimal corporate culture, the Company is committed to the continuous pursuit of ever greater performance, new opportunities, contributions to the society and sustainable corporate development.

CORPORATE GOVERNANCE PRACTICES

Compliance with Corporate Governance Code

Throughout the Year, the Company has applied the principles and the code provisions set out in the Corporate Governance Code ("**CG Code**") contained in Appendix C1 to the Listing Rules. The Board is of the view that during the Year, the Company has complied with all applicable code provisions set out in the CG Code except for the deviations stipulated below:

Under code provision C.2.1 of the CG Code, the roles of chairperson and chief executive should be separate and should not be performed by the same individual. Mr. Pang was both the chairman and the chief executive officer of the Company before 15 April 2026. Following the suspension of duties of Mr. Pang as the chairman and the chief executive officer of the Company on 15 April 2026, Ms. Kwan Lai Man ("**Ms. Kwan**") serves as the chairperson and the chief executive officer of the Company. On 20 May 2026, Ms. Kwan was re-designated as the co-chief executive officer and Mr. Ma was appointed as the co-chief executive officer of the Company. In view of the fact that Mr. Pang and Ms. Kwan are the co-founders of the Group and has been operating and managing the Group effectively since 1996, the Board believes that it is in the best interest of the Group to have Ms. Kwan taking up Mr. Pang's roles for ensuring consistent leadership and enabling more effective management and business development with her profound knowledge and experience in the industry. The Board therefore considers that the deviation from code provision C.2.1 is reasonably justified under such circumstances. Further, the other Board members and the senior management will provide check and balance of power and authority. The Board considers that the balance of power and authority for the present arrangement will not be impaired.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. The Company has made specific enquiries with all Directors and all Directors confirmed that they had complied with the standards required by the Model Code during the Year.

BOARD OF DIRECTORS

Overall Accountability

The Board is accountable to the Shareholders and reports to them at general meetings. All Directors are required to pursue excellence in the interests of the Shareholders and fulfill his/her fiduciary duties by applying the required level of skills, care and diligence to a standard in accordance with the statutory requirements.

Composition of the Board

The Board currently comprises a total of seven Directors including three executive Directors, one non-executive Director, and three independent non-executive Directors. The Board members for the Year and up to the date of this annual report were as follows:

Executive Directors

Mr. Pang Siu Hin	*(Suspended duties on 15 April 2026 and resigned on 8 June 2026)*
Ms. Kwan Lai Man	*(Chairperson and Co-Chief Executive Officer)*
Mr. Ma Chi Wai, Vincent	*(alias: Ma Chun Wai, Steven) (Vice Chairman and Co-Chief Executive Officer) (Appointed on 20 May 2026)*
Ms. Pang Tsz Yan	*(Appointed on 20 April 2026)*

Non-executive Director

Ms. Tian Shanshan

Independent non-executive Directors
Mr. Lau Chi Kit
Mr. Lee Luk Shiu
Dr. Tang Sing Hing, Kenny

Ms. Kwan, the Chairperson, is the spouse of Mr. Pang. Ms. Pang Tsz Yan is the daughter of Mr. Pang and Ms. Kwan. Save as disclosed, there is no other relationship (including financial, business, family or other material/relevant relationship), among the Directors.

Independence

We have strong elements of independence on the Board, providing independent and objective opinions on strategic issues and performance matters as well as extensive expertise, experience and insight of each Director to the integration of the Board. The Board follows the requirements set out in the Listing Rules to determine on the independence of Directors. The Board determines that the Directors do not have any direct or indirect material relationship with the Group. Furthermore, the Company has received an annual confirmation from each of its independent non-executive Directors of his independence in accordance with the independence guidelines set forth in Rule 3.13 of the Listing Rules and considers all independent non-executive Directors are independent.

During the Year, the Company at all times met the requirements of Rules 3.10(1) and 3.10(2), and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board and it exceeds the parameters of the CG Code.

Independent Views and Input

The Company recognises that independence on the Board is a key element of good corporate governance. The Company has established mechanisms to ensure independent views and input are available to the Board for enhancing objective and effective decision-making. These mechanisms in place are subject to annual review by the Board, including without limitation:

(a) the Nomination Committee will assess the independence, qualification and time commitment of a candidate who is nominated to be a new independent non-executive director before appointment and also the continued independence of the independent non-executive Directors and their time commitments annually;

(b) the Nomination Committee will conduct performance evaluation of the independent non-executive Directors annually to assess their contributions;

(c) the independent non-executive Directors can express their views in an open, candid as well as confidential manner, should circumstances require, through formal and informal channels, including meetings with the Chairman of the Company without the presence of the other Directors to discuss any major issues and concerns, dedicated meeting sessions with the Chairman of the Company and interaction with management and other Board members including the Chairman of the Company outside the boardroom; and

(d) Directors may, upon reasonable request to the Chairman, seek independent professional advice in appropriate circumstances, at the reasonable expense of the Company to assist them to perform their duties to the Company.

The Board has conducted an annual review of the implementation and effectiveness of these mechanisms and considered they are in place and are effective.

Board Diversity

The Company has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve diversity on the Board. The Company recognises the benefits of having a diverse Board and believes that increasing the Board diversity will enhance the quality of its performance by supporting the attainment of its strategic objectives and its sustainable development. Board appointments will be based on meritocracy, and candidates will be considered against appropriate criteria, having due regard for the benefits of diversity on the Board, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The Nomination Committee will continuously monitor the implementation of the Board Diversity Policy and the progress towards achieving the measurable objectives. It will also review the Board Diversity Policy annually to ensure its effectiveness and discuss and recommend any revisions, if required, to the Board for consideration and approval.

The Directors have diverse education backgrounds and possess a variety of professional experiences. They bring to the Board valuable experience and diverse expertise for the long-term growth of the Company. Their areas of expertise include distribution and marketing, finance and accounting, investment management and business operation.

Board Diversity Profile:

As at 31 March 2026

Designations	Executive Directors	Non-executive Director	Independent Non-executive Directors	Total
	2	1	3	6
Gender		**Female**	**Male**	**Total**
		2	4	6
Age group	**40-49 years old**	**50-59 years old**	**60 years old or above**	**Total**
	1	2	3	6
Directorship with other Listed Companies (Number of Companies)		**0**	**1-2**	**Total**
		3	3	6
Length of service in the Group	**0-5 years**	**5-10 years**	**10 years or above**	**Total**
	1	1	4	6

In terms of gender diversity on the Board, the Board had a balanced gender ratio of approximately 33% to 67% (female to male). The Company currently targets to at least maintain the existing level of no less than 33% of female representation on the Board. The Company will continue to ensure that there is gender diversity in employee recruitment at intermediate to senior levels and implement comprehensive programmes aimed at identifying and training female employees who display leadership and potential, so as to develop a pipeline of potential successors to the Board.

The Nomination Committee has reviewed the structure, composition and membership of the Board, and is of the opinion that the Board had an appropriate mix of skills, experience and diversity that are relevant to the Company's strategies, business and governance and to enable the Company to maintain a high standard of operation during the Year.

As at 31 March 2026, the Group had a balanced gender ratio in its workforce (including senior management) of approximately 45:55 (male to female). The Board considers that the current gender ratio in the Group's workforce is appropriate for its operations and the Group will aim to continue to maintain gender diversity in its workforce.

Board Meetings

During the Year, the Company held 4 regular board meetings, an annual general meeting on 25 September 2025, an Audit Committee meeting, a Remuneration Committee meeting and a Nomination Committee meeting on 27 June 2025, and another Audit Committee on 27 November 2025. Details of each Director's attendance in the aforesaid meetings are set out below:

	Number of meetings attended/entitled to attend				
Directors	**Regular Board meetings**	**Audit Committee meetings**	**Remuneration Committee meeting**	**Nomination Committee meeting**	**Annual General Meeting**
Executive Directors					
Mr. Pang Siu Hin	4/4	N/A	N/A	N/A	1/1
Ms. Kwan Lai Man	4/4	N/A	1/1	1/1	0/1
Non-executive Directors					
Ms. Wong Wai Ling *(Resigned on 1 April 2025)*	N/A	N/A	N/A	N/A	N/A
Ms. Tian Shanshan	4/4	N/A	N/A	N/A	1/1
Independent non-executive Directors					
Mr. Lau Chi Kit	4/4	2/2	1/1	1/1	1/1
Mr. Lee Luk Shiu	4/4	2/2	1/1	1/1	1/1
Dr. Tang Sing Hing, Kenny	4/4	2/2	1/1	1/1	1/1

The Board and the Management

The Board is responsible for the overall conduct of the Group, formulating Group policies and business directions, and monitoring risk management, internal controls and performance of the management. The Board delegates and gives clear directions to the Management as to their powers and circumstances in which the Management should report back or obtain prior approval from the Board.

Delegation by the Board

The Board undertakes responsibility for decision making in major company matters, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that board procedures and all applicable laws and regulations are followed. Each Director is able to seek independent professional advice in appropriate circumstances at the Company's expense upon making request to the Board.

Executive Directors delegate some day-to-day management, administration and operation to the senior management. Approval has to be obtained from the Board prior to significant transactions entered into by the aforesaid officers. The Board also has the full support of the executive Directors and the senior management for the discharge of its responsibilities.

Management for the purpose of this corporate governance report includes the executive Directors, senior management and departmental heads. They are responsible for the day-to-day operations, management and administration of the Group under the leadership of the executive Directors. They also execute and implement strategies and directions determined by the Board.

Members of our management are frequently invited to attend the Board meetings to report and engage in discussions with the Board in respect of strategy, budget planning, progress and performance updates to ensure that the Board has a general understanding of the Group's business and to enable them to make informed decisions for the benefit of the Group. They are required to answer any questions or challenges posed by the Board.

In addition to regular Board meetings, weekly management meetings were held to review, discuss and make decisions on financial and operational matters.

Board Meetings and Board Procedural Matters

The Board meets regularly and has formal procedures to include matters to be referred to it for consideration and decisions at the Board meetings. The formal notice and agenda of meetings are usually sent to all Directors at least 14 days before each meeting and they are consulted and given an opportunity to comment on the agenda.

Meeting materials are usually sent to Directors in advance of each meeting to ensure that the Directors have full and timely access to relevant information. With a view to becoming more environment- friendly by reducing paper consumption, meeting materials are distributed in electronic form and Directors are encouraged to read the electronic version.

Draft minutes recording substantive matters discussed and decisions resolved at the meetings are circulated to all Directors for their comments (if any) within a reasonable time (generally within seven business days) of each meeting. The final version of the minutes is approved at the subsequent meeting and a copy is sent to the Directors for their records. The final executed version is placed on record and made available for inspection.

The Company generally convenes at least four regular Board meetings a year. During the Year, four regular Board meetings were convened and performed the following work:

1. reviewed and approved the 2024/25 annual report of the Company and its related results announcements and documents;

2. reviewed and approved the 2025/26 interim report of the Company and its related results announcements and documents;

3. reviewed the operational and financial reports of the Group;

4. discussed and considered recommendations made by the board committees;

5. reviewed, discussed and considered the Group's affairs, including strategic plans, financial affairs, progress and updates of business performance, and budget summary/proposals; and

6. reviewed the effectiveness of corporate governance practices, internal control and risk management.

Corporate Governance Functions

During the Year, the Board as a whole is responsible for performing the corporate governance duties including:

1. to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

2. to review and monitor the training and continuous professional development of Directors and the senior management;

3. to review and monitor the Company's policies and practices in compliance with the legal and regulatory requirements;

4. to develop, review and monitor the CG Code and compliance manual (if any) applicable to employees and Directors; and

5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Directors' Continuous Training and Professional Development

All Directors have kept abreast of their responsibilities as a Director and of the conduct, business activities and development of the Company. Directors are continuously updated with the latest development regarding the Listing Rules and other applicable statutory requirements to ensure compliance with and upkeep of good corporate governance practices.

Directors are encouraged to participate in professional development courses and seminars to develop and refresh their knowledge and skills. The Company has devised a training record to assist the Directors in maintaining their training record.

The below chart summarises the participation of Directors in training and continuous professional development during the Year.

	Types of Continuous Professional Development	
Name of Directors	Reading Material regarding regulatory update and corporate governance matters	Attending seminars/ conferences/forums
Executive Directors		
Mr. Pang Siu Hin	✓	✓
Ms. Kwan Lai Man	✓	✓
Non-executive Director		
Ms. Tian Shanshan	✓	✓
Independent non-executive Directors		
Mr. Lau Chi Kit	✓	✓
Mr. Lee Luk Shiu	✓	✓
Dr. Tang Sing Hing, Kenny	✓	✓

Directors' and Officers' Insurance

The Company has been maintaining an adequate Directors' and officers' ("**D&O**") Liability Insurance, which gives appropriate cover for any legal action brought against the Directors and officers since the Company went listed. To ensure sufficient and appropriate insurance cover is in place, we review the Company's D&O insurance policy annually based on recent trends in the insurance market and other relevant factors. The Insurance Policy is available for inspection by the Directors upon request. During the Year, no claim has been made since the Insurance Policy came into effect.

Deed of Non-Competition

In order to protect the Group's interests, the deed of non-competition dated 25 September 2014 (the "**Deed of Non-Competition**") was executed by the Controlling Shareholders in favour of the Company. Pursuant to the terms of the Deed of Non-Competition, Mr. Pang, Ms. Kwan and the Controlling Shareholders have jointly and severally undertaken that they would not engage in any business or manufacturing any products which are in competition with those of the Group. The Company's independent non-executive Directors will review, at least on annual basis, the compliance with the Deed of Non-Competition by the Controlling Shareholders and their respective close associates on their existing or future competing business.

Conflicts of Interest

All Directors are required to comply with their common law duty to act in the best interests of the Company and Shareholders as a whole. Any perceived, potential or actual conflicts of interest between the Group and its Directors are to be avoided. The Directors are requested to disclose their interests, if any, in any transaction, arrangement or other proposal to be considered by the Board at Board meetings, and abstain from voting if any conflicts of interest arise or where they become aware of any perceived or potential conflicts of interest. All declared interests are properly recorded and made accessible by the Board members. Directors have a continuing duty to inform the Board of any changes to these conflicts.

CHAIRMAN/CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

During the Year, Mr. Pang serves as the chairman and the chief executive officer of the Company. Following the suspension of duties of Mr. Pang as the chairman and the chief executive officer of the Company on 15 April 2026, Ms. Kwan serves as the chairperson and the chief executive officer of the Company. The reasons have been explained in the section headed "Compliance with Corporate Governance Code" of this annual report.

NON-EXECUTIVE DIRECTORS (INCLUDING INDEPENDENT NON-EXECUTIVE DIRECTORS)

Non-executive Directors ("**NEDs**") (including independent non-executive Directors ("**INEDs**")) make a positive contribution to the development of the Group's strategy and policies and scrutinise the Group's performance through informed insight and independent judgement. They constructively challenge the management, which is vital to fulfill the objectives set out by the Board. In order to preserve well-balanced governance, the Board has ensured that all members of the Audit Committee are INEDs, majority of the members of the Nomination and Remuneration Committees are INEDs, and that each committee is chaired by an INED.

Appointment and Re-election of Directors

All our NEDs (including INEDs) are appointed for a term of one year and are required to offer themselves for re-election at the first annual general meeting ("**AGM**") of the Company following their appointments. Under the articles of association of the Company (the "**Articles of Association**"), at least one-third of the Directors are subject to retirement by rotation at the AGM at least once every three years. Retiring Directors are eligible for re-election at the AGM at which he or she retires. We confirm that all Directors' appointments and re-elections were conducted in compliance with the Articles of Association and the CG Code for the period under review.

BOARD COMMITTEES

As an integral part of good corporate governance and to enhance the function of the Board, the Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing specific aspects of the Company's affairs under its defined scope of duties and terms of reference. The terms of reference of each of the Board Committees are available on the websites of the Company and the Stock Exchange. Details of the Board Committees are discussed below.

Audit Committee

The Company established the Audit Committee pursuant to a resolution of the Directors passed on 5 November 2010 with its written terms of reference in compliance with the CG Code. Under its terms of reference, the Audit Committee is required, amongst other things, to review and monitor the Group's relationship with the external auditors and the auditors' independence; monitor the integrity of the Group's financial information and review significant reporting judgments contained in it; oversee the Group's financial reporting and review the effectiveness of internal controls and risk management procedures; and consider major investigation findings on internal control matters and management's response to these findings.

As at 31 March 2026, the Audit Committee consisted of three members who are the INEDs, namely Mr. Lau Chi Kit, Mr. Lee Luk Shiu and Dr. Tang Sing Hing, Kenny. The chairman of the Audit Committee is Mr. Lee Luk Shiu.

During the Year, the Audit Committee convened two meetings and performed the following work:

1. reviewed the 2024/25 annual report of the Company and its related preliminary results announcements;
2. reviewed the 2025/26 interim report of the Company and its related preliminary results announcements;
3. reviewed the changes in accounting standards and assessed their potential impacts on the Group's financial statements;
4. reviewed and recommended the re-appointment of the external auditors, taking into account its independence;
5. approved terms of engagement including the remuneration of the external auditors and audit service plan;
6. assessed and evaluated the effectiveness of the Group's risk management procedures and internal control systems; and
7. reviewed and discussed the internal control review projects conducted by the Internal Audit function, including:
    - i. internal audit function and progress;
    - ii. significant internal audit findings and follow-up remediation status;
    - iii. annual internal audit planning memorandum; and
    - iv. major investigation findings on internal controls and management's response to those findings.

The Company's annual results for the year ended 31 March 2026 have been reviewed by the Audit Committee.

Remuneration Committee

The Company established the Remuneration Committee pursuant to a resolution of the Directors passed on 5 November 2010 with written terms of reference in compliance with the CG Code. Under its terms of reference, the Remuneration Committee is required, among other things, to review and determine the terms of remuneration packages, bonuses and other compensation payable to the executive Directors and senior management, and make recommendation to the Board on the remuneration of NEDs (including INEDs).

The Remuneration Committee has also taken into account a number of relevant factors such as remuneration packages offered by companies of comparable business and scale, market practices, and the financial and non-financial performance of the Group to ensure that the remuneration packages offered remain appropriate and competitive.

The Remuneration Committee ensures that no individual Director or senior management approves his or her own remuneration.

Particulars of Directors' emoluments are set out in note 13 to the consolidated financial statements and the analysis of the five highest paid employees are set out in note 14 to the consolidated financial statements.

As at 31 March 2026, the Remuneration Committee consisted of four members (one executive Director and three INEDs), namely Ms. Kwan, Mr. Lau Chi Kit, Mr. Lee Luk Shiu and Dr. Tang Sing Hing, Kenny. The chairman of the Remuneration Committee is Mr. Lau Chi Kit.

During the Year, the Remuneration Committee convened 1 meeting and performed the following work:

1. reviewed and approved the management's remuneration proposals with reference to the Board's corporate goals and objectives;

2. assessed the performance of the executive Directors;

3. reviewed the remuneration of the executive Directors and senior management; and

4. make recommendation to the Board on the remuneration of NEDs and INEDs.

No matters relating to share schemes under Chapter 17 of the Listing Rules were required to be reviewed or approved by the Remuneration Committee during the Year.

Nomination Committee

The Company established the Nomination Committee pursuant to a resolution of the Directors passed on 5 November 2010 with written terms of reference in compliance with the CG Code. Under its term of reference, the Nomination Committee is, among other things, to make recommendations to the Board on the appointment or reappointment of Directors and the management of the Board succession; to make recommendations to the Board for potential Board members; to review the structure, size and composition of the Board; and to assess the independence of INEDs.

As at 31 March 2026, the Nomination Committee consisted of four members (one executive Director and three INEDs), namely Ms. Kwan, Mr. Lau Chi Kit, Mr. Lee Luk Shiu and Dr. Tang Sing Hing, Kenny. The chairman of the Nomination Committee is Dr. Tang Sing Hing, Kenny.

During the Year, the Nomination Committee convened 1 meeting and performed the following work:

1. reviewed the structure, size and composition of the Board;

2. assessed the independence of INEDs;

3. nominated suitable and qualified individual for directorship; and

4. made recommendations to the Board on the appointment or reappointment of Directors and succession planning for the Directors.

Nomination Policy

The Board has adopted a nomination policy (the "**Nomination Policy**") which sets out the principles on guiding the Nomination Committee to identify and evaluate a candidate for nomination to (i) the Board for appointment, or to (ii) Shareholders for election. The Nomination Policy could assist the Company to achieve board diversity in the Company and enhance the effectiveness of the Board and its corporate governance standard.

The Nomination Policy sets out the criteria in evaluation, selection and recommendation of any candidate for directorship of the Company, including but not limited to, diversity in aspects under the Board Diversity Policy, commitment for responsibilities of the Board, qualifications, reputation for integrity, potential contributions to the Board, and plan(s) in place for the orderly succession of the Board, and in case of the nomination of independence non-executive Directors, meeting the independence requirements with reference to the guidelines set out in the Listing Rules.

In addition, the nomination procedures with regard to the new appointment, election or re-election of a Director are set out in the Nomination Policy. The Nomination Committee may propose to the Board a candidate recommended or offered for nomination by a shareholder of the Company as a nominee for election to the Board and the appointment or re-appointment of Directors and succession planning for Directors is subject to the approval of the Board. The Nomination Committee may make the recommendation by submitting a proposal containing the nominating intention, the candidate's consent to be nominated and the candidate's personal profile and other relevant information to the Board for consideration.

Each proposed new appointment, election or re-election of a Director shall be assessed and/or considered against the criteria and qualifications set out in the Nomination Policy by the Nomination Committee which shall recommend its views to the Board and/or the Shareholders for consideration and determination.

The Nomination Committee will monitor the implementation of the Nomination Policy and from time to time review the Nomination Policy to ensure its effectiveness.

INDEPENDENT AUDITORS' REMUNERATION

The Company's independent external auditors is HLB Hodgson Impey Cheng Limited. The roles and responsibilities of our external auditors are stated in the Independent Auditors' Report.

Nature of services	**2026 Fee paid/ payable HK$'000**	2025 Fee paid/ payable HK$'000
Audit services	**1,000**	850
Non-audit services - Review services	**-**	150
Total	**1,000**	1,000

Directors' Accountability and Auditing

The Directors are collectively responsible for preparing the consolidated financial statements of the Group for the year ended 31 March 2026 to reflect a true and fair view of the Group's financial position as at 31 March 2026 and of its results and cash flows for the Year.

In preparing of the consolidated financial statements for the year ended 31 March 2026, the generally accepted accounting principles in Hong Kong, the Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards are adopted, with consistent use of appropriate accounting policies, for making reasonable and prudent judgments and estimates. The consolidated financial statements for the year ended 31 March 2026 were prepared on a going concern basis.

The statement of the auditors of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditors' Report in this annual report.

Pursuant to code provision D.1.3 of the CG Code, where the directors are aware of material uncertainties relating to events or conditions that may cast significant doubt on the issuer's ability to continue as a going concern, they should be clearly and prominently disclosed and discussed at length in the Corporate Governance Report.

The auditors of the Company draw attention to note 2 in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK$45.5 million during the Year and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$297.8 million. As stated in note 2, these events or conditions, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Auditors' opinion is not modified in respect of this matter.

In view of these circumstances, the Group has been continuously implementing measures to improve its profitability and operating performance and to mitigate the liquidity pressure. These measures include (1) implementing business strategies to enhance the production efficiency of the Group's own brand products and aiming to reduce the product cost by self-production, (2) continuing its measures to control administrative and operating costs, and (3) looking for other sources of finance including equity financing to enhance the capital structure and reduce the overall finance costs.

With respect to the Group's financing activities, the Group maintains continuous communication with its principal banks and lenders. The Directors are not aware of any intention of the principal banks and lenders to withdraw their financing facilities or require early repayment of the borrowings. Taking into account the good track record and relationships with the banks and lenders and the fair value of the pledged properties, the Directors believe that the Group will be able to renew the financing facilities upon maturity dates.

Subsequent to the end of the reporting period, Ms. Kwan Lai Man, the executive director of the Company, has advanced approximately HK$13,584,000 to the Group, which is unsecured and interest-free, so as to enhance the liquidity management of the Group.

The Directors have assessed the Group's cash flow projections cover a period of not less than twelve months from 31 March 2026. The key factors that are taken into account by management in the cash flow projections include the anticipated cash flows from the Group's operations, capital expenditures and continuous availability of banking and other credit facilities. The Group's ability to achieve the projected cash flows depends on management's ability to successfully implement the aforementioned improvement measures on profitability and liquidity and the continuous availability of banking and other credit facilities.

As at the date of approval of the consolidated financial statements, the Group has unutilised banking and other credit facilities of approximately HK$123 million and the Directors manage the Group's assets portfolio and capital structure from time to time and consider to sell assets to reduce debt when necessary.

The Directors are of the opinion that, taking into account the expected renewals of the Group's borrowings and the unutilised banking and other credit facilities, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 March 2026. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

COMPANY SECRETARY

During the Year, Mr. Chen Yeung Tak ("**Mr. Chen**"), an external service provider, was engaged by the Company as the Company Secretary.

The primary person at the Company with whom Mr. Chen presently contacts in respect of company secretarial matters is Mr. Pang, the executive Director (duties suspended), the former chairman and the former chief executive officer of the Company. Following the suspension of duties of Mr. Pang as the chairman and the chief executive officer of the Company on 15 April 2026, the primary person at the Company with whom Mr. Chen presently contacts in respect of company secretarial matters is Ms. Kwan the executive Director, the chairperson and the co-chief executive officer of the Company.

Mr. Chen confirmed that he has taken no less than 15 hours of relevant professional training during the Year.

Company Secretary is responsible for ensuring the effective conduct of meetings and that proper procedures are followed (including organising meetings, preparing agendas and the written resolutions or minutes, collating and distributing meeting materials, and keeping records of substantive matters discussed and decisions resolved at the meetings). He/she also advises the Board on compliance and corporate governance matters (including updating the Board on any legal and regulatory changes and facilitating the induction and professional development of the Directors).

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to Article 64 of the Articles of Association, an extraordinary general meeting can be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth (10%) of the paid up capital of the Company, on a one vote per Share basis, having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Company Secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business 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 (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.

There are no provisions in the Articles of Association or the Companies Act of the Cayman Islands for Shareholders to move new resolutions at general meetings. Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph.

Procedures for Proposing a Person for Election as a Director

Pursuant to Article 113 of the Articles of Association, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office of the Company in Hong Kong or at the Hong Kong branch share registrar and transfer office of the Company no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days. The procedures for the shareholders of the Company to propose a person for election as a Director are also posted on the website of the Company.

Procedures for Raising Enquiries to the Board

Shareholders may send their enquiries and concerns together with their names and contact information to the Board by addressing them to the head office in Hong Kong at Units 1213–1215, 12/F, Seapower Tower, Concordia Plaza, No. 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong by post or by e-mail to contact@hinsanggroup.com for the attention of the Company Secretary.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

INVESTOR RELATIONS

Constitutional Documents

There was no change to the Company's constitutional documents during the Year and up to the date of this annual report. The latest version of the memorandum of association and articles of association is available on the websites of the Company and the Stock Exchange.

Communication with Shareholders

The Company believes that effective communication with Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognises the importance of transparency and timely disclosure of corporate information, which enables Shareholders and investors to make appropriate investment decisions.

The members of the Board, the Board committees and the external auditors will be present to answer Shareholders' questions in the AGMs of the Company. Circulars will be distributed to all Shareholders before the AGM and any extraordinary general meetings in accordance with the timeline requirement as laid down in the Listing Rules and the Articles of Association. All the resolutions proposed to be approved at the general meetings will be taken by poll and poll voting results will be published on the websites of the Stock Exchange and the Company after the relevant general meetings.

As a channel to promote effective communication, the Group maintains a website where information on the Company's announcements, financial information and other information are posted. Details of the arrangements (i) for dissemination of corporate communications; and (ii) for requesting printed copy of corporate communications are published under the section "Investor Relations" in the Company's website.

Shareholders and investors may write directly to the Company at its principal place of business in Hong Kong with any enquiries.

The Board has reviewed the implementation and effectiveness of the Shareholders' communication policy of the Company. The Board is of the view that the Shareholders' communication policy was adequate and effective during the Year, having considered the communication channels in place to provide the Shareholders and the investor community with information about the latest development of the Group in a timely manner, and the various communication channels established by the Company between itself and its Shareholders, investors and other stakeholders to allow the Company to receive feedback effectively.

DIVIDEND POLICY

The Board has adopted a dividend policy (the "**Dividend Policy**") which sets out the guidelines for the Board on determining any declaration of dividends and the level of the dividend to be paid to the Shareholders, thereby allowing Shareholders to participate in the profits of the Group whilst retaining adequate reserves for the Group's future growth. The Board shall consider the following factors before declaring or recommending dividends:

1. the Group's actual and expected financial performance;
2. retained earnings and distributable reserves of the Group;
3. the Group's working capital requirements, capital expenditure requirements and future plans;
4. the Group's liquidity position;
5. general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and
6. other factors that the Board deems relevant.

The dividend payout ratio will vary from year to year. There is no assurance that dividends will be paid in any particular amount for any given period.

RISK MANAGEMENT AND INTERNAL CONTROL

Goals and Objectives

The Board is responsible for the risk management and internal control systems and reviewing their effectiveness on an ongoing basis. The Board acknowledged that the risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Main Features of the Risk Management and Internal Control Systems

The Board places great importance on the Group's risk management and internal control systems and has ultimate responsibilities for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems. The Board is also responsible for overseeing in the design, implementation and monitoring of the risk management and internal control systems on an ongoing basis. The Board is committed to review the adequacy and effectiveness of the Group's risk management and internal control systems at least annually.

The Board, through the Audit Committee, has conducted a review of the effectiveness of the system of risk management and internal control system of the Group, including the adequacy of resources, the qualifications and experience of staff of the Company's accounting and financial reporting functions. The Audit Committee oversees the systems of risk management and internal control of the Group and continuously communicates any significant matters to the Board.

Risk Management Framework

The Group's risk management framework comprises the following phases:

- Identification: Identify ownership of risks, business objectives and risks that could affect the achievement of objectives;

- Evaluation: Analyse the likelihood and impact of risks and evaluate the risk portfolio according to such analysis; and

- Management: Consider the risk responses, ensure effective communication to the Board and ongoing monitor the residual risks.

Such framework provides a systematic approach to risk management process, which is embedded in the system of internal controls as an integral part of corporate governance. The risk management framework helps sustain business success, creates value for stakeholders and supports the Board in discharging its corporate governance responsibilities by proactively identifying, addressing and managing key risks within the Group. The risk management framework is aligned with the Committee of the Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework. The components of the framework are as follows:

- Control Environment: A set of standards, processes and structures that provide the basis for internal control across the Group;

- Risk Assessment: A dynamic and iterative process for identifying and analysing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed;

- Control Activities: Action established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out;

- Information and Communication: Internal and external communication to provide the Group with the information needed to carry out day-to-day controls; and

- Monitoring: Ongoing and separate evaluations to ascertain whether each component of internal control is in place and functions.

The management takes direct risk management responsibilities as risk owners.

Risk Assessment

During the Year, management of the Company: 1) conducted risk assessment to identify, filter and prioritise the key risks faced by the Group; 2) established a risk register to document the Group's key risks and their respective risk levels; and 3) identified the mitigating measures for the identified key risks, and the person-in-charge to monitor and follow up the implementation progress of the mitigating measures.

Moreover, there are top eight priority risks which have been identified under four categories: 1) business and strategic risk; 2) operational risk; 3) regulatory compliance risk; and 4) financial & reporting risk.

Internal Audit Function

The Internal Audit Department ("**IAD**") is an independent and objective body, which performs the Group's internal audit function and directly reports to the Audit Committee and the Board at least annually. The manager of IAD has a direct access to the Chairman of the Audit Committee and the Board.

The IAD has an unlimited access to reviewing the Group's activities, internal control, risk management, and corporate governance related issues. One of the functions is to assist the Board in independently assessing the effectiveness and adequacy of the internal control systems, risk management process, and more importantly seeking continuous improvement.

To align with the Group's growth and latest business developments, the IAD will always review its adequacy and competency of knowledge and attend corresponding workshops and/or seminars whenever thinks fit.

Internal Audit Activities

The IAD has adopted a risk-management based approach in developing the annual internal audit planning memorandum, which corresponds to the risk management framework. Risk assessment, which is regarded as a major and dynamic process, is performed on a regular basis so as to identify, prioritise and scope business activities and simultaneously cover business activities with significant risks across the Group. The Audit Committee reviews and approves the annual internal audit planning memorandum. In each individual audit assignment, significant risk areas such as finance, operation, compliance and fraud risk would further be assessed in order to evaluate internal control effectiveness and the mitigation efforts made by the management.

All audit findings and corresponding recommendations on control deficiencies of each audit assignment would be well communicated to the management, who needs to initiate any remedial actions to correct those control deficiencies within a reasonable period of time. Subsequent reviews are purposefully done to monitor whether those remedial actions have been performed right on time and correctly. Significant deficiencies of individual assignment are reported to and reviewed by the Audit Committee.

Through the ongoing reviewing the adequacy and effectiveness of the management's awareness of some key operational processes, the IAD discharges its duties of performing audit assignment on those areas on an ad hoc basis if necessary.

Inside Information

The Company has implemented proper procedures and internal controls for the handling and dissemination of inside information, including, among others, establishing a policy on the disclosure of inside information to ensure that all current and prospective investors of the Company, market participants and the public are provided with information relating to the Group in a timely and simultaneous manner. The policy has been communicated to all relevant staff and related training has also been provided to them.

Review of Risk Management and Internal Control Effectiveness

The Board is responsible for maintaining an adequate internal control system to safeguard shareholder investments and Company's assets and with the support of the Audit Committee, reviewing the effectiveness of such system on an annual basis. The Audit Committee oversees the system of risk management and internal control of the Group and continuously communicates any significant matters to the Board. The Board considered that the Group's risk management and internal control systems were effective and adequate during the Year under review.

The Audit Committee has annually reviewed the adequacy of resources, qualifications, experience and training programs of the Group's accounting and financial reporting staff and considered that staffing is adequate. All staff has sufficient competence to carry out their roles and responsibilities.

Findings and recommendations concerning improvements to the Group's internal controls have been reviewed by the Audit Committee and the Board. The Board considered the Group's risk management system and internal control system of the Group, including the adequacy of resources, qualifications and experience of staff of the accounting, internal audit, and financial reporting function, and their training programs and budget, are effective and adequate, and have complied with provisions of the CG Code during the Year.

The Board is pleased to present to the Shareholders their annual report together with the audited financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the marketing, selling and manufacturing of healthcare products primarily targeting at children, among which “Hin Sang (衍生)” has been a long established reputable brand. To align with the consumers' trend, the Group continues to expand the e-commerce business through electronic platforms. To leverage on existing resources to increase profit, the Group also trades in personal care products of reputable brands. Details of principal activities of the Company’s principal subsidiaries are set out in note 38 to the consolidated financial statements. There has been no significant change in the principal business of the Group during the Year. The segment information of the operations of the Group for the Year is set out in note 7 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group for the Year including a fair review of the business and discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the year ended 31 March 2026 (if any), indication of likely future developments in the Group’s business, certain financial key performance indicators which complement and supplement our financial disclosures, an account of the Company’s relationships with its stakeholders, and the environmental policies and performance of the Group are set out in the sections namely “Chairman’s Statement”, “Management Discussion and Analysis”, “Corporate Governance Report”, “Five Years Financial Summary”, and “Environmental, Social and Governance Report” of this annual report. These discussions form part of this Report of the Directors. The Group complies with the requirements under the Companies Ordinance, the Listing Rules and the Securities and Futures Ordinance (“**SFO**”) for the disclosure of information and corporate governance.

OPERATING RESULTS AND RESERVES

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on pages 91 to 92 of this annual report. The details of the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on page 95 and note 39 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company’s reserves available for distribution to Shareholders as at 31 March 2026 were approximately HK446.4 million. Under the Companies Act of the Cayman Islands, subject to the provisions of memorandum of association of the Company or the Articles of Association, the Company’s share premium account may be applied to pay distributions or dividends to shareholders provided that immediately following the date of distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the Year (2025: Nil).

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to its Shareholders by reason of their holding of the Company's securities.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of the movement in the investment properties of the Group are set out in note 19 to the consolidated financial statements.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company, the register of members of the Company will be closed from Monday, 21 September 2026 to Thursday, 24 September 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the above meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Friday, 18 September 2026.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on 24 September 2026 and the notice of AGM will be published and dispatched to Shareholders in due course.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 172 of this annual report.

SHARE CAPITAL

Details of the movements in share capital of the Company during the Year are set out in note 30 to the consolidated financial statements.

SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 March 2026 are set out in note 38 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold and redeemed any of the Shares (including sale of treasury shares (as defined in the Listing Rules)) during the Year.

CHARITABLE DONATIONS

The Group's total charitable donations for the Year amounted to approximately HK$46,000.

MAJOR CUSTOMERS AND SUPPLIERS

The followings are the percentage of sales and purchases attributable to the major customers and suppliers of the Group for the Year:

Sales

– the largest customer	13.7%
– the five largest customers	45.9%

Purchases

– the largest supplier	28.3%
– the five largest suppliers	62.9%

During the Year, none of the Directors, or any of their close associates, or any Shareholders, who to the knowledge of the Directors hold over 5% of the issued share capital (excluding treasury shares) of the Company, had any beneficial interest in the major customers or suppliers of the Group noted above.

MANAGEMENT CONTRACTS

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

DIRECTORS

The Directors of the Company during the Year were as follows:

Executive Directors

Mr. Pang Siu Hin *(Suspended duties on 15 April 2026 and resigned on 8 June 2026)*
Ms. Kwan Lai Man *(Chairperson and Co-Chief Executive Officer) (Appointed as Acting Chairperson on 15 April 2026 and appointed as Chief Executive Officer on 20 April 2026 and re-designated as Co-Chief Executive Officer on 20 May 2026 and re-designated as Chairperson on 8 June 2026)*
Mr. Ma Chi Wai, Vincent *(alias: Ma Chun Wai, Steven) (Vice Chairman and Co-Chief Executive Officer) (Appointed as Executive Director, Vice Chairman and Co-Chief Executive Officer on 20 May 2026)*
Ms. Pang Tsz Yan *(Appointed on 20 April 2026)*

Non-executive Directors

Ms. Wong Wai Ling *(Resigned on 1 April 2025)*
Ms. Tian Shanshan

Independent Non-executive Directors

Mr. Lau Chi Kit
Mr. Lee Luk Shiu
Dr. Tang Sing Hing, Kenny

Pursuant to Article 108(a) and (b) of the Articles of Association, at each AGM one-third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every 3 years. A retiring Director shall be eligible for re-election. The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself/herself for re-election. In addition, code provision B.2.2 of the CG Code also stipulates that each Director should be subject to retirement by rotation at least once every three years.

Pursuant to Article 112 of the Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting.

Mr. Ma Chi Wai, Vincent (alias: Ma Chun Wai, Steven), Ms. Pang Tsz Yan and Mr. Lee Luk Shiu will retire at the forthcoming AGM and, being eligible, will offer themselves for re-election as Directors at the AGM.

The Company has received annual confirmation from the three independent non-executive Directors in respect of their respective independence in accordance with the independence guidelines set forth in Rule 3.13 of the Listing Rules and considers that they are independent.

BIOGRAPHIES DETAILS OF DIRECTORS

Biographical details of the Directors of the Group are set out on pages 17 to 19 of this annual report.

DIRECTORS' SERVICE CONTRACT

Each of the executive Directors and non-executive Directors has entered into a service agreement with the Company. Each service contract is for an initial term of three years and shall continue thereafter unless and until it is terminated by the Company or the Director giving to the other not less than three months' prior notice in writing.

Each of the independent non-executive Directors has entered into a service agreement with the Company under which each of them is appointed for a period of one year.

No Director (including the Directors proposed to be re-elected at the forthcoming annual general meeting of the Company) has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2026, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions of which they were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were required to be disclosed, under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules were as follows:

Long Position in Shares and the Underlying Shares of the Company

Name of Director	Capacity	Number of Shares held	Number of options held	Approximate percentage of shareholding (Note 3)
Mr. Pang Siu Hin	Beneficial owner	–	2,685,000	0.25%
	Interest of spouse (Note 1)	13,608,000	2,685,000	1.49%
	Interest of a controlled corporation and family interest (Note 2)	554,242,000	–	50.76%
		567,850,000	5,370,000	52.50%
Ms. Kwan Lai Man	Beneficial owner	13,608,000	2,685,000	1.49%
	Interest of spouse (Note 1)	–	2,685,000	0.25%
	Interest of a controlled corporation and family interest (Note 2)	554,242,000	–	50.76%
		567,850,000	5,370,000	52.50%

Note 1: Mr. Pang Siu Hin and Ms. Kwan Lai Man are married couple. Each of Mr. Pang Siu Hin and Ms. Kwan Lai Man is therefore deemed to be interested in the Shares and the underlying Shares held by each other under the SFO.

Note 2: Genwealth is beneficially owned as to 90% by Mr. Pang Siu Hin and 10% by Ms. Kwan Lai Man. Accordingly, Mr. Pang Siu Hin and Ms. Kwan Lai Man are deemed to be interested in the 554,242,000 Shares held by Genwealth under the SFO.

Note 3: This percentage was compiled based on the Shares in issue as at 31 March 2026 (i.e. 1,091,796,000 shares).

Long Position in Genwealth, an Associated Corporation of the Company

Name of Director	Capacity	Number of Shares held	Approximate percentage of shareholding
Mr. Pang Siu Hin	Beneficial owner	36,000	90%
Ms. Kwan Lai Man	Beneficial owner	4,000	10%

Save as disclosed above, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions therein that they shall be deemed to have pursuant to such provisions of the SFO), or any interests or short positions which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or any interests or short positions which have to be notified to the Company and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2026, so far as it is known to the Directors or chief executives of the Company, the following persons, not being a Director or chief executive of the Company, had, or were deemed or taken to have an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Long Position in Shares

Name	Capacity	Number of Shares held	Approximate percentage of interest (Note 2)
Genwealth	Beneficial owner	554,242,000	50.76%
Viewforth Limited	Beneficial owner (Note 1)	250,000,000	22.90%
Fullshare	Interest in a corporation (Note 1)	250,000,000	22.90%

Note 1: The 250,000,000 Shares are held by Viewforth Limited. Viewforth Limited is wholly-owned by Fullshare and therefore, Fullshare is deemed to be interested in the same number of Shares held by Viewforth Limited under the SFO.

Note 2: This percentage was compiled based on the Shares in issue as at 31 March 2026 (i.e. 1,091,796,000 shares).

Save as disclosed above, so far as it is known to the Directors or chief executives of the Company, there was no other person (other than a Director or chief executive of the Company) who had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of the Company required to be kept under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the Year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective associates nor was the Company and any of its subsidiaries a party to any arrangement to enable the Directors or their respective associates to acquire such rights in any other body corporate.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Share Option Schemes" in this report, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Year or subsisted at the end of the Year.

SHARE OPTION SCHEMES

The Company adopted the Share Option Scheme on 25 September 2014. The Share Option Scheme shall be valid and effective for a period of ten years commencing on 16 October 2014 and therefore expired on 15 October 2024. Upon its expiry, no further options were granted but the options granted before expiration shall continue to be valid and exercisable in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. The rules of the Share Option Scheme do not restrictively specify the vesting period of options granted thereunder.

The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions that Eligible Participants (as defined below) have made or may make to the Group so as to motivate the Eligible Participants to optimise their performance and efficiency for the benefit of the Group, and attract, retain or otherwise maintain ongoing business relationship with the Eligible Participants whose contributions are, will or expected to be beneficial to the Group.

Under the Share Option Scheme, the Board may at its discretion grant options to (i) any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company (the "**Affiliate**"); (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or (iii) a company beneficially owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate (the "**Eligible Participants**").

Each option gives the holder the right to subscribe for one Share. The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the total number of Shares in issue from time to time.

No option may be granted to any Eligible Participant which, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the options already granted or to be granted to such Eligible Participant under the Share Option Scheme (including exercised, cancelled and outstanding share options) in any 12-month period up to and including the date of such grant exceeding 1% in aggregate of the Shares in issue as at the date of such grant. Any grant of further options above this limit shall be subject to the approval of the Shareholders at general meeting, with such grantee and his or her close associates or associates, as applicable, abstaining from voting.

An offer of grant of share options shall be deemed to have been accepted when the offer letter has been duly signed and a consideration of HK$1.00 has been paid by the grantee.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. The Share Option Scheme does not specify any minimum period for which an option must be held before it can be exercised, which is to be determined by the Board upon the grant of an option.

The exercise price of option Shares is determined by the Board and shall not be less than the highest of (i) the closing price of the Share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option, which must be a business day; (ii) an amount equivalent to the average closing price of the Share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the relevant option; and (iii) the nominal value of the Share on the date of grant.

During the Year, 1,860,000 share options were lapsed, no share options were granted, exercised or cancelled under the Share Option Scheme. As at the date of this annual report, the total number of Shares available for issue under the Share Option Scheme was 4,410,000 Shares, representing approximately 0.4% of the total number of issued Shares (excluding treasury shares) at such date.

The following table discloses the movements in the outstanding share options granted under the Share Option Scheme during the Year:

				Number of share options					
Category or name of participant	Date of grant	Exercise price per share HK$	Exercise period (Note)	Outstanding as at 1 April 2025	Granted during the Year	Exercised during the Year	Lapsed during the Year	Cancelled during the Year	Outstanding as at 31 March 2026
Directors									
Mr. Pang Siu Hin	28/04/2015	1.46	28/04/2017–27/04/2025	225,000	-	-	(225,000)	-	-
	28/04/2015	1.46	28/04/2018–27/04/2025	300,000	-	-	(300,000)	-	-
	03/10/2016	2.144	03/10/2017–02/10/2026	324,000	-	-	-	-	**324,000**
	03/10/2016	2.144	03/10/2018–02/10/2026	324,000	-	-	-	-	**324,000**
	03/10/2016	2.144	03/10/2019–02/10/2026	432,000	-	-	-	-	**432,000**
	21/12/2017	1.412	21/12/2018–20/12/2027	324,000	-	-	-	-	**324,000**
	21/12/2017	1.412	21/12/2019–20/12/2027	324,000	-	-	-	-	**324,000**
	21/12/2017	1.412	21/12/2020–20/12/2027	432,000	-	-	-	-	**432,000**
				2,685,000	-	-	(525,000)	-	**2,160,000**
Ms. Kwan Lai Man	28/04/2015	1.46	28/04/2017–27/04/2025	225,000	-	-	(225,000)	-	-
	28/04/2015	1.46	28/04/2018–27/04/2025	300,000	-	-	(300,000)	-	-
	03/10/2016	2.144	03/10/2017–02/10/2026	324,000	-	-	-	-	**324,000**
	03/10/2016	2.144	03/10/2018–02/10/2026	324,000	-	-	-	-	**324,000**
	03/10/2016	2.144	03/10/2019–02/10/2026	432,000	-	-	-	-	**432,000**
	21/12/2017	1.412	21/12/2018–20/12/2027	324,000	-	-	-	-	**324,000**
	21/12/2017	1.412	21/12/2019–20/12/2027	324,000	-	-	-	-	**324,000**
	21/12/2017	1.412	21/12/2020–20/12/2027	432,000	-	-	-	-	**432,000**
				2,685,000	-	-	(525,000)	-	**2,160,000**

Category or name of participant	Date of grant	Exercise price per share HK$	Exercise period (Note)	Number of share options outstanding as at 1 April 2025	granted during the Year	exercised during the Year	lapsed during the Year	cancelled during the Year	outstanding as at 31 March 2026
Employees									
Employees at aggregate	28/4/2015	1.46	28/4/2017–27/4/2025	90,000	-	-	(90,000)	-	-
	28/4/2015	1.46	28/4/2018–27/4/2025	120,000	-	-	(120,000)	-	-
	18/11/2016	2.264	18/11/2017–17/11/2026	27,000	-	-	-	-	27,000
	18/11/2016	2.264	18/11/2018–17/11/2026	27,000	-	-	-	-	27,000
	18/11/2016	2.264	18/11/2019–17/11/2026	36,000	-	-	-	-	36,000
				300,000	-	-	(210,000)	-	90,000
Consultant									
Consultant	28/4/2015	1.46	28/4/2016–27/4/2025	180,000	-	-	(180,000)	-	-
	28/4/2015	1.46	28/4/2017–27/4/2025	180,000	-	-	(180,000)	-	-
	28/4/2015	1.46	28/4/2018–27/4/2025	240,000	-	-	(240,000)	-	-
				600,000	-	-	(600,000)	-	-
Total				6,270,000	-	-	(1,860,000)	-	4,410,000

Note:

1. The options granted on 28 April 2015 are exercisable in the following manner:

   - 30% of the options shall vest on and be exercisable from 28 April 2016;
   - 30% of the options shall vest on and be exercisable from 28 April 2017; and
   - 40% of the options shall vest on and be exercisable from 28 April 2018.

2. The options granted on 3 October 2016 are exercisable in the following manner:

   - 30% of the options shall vest on and be exercisable from 3 October 2017;
   - 30% of the options shall vest on and be exercisable from 3 October 2018; and
   - 40% of the options shall vest on and be exercisable from 3 October 2019.

3. The options granted on 18 November 2016 are exercisable in the following manner:

   - 30% of the options shall vest on and be exercisable from 18 November 2017;
   - 30% of the options shall vest on and be exercisable from 18 November 2018; and
   - 40% of the options shall vest on and be exercisable from 18 November 2019.

4. The options granted on 21 December 2017 are exercisable in the following manner:

- 30% of the options shall vest on and be exercisable from 21 December 2018;
- 30% of the options shall vest on and be exercisable from 21 December 2019; and
- 40% of the options shall vest on and be exercisable from 21 December 2020.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTION, ARRANGEMENT AND CONTRACT OF SIGNIFICANCE

Other than those transactions disclosed in note 33 to the consolidated financial statements, no transaction, arrangement or contract of significance to which the Company, its holding company or any of its subsidiaries was a party and in which any Director, or any of his or her connected entity, or Controlling Shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2026, the Directors were not aware of any business or interest of the Directors and their respective associates that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

REMUNERATION FOR DIRECTORS

In compliance with the CG Code, the Company has established the Remuneration Committee to formulate remuneration policies. Directors' remuneration are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to Directors' duties and responsibilities, the recommendations of the Remuneration Committee and the performance and results of the Group. Details of the remuneration of the Company's Directors are set out in note 13 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISIONS

The Articles of Association provides that the Directors, secretary or other officers of the Company shall be entitled to be indemnified out of the assets and profit of the Company from and against all actions, costs, charges, losses, damages and expenses which he or she may incur or sustain or about the execution of their duties in their respective offices. In addition, the Company has maintained appropriate directors and officers liability insurance in respect of the relevant legal actions against the Directors.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company, and within the knowledge of the Directors, as at the date of this annual report, the Company has maintained a sufficient public float under the Listing Rules since the date of the Listing to 31 March 2026.

DEED OF NON-COMPETITION

The Controlling Shareholders, including the company wholly owned by each of them respectively, have confirmed to the Company of their compliance with the non-competition undertakings provided to the Company under the Deed of Non-Competition disclosed in the Corporate Governance Report. The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the deed of non-competition have been complied with by the Controlling Shareholders and duly enforced since the Listing Date and up to the date of this annual report.

CORPORATE GOVERNANCE

Please see the “Corporate Governance Report” set out on pages 53 to 72 of this annual report for details of its compliance with the Corporate Governance Code.

AUDITORS

HLB Hodgson Impey Cheng Limited will retire as auditors of the Company at the forthcoming annual general meeting of the Company and a resolution for its re-appointment will be proposed at the said meeting. Save as disclosed above, there was no change in auditors during the past three years.

RELATED PARTIES TRANSACTIONS

Details of the significant related party transactions undertaken in the normal course of business are set out in note 33 to the consolidated financial statements, and none of which falls under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules.

SPECIFIC PERFORMANCE OBLIGATIONS OF CONTROLLING SHAREHOLDERS UNDER RULE 13.18 OF THE LISTING RULES

As at 31 March 2026, the Company did not have disclosure obligations under Rule 13.18 of the Listing Rules.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Year and up to date of this annual report, the Board was not aware of any non-compliance with the applicable laws and regulations, including the articles of association of the Company, the laws of the Cayman Islands, the Listing Rules, other laws and regulations, which have a significant impact on the Company.

EVENTS AFTER THE REPORTING PERIOD

On 15 April 2026, the Board became aware that Mr. Pang, the previous chairman, the previous chief executive officer and an executive director of the Company, is currently being held in criminal custody (the "**Criminal Custody**") by the Public Security Bureau* (公安局) in the PRC. Given that Mr. Pang has not been able to discharge his duties as the chairman, the chief executive officer and an executive Director as a result of the Criminal Custody, the Board has resolved on 15 April 2026 to suspend all administrative and executive duties and powers of Mr. Pang as the chairman, the chief executive officer and an executive Director with immediate effect until further notice. Ms. Kwan was appointed as the Acting Chairperson of the Board on the same date. On 8 June 2026, Mr. Pang resigned as executive Director of the Company and Ms. Kwan was re-designated as chairperson of the Company. For details, please refer to the announcements of the Company dated 15 April 2026 and 8 June 2026.

Save as disclosed above, the Board is not aware of any significant event that has occurred after 31 March 2026 and up to the date of this annual report which requires disclosure.

By Order of the Board
Kwan Lai Man
Chairperson
Hong Kong, 30 June 2026

INDEPENDENT AUDITORS' REPORT

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE MEMBERS OF

HIN SANG GROUP (INTERNATIONAL) HOLDING CO. LTD.

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Hin Sang Group (International) Holding Co. Ltd. (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 91 to 171, which comprise the consolidated statement of financial position as at 31 March 2026, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK$45,517,000 during the year ended 31 March 2026 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$297,770,000. As stated in note 2, these events or conditions, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of property, plant and equipment and right-of-use assets	
Refer to notes 17 and 18 in the consolidated financial statements.	Our procedures in relation to the impairment assessment of property, plant and equipment and right-of-use assets included but not limited to:
As at 31 March 2026, the carrying amounts of the Group's property, plant and equipment and right-of-use assets were approximately HK$263,276,000 and HK$181,816,000 respectively. The Group incurred a net loss during the year ended 31 March 2026. Management concluded that there was impairment indication and conduced a review of the recoverable amounts of property, plant and equipment and right-of-use assets as at 31 March 2026.	• Assessing management's impairment assessment models, which included evaluating the impairment indicators identified by management and assessing the impairment assessment methodology adopted; • Assessing management's identification of cash-generating unit ("**CGU**") and the allocation of assets to each CGU with reference to our understanding of the Group's business;
Management assessed whether there was any impairment of the carrying amounts of property, plant and equipment and right-of-use assets as at 31 March 2026 using value-in-use calculation or fair value less cost of disposal. Preparing the value-in-use calculation requires management to exercise significant judgement, particularly in relation to revenue forecasts, gross profit margin and discount rates. Preparing the fair value valuation requires management to exercise significant judgement including selection of comparable sales information available in the relevant market.	• Checking on a sampling basis, the mathematical accuracy of the calculations of the valuation; and • Assessing the appropriateness of the methodology used and reasonableness of the key assumptions made.
We identified impairment assessment of property, plant and equipment and right-of-use assets as a key audit matter due to the significance of the balance on the consolidated statement of financial position as at 31 March 2026 and the significant judgements and critical assumptions applied by management in the impairment assessment.	

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon (the "**Other Information**").

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

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

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

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

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

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

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

The engagement director on the audit resulting in this independent auditors' report is Mr. Lo Kin Kei (practising certificate number: P06413).

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Hong Kong, 30 June 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2026

	Notes	**2026** **HK$'000**	2025 HK$'000
Revenue	6	**104,603**	91,887
Cost of sales		**(40,804)**	(31,604)
Gross profit		**63,799**	60,283
Other income	8	**2,776**	3,666
Other gains and losses, net	9	**(22,987)**	(10,842)
Selling and distribution expenses		**(11,731)**	(14,937)
Administrative and other operating expenses		**(61,516)**	(68,943)
Finance costs	10	**(15,472)**	(18,553)
Loss before tax		**(45,131)**	(49,326)
Income tax expense	11	**(386)**	(94)
Loss for the year	12	**(45,517)**	(49,420)
Other comprehensive income/(expense)			
Item that will not be reclassified to profit or loss:			
Fair value gain/(loss) on financial assets at fair value through other comprehensive income		**154**	(4,851)
Items that may be reclassified subsequently to profit or loss:			
Reclassification of cumulative translation reserve upon disposal of a foreign operation		**(444)**	-
Exchange differences on translating foreign operations		**4,171**	1,056
Other comprehensive income/(expense) for the year		**3,881**	(3,795)
Total comprehensive expense for the year		**(41,636)**	(53,215)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2026

	Notes	2026 HK$'000	2025 HK$'000
Loss for the year attributable to:			
Owners of the Company		**(45,826)**	(49,362)
Non-controlling interests		**309**	(58)
		(45,517)	(49,420)
Total comprehensive expense for the year attributable to:			
– Owners of the Company		**(42,205)**	(53,556)
– Non-controlling interests		**569**	341
		(41,636)	(53,215)
Loss per share	15		
– Basic (HK cents)		**(4.20)**	(4.52)
– Diluted (HK cents)		**(4.20)**	(4.52)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2026

	Notes	2026 HK$'000	2025 HK$'000
Non-current assets			
Property, plant and equipment	17	**263,276**	268,209
Right-of-use assets	18	**181,816**	198,989
Investment properties	19	**11,256**	11,247
Financial assets at fair value through profit or loss	20	**6,975**	6,683
Financial assets at fair value through other comprehensive income	21	**23,259**	23,105
Deferred tax assets	29	**-**	393
		486,582	508,626
Current assets			
Inventories	22	**10,166**	13,106
Trade and other receivables	23	**12,433**	14,036
Financial assets at fair value through profit or loss	20	**5,919**	6,522
Current tax assets		**-**	83
Bank balances and cash	24	**15,889**	13,352
		44,407	47,099
Total assets		**530,989**	555,725
Current liabilities			
Trade and other payables	25	**37,136**	34,309
Contract liabilities	26	**18,260**	20,891
Bank and other borrowings	27	**286,453**	212,210
Lease liabilities	28	**328**	309
		342,177	267,719
Net current liabilities		**(297,770)**	(220,620)
Total assets less current liabilities		**188,812**	288,006

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2026

	Notes	2026 HK$'000	2025 HK$'000
Non-current liabilities			
Bank and other borrowings	27	73,365	130,593
Lease liabilities	28	969	1,297
		74,334	131,890
Net assets		114,478	156,116
Capital and reserves			
Share capital	30	109,180	109,180
Reserves		3,895	46,100
Equity attributable to owners of the Company		113,075	155,280
Non-controlling interests		1,403	836
Total equity		114,478	156,116

The consolidated financial statements on pages 91 to 171 were approved and authorised for issue by the Board of Directors on 30 June 2026 and are signed on its behalf by:

Kwan Lai Man
Director

Pang Tsz Yan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2026

	Share capital HK$'000 (Note 30)	Share premium HK$'000	Merger reserve HK$'000 (Note)	Revaluation reserve HK$'000	Foreign currency translation reserve HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Subtotal HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2024	109,180	705,890	(71,463)	(442,709)	(15,824)	8,952	(85,190)	208,836	495	209,331
Loss for the year	-	-	-	-	-	-	(49,362)	(49,362)	(58)	(49,420)
Other comprehensive (expense)/income for the year										
Fair value loss on financial assets at fair value through other comprehensive income	-	-	-	(4,851)	-	-	-	(4,851)	-	(4,851)
Exchange differences on translating foreign operations	-	-	-	-	657	-	-	657	399	1,056
Total comprehensive expense for the year	-	-	-	(4,851)	657	-	(49,362)	(53,556)	341	(53,215)
Lapse of share options	-	-	-	-	-	(5,024)	5,024	-	-	-
At 31 March 2025	109,180	705,890	(71,463)	(447,560)	(15,167)	3,928	(129,528)	155,280	836	156,116
Loss for the year	-	-	-	-	-	-	(45,826)	(45,826)	309	(45,517)
Other comprehensive income/(expense) for the year										
Fair value gain on financial assets at fair value through other comprehensive income	-	-	-	154	-	-	-	154	-	154
Reclassification of cumulative translation reserve upon disposal of a foreign operation	-	-	-	-	(444)	-	-	(444)	-	(444)
Exchange differences on translating foreign operations	-	-	-	-	3,911	-	-	3,911	260	4,171
Total comprehensive expense for the year	-	-	-	154	3,467	-	(45,826)	(42,205)	569	(41,636)
Disposal of a non-controlling interest	-	-	-	-	-	-	-	-	(2)	(2)
Lapse of share options	-	-	-	-	-	(1,247)	1,247	-	-	-
At 31 March 2026	109,180	705,890	(71,463)	(447,406)	(11,700)	2,681	(174,107)	113,075	1,403	114,478

Note: The merger reserve represents the difference between the share capital of the Company and the aggregate amount of share capital of other companies comprising the Group pursuant to the group reorganisation, after elimination of intra-group investments.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2026

	2026 HK$'000	2025 HK$'000
Cash flows from operating activities		
Loss before tax	(45,131)	(49,326)
Adjustments for:		
Finance costs	15,472	18,553
Interest income	(6)	(43)
Loss on disposal of property, plant and equipment	-	115
Depreciation of right-of-use assets	6,954	6,970
Depreciation of property, plant and equipment	6,024	7,236
Loss on fair value change of financial assets at fair value through profit or loss	311	1,244
Loss on disposal of financial assets at fair value through profit or loss	-	22
Loss on fair value change of investment properties	617	720
Reversal of impairment loss recognised on trade receivables under expected credit loss model	(160)	(1,354)
Write-down of inventories	950	-
Impairment loss recognised on property, plant and equipment	10,210	8,194
Impairment loss recognised on right-of-use assets	12,220	1,021
Gain on lease termination	-	(15)
Operating cash flows before movements in working capital	7,461	(6,663)
Decrease in inventories	7,176	7,547
Decrease/(Increase) in trade and other receivables	1,380	(676)
Increase/(Decrease) in trade and other payables	1,412	(3,758)
(Decrease)/Increase in contract liabilities	(3,445)	4,036
Cash generated from operations	13,984	486
Income tax refunded	90	197
Income tax paid	-	(45)
Net cash generated from operating activities	14,074	638

	2026 HK$'000	2025 HK$'000
Cash flows from investing activities		
Interest received	6	43
Purchases of property, plant and equipment	(2,523)	(4,911)
Proceed from disposal of financial assets at fair value through profit or loss	-	142
Net cash outflow on disposal of subsidiaries	(4)	-
Net cash used in investing activities	(2,521)	(4,726)
Cash flows from financing activities		
Interest paid	(14,423)	(18,472)
New other borrowings raised	25,067	29,520
New bank borrowings raised	334,652	251,875
Repayments of bank and other borrowings	(354,646)	(256,219)
Repayments of lease liabilities	(392)	(433)
Net cash (used in)/generated from financing activities	(9,742)	6,271
Net increase in cash and cash equivalents	1,811	2,183
Cash and cash equivalents at the beginning of year	13,352	11,232
Effect of foreign exchange rates changes	726	(63)
Cash and cash equivalents at the end of year	15,889	13,352
Representing:		
Bank balances and cash	15,889	13,352

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its parent and ultimate parent is Genwealth Group Holding Company Limited, a company incorporated in the British Virgin Islands. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Group is principally engaged in developing, marketing, selling and distributing of personal care products, healthcare products and household products as well as provision of Chinese medical healthcare related services.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

The Group incurred a net loss of approximately HK$45,517,000 during the year ended 31 March 2026 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$297,770,000. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as going concern.

In view of these circumstances, the Group has been continuously implementing measures to improve its profitability and operating performance and to mitigate the liquidity pressure. These measures include (1) implementing business strategies to enhance the production efficiency of the Group's own brand products and aiming to reduce the product cost by self-production, (2) continuing its measures to control administrative and operating costs, and (3) looking for other sources of finance including equity financing to enhance the capital structure and reduce the overall finance costs.

With respect to the Group's financing facilities, the Group maintains continuous communication with its principal banks and lenders. The directors of the Company are not aware of any intention of the principal banks and lenders to withdraw their financing facilities or require early repayment of the borrowings. Taking into account the good track record and relationships with the banks and lenders and the fair value of the pledged properties, the directors of the Company believe that the Group will be able to renew the financing facilities upon maturity dates.

Subsequent to the end of the reporting period, Ms. Kwan Lai Man, the executive director of the Company, has advanced approximately HK$13,584,000 to the Group, which is unsecured and interest-free, so as to enhance the liquidity management of the Group.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

The directors of the Company have assessed the Group's cash flow projections cover a period of not less than twelve months from 31 March 2026. The key factors that are taken into account by management in the cash flow projections include the anticipated cash flows from the Group's operations, capital expenditures and continuous availability of banking and other credit facilities. The Group's ability to achieve the projected cash flows depends on management's ability to successfully implement the aforementioned improvement measures on profitability and liquidity and the continuous availability of banking and other credit facilities.

As at the date of approval of the consolidated financial statements, the Group has unutilised banking and other credit facilities of approximately HK$123 million and the directors of the Company manage the Group's assets portfolio and capital structure from time to time and consider to sell assets to reduce debt when necessary. The directors of the Company are of the opinion that, taking into account the expected renewals of the Group's borrowings and the unutilised banking and other credit facilities, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 March 2026. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Hong Kong Accounting Standard ("**HKAS**") 2 Inventories or value in use in HKAS 36 Impairment of Assets.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability

The directors of the Company considered that the application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/ or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[1]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[1]
Amendments to HKFRS Accounting Standards	Annual Improvement of HKFRS Accounting Standards – Volume 11[1]
HKFRS 18	Presentation and Disclosure in Financial Statements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2026.
2 Effective for annual periods beginning on or after 1 January 2027.
3 Effective for annual periods beginning on or after a date to be determined.

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(Continued)*

New and amendments to HKFRS Accounting Standards in issue but not yet effective *(Continued)*

HKFRS 18 *Presentation and Disclosure in Financial Statements*

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1 *Presentation of Financial Statements*, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management defined performance measures (MPMs) 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* (the title of which will be changed to Basis of Preparation of Financial Statements upon effective of HKFRS 18) 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. HKFRS 18 requires retrospective application with specific transition provisions. The application of HKFRS 18 is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss. Additional disclosures required for the Group's MPMs will be disclosed in a separate note to the consolidated financial statements.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The consolidated financial statements incorporate 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.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

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.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non- controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Basis of consolidation *(Continued)*

Changes in the Group's interests in existing subsidiaries (Continued)

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments ("**HKFRS 9**") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Revenue from contracts with customers *(Continued)*

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Refund liabilities

The Group recognises a refund liability if the Group expects to refund some or all of the consideration received from customers.

Sale with a right of return/exchange

For a sale of products with a right of return/exchange for dissimilar products, the Group recognises all of the following:

(a) revenue for the transferred products in the amount of consideration to which the Group expects to be entitled (therefore, revenue would not be recognised for the products expected to be returned/exchanged);

(b) a refund liability/contract liability; and

(c) an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers and are presented as right to returned goods asset.

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 lease 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 lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- 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 in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, 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 statement of financial position. Right-of- use assets that meet the definition of investment property are presented within “investment properties”.

Lease liabilities

At the commencement date of a lease, the Group recognises 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Lease liabilities (continued)

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

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 or there is a change in the assessment of exercise of a purchase option, 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 cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease is modified an the lease modification is not accounted for as a separate lease (see below for the accounting policy for "lease modifications").

The Group presents lease liabilities as a separate line item on the consolidated statement 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Lease modifications (continued)

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 recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Government grants

Government grants are not recognised 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 recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised 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 recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Share-based payments

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Share-based payments *(Continued)*

Share options granted to employees (continued)

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

Share options granted to non-employees

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 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 recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 utilised. Such deferred tax assets and liabilities are not recognised 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. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Taxation *(Continued)*

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 realised, based on tax rate (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.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that is it probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

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 recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Buildings in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group’s accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Property, plant and equipment *(Continued)*

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 statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. 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.

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained profits.

Depreciation is recognised so as to write off the cost of assets other than properties under construction 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 derecognised 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 recognised 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 recognised 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 their fair values, 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 derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. A leased property which is recognised as a right-of-use asset is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. 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 derecognised.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

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 amounts 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 recognised 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 recognised 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 recognised immediately in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) 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

(b) 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.

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. Cost necessary to make the sale included incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

Provisions are recognised 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 recognised 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 (where the effect of the time value of money is material).

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised 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.

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. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

The effective interest method is a method of calculating the amortised 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

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is 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.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments ***(Continued)***

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, 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 recognised by applying the effective interest rate to the amortised 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 recognised 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.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, and is transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses, net" line item.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade receivables, deposits and other receivables and bank balances) 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. Assessment 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 both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised 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.

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;

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(i) Significant increase in credit risk *(Continued)*

- 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.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

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:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(iii) Credit-impaired financial assets *(continued)*

(c) 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

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(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, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. 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 recognised 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. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

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.

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(v) Measurement and recognition of ECL *(Continued)*

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 amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses, net' line item as part of the net foreign exchange gains;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses, net' line item as part of the gain on fair value changes of financial assets at fair value through profit or loss.
- For equity instrument measured at FVTOCI, exchange differences are recognised in other comprehensive income in the revaluation reserve.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

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 Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities at amortised cost

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses, net' line item in profit or loss as part of net foreign exchange gains for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Derecognition of financial liabilities

The Group derecognises 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 derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, management is 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 ongoing basis. Revisions to accounting estimates are recognised 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 are the key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment loss on trade receivables

The Group uses practical expedient in estimating ECL on trade receivables using a provision matrix. The provision rates are based on ageing of debtors as groupings of various debtors taking into consideration the Group's historical default rates, the credit rating of the debtors and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The loss allowance is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in note 37.

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

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the asset belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

6. REVENUE

The following is an analysis of the Group's revenue:

	2026 HK$'000	2025 HK$'000
Sales of goods	**104,123**	91,259
Provision of healthcare services	**480**	628
	104,603	91,887

(i) Disaggregation of revenue from contracts with customers

For the year ended 31 March 2026

Segments	Product Development Segment HK$'000	Brand Development and Management Segment HK$'000	Trading of Goods Segment HK$'000	Healthcare Segment HK$'000	Total HK$'000
Type of goods or services					
Sales of healthcare products	103,162	-	135	-	103,297
Sales of personal care products	82	490	-	-	572
Sales of household products	254	-	-	-	254
Healthcare services	-	-	-	480	480
Total	103,498	490	135	480	104,603
Geographical markets					
Hong Kong, China	58,259	490	-	-	58,749
Mainland China	45,239	-	135	480	45,854
Total	103,498	490	135	480	104,603
Timing of revenue recognition					
A point in time	103,498	490	135	480	104,603

6. REVENUE *(Continued)*

(i) Disaggregation of revenue from contracts with customers *(Continued)*

For the year ended 31 March 2025

Segments	Product Development Segment HK$'000	Brand Development and Management Segment HK$'000	Trading of Goods Segment HK$'000	Healthcare Segment HK$'000	Total HK$'000
Type of goods or services					
Sales of healthcare products	89,838	-	-	-	89,838
Sales of personal care products	159	838	349	-	1,346
Sales of household products	75	-	-	-	75
Healthcare services	-	-	-	628	628
Total	90,072	838	349	628	91,887
Geographical markets					
Hong Kong, China	56,127	838	349	-	57,314
Mainland China	33,945	-	-	628	34,573
Total	90,072	838	349	628	91,887
Timing of revenue recognition					
A point in time	90,072	838	349	628	91,887

6. REVENUE *(Continued)*

(ii) Performance obligations for contracts with customers

Sales of healthcare products, personal care products and household products

The Group sells healthcare products, personal care products and household products to retailers and distributors and directly to customers both through its retail outlets and through online sales.

For sales of goods to retailers and distributors, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to their specific location. Following delivery, the retailers and the distributors have full discretion over the manner of distribution and price to sell the goods, have the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods.

For sales of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods.

For online sales, revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Delivery occurs when the goods have been delivered to the customer's specific location.

Healthcare services

The Group provides mother-infant Chinese medical healthcare services. Generally, the Group charges one-off healthcare service fee based on an agreed pricing for a specific healthcare service. Revenue from providing this healthcare service is recognised at a point in time when the services are rendered.

(iii) Transaction price allocated to the remaining performance obligations for contract with customers

All the sales of healthcare products, personal care products and household products and provision of healthcare services are for periods of one year or less. As permitted by HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

7. SEGMENT INFORMATION

Information reported to the board of directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. Specifically, the Group's reportable and operating segments under "HKFRS 8 Operating Segments" are as follows:

1. Product Development Segment – sales of own developed and brand products

2. Brand Development and Management Segment – sales and distribution of products with distribution rights

3. Trading of Goods Segment – sales and distribution of other products purchased from authorised dealers, independent traders, manufacturers or parallel importers

4. Healthcare Segment – development of mother and child related health products, medical centre and related services

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the year ended 31 March 2026

	Product Development Segment HK$'000	Brand Development and Management Segment HK$'000	Trading of Goods Segment HK$'000	Healthcare Segment HK$'000	Total HK$'000
Revenue					
External sales	103,498	490	135	480	104,603
Segment (loss)/profit	(23,831)	81	(22)	(469)	(24,241)
Interest income					6
Loss on fair value change of financial assets at fair value through profit or loss					(311)
Finance costs					(15,472)
Unallocated expenses					(5,113)
Loss before tax					(45,131)

7. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

For the year ended 31 March 2025

	Product Development Segment HK$'000	Brand Development and Management Segment HK$'000	Trading of Goods Segment HK$'000	Healthcare Segment HK$'000	Total HK$'000
Revenue					
External sales	90,072	838	349	628	91,887
Segment (loss)/profit	(22,418)	40	(78)	(690)	(23,146)
Interest income					43
Loss on fair value change of financial assets at fair value through profit or loss					(1,244)
Loss on disposal of financial assets at fair value through profit or loss					(22)
Finance costs					(18,553)
Unallocated expenses					(6,404)
Loss before tax					(49,326)

There were no sales transactions between operating segments.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment profit/loss represents the profit earned by/loss from each segment without allocation of corporate expenses, loss on fair value change of financial assets at fair value through profit or loss, loss on disposal of financial assets at fair value through profit or loss, interest income and finance costs. This is the measure reported to the board of directors for the purposes of resource allocation and assessment of segment performance.

7. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment.

	2026 HK$'000	2025 HK$'000
Segment assets		
Product Development Segment	478,794	505,370
Brand Development and Management Segment	-	-
Trading of Goods Segment	41	43
Healthcare Segment	112	174
Total segment assets	478,947	505,587
Unallocated	52,042	50,138
Consolidated assets	530,989	555,725
Segment liabilities		
Product Development Segment	55,135	54,711
Brand Development and Management Segment	99	292
Trading of Goods Segment	25	25
Healthcare Segment	137	172
Total segment liabilities	55,396	55,200
Unallocated	361,115	344,409
Consolidated liabilities	416,511	399,609

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, bank balances and cash, deferred tax assets and current tax assets.

- all liabilities are allocated to operating segments other than bank and other borrowings and lease liabilities.

7. SEGMENT INFORMATION *(Continued)*

Other segment information

For the year ended 31 March 2026

	Product Development Segment HK$'000	Brand Development and Management Segment HK$'000	Trading of Goods Segment HK$'000	Healthcare Segment HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:					
Addition to non-current assets	2,523	-	-	-	2,523
Depreciation of right-of-use assets	6,951	3	-	-	6,954
Depreciation of property, plant and equipment	11,632	-	-	19	11,651
Reversal of impairment loss on trade receivables recognised in profit or loss	(160)	-	-	-	(160)
Impairment loss on property, plant and equipment recognised in profit or loss	10,210	-	-	-	10,210
Impairment loss on right-of-use assets recognised in profit or loss	12,220	-	-	-	12,220
Write-off of inventories	950	-	-	-	950

For the year ended 31 March 2025

	Product Development Segment HK$'000	Brand Development and Management Segment HK$'000	Trading of Goods Segment HK$'000	Healthcare Segment HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:					
Addition to non-current assets	5,089	2	-	64	5,155
Depreciation of right-of-use assets	6,967	3	-	-	6,970
Depreciation of property, plant and equipment	13,564	-	-	8	13,572
Reversal of impairment loss on trade receivables recognised in profit or loss	(1,354)	-	-	-	(1,354)
Impairment loss on property, plant and equipment recognised in profit or loss	8,194	-	-	-	8,194
Impairment loss on right-of-use assets recognised in profit or loss	1,021	-	-	-	1,021
Loss on disposal of property, plant and equipment	115	-	-	-	115

7. SEGMENT INFORMATION *(Continued)*

Geographical information

The Group's operations are located in Hong Kong and Mainland China.

Information about the Group's revenue from external customers is presented based on location of the operations. Information about the Group's non-current assets (excluding financial assets and deferred tax assets) is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2026	2025	**2026**	2025
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong, China	**73,257**	65,010	**181,176**	201,199
Mainland China	**31,346**	26,877	**275,172**	277,246
	104,603	91,887	**456,348**	478,445

Information about major customers

Revenue from customers that individually contributing over 10% of the Group's total revenue of the corresponding years are set out below:

	2026	2025
	HK$'000	HK$'000
Customer A[1]	**14,331**	14,252
Customer B[2]	**11,560**	10,846
Customer C[1]	**12,012**	NA[3]

1 Revenue from product development segment.
2 Revenue from product development and brand development and management segment.
3 The corresponding revenue did not contribute over 10% of the Group's total revenue.

8. OTHER INCOME

	2026 HK$'000	2025 HK$'000
Interest income on bank deposits	6	43
Rental income	357	488
Government grants and subsidies (Note)	1,763	1,973
Others	650	1,162
	2,776	3,666

Note: The amounts mainly include grants and subsidies of Nil (2025: approximately HK$105,000) received from the Trade and Industry department as SME Export Marketing fund, and approximately HK$1,763,000 (2025: HK$1,868,000) received from the PRC government authorities for the Group's local business developments. There were no unfulfilled conditions in the years in which they were recognised.

9. OTHER GAINS AND LOSSES, NET

	2026 HK$'000	2025 HK$'000
Loss on fair value change of financial assets at fair value through profit or loss	(311)	(1,244)
Loss on disposal of financial assets at fair value through profit or loss	-	(22)
Loss on fair value change of investment properties	(617)	(720)
Loss on disposal of property, plant and equipment	-	(115)
Loss on disposal of subsidiaries (Note)	(4)	-
Reversal of impairment loss recognised on trade receivables under expected credit loss model	160	1,354
Impairment loss recognised on property, plant and equipment	(10,210)	(8,194)
Impairment loss recognised on right-of-use assets	(12,220)	(1,021)
Gain on lease termination	-	15
Net foreign exchange gain/(loss)	215	(895)
	(22,987)	(10,842)

Note: During the year, the Company disposed of its 51% equity interest in a non-wholly-owned subsidiary, Hin Feng Group (International) Holding Company Limited and its subsidiaries to an independent third party at a cash consideration of HK$5.1, which resulting a loss on disposal of subsidiaries of approximately HK$4,000, a reclassification of cumulative translation reserve upon disposal of a foreign operation of approximately HK$444,000 and a net cash outflow on disposal of approximately HK$4,000.

10. FINANCE COSTS

	2026 HK$'000	2025 HK$'000
Interest expense on bank borrowings	11,723	15,121
Interest expense on other borrowings	3,666	1,825
Interest expense on lease liabilities	83	87
Other interest expense	-	1,520
Total borrowing costs	15,472	18,553

11. INCOME TAX EXPENSE

	2026 HK$'000	2025 HK$'000
Current tax:		
Hong Kong Profits Tax		
– Over provision in prior year	(7)	(139)
PRC Enterprise Income Tax		
– Over provision in prior year	-	(71)
Deferred tax (Note 29):	393	304
Total income tax expense recognised in profit or loss	386	94

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%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

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

No provision for taxation has been provided for companies in the British Virgin Islands as they are not subject to any tax during the current and prior years.

11. INCOME TAX EXPENSE *(Continued)*

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

	2026 HK$'000	2025 HK$'000
Loss before tax	(45,131)	(49,326)
Tax at Hong Kong Profits Tax rate of 16.5%	(7,447)	(8,139)
Tax effect of expenses not deductible for tax purpose	7,077	2,409
Tax effect of income not taxable for tax purpose	(177)	(467)
Tax effect of deductible temporary differences not recognised	105	-
Tax effect of tax losses not recognised	4,165	9,208
Utilisation of tax losses previously not recognised	(1,017)	(155)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(2,313)	(2,565)
Over provision in prior year	(7)	(210)
Others	-	13
Tax charge for the year	386	94

12. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging/(crediting):

	2026 HK$'000	2025 HK$'000
Depreciation of property, plant and equipment	**11,651**	13,572
Depreciation of right-of-use assets	**6,954**	6,970
Total depreciation	**18,605**	20,542
Less: amounts capitalised in inventories	**(5,627)**	(6,336)
	12,978	14,206
Cost of inventories recognised as an expense	**37,401**	27,215
Auditors' remuneration		
- Audit services	**1,000**	850
- Non-audit services	**-**	150
Gross rental income from investment properties	**(254)**	(366)
Less: direct operating expenses	**79**	72
Net rental income from investment properties	**(175)**	(294)
Employee benefits expenses, including directors' emoluments		
Salaries, wages and other benefits	**30,640**	33,286
Contribution to retirement benefits schemes	**2,870**	3,263
Total employee benefits expenses (Note)	**33,510**	36,549

Note: Total employee benefits expenses amounting to approximately HK$4,997,000 (2025: HK$5,222,000) are capitalised in inventories, amounting to approximately HK$1,110,000 (2025: HK$1,612,000) are included in cost of sales; and amounting to approximately HK$27,403,000 (2025: HK$29,715,000) are included in administrative and other operating expenses.

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to the directors and chief executive of the Company were as follows:

For the year ended 31 March 2026

		Other emoluments			
	Fees HK$'000	Salaries and other benefits HK$'000	Share-based payments HK$'000	Contributions to retirement benefits schemes HK$'000	Total HK$'000
Executive directors					
Mr. Pang Siu Hin (Note (i))	-	2,496	-	18	2,514
Ms. Kwan Lai Man (Note (ii))	-	2,016	-	18	2,034
Mr. Ma Chi Wai Vincent (Note (iii))	NA	NA	NA	NA	NA
Ms. Pang Tsz Yan (Note (iv))	NA	NA	NA	NA	NA
Non-executive directors					
Ms. Tian Shanshan	180	-	-	-	180
Independent non-executive directors					
Mr. Lee Luk Shiu	240	-	-	-	240
Dr. Tang Sing Hing, Kenny	180	-	-	-	180
Mr. Lau Chi Kit	180	-	-	-	180
	780	4,512	-	36	5,328

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

For the year ended 31 March 2025

		Other emoluments			
	Fees HK$'000	Salaries and other benefits HK$'000	Share-based payments HK$'000	Contributions to retirement benefits schemes HK$'000	Total HK$'000
Executive directors					
Mr. Pang Siu Hin (Note (i))	-	2,496	-	18	2,514
Ms. Kwan Lai Man (Note (ii))	-	2,016	-	18	2,034
Non-executive directors					
Ms. Wong Wai Ling (Note (v))	180	-	-	-	180
Ms. Tian Shanshan	180	-	-	-	180
Independent non-executive directors					
Mr. Lee Luk Shiu	240	-	-	-	240
Dr. Tang Sing Hing, Kenny	180	-	-	-	180
Mr. Lau Chi Kit	180	-	-	-	180
	960	4,512	-	36	5,508

Notes:

(i) Mr. Pang Siu Hin was the executive director and chief executive officer of the Company and was resigned on 8 June 2026.

(ii) Ms. Kwan Lai Man was appointed as acting chairperson on 15 April 2026 and appointed as chief executive officer on 20 April 2026 and re-designated as co-chief executive officer on 20 May 2026 and re-designated as chairperson on 8 June 2026.

(iii) Mr. Ma Chi Wai Vincent was appointed as the executive director, vice chairman and co-chief executive officer of the Company with effect from 20 May 2026.

(iv) Ms. Pang Tsz Yan was appointed as the executive director with effect from 20 April 2026.

(v) Ms. Wong Wai Ling was resigned as a non-executive director with effect from 1 April 2025.

The executive directors' emoluments shown above were mainly for their services in connection the management of the affairs of the Company and the Group. The non-executive directors' emoluments and the independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

None of the Company's directors waived any emoluments during the year (2025: Nil).

During the year, no emoluments were paid by the Group to any of the Company's directors as an inducement to join or upon joining the Group or as compensation for loss of office (2025: Nil).

14. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included two (2025: two) directors, details of whose remuneration are set out in note 13 above. Details of the remuneration for the year of the remaining three (2025: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2026 **HK$'000**	2025 HK$'000
Salaries and other benefits	**2,397**	1,823
Contributions to retirement benefits schemes	**45**	52
Total emoluments	**2,442**	1,875

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:

	2026 **(Number of employees)**	2025 (Number of employees)
Nil to HK$1,000,000	**2**	3
HK$1,000,001 to HK$1,500,000	**1**	-

During the year, no emoluments were paid by the Group to any of 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 (2025: Nil).

15. LOSS PER SHARE

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

	2026 **HK$'000**	2025 HK$'000
Loss		
Loss for the purpose of basic and diluted loss per share (Loss for the year attributable to owners of the Company)	**(45,826)**	(49,362)

15. LOSS PER SHARE *(Continued)*

	2026	2025
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,091,796**	1,091,796

The computation of diluted loss per share for the years ended 31 March 2026 and 2025 does not assume the conversion of the Company's outstanding share options since their assumed exercise had anti-dilutive effect on the diluted loss per share.

16. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2026, nor has any dividend been proposed since the end of the reporting period (2025: Nil).

17. PROPERTY, PLANT AND EQUIPMENT

	Owned properties	**Plant and machinery**	**Furniture and equipment**	**Motor vehicles**	**Leasehold improvements and fixtures**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost						
At 1 April 2024	53,932	284,730	28,850	9,815	14,025	391,352
Additions	-	4,689	210	12	-	4,911
Disposals	-	-	(199)	-	-	(199)
Exchange adjustments	(230)	(3,103)	(46)	(18)	-	(3,397)
At 31 March 2025 and 1 April 2025	53,702	286,316	28,815	9,809	14,025	392,667
Additions	-	2,318	114	-	91	2,523
Exchange adjustments	703	16,507	1,067	96	-	18,373
At 31 March 2026	54,405	305,141	29,996	9,905	14,116	413,563

17. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Owned properties HK$'000	Plant and machinery HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Leasehold improvements and fixtures HK$'000	Total HK$'000
Accumulated depreciation and impairment						
At 1 April 2024	13,003	45,659	21,185	9,647	14,025	103,519
Provided for the year	1,393	8,681	3,462	36	-	13,572
Impairment	420	6,705	1,037	32	-	8,194
Eliminated on disposals	-	-	(84)	-	-	(84)
Exchange adjustments	(155)	(548)	(34)	(6)	-	(743)
At 31 March 2025 and 1 April 2025	14,661	60,497	25,566	9,709	14,025	124,458
Provided for the year	1,399	8,573	1,660	3	16	11,651
Impairment	2,278	7,932	-	-	-	10,210
Exchange adjustments	255	2,882	744	87	-	3,968
At 31 March 2026	18,593	79,884	27,970	9,799	14,041	150,287
Carrying amounts						
At 31 March 2026	**35,812**	**225,257**	**2,026**	**106**	**75**	**263,276**
At 31 March 2025	39,041	225,819	3,249	100	-	268,209

The above items of property, plant and equipment, after taking into account the residual values, are depreciated on a straight-line basis at the following rates per annum:

Owned properties	Over the shorter of the term of the lease or 3%
Plant and machinery	3%–20%
Furniture and equipment	20%–50%
Motor vehicles	20%–25%
Leasehold improvements and fixtures	Over the shorter of the term of the lease or 25%

The Group has pledged owned properties and related leasehold land classified as right-of-use assets with an aggregate carrying amount of approximately HK$184,654,000 (2025: HK$219,287,000) and plant and its related leasehold land classified as right-of-use assets with an aggregate carrying amount of approximately HK$223,629,000 (2025: HK$220,916,000) to secure general banking facilities granted to the Group.

17. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Impairment assessment of property, plant and equipment and right-of-use assets

During the year ended 31 March 2026, in view of the loss sustained by the Group, management considered indicators of impairment of property, plant and equipment and right-of-use assets existed at 31 March 2026 and performed impairment assessment thereon with reference to valuation performed by an independent professional valuer.

For the purpose of impairment testing, the recoverable amounts of the Group's property, plant and equipment and right-of-use assets have been determined based on their fair value less costs of disposal or the value-in-use calculations. The Group uses direct comparison to estimate the fair value less costs of disposal of the assets which is based on recent transaction prices for similar properties adjusted for nature, location and conditions of the property. The fair value measurement is categorised into Level 3 of fair value hierarchy. The relevant assets were impaired to their recoverable amount of approximately HK$422,938,000 (2025: HK$440,202,000), which is their carrying values at year end and the impairment of approximately HK$22,430,000 (2025: HK$595,000) has been recognised in profit or loss within the relevant functions to which these assets related during the year.

The Group estimates the recoverable amount of the cash-generating unit of other property, plant and equipment and right-of-use assets based on the value-in-use calculation. Management uses cash flow projections based on the most recent financial budget after taking into accounts the operation environment and market conditions at the point of time. The key assumptions for the value-in-use calculation are those regarding the discount rate, revenue and direct costs. As at 31 March 2026, management estimates the discount rate of approximately 14% (2025: 13%) using pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the cash-generating unit. Changes in revenue and direct costs are based on past experience and expectations of changes in market.

Based on the above impairment assessments conducted by management, impairment losses of approximately HK$10,210,000 and HK$12,220,000 (2025: HK$8,194,000 and HK$1,021,000) in aggregate were recognised on property, plant and equipment and right-of-use assets respectively in profit or loss during the year ended 31 March 2026 in order to write down the carrying amount of the property, plant and equipment and right-of-use assets to their recoverable amounts.

18. RIGHT-OF-USE ASSETS

	Leasehold lands HK$'000	Office equipment HK$'000	Total HK$'000
At 31 March 2026			
Carrying amounts	**181,148**	**668**	**181,816**
At 31 March 2025			
Carrying amounts	197,980	1,009	198,989
For the year ended 31 March 2026			
Depreciation charge	**6,613**	**341**	**6,954**
Impairment	**12,220**	**-**	**12,220**
Exchange adjustments	**(2,001)**	**-**	**(2,001)**
	16,832	**341**	**17,173**
For the year ended 31 March 2025			
Depreciation charge	6,597	373	6,970
Impairment	699	322	1,021
Lease modification	-	(184)	(184)
Derecognised	-	198	198
Exchange adjustments	380	-	380
	7,676	709	8,385

	2026 HK$'000	2025 HK$'000
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of HKFRS 16	**91**	83
Total cash outflow for leases	**483**	516
Additions to right-of-use assets	**-**	244

The Group leases various land and equipment for its operations. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several office buildings and industrial buildings. The Group is the registered owner of these property interests, including the underlying leasehold land. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

19. INVESTMENT PROPERTIES

	2026	2025
	HK$'000	HK$'000
At the beginning of year	**11,247**	12,099
Net decrease in fair value recognised in profit or loss	**(617)**	(720)
Exchange adjustments	**626**	(132)
At the end of year	**11,256**	11,247

The Group leases out office units under operating leases arrangement. Lease contracts are entered into for terms ranging from of 1 to 3 years. Leases terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain a residual value guarantee or a lessee's option to purchase the property at the end of lease term.

At 31 March 2026, the Group's investment properties with an aggregate carrying amount of approximately HK$8,934,000 (2025: HK$8,814,000) has been pledged to secure general banking facilities granted to the Group.

The fair value of the Group's investment properties as at 31 March 2026 and 2025 has been arrived at on the basis of valuation carried out on the respective dates by independent qualified professional valuers.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Details of the Group's investment properties and information about the fair value hierarchy at the end of the reporting period are as follows:

Investment properties	**Fair value at 31 March**		**Fair value hierarchy**	**Valuation technique**	**Significant unobservable inputs**
	2026	2025			
	HK$'000	HK$'000			
Office units located in Mainland China	**11,256**	11,247	Level 3	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, which ranged from HK$22,895 to HK$30,317 (2025: HK$23,135 to HK$29,375) per square meter (note)

Note: A significant increase in the market unit rate used would result in a significant increase in fair value, and vice versa.

The fair value measurement is categorised into Level 3 fair value hierarchy. There were no transfers into or out of Level 3 during the year.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2026 **HK$'000**	2025 HK$'000
Financial assets at FVTPL:		
– Deposit and prepayments for life insurance policies (Note)	**6,975**	6,683
– Equity securities listed in Hong Kong	**5,919**	6,522
	12,894	13,205
Analysed for reporting purposes as:		
Current assets	**5,919**	6,522
Non-current assets	**6,975**	6,683
	12,894	13,205

Note: Tai Wo Tong Pharmaceutical (Hong Kong) Company Limited ("**Tai Wo Tong Pharmaceutical**"), a wholly-owned subsidiary of the Company, entered into life insurance policies with an insurance company to insure Mr. Pang Siu Hin and Ms. Kwan Lai Man, the directors of the Company. Under the policies, Tai Wo Tong Pharmaceutical is the beneficiary and policy holder and the total insured sum is US$2,000,000 (equivalent to approximately HK$15,600,000). Tai Wo Tong Pharmaceutical is required to pay upfront deposits of US$671,383 (equivalent to approximately HK$5,237,000) including premium charges at inception of the policies amounting to US$40,283 (equivalent to approximately HK$314,000). Tai Wo Tong Pharmaceutical can terminate the policies at any time and receive cash back based on the cash value of the policies at the date of withdrawal, which is determined by the upfront payments of US$671,383 plus accumulated interest earned and minus the accumulated insurance charge and policy expense charge ("**Cash Value**"). In addition, if withdrawal is made, there is a specified amount of surrender charge.

The deposit and prepayments for life insurance policies are denominated in United States Dollar ("**US$**").

At 31 March 2026, deposit and prepayments for life insurance policies of the Group has been pledged to secure other borrowings of approximately HK$5,387,000 (2025: HK$5,392,000).

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2026 HK$'000	2025 HK$'000
Equity securities listed in Hong Kong	23,259	23,105

The above listed and unlisted equity investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

22. INVENTORIES

	2026 HK$'000	2025 HK$'000
Raw materials	2,198	2,728
Work in progress	645	855
Finished products	7,323	9,523
	10,166	13,106

23. TRADE AND OTHER RECEIVABLES

	2026 HK$'000	2025 HK$'000
Trade receivables	10,210	12,827
Less: Allowance for credit losses	(2,608)	(2,768)
	7,602	10,059
Prepayments to suppliers	1,969	1,434
Prepayments for other expenses	1,841	1,720
Deposits and other receivables	1,021	823
	12,433	14,036

23. TRADE AND OTHER RECEIVABLES *(Continued)*

The following is an ageing analysis of the Group's trade receivables net of allowance for credit losses at the end of the reporting period, presented based on invoice date:

	2026	2025
	HK$'000	HK$'000
0–30 days	**4,177**	6,808
31–60 days	**2,162**	1,555
61–90 days	**1,192**	1,696
91–365 days	**71**	-
	7,602	10,059

The Group generally allows credit period ranging from 0 to 75 days. No interest is charged on overdue receivables.

At 1 April 2024, trade receivables arising from contracts with customers amounted to approximately HK$7,939,000.

The management closely monitor the credit quality of trade receivables and considers the trade receivables that are neither past due nor impaired to be of a good credit quality. Trade receivables that are neither past due nor impaired related to a number of independent customers with good settlement history.

The Group applied the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which require the use of the lifetime expected credit loss provision for trade receivables. Details of impairment assessment of trade and other receivables are set out in note 37.

24. BANK BALANCES AND CASH

	2026	2025
	HK$'000	HK$'000
Bank balances and cash shown in the consolidated statement of financial position	**15,889**	13,352
Cash and cash equivalents shown in the consolidated statement of cash flows	**15,889**	13,352

Bank balances carry interest floating rates based on daily bank deposit rates.

25. TRADE AND OTHER PAYABLES

	2026 HK$'000	2025 HK$'000
Trade payables	6,359	7,954
Accruals and other payables	30,777	26,355
	37,136	34,309

The following is an ageing analysis of the Group's trade payables at the end of the reporting period, presented based on invoice date:

	2026 HK$'000	2025 HK$'000
0–30 days	1,354	2,427
31–60 days	776	1,638
61–90 days	599	645
Over 90 days	3,630	3,244
	6,359	7,954

As at 31 March 2026, accruals and other payables included (i) government grant and subsidies of approximately HK$8,295,000 (2025: HK$8,595,000) which are to be recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate; and (ii) deposits received in respect of disposal of certain registered Chinese patient medicines of approximately HK$5,645,000 (2025: Nil).

26. CONTRACT LIABILITIES

	2026 HK$'000	2025 HK$'000
Contract liabilities	18,260	20,891

Contract liabilities are recognised when the Group receives consideration from the customer before the goods are delivered to the customer, contract liabilities are primary from product development segment.

At 1 April 2024, contract liabilities amounted to approximately HK$17,063,000.

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities.

	2026 HK$'000	2025 HK$'000
Revenue from sales of goods recognised that was included in the contract liabilities balance at the beginning of year	13,402	12,257

27. BANK AND OTHER BORROWINGS

	2026 HK$'000	2025 HK$'000
Bank overdraft (note (i))	**8,709**	11,734
Secured bank loans (note (ii))	**298,269**	291,998
Other borrowings (notes (iii) and (iv))	**52,840**	39,071
	359,818	342,803
The carrying amounts of the bank and other borrowings are repayable*:		
Within one year	**179,953**	143,372
More than one year, but not more than two years	**28,733**	89,613
More than two years, but not more than five years	**28,082**	19,770
More than five years	**16,550**	21,210
	253,318	273,965
The carrying amounts of bank and other borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	**41,709**	48,734
The carrying amounts of bank borrowings that are subject to loan covenants (shown under current liabilities)	**64,791**	20,104
Total carrying amount of bank and other borrowings	**359,818**	342,803
Less: Amounts due within one year shown under current liabilities	**(286,453)**	(212,210)
Amounts shown under non-current liabilities	**73,365**	130,593

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The carrying amounts of the Group's bank and other borrowings are denominated in the following currencies:

	2026 HK$'000	2025 HK$'000
HK$	**139,058**	153,327
US$	**5,387**	5,392
Renminbi ("**RMB**")	**215,373**	184,084
	359,818	342,803

27. BANK AND OTHER BORROWINGS *(Continued)*

The exposure of the Group's borrowings are as follows:

	2026	2025
	HK$'000	HK$'000
Fixed-rate borrowings	**114,710**	60,926
Variable-rate borrowings	**245,108**	281,877
	359,818	342,803

Notes:

(i) At 31 March 2026, the Group's bank overdraft denominated in HK$ carried interest at prime rate (2025: prime rate).

(ii) At 31 March 2026, the Group's bank loans denominated in HK$ carry interest at HIBOR plus 1.3% (2025: HIBOR plus 1.3%) per annum and the Group's bank loans denominated in RMB carry interest at LPR to LPR plus 1.325% (2025: LPR to LPR plus 1.325%) per annum.

(iii) The other borrowings carried interest rate ranging from of 3.65% to 12% (2025: 3.65% to 7.8%) per annum.

(iv) At 31 March 2026, the Group's other borrowings of approximately HK$5,387,000 (2025: HK$5,392,000) are secured by deposit and prepayments for life insurance policies of the Group classified as financial assets at fair value through profit or loss with aggregate carrying amounts of approximately HK$6,975,000 (2025: HK$6,683,000) (Note 20).

The ranges of effective interest rates on the Group's bank and other borrowings are 2.8% to 12% (2025: 3.1% to 7.8%).

At 31 March 2026, the Group's bank loans and overdrafts and undrawn banking facilities are secured by charge over the Group's owned properties and related leasehold land classified as right-of-use assets with an aggregate carrying amount of approximately HK$184,654,000 (2025: HK$219,287,000), the Group's plant and its related leasehold land classified as right-of-use assets with an aggregate carrying amount of approximately HK$223,629,000 (2025: HK$220,916,000), the Group's investment properties an aggregate carrying amount of approximately HK$8,934,000 (2025: HK$8,814,000), and guarantees provided by certain executive directors of the Company.

At 31 March 2026, bank borrowings with an aggregate carrying amounts of approximately HK$64,791,000 (2025: HK$20,104,000) are subject to the relevant covenants which are primarily related to the assets-liabilities ratio of the respective PRC subsidiaries, in which the Group has not maintained the relevant ratio on or before the end of the reporting period and classified the related loan balances as current liabilities.

28. LEASE LIABILITIES

	2026	2025
	HK$'000	HK$'000
Lease liabilities payable:		
Within one year	**328**	309
More than one year, but not more than two years	**346**	328
More than two years, but not more than five years	**623**	969
	1,297	1,606
Less: Amount due for settlement with twelve months shown under current liabilities	**(328)**	(309)
Amount due for settlement after twelve months shown under non-current liabilities	**969**	1,297

29. DEFERRED TAX

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2026	2025
	HK$'000	HK$'000
Deferred tax assets	**-**	393

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the current and prior years:

	ECL provision	**Revaluation of properties**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 April 2024	645	52	697
Charged to profit or loss	(252)	(52)	(304)
At 31 March 2025	393	-	393
Charged to profit or loss	(393)	-	(393)
At 31 March 2026	**-**	**-**	**-**

29. DEFERRED TAX *(Continued)*

At 31 March 2026, the Group has unused tax losses and deductible temporary differences of approximately HK$172 million and HK$18 million (2025: HK$202 million and HK$17 million) available for offset against future profits. No deferred tax asset has been recognised in respect of these unused tax losses and deductible temporary differences due to the unpredictability of future profit streams. The tax losses of approximately HK$37 million (2025: HK$57 million) in Hong Kong may carry forward indefinitely and the tax losses of approximately HK$135 million (2025: HK$145 million) in the PRC may be carried forward for a maximum period of five years.

30. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 April 2024, 31 March 2025 and 31 March 2026	2,000,000,000	200,000
Issued and fully paid:		
At 1 April 2024, 31 March 2025 and 31 March 2026	**1,091,796,000**	**109,180**

31. SHARE-BASED PAYMENTS

Pre-IPO Share Option Scheme

The Company's pre-IPO share option scheme (the "**Pre-IPO Share Option Scheme**") was adopted pursuant to a resolution passed on 25 September 2014 to recognise the contribution of certain employees, executives or officers of the Group who have made or will make to the growth of the Group.

The maximum number of shares in respect of which options might be granted under the Pre-IPO Share Option Scheme was 23,040,000.

No further options could be granted by the Company under the Pre-IPO Share Option Scheme upon the listing of the Company's shares on the Main Board of the Stock Exchange.

These share options granted have been lapsed during the year and as at 31 March 2025 and no option granted under Pre-IPO Share Option Scheme remained outstanding as at 31 March 2025.

31. SHARE-BASED PAYMENTS *(Continued)*

Pre-IPO Share Option Scheme *(Continued)*

Details of the share options granted under the Pre-IPO Share Option Scheme are as follows:

Tranche	Date of grant	Number of options granted	Exercise price per share	Vesting period	Exercisable period
1	25/09/2014	23,040,000	HK$0.826	25/09/2014– 15/10/2019	16/10/2015– 24/09/2024

Note:

(a) Tranche 1 options granted under the Pre-IPO Share Option Scheme shall vest as follows:

(i) 20% of the options shall vest on 16 October 2015 and exercisable from 16 October 2015 to 24 September 2024;

(ii) 20% of the options shall vest on 16 October 2016 and exercisable from 16 October 2016 to 24 September 2024;

(iii) 20% of the options shall vest on 16 October 2017 and exercisable from 16 October 2017 to 24 September 2024;

(iv) 20% of the options shall vest on 16 October 2018 and exercisable from 16 October 2018 to 24 September 2024; and

(v) 20% of the options shall vest on 16 October 2019 and exercisable from 16 October 2019 to 24 September 2024.

31. SHARE-BASED PAYMENTS *(Continued)*

Pre-IPO Share Option Scheme *(Continued)*

The following table discloses movements of the Company's share options under the Pre-IPO Share Option Scheme during the prior year:

Category of participant	Tranche	Outstanding at 01/04/2024	Exercised during the year	Lapsed during the year	Outstanding at 31/03/2025
Directors	1	8,640,000	-	(8,640,000)	-
Employees	1	288,000	-	(288,000)	-
		8,928,000	-	(8,928,000)	-
Exercisable at the end of the year					-
Weighted average exercise price		HK$0.826	-	HK$0.826	-

31. SHARE-BASED PAYMENTS *(Continued)*

Share Option Scheme

The Company's share option scheme (the "**Share Option Scheme**") was adopted pursuant to a resolution passed on 25 September 2014. The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contribution that the eligible participants have made or may make to the Group. The Share Option Scheme will remain in force for a period of ten years commencing on the effective date of the Share Option Scheme.

Under the Share Option Scheme, the board of directors of the Company may grant options to any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company to subscribe for the shares of the Company.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company shall not, in aggregate, exceed 30% of the shares of the Company in issue from time to time. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year shall not exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Upon acceptance of the option, the grantee shall pay HK$1 to the Company by way of consideration for the grant. Options may be exercised in accordance with the terms of the Share Option Scheme at any time during the period as the board of directors may determine in granting the option but in any event not exceeding ten years from the date of grant.

The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

At 31 March 2026, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 4,410,000 (2025: 6,270,000), representing 0.4% (2025: 0.57%) of the shares of the Company in issue at that date.

Details of the share options granted under the Share Option Scheme are as follows:

Tranche	Date of grant	Number of options granted	Exercise price per share	Vesting period	Exercisable period
1	28/04/2015	2,400,000	HK$1.460	28/04/2015–27/04/2018	28/04/2016–27/04/2025
4	03/10/2016	2,160,000	HK$2.144	03/10/2016–02/10/2019	03/10/2017–02/10/2026
5	18/11/2016	90,000	HK$2.264	18/11/2016–17/11/2019	18/11/2017–17/11/2026
6	21/12/2017	2,160,000	HK$1.412	21/12/2017–20/12/2020	21/12/2018–20/12/2027

31. SHARE-BASED PAYMENTS *(Continued)*

Share Option Scheme *(Continued)*

Notes:

(a) Tranche 1 options granted under the Share Option Scheme shall vest as follows:

- (i) 30% of the options shall vest on 28 April 2016 and exercisable from 28 April 2016 to 27 April 2025;
- (ii) 30% of the options shall vest on 28 April 2017 and exercisable from 28 April 2017 to 27 April 2025; and
- (iii) 40% of the options shall vest on 28 April 2018 and exercisable from 28 April 2018 to 27 April 2025.

(b) Tranche 4 options granted under the Share Option Scheme shall vest as follows:

- (i) 30% of the options shall vest on 3 October 2017 and exercisable from 3 October 2017 to 2 October 2026;
- (ii) 30% of the options shall vest on 3 October 2018 and exercisable from 3 October 2018 to 2 October 2026; and
- (iii) 40% of the options shall vest on 3 October 2019 and exercisable from 3 October 2019 to 2 October 2026.

(c) Tranche 5 options granted under the Share Option Scheme shall vest as follows:

- (i) 30% of the options shall vest on 18 November 2017 and exercisable from 18 November 2017 to 17 November 2026;
- (ii) 30% of the options shall vest on 18 November 2018 and exercisable from 18 November 2018 to 17 November 2026; and
- (iii) 40% of the options shall vest on 18 November 2019 and exercisable from 18 November 2019 to 17 November 2026.

(d) Tranche 6 options granted under the Share Option Scheme shall vest as follows:

- (i) 30% of the options shall vest on 21 December 2018 and exercisable from 21 December 2018 to 20 December 2027;
- (ii) 30% of the options shall vest on 21 December 2019 and exercisable from 21 December 2019 to 20 December 2027; and
- (iii) 40% of the options shall vest on 21 December 2020 and exercisable from 21 December 2020 to 20 December 2027.

31. SHARE-BASED PAYMENTS *(Continued)*

Share Option Scheme *(Continued)*

The following table discloses movements of the Company's share options under the Share Option Scheme during the current year:

Category of participant	Tranche	Outstanding at 01/04/2025	Exercised during the year	Lapsed during the year	Outstanding at 31/03/2026
Directors	1	1,050,000	-	(1,050,000)	-
	4	2,160,000	-	-	2,160,000
	6	2,160,000	-	-	2,160,000
Employees	1	210,000	-	(210,000)	-
	5	90,000	-	-	90,000
Consultant	1	600,000	-	(600,000)	-
		6,270,000	-	(1,860,000)	4,410,000
Exercisable at the end of the year					4,410,000
Weighted average exercise price		HK$1.691		HK$1.460	HK$1.788

The following table discloses movements of the Company's share options under the Share Option Scheme during the prior year:

Category of participant	Tranche	Outstanding at 01/04/2024	Exercised during the year	Forfeited during the year	Outstanding at 31/03/2025
Directors	1	1,050,000	-	-	1,050,000
	4	2,160,000	-	-	2,160,000
	6	2,160,000	-	-	2,160,000
Employees	1	210,000	-	-	210,000
	5	90,000	-	-	90,000
Consultant	1	600,000	-	-	600,000
		6,270,000	-	-	6,270,000
Exercisable at the end of the year					6,270,000
Weighted average exercise price		HK$1.691	-	-	HK$1.691

32. RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the Group in funds under the control of trustees.

The PRC employees of the Group are members of a state-managed retirement benefit scheme operated by the PRC government. The Group is required to contribute certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total expenses recognised in the consolidated statement of profit or loss and other comprehensive income amount to approximately HK$2,870,000 (2025: HK$3,263,000) for the year and represent contributions payable to these schemes by the Group at rates specified in the rules of the schemes.

No forfeit contribution is available to reduce the contribution payable in the future years as at 31 March 2026 and 2025.

33. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The emoluments of the Company's directors, who are also identified as members of key management of the Group, are set out in note 13.

34. OPERATING LEASING ARRANGEMENTS

The Group as lessor

Certain properties held by the Group for rental purposes have committed fixed term. The lessee does not have an option to purchase the properties at the expiry of the lease period.

Undiscounted lease payments receivable on leases are as follows:

	2026	2025
	HK$'000	HK$'000
Within one year	**495**	271
In the second to fifth years inclusive	**569**	534
Over five years	**1,892**	1,811
	2,956	2,616

35. 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 statement of cash flows as cash flows from financing activities.

	Interest payable HK$'000	**Bank and other borrowings** HK$'000	**Lease liabilities** HK$'000	**Total** HK$'000
At 1 April 2024	6	319,359	1,737	321,102
New leases	-	-	244	244
Derecognised	-	-	(213)	(213)
Lease modification	-	-	184	184
Financing cash flows	(1,526)	8,230	(433)	6,271
Exchange adjustments	-	(1,732)	-	(1,732)
Interest expenses	1,520	16,946	87	18,553
At 31 March 2025	-	342,803	1,606	344,409
Financing cash flows	-	**(9,350)**	**(392)**	**(9,742)**
Exchange adjustments	-	**10,976**	**-**	**10,976**
Interest expenses	-	**15,389**	**83**	**15,472**
At 31 March 2026	-	**359,818**	**1,297**	**361,115**

36. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt (which includes bank and other borrowings and lease liabilities) and equity attributable to owners of the Company (comprising issued share capital and reserves).

The Group monitors its capital structure on the basis of gearing ratio. The Group considers the cost of capital and the risks associated with each class of the capital, and will balance the gearing ratio through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

36. CAPITAL RISK MANAGEMENT *(Continued)*

The gearing ratio of the Group at the end of the reporting period was as follows:

	2026 HK$'000	2025 HK$'000
Debt (i)	361,115	344,409
Equity (ii)	114,478	156,116
Gearing ratio	315%	221%

(i) Debt includes long-term and short-term bank and other borrowings and lease liabilities.

(ii) Equity includes all capital and reserves of the Group.

37. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2026 HK$'000	2025 HK$'000
Financial assets		
Financial assets at FVTOCI	23,259	23,105
Financial assets at FVTPL		
– Held for trading	5,919	6,522
– Others	6,975	6,683
	12,894	13,205
Financial assets at amortised cost		
– Trade and other receivables	8,623	10,882
– Bank balances and cash	15,889	13,352
	24,512	24,234

37. FINANCIAL INSTRUMENTS *(Continued)*

(a) Categories of financial instruments *(Continued)*

	2026 HK$'000	2025 HK$'000
Financial liabilities		
Financial liabilities at amortised cost		
– Trade and other payables	**37,136**	34,309
– Bank and other borrowings	**359,818**	342,803
– Lease liabilities	**1,297**	1,606
	398,251	378,718

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity investments, deposit and prepayments for life insurance policies, trade and other receivables, bank balances and cash, trade and other payables, bank and other borrowings and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with certain of these financial instruments include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Foreign currency risk

The Group has certain financial assets and liabilities denominated in foreign currencies, hence risk exposure to exchange rate fluctuations arise. The Group has not entered into any forward contract to hedge against the foreign currency risk exposure. However, management will consider to hedge these balances should the need arise.

The aggregated carrying amounts of the monetary assets and monetary liabilities denominated in the currencies other than the respective functional currencies of each of group companies at the end of the reporting period are as follows:

	2026 HK$'000	2025 HK$'000
Monetary assets denominated in:		
– RMB	**2**	1
– US$	**6,984**	6,776
Monetary liabilities denominated in:		
– RMB	**876**	1,437

37. FINANCIAL INSTRUMENTS *(Continued)*

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

Foreign currency risk (Continued)

As HK$ is pegged to US$, the currency risk associated with US$ and HK$ is considered minimal. The Group is mainly exposed to the effect of fluctuation in RMB.

The following table details the Group's sensitivity to a 10% increase and decrease in HK$ against RMB. 10% 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 rate. A positive number below indicates a decrease in post-tax loss and an increase in equity where HK$ strengthens 10% against RMB. For a 10% weakening of HK$ against RMB, there would be an equal and opposite impact on the loss and equity.

Sensitivity analysis

	2026	2025
	HK$'000	HK$'000
Impact of RMB		
Profit or loss	**87**	144

In the opinion of the directors of the Company, the sensitivity analysis is not necessarily representative of the inherent foreign currency risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits, bank and other borrowings and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank and other borrowings. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of prime rate, HIBOR and LPR arising from the Group's bank and other borrowings denominated in HK$, US$ and RMB. The Group aims at keeping its 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.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate bank and other borrowings at the end of the reporting period. The analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax loss for the year would increase/decrease by approximately HK$1 million (2025: HK$1 million). This is mainly attributable to the Group's exposure to interest rate risk on its variable-rate bank and other borrowings.

37. FINANCIAL INSTRUMENTS *(Continued)*

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

Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities. Management will monitor the price risk and take appropriate actions should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date.

If the prices of the respective listed equity securities had been 5% higher/lower:

- loss for the year would decrease/increase by approximately HK$296,000 (2025: HK$326,000) as a result of the changes in fair value of financial assets at FVTPL; and

- revaluation reserve would increase/decrease by approximately HK$1,163,000 (2025: HK$1,155,000) for the Group as a result of the changes in fair value of financial assets at FVTOCI.

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, deposits and other receivables and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group performed impairment assessment for financial assets under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Trade receivables arising from contracts with customers

For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on this item by using a provision matrix. As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

The Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for 86% (2025: 60%) of the total gross trade receivables as at 31 March 2026. The Group has concentration of credit risk as 40% (2025: 29%) and 67% (2025: 29%) of the gross trade receivables was due from the Group's largest customer and the five largest customers respectively to provide disclosures of other types of significant credit risk concentration. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances based on provision matrix. Reversal of impairment of approximately HK$160,000 (2025: HK$1,354,000) is recognised during the year. Details of the quantitative disclosures are set out below in this note.

37. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk and impairment assessment (continued)

Deposits and other receivables

Management makes periodic individual assessment on the recoverability of deposits and other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. Management believes that there are no significant increases in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended 31 March 2026 and 2025, the Group assessed the ECL for deposits and other receivables were insignificant and thus no loss allowance was recognised.

Bank balances

Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit-rating agencies. For the years ended 31 March 2026 and 2025, the Group assessed the ECL on bank balances and is considered to be insignificant.

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	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increase 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

37. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk and impairment assessment (Continued)

The table below details the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

	12m ECL or lifetime ECL	Gross carrying amount 2026 HK$'000	Gross carrying amount 2025 HK$'000
Trade receivables	Lifetime ECL (provision matrix)	**10,210**	12,827
Deposits and other receivables	12m ECL	**1,021**	823
Bank balances	12m ECL	**15,882**	13,333

The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix within lifetime ECL.

	2026		2025	
	Average loss rate	**Gross carrying amount HK$'000**	Average loss rate	Gross carrying amount HK$'000
Current (not past due)	**0.1%**	**5,130**	0.1%	4,686
Past due by:				
1–30 days	**0.1%**	**2,188**	0.1%	4,903
31–60 days	**3.7%**	**270**	7.4%	422
61–90 days	**5.3%**	**26**	10.3%	97
Over 90 days	**100%**	**2,596**	100%	2,719
		10,210		12,827

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors, the credit rating of the debtors and forward-looking information on macroeconomic factors. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 March 2026, the Group recognised a net reversal of impairment of approximately HK$160,000 (2025: HK$1,354,000) for trade receivables based on the provision matrix in the statement of profit or loss and other comprehensive income for the year.

37. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk and impairment assessment (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit impaired) HK$'000
At 1 April 2024	4,122
Reversal of impairment losses, net	(1,354)
At 31 March 2025	2,768
Reversal of impairment losses, net	(160)
At 31 March 2026	**2,608**

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The directors of the Company have built an appropriate liquidity risk management framework for the Group's short, medium and long-term funding and management monitors the utilisation of borrowings and liquidity management requirements.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause or subject to loan covenants 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.

37. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk (Continued)

Liquidity table

Non-derivative financial liabilities	Weighted average effective interest rate	On demand or less than 1 year HK$'000	Between 1 and 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
2026						
Trade and other payables	**-**	**37,136**	**-**	**-**	**37,136**	**37,136**
Bank and other borrowings	**4.0%**	**281,393**	**80,956**	**17,737**	**380,086**	**359,818**
Lease liabilities	**5.7%**	**392**	**1,046**	**-**	**1,438**	**1,297**
		318,921	**82,002**	**17,737**	**418,660**	**398,251**
2025						
Trade and other payables	-	34,309	-	-	34,309	34,309
Bank and other borrowings	4.6%	225,641	119,416	22,806	367,863	342,803
Lease liabilities	5.7%	392	1,438	-	1,830	1,606
		260,342	120,854	22,806	404,002	378,718

Bank loans with a repayment on demand clause are included in the "on demand or less than 1 year" time band in the above maturity analysis. Taking into account the fair value of the Group's pledged properties, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The expected cash flow information of such bank loans (based on the schedule of repayments set out in the loan agreements) are set out in the table below.

Maturity analysis – Bank loans with a repayment on demand clause based on scheduled repayments

	Less than 1 year HK$'000	Between 1 and 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 March 2026	**43,303**	**-**	**-**	**43,303**	**41,709**
At 31 March 2025	51,167	-	-	51,167	48,734

37. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value measurements of financial instruments

(i) Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

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

Financial assets	Fair value at 31 March		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	2026 HK$'000	2025 HK$'000			
Equity securities listed in Hong Kong classified as financial assets at FVTPL	**5,919**	6,522	Level 1	Quoted bid prices in an active market	N/A
Equity securities listed in Hong Kong classified as financial assets at FVTOCI	**23,259**	23,105	Level 1	Quoted bid prices in an active market	N/A
Deposit and prepayments for life insurance policies classified as financial assets at FVTPL	**6,975**	6,683	Level 2	Quoted asset value provided by financial institution	N/A

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate their fair values.

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

General information of subsidiaries

Details of the Group's principal subsidiaries at the end of the reporting period are set out below.

Name of subsidiary	Place of incorporation/ establishment/ operations	Class of shares held	Paid up issued/ registered capital	Proportion ownership interest held by the Company		Principal activities
				2026	2025	
Hin Sang Group Holding Limited	British Virgin Islands	Ordinary	US$30,000	100% (direct)	100% (direct)	Investment holding
Hin Sang Hong Company Limited	Hong Kong	Ordinary	HK$280,000	100% (indirect)	100% (indirect)	Investment holding; brand development and management; and development, sales and distribution of healthcare products, personal care products and household products
衍生控股集團(深圳)有限公司# ("Hin Sang Holding Group (Shenzhen) Company Limited")*	PRC	Registered capital	RMB65,000,000	100% (indirect)	100% (indirect)	Investment holding; Wholesale of health care products of Hin Sang (衍生) in the PRC
衍泰藥業(深圳)有限公司^ ("Hin Tai Pharmaceutical (Shenzhen) Company Limited")*	PRC	Registered capital	RMB1,180,000	100% (indirect)	100% (indirect)	Wholesale of healthcare products of Hin Sang (衍生) in the PRC
Hong Kong Pharmaceutical & Research Institute Co., Limited	Hong Kong	Ordinary	HK$1	100% (indirect)	100% (indirect)	Property holding
Beautymate Hong Kong Limited	Hong Kong	Ordinary	HK$10,000	100% (indirect)	100% (indirect)	Property holding
Tai Wo Tong Pharmaceutical (Hong Kong) Company Limited	Hong Kong	Ordinary	HK$24,000,000	100% (indirect)	100% (indirect)	Packing of products developed and sold by the Group

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

General information of subsidiaries *(Continued)*

Name of subsidiary	Place of incorporation/ establishment/ operations	Class of shares held	Paid up issued/ registered capital	Proportion ownership interest held by the Company 2026	2025	Principal activities
衍生健康醫藥(廣東)有限公司# ("Hin Sang Health and Medical (Guangdong) Company Limited")*	PRC	Registered capital	RMB82,300,000	100% (indirect)	100% (indirect)	Manufacturing and sale of health supplements and products
Hin Fai International Holding Company Limited ("Hin Fai")	Hong Kong	Ordinary	HK$10,000,000	100% (indirect)	100% (indirect)	Online sale of products developed by the Group

A wholly foreign-owned enterprise.

^ A limited liability company.

* The English name is for identification only.

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

39. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2026 HK$'000	2025 HK$'000
Non-current assets		
Investment in subsidiaries	72,715	72,715
Financial assets at fair value through other comprehensive income	23,259	23,105
	95,974	95,820
Current assets		
Prepayments	195	233
Financial assets at fair value through profit or loss	5,919	6,522
Amounts due from subsidiaries	10,911	22,095
Bank balances and cash	11	70
	17,036	28,920
Total assets	113,010	124,740
Current liabilities		
Accruals and other payables	318	546
Amounts due to subsidiaries	4,490	4,490
	4,808	5,036
Net current assets	12,228	23,884
Net assets	108,202	119,704
Capital and reserves		
Share capital	109,180	109,180
Reserves	(978)	10,524
Total equity	108,202	119,704

The Company's statement of financial position was approved and authorised for issue by the board of directors on 30 June 2026 and are signed on its behalf by:

Kwan Lai Man
Director

Pang Tsz Yan
Director

39. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(Continued)*

Movement in the Company's reserves:

	Share premium HK$'000	Revaluation reserve HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2024	705,890	(445,395)	8,952	(177,317)	92,130
Loss for the year	-	-	-	(76,755)	(76,755)
Fair value loss on financial assets at fair value through other comprehensive income	-	(4,851)	-	-	(4,851)
Lapse of share options	-	-	(5,024)	5,024	-
At 31 March 2025	705,890	(450,246)	3,928	(249,048)	10,524
Loss for the year	-	-	-	(11,656)	(11,656)
Fair value gain on financial assets at fair value through other comprehensive income	-	154	-	-	154
Lapse of share options	-		(1,247)	1,247	-
At 31 March 2026	**705,890**	**(450,092)**	**2,681**	**(259,457)**	**(978)**

40. EVENTS AFTER THE REPORTING PERIOD

On 15 April 2026, the board of directors became aware that Mr. Pang Siu Hin ("**Mr. Pang**"), the previous chairman, the previous chief executive officer and an executive director of the Company, is currently being held in criminal custody (the "**Criminal Custody**") by the Public Security Bureau (公安局) in the PRC. Given that Mr. Pang has not been able to discharge his duties as the chairman, the chief executive officer and an executive director as a result of the Criminal Custody, the board of directors has resolved on 15 April 2026 to suspend all administrative and executive duties and powers of Mr. Pang as the chairman, the chief executive officer and an executive director with immediate effect until further notice. Ms. Kwan Lai Man ("**Ms. Kwan**") was appointed as the acting chairperson of the board of directors on the same date. On 8 June 2026, Mr. Pang resigned as executive director of the Company and Ms. Kwan was re-designated as chairperson of the Company.

FIVE YEARS FINANCIAL SUMMARY

OPERATING RESULTS

	For the Year Ended 31 March				
	2022 HK$'000	2023 HK$'000	2024 HK$'000	2025 HK$'000	**2026** **HK$'000**
Revenue	120,546	81,460	92,617	91,887	**104,603**
Gross profit	69,075	38,836	57,406	60,283	**63,799**
Loss for the year	(13,105)	(49,168)	(36,400)	(49,420)	**(45,517)**

ASSETS, LIABILITIES AND EQUITY

	As at 31 March				
	2022 HK$'000	2023 HK$'000	2024 HK$'000	2025 HK$'000	**2026** **HK$'000**
Non-current assets	629,010	575,943	542,209	508,626	**486,582**
Current assets	64,761	42,334	45,645	47,099	**44,407**
Total assets	693,771	618,277	587,854	555,725	**530,989**
Current liabilities	190,710	216,550	244,245	267,719	**342,177**
Net current liabilities	(125,949)	(174,216)	(198,600)	(220,620)	**(297,770)**
Total assets less current liabilities	503,061	401,727	343,609	288,006	**188,812**
Non-current liabilities	201,261	161,816	134,278	131,890	**74,334**
Net assets	301,800	239,911	209,331	156,116	**114,478**
Capital and reserves					
Share capital	109,180	109,180	109,180	109,180	**109,180**
Reserves	192,414	130,204	99,656	46,100	**3,895**
Equity attributable to owners of the Company	301,594	239,384	208,836	155,280	**113,075**
Non-controlling interests	206	527	495	836	**1,403**
Total equity	301,800	239,911	209,331	156,116	**114,478**