China Health Group Limited
中國衛生集團有限公司

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

2025

ANNUAL REPORT

CONTENTS

Corporate Information

DIRECTORS

EXECUTIVE DIRECTORS
Mr. Zhang Fan
Mr. Chung Ho
Mr. Xing Yong

NON-EXECUTIVE DIRECTORS
Mr. Huang Lianhai
Mr. Wang Jingming

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Jiang Xuejun
Mr. Du Yanhua
Mr. Lai Liangquan
Ms. Yang Huimin

COMPANY SECRETARY
Mr. Tsui Siu Hung Raymond

REGISTERED OFFICE
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

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

PRINCIPAL BANKER
The Bank of East Asia Limited
10 Des Voeux Road Central
Hong Kong

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

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

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

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

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

STOCK CODE
673

Chairman's Statement

Dear Shareholders,

The past year has been filled with both challenges and opportunities. Against the backdrop of an uneven global economic recovery, China's structural reforms have yielded significant results, with new quality productive forces emerging rapidly, creating new development opportunities for the healthcare industry. Under the leadership of the Board of Directors, the Group actively responded to market changes, strived to overcome operational difficulties, and laid a solid foundation for future development.

Looking back on the past year, the Group faced unprecedented operational pressures. The existing core business experienced a decline due to adjustments in industry policies, the newly expanded distribution business fell short of expectations, and the extended accounts receivable collection cycle placed strain on cash flow. Particularly noteworthy was the adverse outcome in the Appeal Judgment, which posed a severe challenge to the Group's ability to continue as a going concern.

In response to these challenges, the Board of Directors decisively implemented a series of measures: First, we entered into agreements with strategic investors to strengthen our capital base through share subscription agreements. Second, we initiated a rights issue plan aimed at optimizing the capital structure and reducing the debt ratio. Third, we enhanced accounts receivable management and actively pursued collections. Lastly, we will strategically adjust our business layout by scaling back certain inefficient business lines.

Looking ahead, we remain confident in the development prospects of China's healthcare industry. With the acceleration of population aging and urbanization, the demand for healthcare services will continue to grow. The Group will focus on the following priorities: First, accelerating business transformation to concentrate on high-value-added areas. Second, deepening collaboration with strategic investors to achieve resource synergies. Third, advancing digitalization to improve operational efficiency. Fourth, strengthening risk management to ensure financial stability.

The Board believes that by implementing these measures, the Group will gradually overcome its operational challenges and embrace new development opportunities. We sincerely appreciate the trust and support of our shareholders and look forward to continuing to work hand in hand with you to create value together in the new stage of development.

Zhang Fan
Chairman

4 July 2025

Management Discussion and Analysis

RESULTS REVIEW

For the year ended 31 March 2025, the Group reported revenue of approximately HK$38.9 million, representing a decrease of 35% as compared to HK$59.9 million for the previous financial year. The revenue comprises (a) income from distribution and service in medical equipment and consumables of approximately HK$27.7 million (2024: HK$45.8 million); and (b) income from hospital operation and management of approximately HK$11.2 million (2024: HK$14.1 million). The decrease in revenue was mainly due to decrease in income from distribution and service in medical equipment and consumables during the year. For the year ended 31 March 2025, the Group reported gross profit of approximately HK$9.2 million, representing a decrease of 32% as compared to HK$13.6 million for the previous year.

The directors estimate the estimated loss rates of loan and interest receivables based on historical credit loss experience of the debtors. For the year ended 31 March 2025, there was impairment loss recognised on expected credit loss ("ECL") on loan and interest receivables of approximately HK$11.7 million (2024: HK$17.7 million). An impairment analysis is performed at each reporting date using the probability of default approach to measure ECL pursuant to HKFRS 9 Financial Instruments. The probabilities of default are estimated based on comparable companies with published credit ratings. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forward-looking credit risk information. There was no change of valuation methodology for the year ended 31 March 2025. At 31 March 2025, the probability of default applied was 100% (2024: 98.2%) and the loss given default rate was estimated to be 52.05% (2024: 64.1%). Further details of the impairment loss on ECL on loan and interest receivables have been disclosed in note 4 of the consolidated financial statements.

The group tests goodwill for impairment on an annual basis. There was no change of valuation methodology for the year ended 31 March 2025. For the year ended 31 March 2025, the recoverable amount of cash-generating units (CGUs) was determined based on value in use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period with pre-tax discount rates of ranging from 12.60% to 26.9% (2024: from 12.79% to 26.9%) per annum. Cash flows beyond the 5-year period are extrapolated with 2% (2024: 2%) growth rate. Such estimation is based on the CGU's past performance and management's expectations of the market development. Based on the above assessment, impairment loss of goodwill in respect of Anping Bo'ai Hospital and Jinmei Developments Limited as detailed below of approximately HK$8.8 million (2024: HK$13.8 million) and HK$2.9 million (2024: nil) was recognised respectively during the year. Further details of the impairment loss on goodwill have been disclosed in note 17 of the consolidated financial statements.

The Group's loss attributable to shareholders for the year was approximately HK$67.8 million as compared to a net loss of approximately HK$40.2 million for the previous year. The increase in loss was mainly due to a provision for litigation expense of US$4 million (approximately HK$31.2 million) (2024: nil) arising from the Appeal Judgment as defined and detailed in note 26 to the consolidated financial statements. Basic loss per share for the year was HK$13.91 cents (2024: HK$8.45 cents).

Management Discussion and Analysis

REVIEW OF BUSINESS OPERATIONS

For the year ended 31 March 2025, the business operations of the Group comprise (a) medical equipment and consumables distribution and service business; (b) hospital operation and management services business; (c) business service; and (d) research and development and sale of functional food.

(a) Medical equipment and consumables distribution and service business

During the year, the Group recorded revenue of approximately HK$27.7 million (2024: HK$45.8 million), representing a decrease of 40% as compared with the previous financial year. The loss was approximately HK$0.4 million (2024: profit of HK$0.4 million) during the year.

The Group operated the medical equipment and consumables distribution and service business mainly through its subsidiary, namely 北京佑康健業醫療器械有限公司 (Beijing Youkang Jianye Medical Equipment Co., Ltd.) based in Beijing, the PRC. The decline in revenue for the year was mainly due to the significant decrease in purchase and sales unit price of certain products resulting from the compliance with the centralised procurement policy of the PRC government, therefore led to significant decrease in revenue. The Group has strengthened its existing business, optimised its product mix, developed new customers and new products and sought new business growth points.

(b) Hospital operation and management services business

Anping Kangrong Hospital Company Limited and Anping Bo'ai Hospital 安平博愛醫院 ("Anping Bo'ai Hospital") was reorganized into Anping Kangrong Hospital Company Limited and has become an indirect wholly-owned subsidiary of the Company and changed to a profit Class II general hospital. The total gross floor area of the hospital is approximately 6,123 square metres, of which approximately 3,000 square metres are for treatment and diagnosis use, offering up to 130 beds. The hospital provides services covering clinical medicine, pediatrics, surgery, gynecology, traditional Chinese medicine and otolaryngology through outpatient services, hospitalization and general medical services including health examinations and diagnosis. The Group recorded revenue from hospital operation of approximately HK$11.2 million (2024: HK$14.1 million) and loss of approximately HK$14.2 million (2024: HK$20.2 million) during the year. The decrease in revenue was primarily driven by reduced patient numbers in both outpatient and inpatient departments during the year. This was due to the stricter medical insurance policies in the PRC, which lowered reimbursement proportion and narrowed the scope of reimbursement. At the same time, the PRC government requires hospitals to purchase online comprehensively and impose zero markups, resulting in a drop in profits.

Shuangluan Hospital

The Group obtained the operation right of 承德市雙灤區人民醫院暨承德市精神病醫院 (Shuangluan District, Chengde City Hospital (Chengde City Psychiatric Hospital)) ("Shuangluan Hospital") in July 2015 pursuant to the terms of the hospital management agreement (as supplemented on 31 July 2015 and 25 August 2015, the "Management Agreement") entered on 23 July 2015. The Group was entitled to a management fee equivalent to 3% of the revenue of Shuangluan Hospital. On 30 April 2021, the Company, two wholly-owned subsidiaries of the Company, Shuangluan Hospital and the People's Government of Shuangluan District, Chengde City ("the Shuangluan Government") entered into an agreement (the "Termination Agreement") to deal with matters concerning (i) the settlement of the sum (the "Sum") in aggregate of approximately RMB87.7 million (equivalent to approximately HK$105.3 million) representing principal and interest on loan advances (the "Advances") to Shuangluan Hospital and unpaid management fees (the "Fees") calculated up to 31 December 2020; and (ii) the management right over Shuangluan Hospital. Pursuant to the Termination Agreement,

Management Discussion and Analysis

(i) the parties acknowledged that 北京中衛康融醫院管理有限公司 (Beijing Zhong Wei Kong Rong Hospital Management Company Limited) ("Kangrong") (a wholly-owned subsidiary of the Company) has taken up the rights and obligations of the Management Company under the Management Agreement;

(ii) the Shuangluan Government and Shuangluan Hospital agreed that the Sum, net of expenses incurred by personnel appointed by the Group amounting to approximately RMB2.3 million (equivalent to approximately HK$2.81 million) which shall be borne by the Group, shall be settled in cash pursuant to schedule as stated in the Termination Agreement. The scheduled payments shall be applied towards settlement of (a) firstly, the Fees; (b) secondly, the accrued interests on the Advances; and (c) lastly, the principal amount of the Advances;

(iii) the management right of Kangrong over Shuangluan Hospital shall cease upon the signing of the Termination Agreement and the Group shall not be entitled to any further management fee from Shuangluan Hospital; and

(iv) the Management Agreement shall remain effective until the full settlement of the Sum, and the representative of the Group shall resign from the role as the legal representative of Shuangluan Hospital within two business day following the full settlement of the Sum, in the manner as described in (ii) above.

On 12 September 2024, a writ (the "Writ") dated 1 August 2024 filed by the Company (as the plaintiff) against the Shuangluan Government and Shuangluan Hospital (as the defendants) in respect of claims for outstanding balance and interest thereon under the Termination Agreement was accepted by the Intermediate People's Court of Chengde City, Hebei Province (the "Chengde Court"). According to the Writ, the Company's claims including the outstanding principal amount and interest is approximately RMB59.1 million (approximately HK$64.8 million) up to 31 July 2024. Such litigation has been accepted and registered at the Chengde Court on 21 May 2025.

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

(c) Business service

The Group conducted business service by providing hospital management consultancy services. The business factoring business was discontinued following the expiry of its license in June 2024. The Group did not record any revenue from business service (2024: nil) and recorded loss of approximately HK$14.7 million (2024: HK$10.6 million) during the year.

Management Discussion and Analysis

(d) Research and development and sale of functional food

On 16 November 2023, the Group completed acquisition of 100% equity interest in Jinmei Developments Limited ("Jinmei") at the consideration of HK$146 million which were satisfied by the issue of the promissory note of HK$146 million (the "Promissory Note"). Jinmei and its subsidiaries (the "Jinmei Group") are principally engaged in the research and development and sale of functional foods for the prevention of cardiovascular and cerebrovascular diseases through its wholly owned subsidiary, 深圳市偉航奕寧生物科技有限公司 (Shenzhen Weihang Yining Biotechnology Co., Ltd). The Group did not record any revenue (2024: nil) and recorded profit of approximately HK$1.0 million (2024: loss of HK$13.1 million) during the year.

On 19 November 2024, Long Heng Investments Limited (a direct and wholly owned subsidiary of the Company as the purchaser of Jinmei, "Long Heng") and the Company received a letter from the legal representatives of the vendor of Jinmei, Ever True Ventures Limited ("Ever True"), claiming its rights under the agreement in respect of acquisition of 100% equity interest in Jinmei (the "Jinmei Agreement") and the Promissory Note (i.e. the consideration) on the basis that the cross-default clause (the "Cross-Default Clause") has been triggered as a result of a statutory demand of US$4 million from Capital Foresight Limited received by the Company following the Appeal Judgment (as defined and detailed in note 26 to the consolidated financial statements).

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

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

Management Discussion and Analysis

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

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

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

Upon completion of the above matters (including the Transfer) under the Settlement Deed, i.e. disposal of Jinmei, Jinmei and its subsidiaries will cease to be subsidiaries of the Company.

The above transactions were not yet completed as at date of this report. Further details of the above have been disclosed in the announcements of the Company dated 20 November 2024 and 3 July 2025.

FUTURE PROSPECTS

During the year, China's economy continued its recovery trajectory, underpinned by structural reforms and policy support from the central government. The emergence of new quality productive forces and revitalization of the capital market have contributed to renewed investor confidence and reinforced Hong Kong's position as a leading international financial centre. These developments have laid a favourable foundation for the next phase of economic and social growth. With ongoing urbanization and an aging population, the healthcare industry is expected to remain a key pillar of future development, presenting significant opportunities for the Group's expansion.

Despite this broader economic recovery, the Group encountered unprecedented challenges over the past year. These included a decline in performance across existing operations, the underperformance of the new distribution business, and difficulties in recovering substantial accounts receivable. In addition, the adverse outcome of the Appeal Judgment resulted in the early crystallization of the contingent consideration of Jinmei, placing considerable pressure on the Group's short-term cash flow and raising concerns about its going concern status.

In response, the Board took decisive steps to stabilize the Group's financial position. The Company entered into subscription agreements with strategic investors to introduce new major shareholders and, in parallel proposed a rights issue to existing shareholders to repay outstanding debts and strengthen its capital base. The Board believes that the successful execution of the capital raising proposals and the completion of the equity restructuring will significantly improve the Group's financial health and support its long-term growth.

Management Discussion and Analysis

Looking ahead to the new financial year, with the support of new major shareholders and the additional capital raised, the Group is well-positioned to navigate its current challenges. The Group will continue to focus on strengthening its core operations while proactively exploring strategic partnerships, industry integration, and new business opportunities. The Board is confident that through coordinated efforts in the coming years, the Group can overcome its current difficulties, rebuild momentum, and create value for its shareholders.

MATERIAL ACQUISITIONS AND DISPOSALS

(i) Termination of investment in the Bochuang Fund

On 5 July 2021, Zhongwei Health Industries (Shenzhen) Company Limited (a wholly-owned subsidiary of the Company, "Zhongwei Health") and 寧波易達誠資產管理有限公司 (Ningbo Yidacheng Asset Management Co., Ltd., "Ningbo Yidacheng") entered into the agreement, pursuant to which Ningbo Yidacheng agreed to transfer the partnership interest in 北京啟慧智元信息科技合夥企業（有限合夥） (Beijing Qihui Zhiyuan Information Technology Enterprise Partnership (Limited Partnership), "Beijing Qihui") to Zhongwei Health for a cash consideration of RMB1 payable by Zhongwei Health. In consideration of the Vendor transferring the partnership interest to Zhongwei Health, Zhongwei Health shall take up the obligation of Ningbo Yidacheng to contribute registered capital in the amount of RMB30 million to Beijing Qihui (the "Capital Contribution").

Beijing Qihui holds a 15% limited partnership interest in 湖南博創科健產業投資基金（有限合夥）Hunan Bochuang Technology and Health Industry Investment Fund (Limited Partnership) (the "Bochuang Fund"). The Bochuang Fund is a limited partnership established in the PRC with investment focus on the medical equipment, bio-pharmaceutical and medical services sector. Assuming the entire registered capital of Beijing Qihui has been paid up in full (including the Capital Contribution from Zhongwei Health), Zhongwei Health would be interested in approximately 4.44% of the total registered capital of Beijing Qihui. In July 2021, Zhongwei Health had paid RMB15 million (equivalent to approximately HK$16.5 million) to Beijing Qihui as prepayment for the Capital Contribution, with the balance of RMB15 million (equivalent to approximately HK$16.5 million) remaining outstanding.

On 18 October 2024, Zhongwei Health and Beijing Qihui had entered into an agreement (the "Termination Agreement") to terminate the above transaction. Pursuant to the Termination Agreement, (i) the parties have agreed that Zhongwei Health is no longer required to make the outstanding capital contribution of RMB15 million (equivalent to approximately HK$16.5 million) to Beijing Qihui; (ii) the prepayment of RMB15 million (equivalent to approximately HK$16.5 million) towards the Capital Contribution will be refunded to Zhongwei Health; and (iii) the agreement dated 5 July 2021 shall cease and determine and be of no effect, and, save as set out in the Termination Agreement, neither party shall have any claims or further claims against the other.

Further details of the above have been disclosed in the announcements of the Company dated 5 July 2021, 26 July 2021 and 18 October 2024.

Management Discussion and Analysis

(ii) Disposal of 51% equity interest in Golden Alliance Limited

On 2 December 2022, the Company and 武漢明誠旺達醫藥有限公司 (Wuhan Mingcheng Wangda Pharmaceutical Co., Ltd., "Mingcheng Wangda") have entered into a cooperation framework agreement, pursuant to which the Company and Mingcheng Wangda intended to have close cooperation in various ways for distributing medical one health products. Further details of the above has been disclosed in the announcement of the Company dated 2 December 2022.

On 5 December 2022, the Group provided the initial loan (the "Initial Loan") of RMB4.0 million (equivalent to approximately HK$4.4 million) to Mingcheng Wangda.

On 6 February 2023, the Company, Long Heng as the purchaser, three vendors, namely Double Bliss Investments Limited, Mr. Zhou Wang and Alpha Success International Limited and two vendor guarantors entered into the sales and purchase agreement (the "Golden Alliance Agreement") for acquisition of 51% equity interest in Golden Alliance Limited (the "Sale Shares"), which is principally engaged in distribution and marketing of pharmaceutical products in the PRC through its indirectly wholly owned subsidiary (i.e. Mingcheng Wangda), at the consideration of HK$153 million which shall be satisfied by (i) the issue of the promissory notes in the aggregate amount of approximately HK$47.1 million on the date of completion of acquisition; and (ii) the allotment and issue of up to 87,500,000 shares (the "Consideration Shares") at the issue price of HK$1.21 per share after the issue of audited financial statements of the target group for the year ending 31 March 2024 and 2025 pursuant to the Hong Kong Financial Reporting Standards (HKFRS) subject to the profit guarantee adjustments stated in the Golden Alliance Agreement.

In the event that the audited consolidated net profit after tax of the target group for the financial year ending 31 March 2024 ("Actual Profit for FY2024") is less than RMB12 million, the purchaser has the right to reduce the consideration per the terms of the Golden Alliance Agreement. Concurrently, the Purchaser shall have the right (but not the obligation) to terminate the Golden Alliance Agreement with immediate effect, whereby (a) the purchaser is not required to pay any consideration to the vendors; and (b) the purchaser shall return the Sale Shares to the vendors (the "Sale Shares Return") and any related costs shall be borne by the vendors. Where the Sale Shares Return has been completed, the Golden Alliance Agreement shall cease (the "First Exit Clause"). In the event that the Actual Profit for FY2024 is nil or negative, the purchaser is not required to pay any consideration to the vendors. Concurrently, the Golden Alliance Agreement shall immediately cease (the "Second Exit Clause" together with the First Exit Clause, the "Exit Clauses").

Management Discussion and Analysis

In anticipation of the Company becoming the majority shareholder of the target group, on 5 March, 9 May, 23 May and 1 June 2023, the Group provided the additional loans (the "Additional Loans") to Mingcheng Wangda in the aggregate amount of RMB4.7 million (equivalent to approximately HK$5.2 million) to prepare the target group's operational readiness.

Due to unexpected delay in timely fulfilment of certain conditions precedent to the Golden Alliance Agreement including (i) Mingcheng Wangda obtaining the 藥品經營許可證 (pharmaceutical business permit) from 湖北省市場監督管理局 (Administration for Market Regulation of Hubei Province); and (ii) 湖北高硒藥業有限公司 (Hubei Gaoxi Pharmaceutical Co. Ltd.), which is the supplier for the selenium-rich eye drops products, obtaining the pharmaceutical production permit （藥品生產許可證）, the acquisition was not completed until 16 June 2023. Golden Alliance Limited and its subsidiaries including Mingcheng Wangda became subsidiaries of the Company upon completion of the acquisition. Between 16 June 2023 and 1 August 2023, the Group made further shareholder's loans (the "Shareholder's Loans") to Mingcheng Wangda in the aggregate amount of RMB3.6 million (equivalent to approximately HK$3.9 million) for the business development and working capital needs.

The Actual Profit for FY2024 is approximately RMB-6.3 million (equivalent to approximately HK$-6.9 million), falling short of the guaranteed profit for FY2024 and the specified amount (i.e. RMB12 million) under the Exit Clauses. The purchaser decided to exercise the right to terminate under the Golden Alliance Agreement with immediate effect under the Exit Clauses. On 23 April 2024, the purchaser issued the termination notice pursuant to terms of the Golden Alliance Agreement. As a result, the Company shall no longer be obliged to issue any Consideration Shares and the promissory notes issued by the Company shall be cancelled and nullified with immediate effect from the date of the termination notice. Pursuant to the Golden Alliance Agreement, where the Sale Shares Return has been completed, the Golden Alliance Agreement and the obligations of the purchaser and the Company thereunder shall cease and determine. The Sale Shares Return and disposal of Golden Alliance Limited has been completed on 23 April 2024. Golden Alliance Limited ceased to be a subsidiary of the Company upon the completion of the Sale Shares Return.

As at the date of this report, all the loans (the "Loans"), including the Initial Loan, the Additional Loans and the Shareholder's Loans, are due and payable. The Company remains committed to recovering the Loans and will consider taking necessary legal actions for the recovery.

Management Discussion and Analysis

The acquisition, which should have been aggregated with the provision of the Initial Loan for the purpose of the size test calculations, should have been classified as a major transaction instead of a discloseable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The acquisition, when aggregated with the Initial Loan and the Additional Loans, the classification of these three transactions together would remain as a major transaction. The mistaken classifications of the acquisition were caused by an inadvertent oversight of the application of the Listing Rules. Given that (i) the acquisition and the disposal had already been completed; and (ii) the grant of the Initial Loan and Additional Loans had already become effective, the Company will not convene a general meeting to seek ex-post facto approval from the shareholders and, accordingly, no circular will be despatched in respect of the acquisition and the Loans.

In order to avoid the recurrence of similar events in the future, the following remedial measures have been/will be taken by the Group to ensure that the Listing Rules are strictly complied with:

(i) a training session on the requirements under Chapter 14 of the Listing Rules by a Hong Kong legal firm for the directors, senior management and relevant staff of the Group has been conducted on 21 February 2025;

(ii) the Company has hired professional consultants (the "IC Consultant") to review its internal controls in respect of compliance with the Listing Rules on 20 February 2025; and

(iii) the Company will arrange regular training by a Hong Kong legal firm for the relevant staff in order to refresh their knowledge and skills and keep abreast of the Listing Rules requirements.

The internal control review ("IC Review") has been completed by the IC Consultant on 26 May 2025. The findings of the IC Review have been disclosed in the announcement of the Company dated 26 May 2025. The Company is committed to improving its internal control environment according to the recommendations of the IC Consultant. The Group has set out timeline to adopt and implement the remedial actions with substantial implementation expected within 4 to 6 weeks. The IC Consultant is conducting a follow-up review to assess the remedial actions which have been substantially implemented at end of June 2025. Further announcement(s) will be made by the Company upon the completion of the follow-up review by the IC Consultant.

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

Management Discussion and Analysis

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

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

ProteinT Diagnostic is principally engaged in sale and distribution of molecular diagnostics technology related equipments and reagents, and provision of ancillary services such as technical support and maintenance services in the PRC. ProteinT Diagnostic holds a 醫療器械經營許可證 (Permit for Medical Device Operation Enterprises) and 第二類醫療器械經營備案憑證 (the Class II Medical Device Business Recordation Certificate), which allow ProteinT Diagnostic to engage in the sale and distribution of diagnostic equipment and reagents within the PRC.

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

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

Save as the above and entering of the Settlement Deed in respect of Jinmei Devleopments on 3 July 2025 as detailed in section headed "Research and development and sale of functional food", there were no other material acquisitions and disposals during the year and up to date of this report.

Management Discussion and Analysis

SIGNIFICANT INVESTMENT

The Group had no significant investment of carrying value of 5% or more of the total assets as at 31 March 2025 (2024: nil).

FUND RAISING ACTIVITY

On 8 July 2024, the Company, Treasure Wagon Limited ("Treasure Wagon", a company wholly owned by Mr. Zhang Fan who is the chairman of the Company) as the vendor and an independent placing agent entered into the placing and subscription agreement, pursuant to which, (i) Treasure Wagon agreed to sell, and the placing agent agreed to act as overall coordinator and placing agent of the vendor to procure, on a best effort basis, not less than six (6) placees for up to 15,000,000 placing shares at the placing price of HK$0.80 per share; and (ii) Treasure Wagon conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, up to 15,000,000 subscription shares at the subscription price of HK$0.80 per share.

Completion of the placing and the subscription of 12,650,000 shares took place on 12 July 2024 and 17 July 2024 respectively. The Company received total gross proceeds of approximately HK$10.1 million, and total net proceeds of approximately HK$9.8 million from the subscription which will be used for general working capital purposes. As at date of this report, all net proceeds of approximately HK$9.8 million has been used as intended. Further details of the above has been disclosed in the announcements of the Company dated 8 July 2024 and 17 July 2024.

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

PROPOSED SUBSCRIPTIONS OF NEW SHARES AND RIGHTS ISSUE

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

Management Discussion and Analysis

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

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

Each of Mr. Zhang Fan (the Chairman of the Company) and Treasure Wagon (a company wholly owned by Mr. Zhang and being the underwriter of the Rights Issue as detailed below) has unconditionally and irrevocably undertaken to the Company that each of them will take up the 392,220 rights shares and the 40,797,600 rights shares, respectively, under each of their entitlement pursuant to the terms of the Rights Issue.

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

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

The subscription of shares and the Underwriting Agreement will be subject to the approval of the independent shareholders at the special general meeting under the Listing Rules. An application has been made by Ample Colour to the Securities and Futures Commission of Hong Kong ("SFC") for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Underwriting Agreement, the Placing Agent Agreement and the transactions contemplated thereunder constitute special deals under Rule 25 of the Takeovers Code which also require the approval from SFC. Application for special deals consent have been made by the Company to SFC.

Management Discussion and Analysis

The gross proceeds and net proceeds from the subscriptions and the Rights Issue are expected to be approximately HK$84.7 million and HK$80.9 million, respectively. The estimated net subscription price and issue price are both at approximately HK$0.095 per subscription share and rights share. The Company intends to apply the net proceeds: (a) as to approximately HK$65.3 million for settlement of payables of the Group; (b) as to approximately HK$12 million for repayment of principal of the Settlement Note to be issued under the Settlement Deed; and (c) as to approximately HK$3.6 million as working capital of the Group.

The above fund raising activities have not been completed as at date of this report. Further details of the above have been disclosed in the announcements of the Company dated 22 May 2025, 12 June 2025 and 3 July 2025.

LIQUIDITY AND CAPITAL RESOURCES

The Group mainly financed its day to day operations by internally generated cash flow and fund raising activity as mentioned in section headed "Fund raising activity" during the year. As at 31 March 2025, the Group's cash and cash equivalents amounted to approximately HK$1.0 million (2024: HK$4.0 million). As at 31 March 2025, the current assets and net current liabilities of the Group are approximately HK$114.6 million (2024: HK$129.0 million) and HK$17.3 million (2024: net current assets of HK$16.9 million) respectively, representing a current ratio of 0.88 (2024: 1.15).

As at 31 March 2025, the Group has certain bank loans, which were denominated in Renminbi, amounting to approximately HK$5.4 million (2024: HK$5.5 million). The loans carried interest ranging from loan prime rate (LPR) minus 50 basis points (0.01% per basis point) and repayable on demand.

As at 31 March 2025, a provision for other payable of US$4 million (equivalent to approximately HK$31.2 million) in respect of the Appeal Judgment as disclosed in note 26 of the consolidated financial statements was included in other payables and accrued expenses (2024: nil).

As at 31 March 2025, the gearing ratio was 0.25 (2024: 0.03), calculated by the mentioned other payable of HK$31.2 million (2024: nil) and bank borrowings of approximately HK$5.4 million (2024: HK$5.5 million) (representing debts owed by the Company) by total assets of the Company of approximately HK$147.3 million (2024: HK$192.3 million).

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

Management Discussion and Analysis

MATERIAL LITIGATIONS

Details of material litigations were disclosed in section headed "Other payables and accrued expenses" in note 26 to the consolidated financial statements.

CONTINGENT LIABILITIES

As at 31 March 2025, there were no material contingent liabilities of the Group (2024: nil).

CHARGE ON GROUP'S ASSETS

As at 31 March 2025, there were no charge on the Group's assets (2024: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2025, the Group employed 148 employees (2024: 118). The total staff cost including Directors' emoluments was approximately HK$16.7 million as compared to approximately HK$15.7 million for the previous period. The Group continues to review remuneration packages of employees with reference to the level and composition of pay, the general market condition and individual performance. Staff benefits include contributions to the defined contribution retirement plans and a discretionary bonus payment which is linked to the profit performance of the Group and individual performance. Share option schemes have also been established for employees of the Group. No share options were granted, lapsed or cancelled during the year. There were 19,050,000 outstanding share options as at 31 March 2025.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Zhang Fan, aged 60, graduated from the Engineering Department of Changsha University of Science and Technology with a Bachelor Degree in engineering, majoring in engineering machinery. From April 1989 to November 2016, he served at CSG Holding Co., Ltd. (which is listed on the Shenzhen Stock Exchange with stock code: 000012), and held a number of important positions with CSG Holding Co., Ltd. or its subsidiaries. Mr. Zhang has long been engaged in enterprise management, and in particular has accumulated extensive management experience in corporate standardization, regulation and information development. He has in-depth understanding of the relevant industries, and was president of the Guangdong Glass Association. He was appointed as executive director of the Company on 16 December 2016 and the chairman of the Company on 11 December 2017.

Mr. Chung Ho, aged 62, graduated from Shanghai Railway University with a Bachelor degree in Science and Technology and from the Central University of Finance and Economics with a Master degree in Economics. He has over 30 years of experience in investment, financing, corporate management and other areas and has worked in several investment institutions and companies in Mainland China and Hong Kong as senior manager and director. He was appointed as executive director of the Company on 28 December 2012 and the chief executive officer of the Company on 11 December 2017.

Mr. Xing Yong, aged 60, a senior engineer, graduated from Huaqiao University majoring in mechanical manufacturing. In 2004, Mr. Xing formed a Hong Kong company conducting the business of trading and shipping agency for customers from the United States, Europe and South Africa. Mr. Xing was appointed as the deputy general manager of Shenzhen Teamrun Investment Development Company Limited since 2015 and oversees commercial real estate development projects. He was appointed as non-executive director of the Company on 18 June 2016 and was redesignated to executive director of the Company on 22 August 2024.

NON-EXECUTIVE DIRECTORS

Mr. Wang Jingming, aged 68, graduated from the Fourth Military Medical University and the Third Military Medical University and received a bachelor's degree in Medicine and a master's degree in Surgery respectively. In his career of hospital management from 1994, he served as the president of the 251st Hospital of the People's Liberation Army, Chang'an Hospital in Xi'an, Beijing Beiya Orthopedics Hospital, Nanchang 334 Hospital as president, Chengde City Shuangluan District People's Hospital, Cheng Du Qing Cheng Mt. Hospital, Hebei Hua'Ao Hospital. Mr. Wang has long been focused on theoretical research and practice of hospital operating mechanism, management model, development direction. He was awarded 8 military science and technology achievement awards and medical achievement awards, of which "The Research of Military Center Hospital Management New Model" awarded the second prize of military science and technology progress as the primary researcher, and he has published over 80 articles on hospital management and medical professional academic papers. He was the editor-in-chief of "Hospital Management New Model", "Health 4.0 Smart Hospital Management Model" and "Health 4.0 Hospital Mode".

Biographical Details of Directors and Senior Management

During the 5 years when he served as president in the 251st Hospital, the hospital obtained sustainable and rapid development, accessed to social benefits and economic benefits double harvest. The hospital was named "Hospital Operating Mechanism Research Base", "Model Digital Trial Hospitals" by the Ministry of Health, and the "Advanced Unit of the Army in Hospital Informatization" by the General Logistics Department of the PLA. Mr. Wang Jingming was honoured "The Most Leading Chinese Hospital President Innovation Award", "China Outstanding CIO", "Excellent Hospital President of the Army", "Outstanding Contribution of Promoting Construction of China's Informatization", etc. He was also elected as a standing member of the Information Management Committee, a vice chairman of the Chinese Hospital Statistics Committee, a member of the Chinese Health Information Association, a standing member of the Military Hospital Economic Management Committee of Chinese Hospital Association and an expert on special allowance of the military.

As the president of Chang'an Hospital for more than three years, the number of beds increased from 300 to more than 1,000, and medical income increased from RMB120 million to RMB400 million, rising the Shaanxi provincial tertiary hospital rank from No. 48 to No. 12; it participated in the Ministry of Health electronic medical system function evaluation, and won the first place in the national inspection and evaluation; and participated in the US HIMMS, representing the first sixth level certified hospital in the PRC.

When he served as the president of 334 Hospital for 1 year, it completed the overall introduction of new model hospital management, and the overall management level, service capacity, brand image were significantly improved, outpatient, inpatient beds increased by 1 time, hospital income increased by over 90%, and the hospital was certified tertiary hospital qualification.

In September 2015, he served as the president of Chengde City Shuangluan District People's Hospital, where he applied "Jingming Model" to promote the overall development of the hospital. With no changes in the conditions, personnel and equipment of the old hospital area, the admission and treatment capabilities, technical standards and employee mental outlook of employees of the hospital have been significantly improved; after moving to the new hospital area, although there are no residents around, the development momentum of the hospital has not diminished with great improvement in the hospital's technical standards and diagnosis and treatment capabilities. In 2017, at the "Primary Hospital Reform Forum" held by the National Health and Family Planning Commission in the hospital, Shuangluan District People's Hospital introduced its experience. The annual income of the hospital also increased from more than RMB20 million to RMB120 million.

In January 2021, he served as the president of Cheng Du Qing Cheng Mt. Hospital, where he had actively promoted the construction of the Healthcare 4.0 hospital and the promotion of the Jingming model. Since its opening in May 2021, the organisational structure, job responsibilities, workflow, cost accounting and performance management mechanisms of the hospital have been generally completed. The hospital is on the fast track of development.

Biographical Details of Directors and Senior Management

He was appointed as the President and General Manager of Hebei Hua'Ao Hospital of Zhangjiakou in January 2024. He implemented the enterprise, Intellectualization and standardization of hospital management according to his "Health 4.0 Mode". Through the reconstruction of the hospital organization, introducing of post competition, optimization of business process, and the adoption of total cost management, performance management and OKR management, he achieved the hospital staff reduction and efficiency increase, thus making a business growth of above 50% among a half of year. The hospital strived to achieve the goal of being "The national renowned 'Health 4.0' tertiary care hospital, topped in Zhangjiakou and pioneering in Hebei".

He was appointed as the executive director of the Company on 15 May 2014 and has been re-designated from the executive director to non-executive director of the Company on 18 October 2021.

Mr. Huang Lianhai, aged 44, graduated from the Central South University of Forestry and Technology College of Law in 2005. Mr. Huang worked as an assistant solicitor in Guangdong Hopesun Law Firm from June 2005 to December 2007. Mr. Huang has worked in Guangdong Lawsons Law Office from August 2008 to August 2020. Currently, he is the legal and auditing director and the chairman of the supervisory board of Orinko Advanced Plastics Company Limited (a company listed on the Shanghai Stock Exchange, stock code: 688219). He was appointed as non-executive director of the Company on 25 July 2017.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Jiang Xuejun, aged 57, obtained a master's degree and doctoral degree in Cardiology from Tongji Hospital affiliated to Tongji Medical College of Huazhong University of Science & Technology in China. He was also a post-doctoral fellow at Pennsylvania State University and New York State University from June 1998 to June 2001. He has been a professor of Cardiology, chief physician and PhD tutor at Wuhan University Renmin Hospital since October 2001. Mr. Jiang mainly focuses on interventional cardiology and his research directions are coronary heart disease intervention and biomaterial application. He undertakes a number of national and provincial studies and has published numerous medical articles. He was appointed as independent non-executive director of the Company on 21 February 2017.

Biographical Details of Directors and Senior Management

Mr. Du Yanhua, aged 59, graduated from Wuhan University with a Bachelor degree in Virology and a Master degree in Radio Biophysics. He specializes in fields of biophysics, radiation biology and medicine, HIV/SIV vaccine design and construction, laboratory and primates animal immunization, drug and vaccine manufacture, verification of vaccine and clinical trials declaration. He was a research assistant and a lecturer from in College of Life Sciences, Wuhan University from 1987 to 1992 and from 1992 to 2006 respectively. He worked as researcher and engineer in Zheng Tai Technical & Trade Limited in Wuhan from 2001 to 2005. He was also a visiting research scholar in The Aaron Diamond AIDS Research Center, New York from 2006 to 2008 and a research assistant in Aids Institute, LKS Faculty of Medicine in The University of Hong Kong from 2008 to 2012. He has been a technical manager in the Aids Institute, LKS Faculty of Medicine in The University of Hong Kong since March 2012, a senior project manager of Immuno Cure Limited since May 2015 and the chief executive officer of Shenzhen Yike Biotechnical Limited since October 2017. He was appointed as independent non-executive director of the Company on 11 December 2017.

Mr. Lai Liangquan, aged 49, graduated from Xi'an Jiaotong University with a bachelor's degree in accounting in 2001. Mr. Lai is a PRC Certified Public Accountant and PRC Tax Agent. Mr. Lai is currently the chief financial officer of Kimou Environmental Holding Limited (a company listed on the Hong Kong Stock Exchange Limited (the "Stock Exchange"), stock code: 6805). Mr. Lai has been engaged in finance industry for 23 years. He is familiar with domestic and international accounting standards and Hong Kong listing rules and has extensive experience in financial management and corporate governance. He was appointed as independent non-executive director of the Company on 5 March 2019.

Ms. Yang Huimin, aged 48, obtained a bachelor's degree in economics from Zhongnan University of Economics (now known as Zhongnan University of Economics and Law) in 1998 and a Master's degree of Management in Nanjing University in 2001. Ms. Yang is a non-practising member of the Chinese Institute of Certified Public Accountants (CPA) and holds the Chartered Financial Analyst qualification (CFA). Ms. Yang has extensive experience in company finance and listed company operations. In 2010 – 2014, she joined COFCO Property (Group) Co., Ltd. (a company listed on the Shenzhen Stock Exchange with stock code of SZ000031) and successively became the vice general manager of the financial department, the general manager of the operation department and the vice general manager of the Shenzhen Centre City Company. In 2014 – 2015, Ms. Yang was appointed as the chief financial officer and secretary of the board of directors of COFCO & CM (Shenzhen) Grain Electronic Trading Centre Co., Ltd.. She has been the independent non-executive director of the Company from 18 June 2016 to 7 May 2018. She was re-appointed as independent non-executive director of the Company on 30 December 2024.

SENIOR MANAGEMENT

Mr. Tsui Siu Hung Raymond, aged 48, is the company secretary of the Company. He joined the Group in June 2006. Mr. Tsui obtained a degree of Bachelor of Business Administration in Professional Accountancy from the Chinese University of Hong Kong in 1999. Mr. Tsui is a practising certified public accountant in Hong Kong. Mr. Tsui is a fellow member of the Association of the Chartered Certified Accountants and a fellow member of the HKICPA. Mr. Tsui has been a director and partner of Tsui & Partners CPA Limited, a registered firm of certified public accountants (practising) in Hong Kong since March 2014. Mr. Tsui has over 20 years of experience in auditing, accounting and company secretarial field.

Report of the Directors

The directors present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in distribution and service in medical equipment and consumables, provision of hospital operation and management service, business service and research and development and sale of functional food during the year. There were no significant changes in the operation of the Group during the year.

BUSINESS REVIEW

Details of business review, financial performance and future development of the Group's business are set out in the "Management Discussion and Analysis" section from pages 4 to 17.

Principal Risks and Uncertainties

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

As most of the existing healthcare projects are located in the People's Republic of China (the "PRC"), the Group's business, financial condition, results of operations and prospects are greatly affected by political, economic and legal developments and changes to government policies in the PRC. If any stricter regulations regarding the Group's operation or the healthcare industry are enacted in the future, business and operation of the Group may also be significantly impacted. Details of the financial risks are set out in note 4 to the consolidated financial statements.

Environmental Policies and Performance

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

Report of the Directors

Compliance with the Relevant Laws and Regulations

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with the applicable rules and regulations. The Group's operations are mainly carried out in the PRC and Hong Kong while the shares of Company are listed on the Stock Exchange. Hence, the Group shall comply with relevant laws and regulations in the PRC and Hong Kong and the respective places of incorporation of the Company and its subsidiaries. In addition, the Company is required to comply with the Listing Rules and other relevant regulations. The Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the year. Save as (1) certain litigations as disclosed in section "Other payables and accrued expenses" in the note 26 to the consolidated financial statements; and (2) non-compliance with the Listing Rules in respect of the acquisition of Golden Alliance Limited as detailed in the "Material Acquisitions and Disposals" of "Management Discussion and Analysis" section, there was no other material breach or non-compliance with the applicable laws and regulations by the Group for the year ended 31 March 2025.

Relationship with Employees, Customers and Suppliers and other Stakeholders

The Group understands the success of the Group's business depends on the support from its key stakeholders, including employees, customers, suppliers, banks, regulators, hospitals and shareholders. During the year, save as (1) certain litigations as disclosed in section "Other payables and accrued expenses" in the note 26 to the consolidated financial statements; and (2) disputes in respect of the consideration under the Jinmei Agreement triggered by Cross-Default Clause, which have been resolved up to date of this report, as disclosed in the "Research and development and sale of functional food" of "Management Discussion and Analysis" section, there were no material and significant dispute between the Group and its key stakeholders that have a significant impact on the Group.

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

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 March 2025 and the state of affairs at the date are set out in the consolidated financial statements from pages 83 to 177.

The directors do not recommend the payment of any dividend for the year ended 31 March 2025 (2024: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of movement in the property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

Report of the Directors

SHARE CAPITAL

Details of movement in the Company's share capital during the year are set out in note 32 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the year are set out in consolidated statement of changes in equity on pages 87 and 88.

DISTRIBUTABLE RESERVES

As at 31 March 2025, the Company had no reserves available for distribution and/or distribution in specie, as calculated in accordance with the Companies Act 1981 of Bermuda.

DIRECTORS AND THEIR SERVICE CONTRACTS

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

Executive Directors

Mr. Zhang Fan
Mr. Chung Ho
Mr. Xing Yong (redesignated from non-executive Director to executive Director on 22 August 2024)

Non-executive Directors

Mr. Huang Lianhai
Mr. Wang Jingming

Independent non-executive Directors

Mr. Jiang Xuejun
Mr. Du Yanhua
Mr. Lai Liangquan
Ms. Yang Huimin (appointed on 30 December 2024)

The biographical details of the Directors and senior management of the Group are set out from pages 18 to 21 of this report.

Report of the Directors

In accordance with the Company's Bye-Laws, Mr. Chung Ho, Mr. Wang Jingming, Mr. Lai Liangquan and Ms. Yang Huimin will retire from the board by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

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

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

The remuneration of the Directors and the details of the 5 highest-paid employees of the Company and the Group are set out in note 12 to the consolidated financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

CONTRACT OF SIGNIFICANCE

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

MANAGEMENT CONTRACTS

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

PERMITTED INDEMNITY PROVISION

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

Report of the Directors

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

As at 31 March 2025, the interests and short positions of the Directors/Chief Executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions in which the Directors were deemed or taken to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

Name of director/chief executive	Capacity	Interests in shares (other than pursuant to share option)	Interests in underlying shares pursuant to share option	Total interest in shares and underlying shares	Percentage of shares and underlying shares to issued shares
Mr. Zhang Fan *(Note 1)*	Through personal & corporate interest	137,299,400(L)	800,000	138,099,400(L)	28.09%
Mr. Chung Ho *(Note 2)*	Beneficial owner	–	3,000,000(L)	3,000,000(L)	0.61%
Mr. Xing Yong *(Note 2)*	Beneficial owner	139,800(L)	3,400,000(L)	3,539,800(L)	0.72%
Mr. Wang Jingming *(Note 3)*	Beneficial owner	2,850,600(L)	300,000(L)	3,150,600(L)	0.64%
Mr. Huang Lianhai *(Note 3)*	Beneficial owner	–	2,300,000(L)	2,300,000(L)	0.47%
Mr. Jiang Xuejun *(Note 4)*	Beneficial owner	–	800,000(L)	800,000(L)	0.16%
Mr. Du Yanhua *(Note 4)*	Beneficial owner	–	300,000(L)	300,000(L)	0.06%
Mr. Lai Liangquan *(Note 4)*	Beneficial owner	–	300,000(L)	300,000(L)	0.06%

Remark: (L): Long position

Report of the Directors

Notes:

1. Mr. Zhang Fan is interested in 1,307,400 shares through personal interest and 135,992,000 shares through Treasure Wagon Limited which is a company incorporated in Samoa and the entire issued share capital of which is owned by Mr. Zhang Fan. Mr. Zhang Fan is chairman of the Board and an executive Director.

2. Each of Mr. Chung Ho and Mr. Xing Yong is an executive Director.

3. Each of Mr. Wang Jingming and Mr. Huang Lianhai is a non-executive Director.

4. Each of Mr. Jiang Xuejun, Mr. Du Yanhua and Mr. Lai Liangquan is an independent non-executive Director.

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

Report of the Directors

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

As at 31 March 2025, so far as was known to the Directors and the chief executive of the Company, the following persons (not being Directors or chief executive of the Company of which interests were disclosed above) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of substantial shareholders	**Capacity**	**Interests in shares**	**Interests in underlying shares pursuant to equity derivatives**	**Total interests in shares and underlying shares**	**Approximate percentage of shares and underlying shares held to issued shares as at 31 March 2025**
Treasure Wagon Limited *(Note 1)*	Beneficial owner	135,992,000 (L)	–	135,992,000 (L)	27.66%

Remark: (L): Long position

Notes:

1. Treasure Wagon Limited is a company incorporated in Samoa and the entire issued share capital of which is owned by Mr. Zhang Fan who is chairman of the Board and executive Director of the Company.

Report of the Directors

SHARE OPTION SCHEMES

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

The 2023 Share Option Scheme is largely similar to the 2012 Share Option Scheme. The major differences between the 2023 Share Option Scheme and the 2012 Share Option Scheme are changes made to the terms of the 2023 Share Option Scheme to conform to the latest amendments to Chapter 17 of the Listing Rules. The purpose of the 2023 Share Option Scheme is to provide incentives and/or rewards to the eligible participants for their contribution to the growth of the Group. Further details of the 2023 Share Option Scheme were disclosed in the circular of the Company dated 24 August 2023 and note 34 of the consolidated financial statements. There was no change in any terms of the 2012 Share Option Scheme and 2023 Share Option Scheme during the year.

No share options have been granted, exercised, cancelled or lapsed under the 2012 Share Option Scheme and the 2023 Share Option Scheme during the year. As at 31 March 2025, 19,050,000 share options and no share options were outstanding under the 2012 Share Option Scheme and 2023 Share Option Scheme respectively.

As at 1 April 2024 and 31 March 2025, the total number of shares options that was still available for grant under each of the scheme mandate limit and the service provider sublimit of the 2023 Share Option Scheme was 47,899,476 and 4,789,947 respectively. There was no share option that was still available for grant under the 2012 Share Option Scheme. The number of shares that may be issued in respect of share options granted under the 2012 Share Option Scheme and 2023 Share Option Scheme was 19,050,000 (representing 3.91% of weighted average number of ordinary shares in issue of 487,428,000 shares for the year) and nil respectively.

The total number of shares available for issue under the 2023 Share Option Scheme is 47,899,476, representing 9.74% of the shares in issue of 491,644,763 shares as at 31 March 2025 and the date of this report.

Report of the Directors

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

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

Report of the Directors

		Number of share options									
Name or category of participant	At 1 April 2024	Granted during the year	Exercised during the year	Adjusted during the year	Lapsed/ forfeited during the year	Reclassified during the year	As at 31 March 2025	Exercise period of share options	Exercise price of share options *HK$*	Date of grant of share options	Closing price of the Company's share immediately before the date of grant of share options *HK$*
Mr. Huang Lianhai	300,000	–	–	–	–	–	300,000	27 April 2020 to 25 April 2029	1.8	26 April 2019	0.79
	2,000,000	–	–	–	–	–	2,000,000	21 October 2020 to 20 October 2030	1.8	20 October 2020	0.35
Mr. Jiang Xuejun	400,000	–	–	–	–	–	400,000	27 April 2020 to 25 April 2029	1.8	26 April 2019	0.79
	400,000	–	–	–	–	–	400,000	21 October 2020 to 20 October 2030	1.8	20 October 2020	0.35
Mr. Du Yanhua	300,000	–	–	–	–	–	300,000	27 April 2020 to 25 April 2029	1.8	26 April 2019	0.79
Mr. Lai Liangquan	300,000	–	–	–	–	–	300,000	27 April 2020 to 25 April 2029	1.8	26 April 2019	0.79
Subtotal	11,200,000	–	–			–	11,200,000				

Report of the Directors

		Number of share options									
Name or category of participant	At 1 April 2024	Granted during the year	Exercised during the year	Adjusted during the year	Lapsed/ forfeited during the year	Reclassified during the year	As at 31 March 2025	Exercise period of share options	Exercise price of share options HK$	Date of grant of share options	Closing price of the Company's share immediately before the date of grant of share options HK$
Employees	–	–		–	–	–	–	–	–	–	–
	650,000	–	–	–	–	–	650,000	27 April 2020 to 25 April 2029	1.8	26 April 2019	0.79
	100,000	–	–	–	–	–	100,000	21 October 2020 to 20 October 2030	1.8	20 October 2020	0.35
Others *(Note 1)*	800,000	–	–	–	–	–	800,000	27 April 2020 to 25 April 2029	1.8	26 April 2019	0.79
	6,300,000	–	–	–	–	–	6,300,000	21 October 2020 to 20 October 2030	1.8	20 October 2020	0.35
Total	19,050,000	–	–	–	–	–	19,050,000				

Note 1: Share options were granted to 14 business consultants of the Group which comprises of (i) Qiu Peiyuan, Huang Bin and He Lijuan, the former Directors who have become consultants of the Group providing advices on business development of the Group; (ii) a former employee of the Company, namely Ding Jiuru, who has subsequently become a consultant of the Group providing advices on financial operation of the Group; and (iii) consultants and business partners of the Group, namely, Zhong Bin, Liu Yanli, Rao Zhenan, Chan Nam, Hor Heng Siang, Yang Yongbin, Quo Wei, Lu Wenhui, Huang Hui and Wu Guanjie, who have provided business, legal or tax consultancy services or other professional services and introduced investment opportunities to the Group.

Report of the Directors

SUFFICIENCY OF PUBLIC FLOAT

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

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 178 of this report.

PRE-EMPTIVE RIGHTS

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

MAJOR SUPPLIERS AND CUSTOMERS

The largest supplier and the five largest suppliers of the Group accounted for approximately 29.5% and 77.8%, respectively, of the Group's total purchases during the year.

The largest customer and the five largest customers of the Group accounted for approximately 13.8% and 33.6%, respectively, of the Group's total sales for the year.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

EVENTS AFTER THE REPORTING PERIOD

Detail of the events after the reporting period are set out in note 38 to the consolidated financial statements.

Report of the Directors

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company is scheduled to be held in September 2025. The closure of the register of members of the Company for determining the entitlement to attend and vote at the annual general meeting will be set out in the notice of annual general meeting which will be despatched to shareholders of the Company in due course.

AUDITORS

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

On behalf of the Board

Zhang Fan
Chairman of the Board and Executive Director

4 July 2025

Corporate Governance Report

The Board is pleased to present this Corporate Governance Report in the Company's annual report for the year ended 31 March 2025.

CORPORATE GOVERNANCE CULTURE AND VALUE

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

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

– satisfactory and sustainable returns to shareholders;

– that the interests of those who deal with the Company are safeguarded;

– that overall business risk is understood and managed appropriately;

– the delivery of high-quality products and services to the satisfaction of customers; and

– that high standards of ethics are maintained.

CORPORATE GOVERNANCE CODE

The Directors are committed to upholding the corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximise the interests of the shareholders. During the year ended 31 March 2025, the Company has applied the principles in the Corporate Governance Code (the "Code") as stated in Appendix C1 to the Listing Rules. The corporate governance principles of the Company put an emphasis on an effective Board with a high level of integrity, sound internal controls, and a high degree of transparency and accountability, which enhances corporate value for shareholders and protects the long-term sustainability of the Group and thereby achieving sustainable business growth and generating values over the longer term and the strategy for delivering the Group's objective.

In the opinion of the Board, the Company has complied with the applicable code provisions set out in the Code throughout the year ended 31 March 2025 except for certain deviation disclosed herein.

Pursuant to code provision C.1.8 of the Code, the Company should arrange appropriate insurance cover in respect of legal action against its Directors. The Company was unable to find any insurance company to provide insurance cover during the year. In June 2025, the Company has bought the Directors' and officers' liability insurance and therefore has complied with C1.8 of the Code accordingly.

Corporate Governance Report

DIRECTORS' SECURITIES TRANSACTIONS

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

BOARD OF DIRECTORS

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

The Board have a balance of skills and experience appropriate to the requirements of the business of the Company. The Board currently comprises nine members, including three executive Directors, namely Mr. Zhang Fan, Mr. Chung Ho and Mr. Xing Yong, two non-executive Directors, namely Mr. Wang Jingming and Mr. Huang Lianhai, and four independent non-executive Directors, namely Mr. Jiang Xuejun, Mr. Du Yanhua, Mr. Lai Liangquan and Ms. Yang Huimin. The balanced composition of executive, non-executive and independent non-executive members upholds the effective exercise of independent judgement.

The biographical details of the Directors are set out on pages 18 to 21 of this annual report.

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

The Board members have no financial, business, family or other material/relevant relationship among themselves.

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

Corporate Governance Report

DIRECTORS' ATTENDANCE RECORD AT MEETINGS

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

	Attended/Eligible to attend				
	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	General meeting*
Executive Directors					
Mr. Zhang Fan *(Chairman)*	8/8	N/A	N/A	1/1	2/2
Mr. Chung Ho	8/8	N/A	N/A	N/A	2/2
Mr. Xing Yong (redesignated from non-executive Director on 22 August 2024)	5/8	N/A	N/A	N/A	2/2
Non-executive Directors					
Mr. Huang Lianhai	6/8	N/A	N/A	N/A	1/2
Mr. Wang Jingming	7/8	N/A	N/A	N/A	1/2
Independent non-executive Directors					
Mr. Jiang Xuejun	7/8	4/4	1/1	1/1	1/2
Mr. Du Yanhua	7/8	4/4	1/1	1/1	2/2
Mr. Lai Liangquan	7/8	4/4	1/1	1/1	2/2
Ms. Yang Huimin (appointed on 30 December 2024)	1/1	0/0	0/0	0/0	0/0

* Being annual general meeting on 12 September 2024 and special general meeting on 25 November 2024

ROLES AND RESPONSIBILITIES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

Currently, the chairman of the Company is Mr. Zhang Fan and the chief executive officer of the Company is Mr. Chung Ho.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

Corporate Governance Report

BOARD INDEPENDENCE EVALUATION

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

Composition

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

Independence Assessment

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

Channel for Communication

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

BOARD DIVERSITY

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

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

Corporate Governance Report

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

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

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

Gender	Male (8) Female (1)
Designation	Executive Director (3) Non-executive Directors (2) Independent Non-executive Directors (4)
Age group	40-44 (1) 45-49 (2) 50-54 (0) 55-59 (2) 60-64 (3) 65-69 (1)
Length of service as Board member (Years)	0-3 (1) 4-7 (5) 8-12 (3)
External directorships (Number of listed companies)	0 (9) 1-2 (0)
Independence	4 Independent Non-executive Directors

The Board will use its best endeavours to appoint female Directors to the Board (keeping in mind the importance of management continuity and the timeline for retirement and re-election of Directors under the Bye-Laws) and the nomination committee will seek to identify and recommend suitable female candidates to the Board for its consideration on nomination of a Director. The Company will also continue to ensure that there is gender diversity when recruiting staff at mid to senior level so that the Company will have a pipeline of female management and potential successors to the Board in due time to ensure gender diversity of the Board. The Group will continue to emphasize training of female talent and provide long-term development opportunities for female staff in the medical industry.

Corporate Governance Report

REMUNERATION COMMITTEE

The Company established its remuneration committee with specific written terms of reference which are in line with the code provisions set out in the Code. The remuneration committee is responsible for making recommendations to the Board on, among other things, the Company's policy and structure for the remuneration of all directors and senior management of the Company and is delegated by the Board with the responsibility to determine on behalf of the Board the specific remuneration packages for all executive directors and senior management of the Company. The terms of reference of the remuneration committee are disclosed on the websites of the Company and the Stock Exchange. Details of remuneration of the directors for the year are disclosed in note 12 to the consolidated financial statements.

During the year, the remuneration committee reviewed the existing remuneration policies of the Company.

Currently, the remuneration committee comprises four independent non-executive directors, namely Mr. Jiang Xuejun as the chairman, Mr. Du Yanhua, Mr. Lai Liangquan and Ms. Yang Huimin.

NOMINATION COMMITTEE

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

During the year, the nomination committee reviewed the structure, size and composition of the Board and assessed the independence of the independent non-executive Directors and other related matters including appointment of Ms. Yang Huimin as independent non-executive Director during the year.

Currently, the nomination committee comprises one executive director, namely Mr. Zhang Fan as the chairman, and four independent non-executive directors, namely Mr. Jiang Xuejun, Mr. Du Yanhua, Mr. Lai Liangquan and Ms. Yang Huimin.

Corporate Governance Report

AUDITOR'S REMUNERATION

The Company's external auditors are Messrs. Beijing Xinghua Caplegend CPA Limited. For the year ended 31 March 2025, the external auditor's remuneration for audit services was HK$950,000.

The statement of the auditors of the Company regarding their reporting responsibilities is set out in the Independent Auditor's Report from pages 80 to 82 of this report.

REMUNERATION OF SENIOR MANAGEMENT

The remuneration of the members of the senior management by band for the year ended 31 March 2025 is set out below:

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

AUDIT COMMITTEE

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

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

Corporate Governance Report

During the year, the Audit Committee held four meetings and reviewed with the management and the Company's auditors the accounting principles and practices adopted by the Group, discussed auditing, internal control, risk management and financial reporting matters including the annual results for the year ended 31 March 2024 and interim results for the six months ended 30 September 2024 and reviewed the Company's compliance with the Code.

Currently, the Audit Committee comprises four independent non-executive directors, namely Mr. Lai Liangquan as the chairman, Mr. Jiang Xuejun, Mr. Du Yanhua and Ms. Yang Huimin. The chairman of the Audit Committee, Mr. Lai Liangquan, possesses relevant financial management expertise and meets the requirements of rule 3.21 of the Listing Rules.

ACCOUNTABILITY

The directors are responsible for the preparation of the accounts of the Group for the relevant accounting periods under applicable statutory and regulatory requirements which give true and fair view of the state of affairs, the results of operations and cash flows of the Group. In preparing the financial statements for the year ended 31 March 2025, the directors have adopted suitable accounting policies and applied them consistently. The directors are also responsible for keeping proper accounting records with reasonable accuracy for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Management's reponse to the disclaimer of audit opinion

The auditor of the Company issued a disclaimer of opinion in respect of multiple uncertainties that may cast significant doubt about the Group's ability to continue as a going concern for the year ended 31 March 2025 as set out in the Independent Auditor's Report from pages 80 to 82 of this report.

To address the liquidity pressure of the Group and disclaimer of opinion for the year ended 31 March 2025, the Directors have been actively implementing several plans and measures. These include:

(i) entering into subscription agreements to raise estimated gross proceeds of approximately HK$70,000,000 on 30 April 2025 as detailed in "Proposed subscriptions of new shares and rights issue" in "Management Discussion and Analysis" section. The proposed subscriptions are expected to complete in 3rd quarter of 2025;

(ii) proposing a rights issue to raise estimated gross proceeds of approximately HK$14,985,000 on 30 April 2025 as also detailed in section headed "Proposed subscriptions of new shares and rights issue" in "Management Discussion and Analysis" section. The proposed rights issue are also expected to complete in 3rd quarter of 2025;

(iii) negotiating with the Group's existing lender for renewal and/or extension of settlement arrangement of bank borrowing of approximately HK$5.4 million as at 31 March 2025 by 1st quarter of 2026; and

(iv) seeking potential new funding through various channels as and when needed for the year ending 31 March 2026.

Corporate Governance Report

The above funding raising activities and measures have not been completed as at 31 March 2025 and date of this report and therefore remain significant uncertainties exist as to whether the Group will be able to generate adequate financing and operating cash flows and continue as a going concern.

The Directors are of the opinion that, taking into consideration the above plans and measures which are expected to implement and complete for the year ending 31 March 2026, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 31 March 2025 and also address the going concern issue for the year ending 31 March 2026. The Audit Committee, after reviewing the facts and information available to them, endorses the views of the Directors.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

Corporate Governance Report

During the year, the Company has engaged an external risk management and internal control review consultant (the "IC Consultant"), PRO-WIS Risk Advisory Services Limited, to conduct a review of the Group's risk management and internal control covering the period from 1 April 2024 to 31 March 2025. Such review is conducted annually.

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

The key findings identified by the IC Consultant, corresponding recommendations, the Company's response and the remediation status are summarised as follows:

Key findings	**Recommendation(s)**	**Company's response and the remediation status**
1. Need to strengthen and integrate Listing Rules compliance manuals		
The Group currently has the following policies in place in relation to the Listing Rules, including: • "Corporate Governance Policy" (approved on 1 April 2019) • "Shareholders Communication Policy" • "Continuous Disclosure and Communication Policy" • "Whistle-blower Policy, System and Procedures"	(i) The Company should supplement its written procedures on notifiable transactions, connected transactions, financial information disclosure process, approval process for submitting responses to the Stock Exchange, approval process for releasing announcements to the public, and continuous training on the Listing Rules as soon as possible. At the same time, the Group should collect and integrate the various policies of the Group to effectively control them. The policies should be issued to each director and employee after obtaining appropriate approval.	The Company accepts the recommendation and will: (i) supplement its written policies in respect of Listing Rules compliance, to ensure the effective communication of Listing Rules requirements and the Group's work processes for compliance with the Listing Rules to all employees; (ii) update its Corporate Governance Policy in accordance with Appendix C1 of the Listing Rules, to ensure all employees are aware of the latest corporate governance policies and continue to comply with the relevant requirements; (iii) supplement the materiality guidelines in its Continuous Disclosure and Communication Policy, to ensure that employees have clear guidance on which matters may be price sensitive and/or require disclosure;

Corporate Governance Report

Key findings	Recommendation(s)	Company's response and the remediation status
Among them, the IC Consultant found the following: (i) No written procedures have been established for notifiable transactions, connected transactions and financial information disclosure process, review and approval process for submission of responses to the Stock Exchange, review and approval process for release of announcements to the public, and continuous training on the Listing Rules. As there is currently no written system in place regarding notifiable transactions, connected transactions, financial information disclosure procedures, the approval process for submitting responses to the Stock Exchange, the approval process for issuing announcements to the public, and continuous training on Listing Rules, it is difficult to effectively convey Listing Rules requirements and the Group's work processes for compliance with the Listing Rules to employees.	(ii) The Company should update its Corporate Governance Policy as soon as possible in accordance with Appendix C1 of the Listing Rules, i.e. the Code. (iii) The Company should supplement and list out the matters in materiality guidelines contained in the Continuous Disclosure and Communication Policy. (iv) The Company should provide Chinese translations of the English policies (Corporate Governance Policy, Shareholders Communication Policy and Continuous Disclosure and Communication Policy) for directors and employees to review. (v) The Company should prepare a acknowledgement letter as soon as possible and provide it to all Directors and employees for signature to ensure that everyone understands and agrees to comply with the Group's policies.	(iv) provide Chinese translations of all of its policies and procedures to the Directors and employees, to ensure their clear understanding thereof; and (v) prepare acknowledgement letters for signing by Directors and employees to ensure their clear understanding and compliance with the Group's policies. All of the above is expected to be completed within 6 weeks.

Corporate Governance Report

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

Corporate Governance Report

Key findings	Recommendation(s)	Company's response and the remediation status
(v) The Group did not require Directors and employees to sign acknowledgement to confirm that they understand and agree to comply with the relevant policies of the Group. As a result, it is difficult to ensure that everyone clearly understands the requirements for compliance with the Listing Rules and the Company's policies.		
2. No policy for preserving Directors' responses to meeting minutes		
The company secretary currently provides meeting minutes, reports on material contracts and daily communications with directors mainly through instant messaging apps/emails. The attendance list and meeting minutes of the Board and the various Board committees are signed by the chairman of the meeting on behalf of the Board or the committee members, as the case may be. As the Directors' replies on instant messaging apps/emails are not individually recorded and meeting minutes are signed by the chairman of such meeting, it is difficult to determine whether the members of the Board/Board committees have reviewed and agreed to the contents of the meeting minutes.	After receiving the meeting minutes, the Directors attending the meeting should reply whether they have any comments on the content, and a record of the reply should be kept. For other minor matters, the Company may consider establishing a written policy to stipulate that if the Directors have any comments on the content mentioned in the instant messaging apps/emails, they should reply within a specified reasonable time.	The Company accepts the recommendation and will establish a system to record replies from Directors attending Board or Board committee meetings, to ensure clear record keeping of which members of the Board/Board committees have reviewed and agreed to the contents of the meeting minutes. For other minor matters, the Company will adopt a policy requiring Directors to provide comments within 2 weeks from the circulation of information. The above remediation is completed.

Corporate Governance Report

Key findings	Recommendation(s)	Company's response and the remediation status
3. No signed confirmation that the list of connected persons is complete and up to date.		
Directors have not been asked to sign a confirmation that the list of connected persons provided is complete and up to date. In addition, the connected persons list is not regularly distributed to key personnel of the Group's subsidiaries to ensure timely identification of connected transactions. Since Directors were not required to sign a confirmation letter stating the completeness and update of the list of connected persons, the Company may not be able to accurately identify all connected persons. This may result in connected transactions not being fully and accurately disclosed. At the same time, the list of connected persons is not regularly issued to the responsible personnel of the Group's subsidiaries, making it difficult for them to identify connected transactions in a timely manner in their daily operations. Subsidiaries may therefore unwittingly engage in transactions with connected persons.	The Company should request all Directors to sign a confirmation as soon as possible, stating that the list of connected persons provided is complete and up-to-date. A regular review mechanism should be established, such as a comprehensive review of the list of connected persons every quarter or half year to ensure the accuracy of the list. The company secretary should also regularly issue the list of connected persons to the key personnel of the Group's subsidiaries to ensure that the subsidiaries can obtain the latest connected persons information in a timely manner.	The Company accepts the recommendation and will prepare a confirmation for all Directors to sign, stating that the list of connected persons is complete and up-to-date as soon as possible, to ensure the Group can accurately identify and monitor its connected transactions in a timely manner. This is expected to be completed within 4 to 6 weeks. The Company will adopt a policy whereby the company secretary will contact the Directors every 6 months to update the connected persons list. If there is any update to the list, the company secretary shall disseminate the updated list to the senior management of the Group's subsidiaries as soon as practicable and no later than 7 business days thereafter. This is expected to be completed within 6 weeks.

Corporate Governance Report

Key findings	Recommendation(s)	Company's response and the remediation status
4. No timetable has been formulated for dissemination to responsible parties for preparation of annual and interim reports		
The Company currently relies mainly on the company secretary to coordinate and ensure the timely publication of annual and interim reports. No timetable has been formulated and sent to the responsible parties to ensure timely completion of annual or interim reports. As a result, the relevant personnel may be unclear about the requirements of timelines and progress for preparation of financial reports, which may lead to delays in the publication thereof.	The company secretary should communicate with the responsible parties to formulate and distribute a timetable for preparation of the annual and interim reports. The schedule should specify timing for each key milestone, such as provision of financial data, commencement of auditors' work and provision of the first draft of the audit report, and the date of report approval, ensuring that all responsible parties are clear about their responsibilities and requirement of timelines.	The Company accepts the recommendation and will adopt a policy requiring the company secretary to formulate and distribute a timetable for preparation of the annual and interim reports to relevant responsible parties at least 2 months prior to the relevant publication dates. The company secretary will also coordinate with all responsible parties to ensure they clearly understand their responsibility and requirement of timelines. This is expected to be completed within 6 weeks.
5. Appropriate insurance has not been arranged for legal proceedings against Directors		
Pursuant to the Code, companies are required to arrange appropriate insurance coverage in respect of legal proceedings against Directors. According to the management, due to the Group's involvement in litigations, the Company was unable to identify any insurance company to provide Directors' insurance during the Review Period.	The Group should properly resolve the litigation disputes as soon as possible to improve the likelihood of insurance companies offering Directors' insurance coverage.	The Company noted the recommendation and will reach out to additional insurance providers to explore Directors' insurance coverage options, to (i) ensure the Group will not be disadvantaged in attracting suitable Directors in the future, if and when needed; (ii) promote the stability of the current Board; and (iii) mitigate undue financial burden on the Group in the event of potential litigation involving any Director. This is expected to be completed within 6 weeks.

Corporate Governance Report

Key findings	Recommendation(s)	Company's response and the remediation status
When potential director candidates consider joining the Company, whether the Company can provide Directors' insurance is an important factor. If the Group cannot procure Directors' insurance, it may be difficult to attract directors with rich experience and professional ability. At the same time, it also increases the risk of Directors leaving, which in turn affects the stability of the Board. Furthermore, if any Director is facing legal proceedings in the absence of insurance protection, the Company may have to bear all legal fees and compensation liabilities. If the lawsuit involves a significant amount of money, it could cause substantial financial pressure to the Group, affecting the Company's liquidity and financial stability.		
6. Company seals are not kept separately by different persons		
The seals of the Group's major subsidiaries – including official seals, financial seals, legal representative's private seals and contract seals – are all kept by one person. Since a single person holds all key seals, the risk of unauthorized use of seals increases.	The Company should assign different seals to personnel in different departments or positions for safekeeping, based on the purpose and importance of each seal. For example, the official seal may be kept by the head of the administrative department, the financial seal by the head of finance, the legal representative's private seal by the legal representative or his authorized person, and the contract seal by the head of the legal or contract management department.	The Company accepts the recommendation and will adopt a policy whereby the seals of the Group's major subsidiaries will be held by the senior management of the corresponding departments of each subsidiary, to reduce the risk of unauthorised misuse of Company seals. The above remediation is completed.

Corporate Governance Report

Key findings	Recommendation(s)	Company's response and the remediation status
7. Approval records for contracts or use of company seals have not been retained		
According to the Management, for contract approvals at a certain subsidiary, the applicant would bring the hard copy contract documents to the management for approval, and the management would directly stamp the documents if they agreed. Hence, it has no documented records of seal approvals for that subsidiary. As a result,it is difficult for management to track whether each transaction has been properly approved.	The Company should establish a "Approval Form" to record the approval process of contract and use of seal, and the form should be properly kept together with the relevant contract.	The Company accepts the recommendation and will implement policy to record approval process and design relevant approval forms, to ensure that the Group can property track whether each transaction has been duly approved. This is expected to be completed within 4 weeks.

The details of the above key findings, corresponding recommendations, the Company's response and the remediation status have also been disclosed in the announcement of the Company dated 26 May 2025.

The internal control review has been completed by the IC Consultant on 26 May 2025. The Company is committed to improving its internal control environment according to the recommendations of the IC Consultant. The Group has set out timeline to adopt and implement the remedial actions set out above, which it considers to be sufficient to address the key findings in the Group's internal control systems in respect of compliance with Listing Rules, with substantial implementation expected within 4 to 6 weeks. The IC Consultant is conducting a follow-up review to assess the remedial actions which have been substantially implemented at end of June 2025.

The IC Consultant has confirmed that, based on their review, once the remedial actions are implemented, nothing has come to their attention that causes them to believe the Company will not have in place adequate internal control systems, policies and procedures to ensure compliance with the Listing Rules. Further announcement(s) will be made by the Company upon the completion of the follow-up review by the IC Consultant.

Corporate Governance Report

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

COMPANY SECRETARY

During the year ended 31 March 2025, Mr. Tsui Siu Hung Raymond, the Company Secretary, has taken no less than 15 hours of relevant professional training. Biographical details of Mr. Tsui are set out in the section headed "Biographical details of Directors and Senior Management" in this report.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

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

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

The Company will from time to time provide briefings to all Directors to develop and refresh their duties and responsibilities. All Directors are also encouraged to attend relevant training courses at the Company's expense and they have been requested to provide the Company with their training records. According to the training records maintained by the Company, all directors including Mr. Zhang Fan, Mr. Chung Ho, Mr. Xing Yong, Mr. Wang Jingming, Mr. Huang Lianhai, Mr. Jiang Xuejun, Mr. Du Yanhua, Mr. Lai Liangquan and Ms. Yang Huimin have participated in continuous professional development by attending seminars and/or studying materials relating to the economy, general business, corporate governance and directors' duties and responsibilities during the year.

Corporate Governance Report

INSURANCE COVER

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

SHAREHOLDERS' RIGHTS

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

Procedures for shareholders to convene a special general meeting

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

Procedures for shareholders to put forward proposals at shareholders' meeting

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

Corporate Governance Report

Procedures by which enquiries may be put to the Board

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

DIVIDEND POLICY

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

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

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

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

ANTI-CORRUPTION

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

Anti-Corruption Policy

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

Whistle-Blowing Policy

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

CONSTITUTIONAL DOCUMENTS

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

Environmental, Social and Governance Report

ABOUT THIS REPORT

This Environmental, Social and Governance ("ESG") report is prepared in accordance with the Guidelines on ESG Reporting as stated in Appendix C2 of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). It aims to highlight the Group's ESG performance and to help all stakeholders understand the Group's ESG concepts and practices with a view to achieving future sustainable development.

1. Scope of this Report

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

- Anping Kangrong Hospital Co., Ltd.;
- Beijing Youkang Jianye Medical Equipment Co., Ltd.;
- Beijing Zhongwei Kangrong Hospital Management Co. Ltd.;
- Mageruizi (Wuhan) Medical Technology Development Co., Ltd.;
- Zhongwei International Consulting (Shenzhen) Co., Ltd.*（中衛國際咨詢（深圳）有限公司）

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

2. Reporting Standards and Principles

(1) Reporting Standards

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

Environmental, Social and Governance Report

(2) Reporting Principles

The following principles are adopted in the Report:

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

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

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

- Balance: This Report should present the performance of the Company fairly and avoid selection, omission or presentation format that may unduly affect the decision or judgment of the readers of the report.

3. Statement of the Board and Contact Information

(1) Statement of the Board

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

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

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

1) material ESG area identification by industry benchmarking;

2) key ESG area prioritisation with stakeholder engagement;

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

Environmental, Social and Governance Report

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

(2) Contact Information

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

4. Our Sustainable Development Value

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

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

5. Stakeholders Engagement

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

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

Environmental, Social and Governance Report

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

6. Materiality Assessment

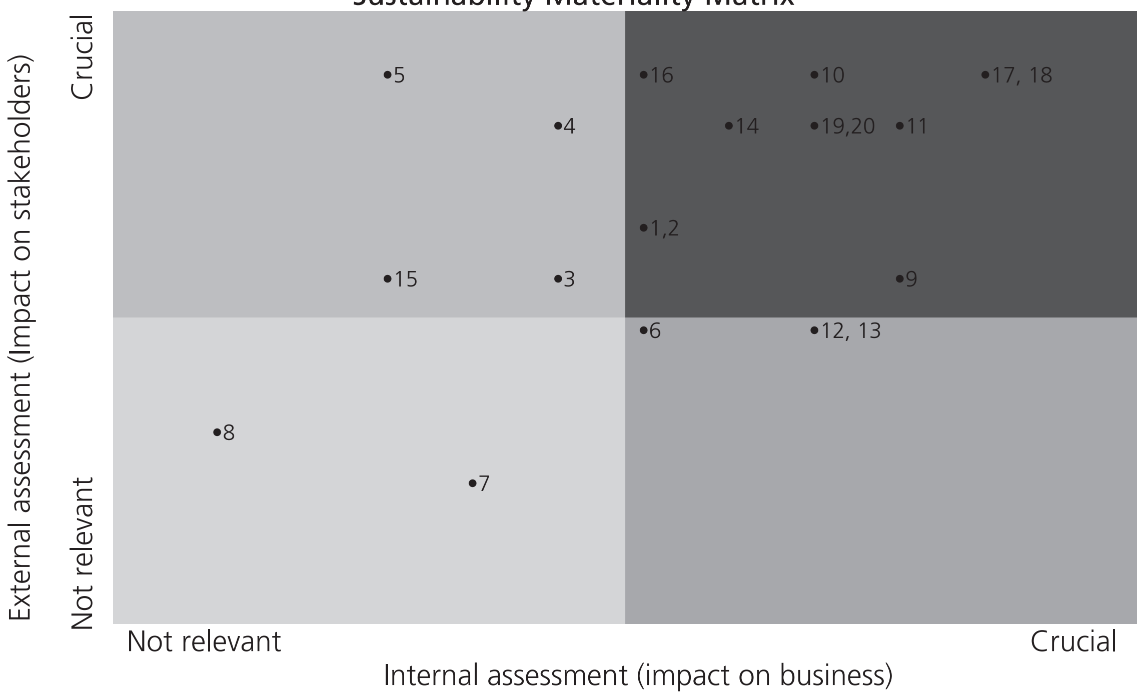
During the reporting period, the Group has actively conducted assessments on a number of environmental, social and operating items, and in-depth analysis of their importance to stakeholders and the Group through diversified channels. The assessment of such material matters not only helps to ensure that the Group's business objectives and direction can meet the expectations and requirements of stakeholders, but also provides the Group with valuable data support to make more informed decisions.

We prioritised those ESG topics into three categories: high, medium and low, for better strategic planning and resource allocation. The issues which fell in the upper right corner of the matrix were defined as the topics that matter most in the Group's business operation and our stakeholders are concerned about. For these key areas, we will invest more resources and implement relevant measures to strengthen performance.

Environmental, Social and Governance Report

In addition, the Group will continue to pay close attention to corresponding policies and market changes, and actively seek various possible opportunities to further improve our ESG performance. We believe that such comprehensive and meticulous management approach will enable us to create greater value for our stakeholders and bring a wider positive impact to society.

Sustainability Materiality Matrix



Environmental issues

1. Greenhouse gas emissions
2. Energy consumption
3. Water consumption
4. Waste
5. Environmental impact
6. Air emissions
7. Use of chemicals

Social issues

8. Community engagement
9. Occupational health and safety
10. Labour Standards
11. Training and development
12. Employee welfare
13. Equal opportunities
14. Talent attraction and retention

Operational matters

15. Economic value generated
16. Corporate governance
17. Anti-corruption
18. Supply Chain Management
19. Customer satisfaction
20. Customer privacy

7. Environmental protection

Sustainable development has become the common goal of mankind, and the Group always sticks to the idea of establishing a green and environmentally sustainable enterprise. In the practicing such idea, we are committed to integrating environmental, social and governance (ESG) principles into all levels of corporate operations.

Environmental, Social and Governance Report

In an effort to achieve resource conservation and efficient utilisation, we have rolled out a series of innovative measures. In addition to the rational use of traditional resources such as water and electricity, we have also strengthened employee training and awareness raising: we regularly arrange energy-saving trainings to improve employees' awareness of the importance of energy conservation and emission reduction, and encourage them to adopt energy-saving measures in their daily work; promote green procurement policies: during the procurement process, we give priority to energy-saving and environmentally friendly products and equipment to reduce energy consumption and environmental impact from the source; and strengthen intelligent energy management: use intelligent energy management systems to monitor and control energy use, and continuously optimise energy consumption through data analysis and real-time feedback.

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

We implement scientific and strict waste management strategies for all types of office waste and industrial waste generated in our business activities, which include the classification, recycling, reuse and safe disposal of waste, to ensure that such materials can be properly processed or converted into useful resources, thus minimising the burden on the environment.

In the future, the Group will continue to make environmental efforts, and explore and practice new green development models, so as to fulfill our firm commitment to environmental protection. With integrated resources, innovative management and active participation, we will contribute more to the sustainable development of the environment and play a more active role in promoting the realisation of global sustainable development goals.

(1) Emissions

Environmental emissions

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

Air emissions

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

Environmental, Social and Governance Report

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

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

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

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

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

Sewage treatment

Water consumed at hospitals is discharged to the designated water treatment facilities after strict treatment to ensure the compliance with environmental standards, so as to reduce the impact on the environment. The Group places high importance on fluid waste management and has adopted the following measures to limit employees' exposure to infectious fluid waste:

- Standardised procedures: we have developed strict liquid waste treatment procedures to ensure that all employees follow appropriate safety regulations and operating guidelines;

- Safety training: we regularly conduct liquid waste safety management training for employees to improve their understanding of biological hazards and self-protection capabilities;

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

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

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

- Partner: we work with a qualified waste disposal company to ensure proper and safe disposal of liquid waste, and compliance with all relevant laws and regulations.

Through these measures, we are committed to minimising the impact on the environment during hospital operations, while protecting the health and safety of our employees and community residents.

Wastes management

The wastes generated from the business operation are mainly medical wastes and general wastes. With regard to these two types of waste, we have adopted the following strict treatment measures:

- Medical waste disposal: all medical waste, including infectious waste, pathological waste, pharmaceutical and chemical waste, shall be delivered to qualified units of medical waste collection, transportation and disposal. These units are equipped with professional equipment and trained personnel to ensure that medical waste is incinerated uniformly and safely, reducing risks to the environment and public health;

- Supply chains and logistics for aesthetic drugs: climate change exerts pressure on global supply chains, in particular affecting the stable supply of aesthetic drugs. We are closely monitoring any weaknesses in our supply chain and optimising logistics strategies to mitigate the risk of supply disruptions caused by extreme weather events;

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

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

Environmental, Social and Governance Report

- Supervision and improvement: we constantly monitor our waste disposal processes, and make adjustments and improvements based on the latest environmental regulations and technological advances to ensure that our waste are disposed in an efficient and environmental-friendly way.

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

Packaging materials

The Group is mainly engaged in distribution and service in medical equipment and consumables, provision of hospital operations and management service, business factoring and property investments. Due to the nature of our business, our operational process does not involve consumption of packaging materials or any business activity related to packaging materials.

Therefore, no packaging materials were consumed during the reporting period.

(2) Use of Resources

We attach great importance to environmental protection, with commitment to creating a corporate culture featuring green and environmental friendly. We highly emphasis the effective integration and economical use of resources, and advocate environmental office and green travel, thereby minimizing resource consumption and reducing damage to the environment. The Group is committed to providing customers with excellent services, while striving to maintain the adverse impact of operating activities on the environment at a minimal level.

In terms of electricity consumption management, we encourage employees to turn off all electricity equipment before the end of the shift, and set the air conditioning on conditions and temperature standards. We also post energy saving cue board in the office area to improve employees' environmental awareness. In addition, as the science and technology develops, more inductive lighting technology are adopted in the PRC to avoid unnecessary electricity consumption. The Group's offices in the PRC have also adopted induction lighting systems to minimize the use of electricity, which has received widespread support from employees, who work together to implement energy-saving measures.

Environmental, Social and Governance Report

In terms of paper usage, we encourage employees to effectively reduce paper consumption through online job communication such as email. At the same time, we implement duplex printing to reduce paper usage and recycle used paper to further improve resource usage efficiency.

In terms of water use management, we post water saving tips and posters in toilets and handwashing facilities to remind employees to cherish water resources. Meanwhile, we strengthen the daily maintenance and management of water use equipment and ensure timely repair of any damaged water supply pipeline and facility to avoid waste of water.

The Group makes active efforts to promote the concept of green office, in an aim to reduce the consumption of natural resources and mitigate the impact on the environment. We have set up teleconferences in the office and encourage employees to practice internet-meetings to reduce unnecessary business travels, thereby effectively diminishing the carbon emissions generated by transportation.

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

- Encouraging employees to participate in energy management: employees are provided with energy awareness education activities, and are encouraged to switch off unnecessary electrical appliances in their daily work to use natural light, and report any energy waste issues, so as to jointly create an energy-saving working environment;

- Installation of an automatic lighting control system: sensors and timers are installed to automatically control the interior and outdoor lighting so that the lights are turned on only when the room is in use, thus reducing unnecessary energy consumption;

- Promoting the use of energy-saving equipment: we actively purchase and apply products with energy-saving logo, such as LED lamps, energy-saving air conditioners and high-efficiency office equipment, which can effectively reduce energy consumption and carbon emissions.

Environmental, Social and Governance Report

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

Energy consumption	**Unit**	**2025**	2024
Electricity	kWh	**403,902**	647,148
Fuel	kWh	**120,569**	187,027
Energy consumption intensity	kWh/millions of revenue	**13,977**	12,131
Water	Tonne	**4,785**	19,298
Water consumption intensity	Tonne/millions of revenue	**128**	281

The consumption of non-hazardous waste in the recent two years is as follows:

Energy consumption	**Unit**	**2025**	2024
Non-hazardous waste	Tonne	**3.4**	3.5

There was no hazardous waste produced by the Group during the year.

(3) Air Pollutants

Nitrogen oxides ("NOx"), sulfur oxides ("SOx"), and inhalable suspended particles ("RSPs"), also known as "PMs", are the major air pollutants produced in the cities by vehicles, ships, power plants and mass plants that generally consume fossil fuels. Up to the reporting date, the Group has not engaged in the business activities of substantial use of fossil fuels. In the opinion of the directors of the Company, the Group's emission of pollutants in this respect is limited and has no significant impact on the assessment and decision-making of the Group and/or the shareholders.

Automotive fuel is the major source of pollutant emissions, the management considers that the environmental impact from operating emissions is insignificant and has no significant impact on the assessment and decision-making of the Group and the shareholders.

Type	**Unit**	**2025**	2024
Air emissions			
Nitrogen Oxides	kg	**27.9**	33.9
Particular matters	kg	**2.5**	3.0
Sulphur Oxides	kg	**0.1**	0.3

Environmental, Social and Governance Report

(4) Greenhouse Gas Emissions

Global warming is one of the main issues of climate change, and is closely related to the greenhouse gas emissions from human activities. With climate-change-related risks looming, the consensus now is that measures must be taken to further quantify and assess them. The Group is also concerned about these risks and we are committed to making use of resources in a sustainable and environmentally friendly manner, so as to reduce greenhouse gas emissions.

The major source of greenhouse gas emissions of the Group was the use of electricity in the offices of the Group, which was used for empowering the offices equipment.

The emissions of GHG of the Group can be broadly classified into fuel combustion (Scope 1) and energy indirect emissions (Scope 2).

Type	**Unit**	**2025**	2024
Greenhouse gas emissions			
Scope 1	Tonne	**8**	39
Scope 2	Tonne	**338**	369
Total GHG emission	Tonne	**346**	408
GHG emission intensity	Tonne/millions of revenue	**9.2**	5.9

(5) Climate Change

The Group actively identifies and assesses the potential impacts of climate change in the context of our actual operations. As a professional distributor of medical equipment and consumables and an institution providing hospital operation and management services, we are exposed to numerous challenges and opportunities:

- Improvement required by environmental regulations: as the national environmental regulations become increasingly stringent, we must ensure that our business operations, product supply chain and service processes comply with such regulations to reduce the risk of any violation and protect the environment;

- Supply chains and logistics for aesthetic drugs: climate change exerts pressure on global supply chains, in particular affecting the stable supply of aesthetic drugs. We are closely monitoring any weaknesses in our supply chain and optimising logistics strategies to mitigate the risk of supply disruptions caused by extreme weather events

Environmental, Social and Governance Report

- Environmentally friendly concepts for aesthetic techniques and equipment: with the increasing public attention to sustainable development, the market demand for environmental-friendly aesthetic techniques and equipment has increased. We are committed to introducing and promoting aesthetic products that apply low energy consumed, high efficiency and environmental-friendly materials to meet market demand and expand our business scope;

- Unpredictable or extreme weather events due to climate change: extreme weather events such as floods, droughts and heat waves are becoming more frequent, which not only threatens public health, but also significantly affects the operation of medical equipment and the demand for consumables. Therefore, we are strengthening emergency plans and improving disaster recovery strategies to ensure quick response to climate-related emergencies.

The Group is comprehensively reviewing and adjusting our business strategies to ensure that we can make effective response to the challenges brought by climate change, while capturing new business opportunities and providing uninterrupted and sustainable services to our customers.

8. Employee Care

(1) Work Platform

Social employment

We recognise that the success of the Group depends critically on its ability to attract, develop and retain outstanding talents. Therefore, the Group adheres to fair and open recruitment practices and makes every effort to protect the rights and interests of employees.

Recruitment, promotion and compensation

In terms of recruitment, promotion and compensation, we reward our employees with competitive remuneration packages, along with ample promotional opportunities and benefits to attract and retain talents. Our remuneration level is determined with reference to the prevailing market condition as well as the competency, qualifications and experience of the individual employee.

Equal opportunities, diversity and anti-discrimination

To promote equal opportunities, diversity and anti-discrimination, the Group also advocates equal opportunities. Our remuneration schemes and job appraisals are based on the ability, specialty and working performance of each staff. The most noteworthy is that during the reporting period, the Group did not identify any non-compliance with regulations concerning employment and equal opportunity.

Environmental, Social and Governance Report

As an employer who adheres to the principle of equal opportunity, the Group is committed to creating a working environment that is free from discrimination. We ensure that all employees and job seekers are treated fairly in all employment practices, such as hiring, transfer, recruitment, training, promotion, discipline, rates of pay and benefits, regardless of ethnic group, gender, age, religion, nationality or disability. We strive to create a corporate culture and an atmosphere of equality, respect, diversity, inclusion and mutual support.

Workforce

As of 31 March 2025, the Group has 148 (2024: 127) full-time staff in PRC. Details are as follows:

Workforce	**Employee Distribution**	**Employee Turnover Ratio**
Gender		
Male	53	2%
Female	95	6%
Ranking		
Senior management	17	0%
Manager and supervisor	8	13%
General staff	123	5%
Age		
18-29	44	7%
30-39	29	7%
40-49	37	3%
50-59	18	6%
60 or above	20	0%

(2) Development and Training

The Group is committed to creating a dynamic environment in which our employees are encouraged to pursue excellence at work and career development. Customised training programs are arranged for staff members at different levels and from across its divisions within the Group to meet their respective development needs.

For new joiners, we provide specific induction program to ensure that they can quickly familiarize themselves with and integrate into the Group's culture and practices. The Group places great emphasis on its employee training and has established a comprehensive training system. Its key principles consist of all members of the organization, to ensure that everyone is offered the opportunity to grow personally and professionally.

Environmental, Social and Governance Report

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

Employees	Trained Number of employees	Trained Percentage	Average training hours completed
Gender			
Male	25	47.17%	96
Female	68	71.58%	96
Ranking			
Senior management	3	17.65%	36
Manager and supervisor	3	37.50%	36
General staff	87	70.73%	96

The Group has established an award system in an aim to provide professional trainings for experienced and eligible employees. Our policy clearly stipulates that every employee, including management, should attend training every year to maintain and enhance their professional capabilities. Further, the Group not only offers training time off for its employees, but also provides examination leaves allowance for those who take examinations, to encourage them to keep continuing education and lifelong learning and enhance vocational retraining. These measures are designed to support employees in their career progression and improve their overall job performance and satisfaction.

(3) Labor Standards

The Group has formulated a comprehensive human resources policy, which has been specified in the employee handbook and information materials provided to employees to ensure that every employee has gained a clear understanding of its human resources rules and expectations. Our human resources policy not only complies with basic labor laws and regulations, but also formulates and implements benefits beyond legal requirements as necessary to reflect our care and support for employees.

To promote diversity and equality, the Group adheres to the principle of non-discrimination in the recruitment process, and talents are selected only based on the performance, experience and skills. We actively encourage employees to discuss their career development and promotion goals with senior management in daily activities, and conduct performance appraisals at least once a year to support their career growth.

Environmental, Social and Governance Report

The Group firmly rejects the use of child labor or forced labor. To effectively prevent illegal employment practices, our human resources department requires all applicants to provide valid identification documents before any confirmed employment to ensure that they meet the legal working age and voluntarily join our team. During the reporting period, the Group was not aware of any violations of employment and labor laws and regulations, nor did it involve forced labor or the use of child labor, demonstrating our firm commitment and achievements in corporate social responsibility.

(4) Health and Safety

To protect the occupational health and safety of employees, the Group strives to create a safe, healthy and comfortable working environment. The Group complies with the Hong Kong Employees' Compensation Ordinance, the Labor Law of the People's Republic of China and other applicable regulations. Employees must strictly abide by all safety-related rules and regulations, and take appropriate protective measures in an accessible and available way pursuant to relevant laws and regulations, to avoid accidents and protect themselves and their colleagues from safety risks.

The Group complies with the health and safety requirements of the Occupational Safety and Health Ordinance and has established environmental control and hygiene requirements for workplace. To reduce the chance of employees contracting respiratory infections, we will issue influenza notifications as necessary to strengthen preventive measures, such as available sanitary masks and disinfectant hand sanitizers for employees.

There was no fatality or accident of the Group in the past three years. During the reporting period, the Group has no serious breach of laws and regulations on workplace health and safety that have a significant impact on the Group.

The Group has developed a policy focusing on maintaining a safe and healthy workplace which includes the following requirements:

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

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

Environmental, Social and Governance Report

The health and safety of the Company's employees during the past three years are as follows:

Item	**2025**	2024	2023
Number of lost days due to work injury	**Nil**	Nil	Nil
Number of work-related fatalities incident	**Nil**	Nil	Nil
Number of work injuries incident	**Nil**	Nil	Nil

9. Operation Management

(1) Supply Chain Management

Our suppliers primarily consist of agents and distributors of pharmaceuticals, medical consumables and medical equipment. Suppliers are cautiously selected based on various criteria, including quality, reputation, price, product and service offerings and delivery capability. To ensure the compliance status and quality of the supply chain, we routinely assess the performance and creditworthiness of suppliers, and reconfirm their qualifications such as GMP (Good Manufacturing Practice) and/or GSP (Good Supply Practice) certificates. In addition, the Group will conduct reasonable due diligence investigations on suppliers to further ensure that they meet our requirements.

We are committed to establishing and maintaining long-term partnerships with suppliers, which not only helps ensure a stable supply of medical materials, but also procures suppliers to continue to provide product quality that meets their commitments and demonstrates their commitment to environmental protection. Our suppliers are all on an approved list after strict screening, which is reviewed and updated annually to ensure that all suppliers can meet our requirements for product quality and environmental protection.

In 2025, we have a total of 127 major suppliers, who are all in Mainland China.

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

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

Environmental, Social and Governance Report

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

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

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

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

- the suppliers shall timely present the latest qualification documents and licenses.

During the Reporting Period, a total of 88 medical device suppliers were involved in the Group, all of which were from the PRC.

(2) Product Responsibility

The Group has implemented a series of comprehensive measures to ensure customer satisfaction and the quality of our products. We have selected suppliers of medical devices and consumables, all of which are authorised by the municipal government and regulatory bodies to guarantee the legality of the source of the products and the reliability of their quality. In addition, every product manufactured and sold by the Group is in full compliance with the relevant provisions of the Product Quality Law of the People's Republic of China, and strictly adheres to national quality standards from source to end, ensuring that customers are provided with high-quality medical equipment and consumables that meet legal requirements.

Customer satisfaction

- Hospital operation and hospital management service business

  The Group deeply recognises the importance of patient complaint management in the continuous improvement of clinical safety and service quality. We regard every patient complaint as a valuable resource for improvement, which has been highly emphasized and handled seriously. For better practice of such concept, we have set up suggestion boxes at prominent positions in the hospital to actively encourage patients and their relatives to provide valuable feedback and share experience. It is worth mentioning that during the reporting period, we did not encounter any major medical dispute cases, which proves the effectiveness of our efforts in providing quality services.

Environmental, Social and Governance Report

In efforts to handle patients' medical records more professionally, the Group has a dedicated medical records management department in place. We strictly abide by all applicable laws and regulations related to patient privacy protection, including Guangdong Province Medical Records Writing and Management Specifications and Healthcare Institutions Medical Records Management Rules and other guiding documents. The hospitals have formulated strict management rules for the creation, maintenance, reviewing, copying, sealing or unsealing and preservation of patient medical records. These rules not only ensure the accuracy and integrity of medical records, but also protect these sensitive information from unauthorised access, processing, deletion, loss or use. Through this series of measures, we are committed to providing patients with a safe and confidential medical environment.

- Distribution and service in the medical equipment business

  The Group is committed to maintaining open and ongoing communications with customers and follows up seriously any complaints from its customers and other stakeholders. We believe that every customer feedback represents an opportunity to improve the quality of our services. During the reporting period, we did not receive any complaints about product quality or property management services. For complaints that may occur in the future, we will continue to adhere to the principle of handling each complaint separately, and implement necessary rectification or preventive measures based on the specific circumstances after a thorough investigation.

  At the same time, in order to effectively deal with potential product quality issues, the Group has developed a detailed product recall procedure. The procedure is designed to recall unqualified products quickly and in an orderly manner, and ensure the efficiency and effectiveness of the recall process, thus minimizing the impact on customers. Fortunately, there were no products that are required to be recalled for safety and health reasons during the reporting period. We promise to continue to maintain this standard to ensure that customers are enabled to use safe, healthy and high-quality products.

Privacy

Due to the nature of our service business, our employees are exposed to a large amount of patients' personal data, including sensitive health information, in their daily work. The Group fully recognises the importance of protecting patients' privacy and personal data and regards this as one of our core responsibilities.

Environmental, Social and Governance Report

To fully protect patients' personal data and strictly prevent any form of data leakage, we have formulated a comprehensive data protection policy in accordance with the Consumer Rights Protection Law and other relevant privacy protection regulations. These policies cover the entire process from data collection, processing to storage and destruction, and ensure that all employees have undergone rigorous trainings, and understand and comply with relevant laws and regulations and the Group's internal regulations.

In addition, we make use of advanced technical and physical security measures to protect patient data, to ensure that all personal information is stored and processed securely. We regularly review and enhance these security measures to address evolving cybersecurity threats.

During the reporting period, the Group did not record any non-compliance with laws and regulations relating to privacy, nor did it experience any data security incidents that could have a significant impact on the Group's reputation or finances. This achievement reflects our unwavering commitment to protecting patient privacy and data security, as well as our continued efforts in implementing and enforcing relevant policies.

(3) Intellectual Property Rights

The Group is committed to continuously strengthening the protection and management of intellectual property rights. We have established a dedicated team, which is responsible for the application, protection and management of intellectual property rights, and uniformly archiving and systematically managing the patents obtained by the Company to ensure the effective maintenance and application of intellectual property rights.

(4) Anti-corruption

The Group is fully aware that any events of corruption will bring irreparable and significant damage to the Group's reputation and operations. As such, we adhere to high standards of business integrity throughout our operations, and regard a sound ethical system and an effective anti-corruption regime as the foundation for supporting the Group's sustainable and healthy development.

Environmental, Social and Governance Report

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

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

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

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

Whistleblowing measures

In order to promote integrity and ensure the healthy development of the Group's business, we have formulated a series of policy guidance on employees' behaviours. These policies clearly prohibit the acceptance of gifts and any form of conflict of interest, aiming to further enhance employees' integrity awareness. The Group adopts a zero-tolerance attitude towards any unethical behaviours.

We have established comprehensive reporting and investigation procedures for relevant matters. Once any employee is found to have accepted any benefits from a customer or supplier, the Group will immediately terminate the employment contract with the employee. At the same time, we require employees to inform its relevant department head of any suspicious transactions immediately. If an employee is found to be in violation of corruption after investigation, the Group will take disciplinary actions against the employee involved, including the termination of employment contracts immediately. The Board would report the cases to the relevant authorities if the case is found to be sufficiently supported with evidence.

During the year ended 31 March 2025, no legal proceedings or disputes in respect of bribery, extortion, fraud or money laundering was charged against the Group and our employees.

Environmental, Social and Governance Report

10. Social Participation

(1) Community Investment

We believe that community investment is the core of achieving our corporate social responsibility. In light of this, we actively encourage and support our employees to devote their spare time to various volunteer services in a way that strengthens our support and development of the community. As a socially responsible enterprise, we have long been committed to social care activities through various channels and persist in practicing corporate social responsibility. During the reporting period, the Company not only invested resources to support social charities, but also actively organised and participated in several social welfare activities to demonstrate our commitment to society through concrete actions. The Group acts for the benefit of the community in its daily operations by integrating environmental protection concepts and sustainable development goals into its corporate culture and business operations, to ensure that our growth and social welfare are mutually reinforcing.

(2) Caring for the Community

We have a deep affection for society and shoulder the responsibility as a corporate citizen. We make active contributions to the harmony and progress of society by devoting ourselves to social charity undertakings and social welfare activities. We believe that the success of a business is closely linked to the healthy development of the community, and therefore we are committed to establishing and maintaining such mutually beneficial relationship.

In our business operations, community service is not an incidental option, but an important part of our core values. As a member of the healthcare industry, we pay special attention to enhancing the public health awareness and quality of life. To this end, we spare no effort to promote health knowledge, provide free medical consultations, and work with community partners to jointly carry out health promotion programs and disease prevention projects. These efforts not only help us establish a good social image, but also win wide respect and recognition within and beyond the community.

Environmental, Social and Governance Report

Appendix A

Compliance Performance

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

Environmental, Social and Governance Report

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

Independent Auditor's Report

北京兴华
BEIJINGXINGHUA

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

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of China Health Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 83 to 177, which comprise the consolidated statement of financial position as at 31 March 2025; the consolidated statement of profit or loss for the year then ended; the consolidated statement of comprehensive income for the year then ended; the consolidated statement of changes in equity for the year then ended; the consolidated statement of cash flows for the year then ended; and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

We do not express an opinion on the consolidated financial statements of the Group for the year ended 31 March 2025. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Multiple Uncertainties Related to Going Concern

We draw attention to Note 2 to the consolidated financial statements which mentions that as at 31 March 2025, the Group incurred a loss of approximately HK$67,821,000 for the year ended 31 March 2025 and the Group had net current liabilities of approximately HK$17,345,000. In addition, the Group had outstanding bank borrowings, trade payables and other payables and accrued expenses amounting to approximately HK$5,418,000, HK$24,386,000 and HK$88,471,000 respectively, as at 31 March 2025, of which (i) the bank borrowings amounted to approximately HK$5,418,000 would be repayable on demand; and (ii) trade payables and other payables and accrued expenses amounted to approximately HK$24,386,000 and HK$88,471,000 respectively would be due for repayment within the next twelve months or repayable on demand, while its cash and cash equivalents amounted to approximately HK$1,048,000. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Independent Auditor's Report (Continued)

Basis for Disclaimer of Opinion *(Continued)*

Multiple Uncertainties Related to Going Concern *(Continued)*

The directors of the Company have been undertaking measures to improve the Group's liquidity and financial position, which are set out in Note 2 to the consolidated financial statements. The validity of the going concern assumptions on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including: (i) successfully completing the subscription transaction; (ii) successfully completing the rights issue's transaction; (iii) successfully negotiating with the Group's existing lender for renewal and/or extension of settlement arrangement of bank borrowing; and (iv) successfully obtaining potential new fundings as and when needed.

Given that the Group's plans and measures to address the going concern uncertainties are either at a preliminary stage or still in progress, and certain plans and measures are in the absence of written contractual agreements or other documentary supporting evidence from relevant counterparties as at the date the consolidated financial statements were approved and authorised for issue, we were unable to obtain sufficient appropriate audit evidence that we considered necessary to assess the assumptions and judgments supporting the directors' assessment of the Group's ability to continue as a going concern and the likelihood of success of the Group's plans and measures. There were no other satisfactory audit procedures that we could adopt to satisfy ourselves as to the appropriateness of the directors' use of the going concern basis of accounting and the adequacy of the related disclosures in the consolidated financial statements.

Should the Group be unable to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

In the absence of sufficient appropriate audit evidence of the above, we were unable to ascertain whether the use of the going concern assumption in the preparation of the consolidated financial statements is appropriate.

Independent Auditor's Report (Continued)

Responsibilities of Directors and Audit Committee 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 issued by the Hong Kong Institute of Certified Public Accountants (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.

The audit committee are responsible for overseeing the Group's financial reporting process.

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. We report solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Beijing Xinghua Caplegend CPA Limited
Certified Public Accountants
Yeung Chun Wa
Practising Certificate Number P08421
Hong Kong, 4 July 2025

Consolidated Statement of Profit or loss

For the year ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Revenue	7	**38,943**	59,930
Cost of sales		**(29,708)**	(46,292)
Gross profit		**9,235**	13,638
Other income	8	**16,689**	39,085
Other loss, net	8	**(6,575)**	(24,689)
Net impairment loss of financial assets		**(17,642)**	(18,435)
Selling and distribution expenses		**(6,138)**	(17,768)
Administrative expenses		**(62,695)**	(33,798)
OPERATING LOSS		**(67,126)**	(41,967)
Finance costs	9	**(252)**	(327)
LOSS BEFORE TAX	10	**(67,378)**	(42,294)
Income tax expense	11	**(443)**	(203)
LOSS FOR THE YEAR		**(67,821)**	(42,497)
Loss for the year attributable to:			
Owners of the Company		**(67,790)**	(40,187)
Non-controlling interests		**(31)**	(2,310)
		(67,821)	(42,497)
LOSS PER SHARE			
Basic and diluted (HK cents)	13	**(13.91)**	(8.45)

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

Consolidated Statement of Other Comprehensive Income

For the year ended 31 March 2025

	2025	2024
	HK$'000	*HK$'000*
LOSS FOR THE YEAR	**(67,821)**	(42,497)
Other comprehensive expense		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	**(1,743)**	(3,375)
Reclassification adjustment for disposal of foreign operations during the year	**–**	(79)
Other comprehensive expense for the year	**(1,743)**	(3,454)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	**(69,564)**	(45,951)
Total comprehensive (expense)/income for the year attributable to:		
Owners of the Company	**(69,606)**	(43,223)
Non-controlling interests	**42**	(2,728)
	(69,564)	(45,951)

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

Consolidated Statement of Financial Position

As at 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**17,396**	18,238
Right-of-use assets	15	**1,522**	1,865
Intangible assets	16	**249**	1,073
Goodwill	17	**13,561**	25,633
Prepayment	22	**–**	16,524
Investment in an associate	18	**–**	–
		32,728	63,333
CURRENT ASSETS			
Inventories	20	**13,536**	18,595
Trade receivables	21	**21,230**	30,043
Prepayment, deposits and other receivables	22	**44,388**	30,089
Loan and interest receivables	19	**34,345**	46,243
Restricted cash	24	**73**	–
Cash and cash equivalents	23	**1,048**	4,013
		114,620	128,983
CURRENT LIABILITIES			
Trade payables	25	**24,386**	31,546
Other payables and accrued expenses	26	**88,471**	62,434
Amounts due to directors		**8,577**	6,875
Contract liabilities	27	**3,923**	5,111
Lease liabilities	28	**659**	147
Bank borrowings	30	**5,418**	5,508
Tax payables		**531**	486
		131,965	112,107

Consolidated Statement of Financial Position (Continued)

As at 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
NET CURRENT (LIABILITIES)/ASSETS		**(17,345)**	16,876
TOTAL ASSETS LESS CURRENT LIABILITIES		**15,383**	80,209
NON-CURRENT LIABILITIES			
Lease liabilities	28	**425**	–
Contingent consideration	29	**14,863**	20,325
Deferred tax liabilities	31	**–**	131
		15,288	20,456
NET ASSETS		**95**	59,753
EQUITY			
Share capital	32	**49,164**	47,899
Reserves		**(56,827)**	4,138
Equity attributable to owners of the Company		**(7,663)**	52,037
Non-controlling interests		**7,758**	7,716
TOTAL EQUITY		**95**	59,753

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

Approved and authorised for issue by the Board of Directors on 4 July 2025 and are signed on its behalf by:

Zhang Fan *Director*	**Chung Ho** *Director*

Consolidated Statement of Changes In Equity

For the year ended 31 March 2025

	Equity attributable to owners of the Company									
	Share capital	Share premium	Contributed surplus	Foreign currency translation reserve	Share options reserve	Other reserve	Accumulated loess	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 April 2023	471,795	528,340	57,124	(8,397)	6,308	(10,304)	(958,534)	86,332	7,618	93,950
Loss for the year	–	–	–	–	–	–	(40,187)	(40,187)	(2,310)	(42,497)
Other comprehensive expense for the year	–	–	–	(3,036)	–	–	–	(3,036)	(418)	(3,454)
Total comprehensive expense for the year	–	–	–	(3,036)	–	–	(40,187)	(43,223)	(2,728)	(45,951)
Issue of consideration shares	720	8,208	–	–	–	–	–	8,928	–	8,928
Non-controlling interests arising on acquisition	–	–	–	–	–	–	–	–	(301)	(301)
Disposal of subsidiaries	–	–	–	–	–	–	–	–	3,127	3,127
Capital reorganisation	(424,616)	(528,340)	–	–	–	–	952,956	–	–	–
As at 31 March 2024 and 1 April 2024	47,899	8,208	57,124	(11,433)	6,308	(10,304)	(45,765)	52,037	7,716	59,753
Loss for the year	–	–	–	–	–	–	(67,790)	(67,790)	(31)	(67,821)
Other comprehensive (expense)/income for the year	–	–	–	(1,816)	–	–	–	(1,816)	73	(1,743)
Total comprehensive expense for the year	–	–	–	(1,816)	–	–	(67,790)	(69,606)	42	(69,564)
Issue of ordinary shares	1,265	8,641	–	–	–	–	–	9,906	–	9,906
As at 31 March 2025	49,164	16,849	57,124	(13,249)	6,308	(10,304)	(113,555)	(7,663)	7,758	95

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

Consolidated Statement of Changes In Equity (Continued)

For the year ended 31 March 2025

(a) Share premium

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

(b) Contributed surplus

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

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

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

(c) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 42.4 to the consolidated financial statements.

(d) Share options reserve

Share options reserve represents the fair value of unexercised share options granted by the Company recognised in accordance with the accounting policy of share-based payments set out in Note 42.18 to the consolidated financial statements.

(e) Other reserve

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

Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	2025	2024
	HK$'000	*HK$'000*
Cash flows from operating activities		
Loss before tax	**(67,378)**	(42,294)
Adjustments for:		
Other interest income	**(9)**	(6)
Loan interest income	**–**	(914)
Finance costs	**252**	327
Depreciation of property, plant and equipment	**2,136**	2,832
Depreciation of right-of-use assets	**1,016**	1,677
Net impairment loss of financial assets	**17,642**	18,435
Amortisation of intangible assets	**260**	39
Impairment loss recognised on non-financial assets	**13,333**	14,467
Loss on acquisition of subsidiaries	**–**	313
Gain on disposal of subsidiaries	**–**	(3,311)
Provision of litigation expenses	**35,616**	–
Reversal of other payables and accrued expenses	**(16,306)**	(31,200)
Written off of property, plant and equipment	**13**	125
Change in fair value of contingent consideration	**(5,171)**	13,856
Operating cash flow before movement in working capital	**(18,596)**	(25,654)
Change in inventories	**5,059**	(7,613)
Change in loan and interest receivables	**210**	(7,302)
Change in trade receivables	**9,658**	(1,128)
Change in prepayment, deposits and other receivables	**(3,156)**	7,399
Change in trade payables	**(7,160)**	8,850
Change in other payables and accrued expenses	**7,239**	20,511
Change in contract liabilities	**(1,188)**	(169)
Change in amounts due to directors	**1,702**	108
Net cash used in operations	**(6,232)**	(4,998)
Income tax paid	**(531)**	(1,405)
Net cash used in operating activities	**(6,763)**	(6,403)

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 March 2025

	2025	2024
	HK$'000	*HK$'000*
Cash flows from investing activities		
Purchase of property, plant and equipment	**(1,589)**	(624)
Bank interest received	**9**	6
Net cash outflow from acquisition of a subsidiaries	**–**	386
Net cash outflow from disposal of a subsidiaries	**–**	(69)
Net cash used in investing activities	**(1,580)**	(301)
Cash flows from financing activities		
Repayment of lease liabilities	**(862)**	(1,035)
Proceed from bank borrowings	**5,418**	8,795
Loan interest paid	**(159)**	(229)
Repayment of bank borrowings	**(5,508)**	(8,770)
Proceeds from issuance of share	**9,906**	–
Net cash generated from/(used in) financing activities	**8,795**	(1,239)
Net increase/(decrease) in cash and cash equivalents	**452**	(7,943)
Effect of foreign exchange rate changes, net	**(3,417)**	476
Cash and cash equivalents at the beginning of the reporting period	**4,013**	11,480
Cash and cash equivalents at the end of the reporting period	**1,048**	4,013

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

1. GENERAL INFORMATION

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

The directors of the Company regard Treasure Wagon Limited, a private limited liability company incorporated in Samoa, as the immediate and ultimate holding company of the Company. Its ultimate controlling party is Mr. Zhang Fan, who is chairman and executive Director of the Company.

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

2. GOING CONCERN BASIS

MULTUPLE UNCERTAINTIES RELATED TO GOING CONCERN

As at 31 March 2025, the Group incurred a loss of approximately HK$67,821,000 for the year ended 31 March 2025 and the Group had net current liabilities of approximately HK$17,345,000. In addition, the Group had outstanding bank borrowings, trade payables and other payables and accrued expenses amounting to approximately HK$5,418,000, HK$24,386,000 and HK$88,471,000 respectively, as at 31 March 2025, of which (i) the bank borrowings amounted to approximately HK$5,418,000 would be repayable on demand; and (ii) trade payables and other payables and accrued expenses amounted to approximately HK$24,386,000 and HK$88,471,000 respectively would be due for repayment within the next twelve months or repayable on demand, while its cash and cash equivalents amounted to approximately HK$1,048,000. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

To address the liquidity pressure, the directors have been actively implementing several plans and measures. These include: (i) entering into subscription agreements to raise estimated gross proceeds of approximately HK$70,000,000; (ii) proposing a rights issue to raise estimated gross proceeds of approximately HK$14,985,000; (iii) negotiating with the Group's existing lender for renewal and/or extension of settlement arrangement of bank borrowing; and (iv) seeking potential new funding through various channels. The total estimated net proceeds from (i) and (ii) would be of approximately HK$80,900,000.

The directors are of the opinion that, taking into consideration the above plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 31 March 2025. Accordingly, the directors consider it appropriate to prepare the consolidated financial statements on a going concern basis.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

2. GOING CONCERN BASIS *(Continued)*

MULTUPLE UNCERTAINTIES RELATED TO GOING CONCERN *(Continued)*

Notwithstanding the above, significant uncertainties exist as to whether the management of the Group will be able to implement the aforementioned plans and measures, Whether the Group will be able to continue as a going concern will depend upon the Group's ability to generate adequate financing and operating cash flows through: (i) the completion of the subscription; (ii) the completion of right issue; (iii) successfully negotiating with the Group's existing lender for renewal and/or extension of settlement arrangement of bank borrowing; and (iv) successfully obtaining potential new fundings as and when needed. Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying amounts of the assets to their recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements of the Group for the year ended 31 March 2025.

3. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value.

The preparation of these consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Certain comparative figures have been regrouped to conform with the current year's presentation of the consolidated financial statements.

(i) New and amended standards adopted by the group

The Group has applied the following standards, amendments and interpretation for the first time for its annual reporting period commencing 1 April 2024:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to HKAS 1;
- Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – Hong Kong Interpretation 5 (Revised);

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

3. BASIS OF PREPARATION *(Continued)*

(i) New and amended standards adopted by the group *(Continued)*

- Lease Liability in Sale and Leaseback – Amendments to HKFRS 16; and
- Supplier Finance Arrangements – Amendments to HKAS 7 and HKFRS 7.

The amendments and interpretation listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(ii) New and amended standards and interpretations not yet adopted

The following amendments to existing standards and interpretation have been issued but are not effective for the financial year beginning on 1 April 2024 and have not been early adopted:

	Effective for accounting periods beginning on or after
– Amendments to HKAS 21, The effects of changes in foreign exchange rates – Lack of exchangeability	1 January 2025
– Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments	1 January 2026
– Amendments to HKFRS 9 and HKFRS 7 – Contract Referencing Nature – Dependent Electricity	1 January 2026
– Annual improvements to HKFRS Accounting standards – Volume 11	1 January 2026
– HKFRS 18, Presentation and disclosure in financial statements	1 January 2027
– HKFRS 19, Subsidiaries without public accountability: disclosures	1 January 2027
– Amendments to HK-Int 5, Presentation of financial statements – Classification by the borrower of a loan that contains a repayment on demand clause	1 January 2027
– Amendments to HKFRS 10 and HKAS 28, Sale or contribution of assets between an investor and its associate or joint venture	To be determined

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

3. BASIS OF PREPARATION *(Continued)*

(ii) New and amended standards and interpretations not yet adopted *(Continued)*

The Group will adopt the above amendments to existing standards and interpretation when they become effective. The Group has already commenced an assessment of the related impact of adopting the above amendments and interpretation, none of which is expected to have a significant effect on the consolidated financial statements of the Group.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

4.1 Categories of financial instruments

	2025	2024
	HK$'000	*HK$'000*
Financial assets:		
At amortised cost:		
– Trade and other receivables (excluding non-financial assets)	**60,525**	45,453
– Loan and interest receivables	**34,345**	46,243
– Restricted cash	**73**	–
– Cash and cash equivalents	**1,048**	4,013
	95,991	95,709
Financial liabilities:		
At amortised Cost:		
– Trade payables	**24,386**	31,546
– Other payables and accrued expenses (excluding non-financial liabilities)	**84,423**	59,575
– Amounts due to directors	**8,577**	6,875
– Lease liabilities	**1,084**	147
– Bank borrowings	**5,418**	5,508
	123,888	103,651
Contingent consideration at fair value through profit or loss ("FVTPL")	**14,863**	20,325

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

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

4.2 Financial risk management objectives and policies

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

Currency risk

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

Credit risk and impairment assessment

The carrying amounts of and impairment assessment of trade receivables, deposits and other receivables, loan and interest receivables restricted cash, and cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets. As at 31 March 2025 and 2024, all bank balances were deposited in reputable financial institutions and were hence without significant credit risk. Management does not expect any losses from non-performance by these counterparties. Credit sales are made to selected customers with good credit history. The Group has policies in place to ensure that outstanding trade receivables are collected on a timely basis. Trade receivables are subject to the ECL model. The Group applies HKFRS 9 simplified approach to measuring ECL which uses a lifetime ECL for all trade receivables from initial recognition. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on factors affecting the ability of the customers to settle the receivables.

Deposits and other receivables

The credit quality of the other receivables has been assessed with reference to historical information about the counterparties' default rates and financial position of the counterparties. The directors are of the opinion that the impairment loss on expected credit loss of other receivables was approximately HK$5,945,000 (2024: impairment loss reversal of HK$34,000).

The average expected loss rate of deposits and other receivables is 13.18% (2024: 1.26%).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

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

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

Loan and interest receivables

The directors estimate the estimated loss rates of loan and interest receivables based on historical credit loss experience of the debtors. Except for loan and interest receivables with the amounts (net of allowance of credit loss) of approximately HK$34,345,000 (2024: HK$9,919,000) where classified as loss, all other loan and interest receivables of approximately HK$Nil (2024: HK$36,324,000) are classified as doubtful as at 31 March 2025. Based on assessment by the directors, the loss given default is low in view of the history of default and the estimated realised amount of ultimate disposal of the collaterals. An allowance for credit losses of approximately HK$11,688,000 (2024: HK$17,739,000) was recognised during 31 March 2025.

The Group only trades with recognised and creditworthy third parties. As at 31 March 2025, the Group has concentration of credit risk of 28% (2024: 25%) and 59% (2024: 39%) as the trade receivables was due from the Group's largest customer and the five largest customers, respectively. However, receivable balances are monitored on an ongoing basis, the directors of the Company review the recoverable amount of each individual trade debt and loan regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

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

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

Loan and interest receivables *(Continued)*

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

As at 31 March 2025	Internal credit rating	12m ECL or lifetime ECL	Gross Carrying amount *HK$'000*	Allowance for impairment *HK$'000*	Net carrying amount *HK$'000*
Loan and interest receivables	Loss	Lifetime ECL – credit-impaired	**71,627**	**(37,282)**	**34,345**
Trade receivables	Performing	Lifetime ECL – not credit-impaired	**21,779**	**(549)**	**21,230**
Deposits and other receivables	Performing	12m ECL	**16,317**	**(5)**	**16,312**
Deposits and other receivables	Loss	Lifetime ECL – credit-impaired	**28,942**	**(5,959)**	**22,983**
As at 31 March 2024					
Loan and interest receivables	Doubtful	Lifetime ECL – not credit-impaired	51,418	(15,094)	36,324
Loan and interest receivables	Loss	Lifetime ECL – credit-impaired	20,005	(10,086)	9,919
Trade receivables	Performing	Lifetime ECL – not credit-impaired	31,559	(1,516)	30,043
Deposits and other receivables	Performing	12m ECL	15,606	(196)	15,410

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

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

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

Loan and interest receivables *(Continued)*

As at 31 March 2025

	Average expected loss rate	**Gross carrying amounts**	**Loss allowance**
	%	*HK$'000*	*HK$'000*
Neither past due nor impaired	**0.0**	**3,417**	**–**
1 to 30 days past due	**0.0**	**–**	**–**
31 to 90 days past due	**0.9**	**2,814**	**25**
Over 90 days past due	**3.4**	**15,548**	**524**
		21,779	**549**

As at 31 March 2024

	Average expected loss rate	Gross carrying amounts	Loss allowance
		HK$'000	*HK$'000*
	%	HK$'000	HK$'000
Neither past due nor impaired	1.0	15,443	161
1 to 30 days past due	1.0	5,753	58
31 to 90 days past due	3.4	8,663	291
Over 90 days past due	59.2	1,700	1,006
		31,559	1,516

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

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

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

Liquidity risk

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

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

As at 31 March 2025

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

As at 31 March 2024

	Less than 1 year or on demand	1-5 years	Total undiscounted cash flows	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative				
Financial liabilities				
Trade payables	31,546	–	31,546	31,546
Other payables and accrued expenses	59,575	–	59,575	59,575
Amounts due to directors	6,875	–	6,875	6,875
Lease liabilities	156	–	156	147
Bank borrowings	5,662	–	5,662	5,508
	103,814	–	103,814	103,651

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

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

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

Interest rate risk

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

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 5% (2024: 5%) increase or decrease in variable-rate bank balances and bank borrowings are used to represent management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate arising from variable-rate bank balances is insignificant.

If interest rates had been 5% (2024: 5%) higher/lower and all other variables were held constant, the Group's pre-tax loss for the year ended 31 March 2025 would increase/decrease by approximately HK$271,000 (2024: decrease/increase by HK$275,000) respectively. This is mainly attributable to the Group's interest rates on its variable-rate bank borrowings.

4.3 Fair value and fair value hierarchy

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

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

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

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

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

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

The reconciliation of fair value measurement of contingent consideration is set out in Note 29 to the consolidated financial statements.

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

As at 31 March 2025

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial liabilities				
Contingent consideration	**–**	**–**	**14,863**	**14,863**

As at 31 March 2024

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Contingent consideration	–	–	20,325	20,325

There were no transfers between level 1, 2 and 3 during the year (2024: Same).

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

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

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

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

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

Fair value of the Group's financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Information about level 3 fair value measurement

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

4.4 Capital risk management

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

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

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

5. CRITICAL ESTIMATES

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

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

5. CRITICAL ESTIMATES

5.1 Critical accounting estimates

(a) Estimation of the fair value of certain financial assets

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see Note 4.3.

(b) Estimation of goodwill impairment

The group tests goodwill for impairment on an annual basis. For the 2025 and 2024 reporting periods, the recoverable amount of cash-generating units (CGUs) was determined based on value in use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated in Note 17. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

Details of impairment charge, key assumptions and impact of possible changes in key assumptions are disclosed in Note 17.

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

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

5. CRITICAL ESTIMATES *(Continued)*

5.1 Critical accounting estimates *(Continued)*

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

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

6. OPERATING SEGMENT INFORMATION

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

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

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

6. OPERATING SEGMENT INFORMATION *(Continued)*

The following is an analysis of the Group's revenue and results by operating segments for the year ended 31 March 2025 and 2024:

For the year ended 31 March 2025

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

For the year ended 31 March 2024

	Distribution and service in medical equipment and consumables	Hospital operation and management services	Business service	Research and development and sale of functional food	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue					
Revenue from external customers	45,849	14,081	–	–	59,930
Segment results	382	(20,167)	(10,571)	(13,108)	(43,464)
Reconciliation:					
Unallocated other income					34,543
Unallocated expenses					(33,373)
Loss before tax					(42,294)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

6. OPERATING SEGMENT INFORMATION *(Continued)*

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

The following table is an analysis of the Group's assets and liabilities and other segment information as at 31 March 2025 and 2024:

As at 31 March 2025

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

As at 31 March 2024

	Distribution and service in medical equipment and consumables	Hospital operation and management services	Business service	Research and development and sale of functional food	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	71,883	34,072	41,950	7,709	155,614
Corporate and other unallocated assets					36,702
Total assets					192,316
Segment liabilities	40,146	19,866	11,677	20,645	92,334
Corporate and other unallocated liabilities					40,229
Total liabilities					132,563

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

6. OPERATING SEGMENT INFORMATION *(Continued)*

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

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

Other segment information

For the year ended 31 March 2025

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

6. OPERATING SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

For the year ended 31 March 2024

	Distribution and service in medical equipment and consumables	Hospital operation and management services	Business service	Research and development and sale of functional food	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets (other than prepayment)	408	573	–	3,998	1,268	6,247
Amortisation of intangible assets	–	–	–	39	–	39
Net impairment loss of financial assets	(97)	107	8,110	26	10,289	18,435
Depreciation of property, plant and equipment	27	2,272	8	–	525	2,832
Depreciation of right-of-use assets	178	657	252	–	590	1,677

Geographical information

The Group's revenue were derived from the PRC and over 90% (2024: 90%) of the Group's non-current assets (excluded prepayment) were located in the PRC for both years, no geographical segment information in accordance with HKFRS 8 is presented.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

6. OPERATING SEGMENT INFORMATION *(Continued)*

Information about major customers

	2025	2024
	HK$'000	*HK$'000*
Customer A[1]	**5,364**	8,739

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

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

7. REVENUE

	2025	2024
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Income from distribution and service in medical equipment and consumables	**27,216**	45,334
Income from provision of hospital operation and management services	**11,232**	14,081
Service fee income	**495**	515
	38,943	59,930

Accounting policies of revenue recognition

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

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

7. REVENUE *(Continued)*

Accounting policies of revenue recognition *(Continued)*

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

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

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

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

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

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

(iii) Service fee income

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

Transaction allocated to the remaining performance obligation for contracts with customers

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

8. OTHER INCOME/OTHER LOSS, NET

	2025	2024
	HK$'000	*HK$'000*
(i) Other income:		
Loan interest income	–	914
Other interest income	**9**	6
Government grants *(Note (a))*	**137**	465
Commission income	–	3,365
Sales service income	–	3,050
Reversal of other payables and accrued expenses *(Note 26)*	**16,306**	31,200
Sundry income	**237**	85
	16,689	39,085
(ii) Other loss, net:		
Charge in fair value of contingent consideration *(Note 29)*	**5,171**	(13,856)
Gain on disposal of subsidiaries *(Note 36)*	–	3,311
Loss on acquisition of subsidiaries *(Note 35)*	–	(313)
Impairment loss recognised in respect of goodwill *(Note 17)*	**(11,746)**	(13,831)
	(6,575)	(24,689)

Note:

(a) During the year ended 31 March 2025, the Group recognised government grants of approximately HK$137,000 (2024: HK$465,000) from PRC government for employment support. There were no unfulfilled conditions or contingencies relating to these government grants.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

9. FINANCE COSTS

	2025	2024
	HK$'000	*HK$'000*
Interest on lease liabilities	93	98
Interest on bank borrowings	159	229
	252	327

10. LOSS BEFORE TAX

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

	2025	2024
	HK$'000	*HK$'000*
Auditor's remuneration for audit services	950	880
Auditor's remuneration for non-audit services	–	308
Amortisation of intangible assets *(Note 16)*	260	39
Impairment loss recognised on intangible assets *(Note 16)*	566	–
Depreciation of right-of-use assets *(Note 15)*	1,016	1,677
Impairment loss recognised on right-of-use assets *(Note 15)*	1,021	636
Depreciation of property, plant and equipment *(Note 14)*	2,136	2,832
Expenses related to short-term leases	966	922
Written off of property, plant and equipment	13	125
Provision for litigation expenses	35,616	–
Impairment loss recognised on loan and interest receivables *(Note 19)*	11,688	17,739
Impairment loss recognised on trade receivables *(Note 21)*	9	730
Impairment loss/(reversal of impairment loss) on deposits and other receivables	5,945	(34)
Net impairment loss of financial assets	17,642	18,435
Staff costs (including directors' emoluments)		
– Salaries, wages, and other benefits	15,072	14,063
– Discretionary bonus	3,000	1,544
– Contributions to defined contribution retirement plans	1,527	1,592

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

11. INCOME TAX EXPENSE

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

The directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements for both years. Hong Kong Profits Tax is calculated at the rate 16.5% (2024: 16.5%) on the estimated assessable profits for the year. No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising from Hong Kong for both years.

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

	2025	2024
	HK$'000	*HK$'000*
Current tax – PRC		
Provision for the year	**574**	215
Deferred tax credit *(Note 31)*	**(131)**	(12)
	443	203

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

	2025	2024
	HK$'000	*HK$'000*
Loss before tax	**(67,378)**	(42,294)
Tax at domestic income tax rate	**(9,119)**	(10,795)
Tax effect of non-taxable income	**(1,651)**	(6,029)
Tax effect of non-deductible expenses	**6,179**	14,269
Tax reduction	**(582)**	(638)
Estimated tax losses not recognized	**5,616**	3,396
Tax charge for the year	**443**	203

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

12. DIRECTORS' EMOLUMENTS AND HIGHEST PAID INDIVIDUALS

Directors' emoluments

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

Year ended 31 March 2025

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

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

Directors' emoluments *(Continued)*

Year ended 31 March 2024

	Notes	Directors' fees HK$'000	Salaries and other benefits HK$'000	Contributions to retirement benefit schemes HK$'000	Share-based payments expense HK$'000	Total HK$'000
EXECUTIVE DIRECTORS						
Mr. Chung Ho		–	1,200	18	–	1,218
Mr. Zhang Fan *(Chairman)*		–	1,200	18	–	1,218
NON-EXECUTIVE DIRECTORS						
Mr. Xing Yong	*(i)*	300	–	–	–	300
Mr. Huang Lianhai		100	–	–	–	100
Mr. Wang Jingming		100	–	–	–	100
INDEPENDENT NON-EXECUTIVE DIRECTORS						
Mr. Jiang Xuejun		100	–	–	–	100
Mr. Du Yanhua		100	–	–	–	100
Mr. Lai Liangquan		100	–	–	–	100
		800	2,400	36	–	3,236

Notes:

(i) Mr. Xing Yong has been re-designated from a non-executive director to an executive director with effective from 22 August 2024.

(ii) Ms. Yang Huimin was appointed as an independent non-executive director with effective from 30 December 2024.

During both years ended 31 March 2025 and 2024, no remuneration was paid by the Group to the directors, as an inducement to join or upon joining the Group as compensation for loss of office.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year. During the year ended 31 March 2025 and 2024, no share option of the Company was granted to the directors in respect of their services provided to the Group under a share option scheme of the Company. The executive directors' emoluments and non-executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

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

Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, three (2024: three) were directors of the Company whose emoluments are presented above. Details of the remuneration for the year ended 31 March 2025 for the remaining two (2024: two) highest paid employees who are not a directors are as follows:

	2025	2024
	HK$'000	*HK$'000*
Salaries, wages and other benefits	**683**	260
Discretionary bonus	**–**	397
Contributions to defined contribution retirement plans	**65**	56
	748	713

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

	Number of employee	
	2025	2024
Nil to HK$1,000,000	**2**	2

No emoluments have been paid or payable by the Group to any of the directors of the Company or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2025 and 2024.

13. LOSS PER SHARE

	2025	2024
	HK$'000	*HK$'000*
Loss for the purposes of basic and diluted loss per share (loss for the year attributable to owners of the Company)	**(67,790)**	(40,187)

	2025	2024
	'000	*'000*
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	**487,428**	475,474

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

13. LOSS PER SHARE *(Continued)*

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

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Medical equipment	Leasehold improvement	Furniture, fixture and equipment	Motor vehicle	Software	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost:							
As at 1 April 2023	14,515	8,770	6,154	2,672	231	3,901	36,243
Addition	–	232	274	89	10	19	624
Acquisition of subsidiaries *(Note 35)*	–	–	–	90	–	–	90
Disposal of subsidiaries *(Note 36)*	–	–	–	(90)	–	–	(90)
Written off	–	(34)	–	(122)	(214)	–	(370)
Exchange realignment	(515)	(311)	(218)	(95)	(9)	(139)	(1,287)
As at 31 March 2024 and as at 1 April 2024	14,000	8,657	6,210	2,544	18	3,781	35,210
Addition	–	1,121	230	238	–	–	1,589
Written off	–	(60)	–	(2)	–	–	(62)
Exchange realignment	(230)	(134)	(104)	(49)	(1)	(62)	(580)
As at 31 March 2025	13,770	9,584	6,336	2,731	17	3,719	36,157
Accumulated depreciation:							
As at 1 April 2023	1,484	6,629	3,295	1,767	129	1,639	14,943
Charged for the year	500	1,136	625	200	4	367	2,832
Disposal of subsidiaries *(Note 36)*	–	–	–	(18)	–	–	(18)
Written off	–	(31)	–	(104)	(110)	–	(245)
Exchange realignment	(53)	(233)	(116)	(63)	(18)	(57)	(540)
As at 31 March 2024 and as at 1 April 2024	1,931	7,501	3,804	1,782	5	1,949	16,972
Charged for the year	551	340	822	115	4	304	2,136
Written off	–	(48)	–	(1)	–	–	(49)
Exchange realignment	(38)	(120)	(69)	(38)	1	(34)	(298)
As at 31 March 2025	2,444	7,673	4,557	1,858	10	2,219	18,761
Carrying amounts:							
As at 31 March 2025	11,326	1,911	1,779	873	7	1,500	17,396
As at 31 March 2024	12,069	1,156	2,406	762	13	1,832	18,238

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

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

Depreciation methods and useful lives

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

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

See Note 42.5 for the other accounting policies relevant to property, plant and equipment.

15. RIGHT-OF-USE ASSETS

	Leasehold land *HK$'000*	**Leasehold buildings** *HK$'000*	**Medical equipment** *HK$'000*	**Total** *HK$'000*
Cost:				
As at 1 April 2023	1,573	633	4,546	6,752
Acquisition of subsidiaries *(Note 35)*	–	1,169	–	1,169
New leases entered	–	366	–	366
Termination of leases	–	(105)	–	(105)
Disposal of subsidiaries *(Note 36)*	–	(1,173)	–	(1,173)
Exchange realignment	(56)	(18)	(161)	(235)
As at 31 March 2024 and 1 April 2024	**1,517**	**872**	**4,385**	**6,774**
New lease entered	**–**	**1,708**	**–**	**1,708**
Exchange realignment	**(25)**	**(14)**	**(72)**	**(111)**
As at 31 March 2025	**1,492**	**2,566**	**4,313**	**8,371**

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

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

	Leasehold land *HK$'000*	Leasehold buildings *HK$'000*	Medical equipment *HK$'000*	Total *HK$'000*
Accumulated depreciation and impairment:				
As at 1 April 2023	193	299	3,522	4,014
Charged for the year	54	966	657	1,677
Impairment loss recognised	–	636	–	636
Disposal of subsidiaries *(Note 36)*	–	(1,173)	–	(1,173)
Termination of leases	–	(105)	–	(105)
Exchange realignment	(7)	(9)	(124)	(140)
As at 31 March 2024 and 1 April 2024	**240**	**614**	**4,055**	**4,909**
Charges for the year	**54**	**636**	**326**	**1,016**
Impairment loss recognised	**–**	**1,021**	**–**	**1,021**
Exchange realignment	**(4)**	**(25)**	**(68)**	**(97)**
As at 31 March 2025	**290**	**2,246**	**4,313**	**6,849**
Carrying amounts:				
As at 31 March 2025	**1,202**	**320**	**–**	**1,522**
As at 31 March 2024	1,277	258	330	1,865

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

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

In addition to the portfolio of short-term leases for office which are regularly entered into by the Group, whereby the Group entered into short-term leases for office during the years ended 31 March 2025 and 2024. As at 31 March 2025, there was HK$279,000 in relation to outstanding lease commitments relating to short-term leases.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

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

The management of the Group determined that the recoverable amount of Golden Alliance Limited and its subsidiaries (the "Golden Alliance Group") was zero as a result of unpredictable future profit stream, operation of Golden Alliance Group and market development. As a result, right-of-use assets of Golden Alliance Group with the amounts of approximately HK$636,000 was impaired during the year ended 31 March 2024.

16. INTANGIBLE ASSETS

	Patent *HK$'000*
Cost:	
As at 1 April 2023	–
Acquisition of subsidiaries *(Note 35)*	1,108
Exchange realignment	12
As at 31 March 2024 and 1 April 2024	1,120
Exchange realignment	(5)
As at 31 March 2025	1,115
Accumulated amortization and impairment:	
As 1 April 2023	–
Amortised for the year	39
Exchange realignment	8
As at 31 March 2024 and as at 1 April 2024	47
Amortised for the year	260
Impairment loss recognised	566
Exchange alliance	(7)
As at March 2025	866

	Patent *HK$'000*
Carrying amounts:	
As at 31 March 2025	249
As at 31 March 2024	1,073

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

17. GOODWILL

	2025	2024
	HK$'000	*HK$'000*
Cost:		
As at 1 April	**39,492**	37,880
Arising from acquisition of subsidiaries *(Note 35)*	–	2,890
Exchange realignment	**(646)**	(1,278)
As at 31 March	**38,846**	39,492
Accumulated impairment:		
As at 1 April	**13,859**	–
Impairment loss recognised	**11,746**	13,831
Exchange realignment	**(320)**	28
As at 31 March	**25,285**	13,859
Carrying amounts	**13,561**	25,633

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

	2025	2024
	HK$'000	*HK$'000*
Hospital operation and management service	–	8,890
Distribution and service in medical equipment and consumables	**13,561**	13,787
Research and development and sale of functional food	–	2,956
	13,561	25,633

Hospital operation and management service

During the year ended 31 March 2020, the Group acquired 100% issued share capital of Anping Kangrong Hospital Co., Ltd and goodwill of approximately HK$22,890,000 was recognised upon the acquisition.

The recoverable amount of the hospital management business CGU has been determined based on a value in use calculation and based on a valuation by an independent valuer. That calculation adopted cash flow projections covering a 5-year period, based on financial budgets approved by the management with pre-tax discount rate of 12.60% (2024: 12.79%) per annum. Cash flows beyond the 5-year period are extrapolated with 2% (2024: 2%) growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include average revenue growth of 2% (2024: 13%). Such estimation is based on the CGU's past performance and management's expectations of the market development.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

17. GOODWILL *(Continued)*

Hospital operation and management service *(Continued)*

During the year ended 31 March 2025, management of the Group determined that impairment loss of approximately HK$8,815,000 (2024: HK$13,831,000) was recognised.

Distribution and service in medical equipment and consumables

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

The recoverable amount of the distribution and service in medical equipment and consumables CGU has been determined based on a value in use calculation and based on a valuation by an independent valuer. That calculation adopted cash flow projections covering a 5-year period, based on financial budgets approved by the management with pre-tax discount rate of 15.05% (2024: 17.43%) per annum. Cash flows beyond the 5-year period are extrapolated with 2% (2024: 2%) growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include revenue growth of 6% (2024: 8%). Such estimation is based on the CGU's past performance and management's expectations of the market development.

During the year ended 31 March 2025, management of the Group determined that impairment loss of approximately HK$Nil (2024: HK$Nil) was recognised.

Research and development and sale of functional food

On 16 November 2023, the Group acquired 100% equity interest of Jinmei Developments Limited and goodwill of approximately HK$2,890,000 was recognised upon the acquisition.

The recoverable amount of the research and development and sale of functional food CGU has been determined based on a value in use calculation and based on a valuation by an independent valuer. That calculation adopted cash flow projections covering a 5-year period, based on financial budgets approved by the management with pre-tax discount rate of 26.9% (2024: 26.9%) per annum. Cash flows beyond the 5-year are extrapolated with 2% (2024: 2%) growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include revenue growth of 10% to 57% (2024: 2%). Such estimation is based on the CGU's past performance and management's expectations of the market development.

During the year ended 31 March 2025, management of the Group determined that impairment loss of approximately HK$2,931,000 (2024: HK$Nil) was recognised.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

18. INVESTMENT IN AN ASSOCIATE

	2025	2024
	HK$'000	*HK$'000*
Cost of investment in associate	**4,000**	4,000
Share of post-acquisition loss and other comprehensive expense	**(4,000)**	(4,000)
	–	–

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

Name of associate	Place of incorporation	Percentage of equity attributable to the Company	
		2025	2024
Trillion Silver Limited	Hong Kong	**20%**	20%

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

The following table illustrates the summarised financial information of the Group's associate extracted from their financial statements.

	2025	2024
	HK$'000	*HK$'000*
Current assets	**2,061**	2,061
Current liabilities	**(3,792)**	(3,792)
Net liabilities	**(1,731)**	(1,731)
Loss and total comprehensive loss for the year	**–**	–

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

18. INVESTMENT IN AN ASSOCIATE *(Continued)*

Reconciliation of the above summarised financial information to the carrying amount of the investment in an associate recognised in the consolidated financial statements:

	2025	2024
	HK$'000	*HK$'000*
Net liabilities	**(1,731)**	(1,731)
Proportion of the Group's ownership interest	**20%**	20%
Share of net liabilities of the associate	**(346)**	(346)
Cost of investment	**4,000**	4,000
Less: impairment loss recognised	**(3,654)**	(3,654)
Carrying amount	**–**	–

19. LOAN AND INTEREST RECEIVABLES

	2025	2024
	HK$'000	*HK$'000*
Loan and interest receivables – unsecured	**71,627**	71,423
Less, Allowance for credit losses	**(37,282)**	(25,180)
	34,345	46,243

The maturity date of loan and interest receivables (net of allowance for credit losses) are as follows:

	2025	2024
	HK$'000	*HK$'000*
Within one year or matured	**34,345**	46,243

The above loan and interest receivables are denominated in Renminbi ("RMB") and subject to the fulfilment of covenants specified in the related loan agreements. If the counterparties were to breach the covenants, the loan and interest receivables would become repayable on demand. As at 31 March 2025 and 2024, none of the covenants were breached.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

19. LOAN AND INTEREST RECEIVABLES *(Continued)*

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

	12-month ECL	**Lifetime ECL (non-credit impaired)**	**Lifetime ECL (credit impaired)**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 April 2023	90	5,789	1,689	7,568
Transfer to lifetime ECL (credit-impaired)	(87)	–	87	–
Impairment loss recognised	–	9,341	8,398	17,739
Exchange realignment	(3)	(36)	(88)	(127)
As at 31 March 2024 and as at 1 April 2024	**–**	**15,094**	**10,086**	**25,180**
Transfer to lifetime ECL (credit-impaired)	**–**	**(15,094)**	**15,094**	**–**
Write-off	**–**	**–**	**(35)**	**(35)**
Impairment loss recognised	**–**	**–**	**11,688**	**11,688**
Exchange realignment	**–**	**–**	**449**	**449**
As at 31 March 2025	**–**	**–**	**37,282**	**37,282**

20. INVENTORIES

	2025	2024
	HK$'000	*HK$'000*
Finished goods	**13,536**	18,595

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

21. TRADE RECEIVABLES

	2025	2024
	HK$'000	*HK$'000*
Trade receivables arising from contracts with customers	**21,779**	31,559
Less: Allowance for credit losses	**(549)**	(1,516)
	21,230	30,043

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

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

	2025	2024
	HK$'000	*HK$'000*
Within 90 days	**6,206**	11,964
91-180 days	**1,230**	3,308
Over 180 days	**13,794**	14,771
	21,230	30,043

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

Movement in the allowance for credit loss:

	Lifetime ECL (non credit-impaired)	
	2025	2024
	HK$'000	*HK$'000*
Balance at the beginning of the reporting period	**1,516**	820
Write-off	**(968)**	–
Impairment loss recognised	**9**	730
Exchange realignment	**(8)**	(34)
Balance at the end of the reporting period	**549**	1,516

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

22. PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES

	2025	2024
	HK$'000	*HK$'000*
Prepayment	**5,093**	31,203
Deposits	**4,514**	4,969
Other receivables	**34,781**	10,441
	44,388	46,613
Less: non-current position *(Note)*	**–**	(16,524)
	44,388	30,089

Prepayment, deposits and other receivables with the amounts of approximately HK$35,305,000 (2024: HK$11,529,000) were denominatedin RMB as at 31 March 2025.

Note: On 5 July 2021, Zhongwei Health Industries (Shenzhen) Company Limited(the "Zhongwei Health"), a wholly-owned subsidiary of the Company, and 寧波易達誠資產管理有限公司 (Ningbo Yidacheng Asset Management Co., Ltd., "Ningbo Yidacheng") entered into the agreement, pursuant to which Ningbo Yidacheng agreed to transfer the partnership interest in 北京啟慧智元信息科技合伙企業（有限合伙） (Beijing Qihui Zhiyuan Information Technology Enterprise Partnership (Limited Partnership), "Beijing Qihui") to Zhongwei Health for a cash consideration of RMB1 payable by Zhongwei Health. In consideration of the Vendor transferring the partnership interest to Zhongwei Health, Zhongwei Health shall take up the obligation of Ningbo Yidacheng to contribute registered capital in the amount of RMB30,000,000 to Beijing Qihui.

Beijing Qihui holds a 15% partnership interest (as limited partner) in the Bochuang Fund. The Bochuang Fund is a limited partnership established in the PRC on 10 July 2020 under the approval of the Ministry of Science and Technology of the PRC. The Bochuang Fund has invested in several projects engaging in medical equipment business, research and development and sale of implantable drugs for cancer treatment and development and operation of digital healthcare services platform.

Upon capital contribution of RMB30 million by Zhongwei Health to Beijing Qihui, Zhongwei Health will be interested in 16.6% partnership interest in Beijing Qihui. Zhongwei Health's percentage interest in the Beijing Qihui's profit or loss shall be diluted to 4.44% if Ningbo Yidacheng pays up in full its share of outstanding registered capital of Beijing Qihui (or any other partners make additional capital contribution to Beijing Qihui).

As at 31 March 2024, the Group has been prepaid investment cost of RMB15,000,000 equivalents to approximately HK$16,524,000 and included in non-current portion. The investment will be completed upon the Group settled the remaining capital.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

23. CASH AND CASH EQUIVALENTS

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

	2025	2024
	HK$'000	*HK$'000*
RMB	**975**	3,377
HK$	**73**	636
	1,048	4,013

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

24. RESTRICTED CASH

As at 31 March 2025, restricted cash comprises deposits held at banks under litigation claims.

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

	2025	2024
	HK$'000	*HK$'000*
RMB	**73**	–
	73	–

25. TRADE PAYABLES

	2025	2024
	HK$'000	*HK$'000*
Within 1 month	**409**	1,879
1-3 months	**1,757**	3,302
Over 3 months	**22,220**	26,365
	24,386	31,546

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

26. OTHER PAYABLES AND ACCRUED EXPENSES

	2025	2024
	HK$'000	*HK$'000*
Dividend payable on redeemable convertible cumulative preference shares *(Note a)*	**31,120**	–
Accrued interest of convertible bonds	**9,865**	9,865
Accrued legal and professional fee	**7,115**	14,743
Accrued salaries	**4,048**	2,859
Others	**36,323**	34,967
	88,471	62,434

Other payables and accrued expenses with the amounts of approximately HK$12,765,000 (2024: HK$32,960,000) were denominated in RMB as at 31 March 2025.

Note:

(a) As at 31 March 2025, US$4,000,000 (equivalent to approximately HK$31,200,000) were a dividend payable on redeemable convertible cumulative preference shares which is in dispute as detailed below.

On 12 September 2016, the Company received a statutory demand (the "Statutory Demand") from Li Hong Holdings Limited ("Li Hong") in respect of repayment of dividend payable on redeemable convertible cumulative preference shares in the sum of US$4.0 million (equivalent to approximately HK$31.2 million) (the "Alleged Outstanding Sum"). Such amount has been included in other payables and accrued expenses in the Company's consolidated statement of financial position. An originating summons (the "Originating Summons") under action number HCMP2593/2016 has been issued by the Company (as plaintiff) against Li Hong (defendant) on 27 September 2016. Pursuant to the Originating Summons, the Company sought, amongst others, the following reliefs against Li Hong: (1) an order that Li Hong be restrained from presenting any petition for the winding-up of the Company based on the Alleged Outstanding Sum; and (2) costs.

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

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

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

Note: *(Continued)*

(a) *(Continued)*

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

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

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

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

Note: *(Continued)*

(a) *(Continued)*

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

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

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

As a result of the judgment issued by the Court and with reference to the legal opinion obtained by the Company, the Company has no obligation to repay US$4 million Loan Note to Capital Foresight and the US$4 million (equivalent to HK$31,200,000) Loan Note was recognised to profit or loss during the year 31 March 2024.

On 18 October 2024, the Court of Appeal delivered its judgment (the "Appeal Judgment"), ruling against the Company and ordering the payment of US$4 million without interest. Following consultations with legal counsel, the Board decided not to appeal against the Appeal Judgment. As a result, a provision for other payables amounting to US$4 million (equivalent to HK$31,200,000) was recognized as profit or loss for the year ended 31 March 2025.

(b) During the year ended 31 March 2025, a reversal of other payables and accrued expenses of approximately HK$16,306,000 were credited to profit or loss due to (i) expiry of the time bar for bringing payment claims in court by the relevant creditors under the applicable laws and contracts; or (ii) the waiver of payments having been obtained from the relevant creditors.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

27. CONTRACT LIABILITIES

	2025	2024
	HK$'000	*HK$'000*
Balance as at 1 April	**5,111**	5,468
Revenue recognised from performance obligations satisfied during the year	**(41,134)**	(30,008)
Consideration received from sales of during the year	**40,016**	29,846
Exchange realignment	**(70)**	(195)
Balance as at 31 March	**3,923**	5,111

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

All contract liabilities were denominated in RMB as at 31 March 2025 and 2024.

28. LEASE LIABILITIES

	2025	2024
	HK$'000	*HK$'000*
Current	**659**	147
Non-current	**425**	–
	1,084	147

As at 31 March 2025, the effective interest rates of the Group's lease liabilities ranged from 7.52% to 7.99% per annum (2024: 7.52% to 7.81%).

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

All lease liabilities were denominated in RMB for both years.

The total cash outflows for leases for the year ended 31 March 2025 was HK$848,000 (2024: HK$1,957,000).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

29. CONTINGENT CONSIDERATION

	2025	2024
	HK$'000	*HK$'000*
Current	–	–
Non-current	14,863	20,325
	14,863	20,325

	2025	2024
	HK$'000	*HK$'000*
Balance as at 1 April	20,325	8,061
Issue of contingent consideration upon acquisition of subsidiaries	–	7,336
Issuance of new shares upon fulfilment of profit guarantee	–	(8,928)
Fair value change	(5,171)	13,856
Exchange realignment	(291)	–
Balance as at 31 March	14,863	20,325

Beijing Youkang

During the year ended 31 March 2022, the Group entered into the agreement for the acquisition of 60% equity interest of Beijing Youkang Jianye Medical Equipment Co., Ltd ("Beijing Youkang") at the consideration of approximately HK$27,160,000.

Pursuant to the sale and purchase agreement in the Beijing Youkang acquisition, the profit guarantee for the Beijing Youkang's net profit after tax for the year ended 31 March 2022 and 2023 shall not be less than RMB3,000,000 (equivalent to approximately HK$3,400,000) and RMB6,000,000 (equivalent to approximately HK$6,800,000) respectively. In the event of guaranteed profit cannot be met, the shortfall amount, after multiplying by a factor, will be paid to the Company, the fair value of contingent consideration as at 31 March 2023 was HK$8,061,000.

On 22 August 2022, the profit guarantee of Beijing Youkang for the year ended 31 March 2022 has been met and total of 178,000,000 ordinary shares were issued in accordance with the sale and purchase agreement.

On 27 September 2023, the profit guarantee of Beijing Youkang for the year ended 31 March 2023 has been met and total of 7,200,000 ordinary shares were issued in accordance with the sale and purchase agreement.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

29. CONTINGENT CONSIDERATION *(Continued)*

Golden Alliance

On 16 June 2023, the Group completed to acquire 51% equity interest in Golden Alliance Limited ("Golden Alliance Group") with the consideration of HK$153,000,000 (the "Golden Alliance Consideration"). The consideration will be settled in 3 instalments:

(i) HK$47,125,000 (the "Completion Consideration") by way of the issue of the first promissory note in the amount of HK$23,562,500 (the "First Promissory Note") and the second promissory note in the amount of HK$23,562,500 (the "Second Promissory Note") to the first vendor on the completion date. The First Promissory Note is interest-free and mature in 12 months; and the Second Promissory Note is interest-free and mature in 24 months. The repayment amount of the promissory notes are subject to the adjustments;

(ii) HK$52,937,500 (the "First Consideration") by way of the allotment and issue of up to 43,750,000 consideration shares (the "First Consideration Shares") subject to the adjustments at the issue price of HK$1.21 per consideration share by the Company to each of the vendors in proportion with their shareholding in the Golden Alliance Group immediately prior to completion within fourteen days after the issue of the audited financial statements for the year ended 31 March 2024; and

(iii) HK$52,937,500 (the "Second Consideration") by way of the allotment and issue of up to 43,750,000 consideration shares (the "Second Consideration Shares") subject to the adjustments at the issue price of HK$1.21 per consideration share by the Company to each of the vendors in proportion with their shareholding in the Golden Alliance Group immediately prior to completion within fourteen days after the issue of the audited financial statements for the year the year ending 31 March 2025.

Pursuant to the sales and purchase agreement in the acquisition of Golden Alliance Group, the profit guarantee for the Golden Alliance Group's net profit after tax for the year ended 31 March 2024 and for the year ending 31 March 2025 shall not be less than RMB35,000,000 (equivalent to approximately HK$40,600,000) and RMB47,000,000 (equivalent to approximately HK$54,520,000) respectively. In the event of guaranteed profit cannot be met, the shortfall amount, after multiplying by a factor, will be paid to the Company.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

29. CONTINGENT CONSIDERATION *(Continued)*

Golden Alliance *(Continued)*

In the event that the actual profit for the year ended 31 March 2024 was less than RMB12,000,000, the Group has the right to reduce the First Consideration in accordance with the first adjustment. Concurrently, the Group have the right to terminate the agreement with immediate effect, whereby (a) the Group is not required to pay any consideration to the vendors; and (b) the Group shall return the sale shares to the vendors (the "Sale Shares Return") and any related costs shall be borne by the vendors. Where the Sale Shares Return has been completed, the agreement and the obligations of the Group and the Group's guarantor thereunder shall cease and determine, save as otherwise provided for therein (the "First Exit Clause").

In the event that the actual profit for the year ended 31 March 2024 is nil or negative, the Group is not required to pay any consideration to the vendors. Concurrently, the agreement and all the obligations of the Group and the Group's Guarantor thereunder shall immediately cease and determine, save as otherwise provided for therein (the "Second Exit Clause" together with the First Exit Clause, the "Exit Clauses").

The fair value of the Golden Alliance Group Consideration as at date of completion of nil.

The actual profit of Golden Alliance Group for the year ended 31 March 2024 was incurred a net loss, the profit guarantee was not met. On 23 April 2024, the Group exercised the First Exit Clauses.

Jinmei

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

29. CONTINGENT CONSIDERATION *(Continued)*

Jinmei *(Continued)*

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

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

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

On 19 November 2024, the vendor involved in the acquisition of Jinmei Group sent a demand letter asserting a claim to accelerate payment on the existing promissory note, citing that the cross-default clause had been triggered by the Appeal Judgment of US$4 million ("Triggered Cross-default Clause"), as described in Note 26 to the consolidated financial statements. Subsequent to the reporting period, on 3 July 2025, the Group, the vendor and Ms. Ma Xiaoming entered into a settlement deed. Under this deed, the Group will issue a new promissory note in the principal amount of HK$12,000,000 to the vendor, which will be interest-free and will mature on 30 June 2026. Additionally, the Group will transfer the entire equity interest of Jinmei to the vendor for a nominal consideration of HK$1.

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

30. BANK BORROWINGS

	2025	2024
	HK$'000	*HK$'000*
Unsecured bank borrowings	**5,418**	5,508
	5,418	5,508

As at 31 March 2025 and 2024, the Group's unsecured bank borrowings was denominated in RMB. The bank borrowings carried interest ranging from loan prime rate (the "LPR") minus 50 basis points (0.01% per basis point) and repayable within one year.

31. DEFERRED TAX LIABILITIES

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

	Fair value adjustment on acquisition of subsidiaries
	HK$'000
As at 1 April 2023	–
Arising on acquisition of subsidiaries *(Note 35)*	142
Credit to profit or loss *(Note 11)*	(12)
Exchange realignment	1
As at 31 March 2024 and 1 April 2024	131
Credit to profit or loss *(Note 11)*	(131)
As at 31 March 2025	–

At the end of the reporting period, the Group had unused estimated tax losses of approximately HK$37,669,000 (2024: HK$61,194,000) that will be expired within 5 years. No deferred tax assets has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

32. SHARE CAPITAL

	Number of shares		Amount	
	2025	2024	**2025**	2024
	'000	*'000*	***HK$'000***	*HK$'000*
Ordinary shares of HK$0.1 (2024: HK$1.0) each				
Authorised:				
As at 1 April	**100,000,000**	10,000,000	**10,000,000**	10,000,000
Sub-division *(Note b)*	**–**	90,000,000	**–**	–
As at 31 March	**100,000,000**	100,000,000	**10,000,000**	10,000,000
Preference shares of US$0.01				
Authorised:				
As at 1 April/as at 31 March	**15**	15	**1**	1
Issued and fully paid ordinary shares:				
As at 1 April	**478,995**	471,795	**47,899**	471,795
Issue of consideration shares *(Note a)*	**–**	7,200	**–**	720
Capital reduction *(Note b)*	**–**	–	**–**	(424,616)
Issue of ordinary shares *(Note c)*	**12,650**	–	**1,265**	–
As at 31 March	**491,645**	478,995	**49,164**	47,899

No preference shares were issued for both years.

Notes:

(a) On 27 September 2023, the profit guarantee of Beijing Youkang for the year ended 31 March 2023 has been met and total of 7,200,000 ordinary shares were issued according to the relevant agreement regarding the acquisition of the subsidiary. The fair value of the issue of consideration shares on 27 September 2023, which is based on the closing price of HK$1.24 per share as quoted on the Stock Exchange on 27 September 2023.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

32. SHARE CAPITAL *(Continued)*

Notes: (Continued)

(b) At a special general meeting of the Company held on 18 September 2023, a special resolution was passed to approve the following changes to the capital of the Company (the "Capital Reorganisation"):

(i) Capital reduction: (1) the par value of each of the issued shares be reduced from HK$1.0 to HK$0.1 per issued share by cancelling the paid-up share capital to the extent of HK$0.90 per issued share and the credit arising from the reduction of issued share capital of the Company be credited to the accumulated losses of the Company; and

(ii) Sub-division whereby each of the authorised but unissued Shares with par value of HK$1.00 each will be sub-divided into ten (10) unissued new shares with par value of HK$0.10 each.

The Capital Reorganisation was effected on 20 September 2023.

(c) On 12 July 2024, the Company completed the placing of 12,650,000 existing shares held by Treasure Wagon Limited, at HK$0.80 per share to six independent third parties. On 17 July 2024, the Company issued 12,650,000 new ordinary shares at the same price to Treasure Wagon Limited.

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025	2024
	HK$'000	*HK$'000*
NON-CURRENT ASSETS		
Investments in subsidiaries	**–**	–
CURRENT ASSETS		
Prepayment, deposits and other receivables	**541**	3,831
Amounts due from subsidiaries	**–**	38,646
Cash and bank balances	**10**	581
	551	43,058

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

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

	2025	2024
	HK$'000	*HK$'000*
CURRENT LIABILITIES		
Other payables and accrued expenses	**51,187**	25,174
Amounts due to subsidiaries	**2,929**	735
Amount due to a director	**8,057**	6,317
	62,173	32,226
NET CURRENT (LIABILITIES)/ASSETS	**(61,622)**	10,832
TOTAL ASSETS LESS CURRENT LIABILITIES	**(61,622)**	10,832
NON-CURRENT LIABILITY		
Contingent consideration	**14,863**	20,325
NET LIABILITIES	**(76,485)**	(9,493)
EQUITY		
Share capital	**49,164**	47,899
Reserves *(Note)*	**(125,649)**	(57,392)
Total capital deficiencies	**(76,485)**	(9,493)

Signed on behalf the board of directors:

Zhang Fan
Director

Chung Ho
Director

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

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

Note:

Movement of the Company's reserve are as follow:

	Share premium	Contributed surplus	Share Options reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
1 April 2023	528,340	57,124	6,308	(1,087,227)	(495,455)
Profit and total comprehensive income for the year	–	–	–	5,239	5,239
Issue of consideration shares	8,208	–	–	–	8,208
Capital reorganization	(528,340)	–	–	952,956	424,616
As at 31 March 2024 and 1 April 2024	8,208	57,124	6,308	(129,032)	(57,392)
Loss and total comprehensive expense for the year	–	–	–	(76,898)	(76,898)
Issue of consideration shares	8,641	–	–	–	8,641
As at 31 March 2025	16,849	57,124	6,308	(205,930)	(125,649)

34. SHARE OPTIONS SCHEME

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

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

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

34. SHARE OPTIONS SCHEME *(Continued)*

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

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

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

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

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

34. SHARE OPTIONS SCHEME *(Continued)*

Details of the specific categories of options are as follows:

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

Notes:

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

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

34. SHARE OPTIONS SCHEME *(Continued)*

The following tables summarise the movements in the Company's share options during the year ended 31 March 2025 and 31 March 2024:

	Director		Employee/eligible person	
	Weighted average exercise price *(HK$)*	Number of share option	Weighted average exercise price *(HK$)*	Number of share option
As at 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	1.8	11,200,000	1.8	7,850,000

The total number of securities available for issue under the share option scheme(s) of the Company as at 31 March 2025 was 19,050,000 shares (2024: 19,050,000 shares) which represented 3.87% (2024: 3.98%) of the ordinary shares of the company in issue on 31 March 2025.

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

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

34. SHARE OPTIONS SCHEME *(Continued)*

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

Name of category of participant	Number of share options: As at 1 April 2024	Granted during the year	Exercised during the year	Adjusted during the year	Lapsed/ forfeited during the year	Reclassified during the year	As at 31 March 2025	Exercise period of share options	Exercise price of share options *HK$*	Date of grant of share options	Closing price of the company's share immediately before the date of grant of share options *HK$*
Mr. Xing Yong	400,000	–	–	–	–	–	400,000	27 April 2020 to 25 April 2029	HK$1.8	26 April 2019	HK$0.79
	3,000,000	–	–	–	–	–	3,000,000	21 October 2020 to 20 October 2030	HK$1.8	20 October 2020	HK$0.35
Mr. Huang Lianhai	300,000	–	–	–	–	–	300,000	27 April 2020 to 25 April 2029	HK$1.8	26 April 2019	HK$0.79
	2,000,000	–	–	–	–	–	2,000,000	21 October 2020 to 20 October 2030	HK$1.8	20 October 2020	HK$0.35
Mr. Jiang Xuejun	400,000	–	–	–	–	–	400,000	27 April 2020 to 25 April 2029	HK$1.8	26 April 2019	HK$0.79
	400,000	–	–	–	–	–	400,000	21 October 2020 to 20 October 2030	HK$1.8	20 October 2020	HK$0.35
Mr. Du Yanhua	300,000	–	–	–	–	–	300,000	27 April 2020 to 25 April 2029	HK$1.8	26 April 2019	HK$0.79
Mr. Lai Liangquan	300,000	–	–	–	–	–	300,000	27 April 2020 to 25 April 2029	HK$1.8	26 April 2019	HK$0.79
Subtotal	11,200,000	–	–	–	–	–	11,200,000				
Employee	650,000	–	–	–	–	–	650,000	27 April 2020 to 25 April 2029	HK$1.8	26 April 2019	HK$0.79
	100,000	–	–	–	–	–	100,000	21 October 2020 to 20 October 2030	HK$1.8	20 October 2020	HK$0.35
Others *(note)*	800,000	–	–	–	–	–	800,000	27 April 2020 to 25 April 2029	HK$1.8	26 April 2019	HK$0.79
	6,300,000	–	–	–	–	–	6,300,000	21 October 2020 to 20 October 203	HK$1.8	20 October 2020	HK$0.35
Total	19,050,000	–	–	–	–	–	19,050,000				

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

34. SHARE OPTIONS SCHEME *(Continued)*

The following table discloses details of options outstanding and movements during the year ended 31 March 2024:

	Number of share options										
Name of category of participant	As at 1 April 2023	Granted during the year	Exercised during the year	Adjusted during the year	Lapsed/ forfeited during the year	Reclassified during the year	As at 31 March 2024	Exercise period of share options	Exercise price of share options *HK$*	Date of grant of share options	Closing price of the company's share immediately before the date of grant of share options *HK$*
Directors											
Mr. Zhang Fan	400,000	–	–	–	–	–	400,000	27 April 2020 to 25 April 2029	HK$1.8	26 April 2019	HK$0.79
	400,000	–	–	–	–	–	400,000	21 October 2020 to 20 October 2030	HK$1.8	20 October 2020	HK$0.35
Mr. Chung Ho	3,000,000	–	–	–	–	–	3,000,000	27 April 2020 to 25 April 2029	HK$1.8	26 April 2019	HK$0.79
Mr. Wang Jingming	300,000	–	–	–	–	–	300,000	27 April 2020 to 25 April 2029	HK$1.8	26 April 2019	HK$0.79
Mr. Xing Yong	400,000	–	–	–	–	–	400,000	27 April 2020 to 25 April 2029	HK$1.8	26 April 2019	HK$0.79
	3,000,000	–	–	–	–	–	3,000,000	21 October 2020 to 20 October 2030	HK$1.8	20 October 2020	HK$0.35
Mr. Huang Lianhai	300,000	–	–	–	–	–	300,000	27 April 2020 to 25 April 2029	HK$1.8	26 April 2019	HK$0.79
	2,000,000	–	–	–	–	–	2,000,000	21 October 2020 to 20 October 2030	HK$1.8	20 October 2020	HK$0.35
Mr. Jiang Xuejun	400,000	–	–	–	–	–	400,000	27 April 2020 to 25 April 2029	HK$1.8	26 April 2019	HK$0.79

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

34. SHARE OPTIONS SCHEME *(Continued)*

The following table discloses details of options outstanding and movements during the year ended 31 March 2024: *(Continued)*

Name of category of participant	Number of share options: As at 1 April 2023	Granted during the year	Exercised during the year	Adjusted during the year	Lapsed/ forfeited during the year	Reclassified during the year	As at 31 March 2024	Exercise period of share options	Exercise price of share options *HK$*	Date of grant of share options	Closing price of the company's share immediately before the date of grant of share options *HK$*
	400,000	–	–	–	–	–	400,000	21 October 2020 to 20 October 2030	HK$1.8	20 October 2020	HK$0.35
Mr. Du Yanhua	300,000	–	–	–	–	–	300,000	27 April 2020 to 25 April 2029	HK$1.8	26 April 2019	HK$0.79
Mr. Lai Liangquan	300,000	–	–	–	–	–	300,000	27 April 2020 to 25 April 2029	HK$1.8	26 April 2019	HK$0.79
Subtotal	11,200,000	–	–	–	–	–	11,200,000				
Employee	650,000	–	–	–	–	–	650,000	27 April 2020 to 25 April 2029	HK$1.8	26 April 2019	HK$0.79
	100,000	–	–	–	–	–	100,000	21 October 2020 to 20 October 2030	HK$1.8	20 October 2020	HK$0.35
Others *(note)*	800,000	–	–	–	–	–	800,000	27 April 2020 to 25 April 2029	HK$1.8	26 April 2019	HK$0.79
	6,300,000	–	–	–	–	–	6,300,000	21 October 2020 to 20 October 203	HK$1.8	20 October 2020	HK$0.35
Total	19,050,000	–	–	–	–	–	19,050,000				

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

34. SHARE OPTIONS SCHEME *(Continued)*

Note:

Share options were granted to 14 business consultants of the Group which comprises of (i) Qiu Peiyuan, Huang Bin and He Lijuan, the former Directors who have become consultants of the Group providing advices on business development of the Group; (ii)a former employee of the Company, namely Ding Jiuru, who has subsequently become a consultant of the Group providing advices on financial operation of the Group; and (iii) consultants and business partners of the Group, namely, Zhong Bin, Liu Yanli, Rao Zhenan, Chan Nam, Hor Heng Siang, Yang Yongbin, Quo Wei, Lu Wenhui, Huang Hui and Wu Guanjie, who have provided business, legal or tax consultancy services or other professional services and introduced investment opportunities to the Group.

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

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

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

The Group recognised the total expense of approximately nil for the year ended 31 March 2025 in relation to share options granted by the Company (2024: nil)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

35. ACQUISITION OF SUBSIDIARIES

Acquisition of Golden Alliance Group

On 16 June 2023, the Group completed to acquire 51% equity interest in Golden Alliance Group with the consideration of HK$153,000,000 (the "Golden Alliance Consideration"). Golden Alliance Group was engaged in engaged in the sales and distribution of medicines and related products in the PRC and is the exclusive distributor for the Ximuming Products in the PRC. The consideration will be settled in 3 instalments:

(i) HK$47,125,000 (the "Completion Consideration") by way of the issue of the first promissory note in the amount of HK$23,562,500 (the "First Promissory Note") and the second promissory note in the amount of HK$23,562,500 (the "Second Promissory Note") to the first vendor on the Completion Date. The First Promissory Note is interest-free and mature in 12 months; and the Second Promissory Note is interest-free and mature in 24 months. The repayment amount of the Promissory Notes upon their maturity are subject to the adjustments;

(ii) HK$52,937,500 (the "First Consideration") by way of the allotment and issue of up to 43,750,000 consideration shares (the "First Consideration Shares") subject to the adjustments at the issue price of HK$1.21 per consideration share by the Company to each of the vendors in proportion with their shareholding in the Golden Alliance Group immediately prior to completion within fourteen days after the issue of the audited financial statements for the year ended 31 March 2024; and

(iii) HK$52,937,500 (the "Second Consideration") by way of the allotment and issue of up to 43,750,000 consideration shares (the "Second Consideration Shares") subject to the adjustments at the issue price of HK$1.21 per consideration share by the Company to each of the vendors in proportion with their shareholding in the Golden Alliance Group immediately prior to completion within fourteen days after the issue of the audited financial statements for the year ending 31 March 2025.

Pursuant to the sales and purchase agreement in the acquisition of Golden Alliance Group, the profit guarantee for the Golden Alliance Group's net profit after tax for the year ended 31 March 2024 and for the year ending 31 March 2025 shall not be less than RMB35,000,000 (equivalent to approximately HK$40,600,000) and RMB47,000,000 (equivalent to approximately HK$54,520,000) respectively. In the event of guaranteed profit cannot be met, the shortfall amount, after multiplying by a factor, will be paid to the Company.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

35. ACQUISITION OF SUBSIDIARIES *(Continued)*

Acquisition of Golden Alliance Group *(Continued)*

Acquisition-related costs of approximately HK$734,000 have been included in "administrative expenses" in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2024.

Fair value of consideration transferred:

	HK$'000
Fair value of contingent consideration	–

Assets and liabilities recognised at the date of acquisition:

	HK$'000
Property, plant and equipment *(Note 14)*	90
Right-of-use assets *(Note 15)*	1,169
Loan and interest receivables	3,291
Prepayment, deposits and other receivables	6,269
Cash and bank balances	364
Other payables and accrued expenses	(315)
Amounts due to the group companies	(10,422)
Lease liabilities *(Note 38)*	(1,060)
Net liabilities acquired of	(614)

Goodwill arising on acquisition:

	HK$'000
Fair value of contingent consideration	–
Less: recognised amounts of net liabilities acquired	614
Non-controlling interests	(301)
Loss on acquisition of subsidiaries	313

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

35. ACQUISITION OF SUBSIDIARIES *(Continued)*

Acquisition of Golden Alliance Group *(Continued)*

Net cash inflow on acquisition

	HK$'000
Cash consideration paid	–
Less: cash and bank balances acquired	364
Net cash inflow	364

Acquisition of Jinmei Group

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

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

Acquisition-related costs of approximately HK$600,000 have been included in "administrative expenses" in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2024.

Fair value of consideration transferred:

	HK$'000
Fair value of contingent consideration *(Note 29)*	7,336

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

35. ACQUISITION OF SUBSIDIARIES *(Continued)*

Acquisition of Jinmei Group *(Continued)*

Assets and liabilities recognised at the date of acquisition:

	HK$'000
Intangible assets *(Note 16)*	1,108
Prepayment, deposits and other receivables	3,669
Cash and bank balances	22
Other payables and accrued expenses	(211)
Deferred tax liabilities *(Note 31)*	(142)
Net assets acquired of	4,446

Goodwill arising on acquisition:

	HK$'000
Fair value of contingent consideration	7,336
Less: recognised amounts of net assets acquired	(4,446)
Goodwill arising on acquisition	2,890

Goodwill arose on the acquisition of Jinmei Group because the acquisition included the assembled workforce of Jinmei Group and some potential contracts which are still under negotiation with prospective new customers as at the date of acquisition. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Net cash inflow on acquisition

	HK$'000
Cash consideration paid	–
Less: cash and bank balances acquired	22
Net cash inflow	22

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

35. ACQUISITION OF SUBSIDIARIES *(Continued)*

Impact of acquisition on the results of the Group

Included in the loss for the year is approximately HK$6,191,000 and HK$3,960,000 attributable to the additional business generated by Golden Alliance Group and Jinmei Group respectively. No revenue was generated from Golden Alliance Group and Jinmei Group respectively.

Had the acquisition of Golden Alliance Group and Jinmei Group been completed on 1 April 2023, revenue for the year of the Group would have been approximately HK$59,930,000, and loss for the year would have been approximately HK$43,570,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2023, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and loss of the Group had Golden Alliance Group and Jinmei Group been acquired at the beginning of the current year, the directors calculated depreciation of property, plant and equipment based on the recognised amounts of property, plant and equipment at the date of the acquisition.

36. DISPOSAL OF SUBSIDIARIES

On 23 April 2024, the Group ceased to hold the entire equity interests in Golden Alliance Group by executed the exit right and the Exit Clause pursuant to the terms of the sales and purchase agreement in the acquisition of Golden Alliance Group. The Group has no longer be obligated to settled the Completion Consideration and no consideration is received on the disposal. This was an adjusting event as a result of the known effect of Golden Alliance Group was incurred a net loss as at 31 March 2024. The net liabilities of Golden Alliance Group at the date of disposal were as follows:

Consideration transferred:

	HK$'000
Cash consideration received	–

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

36. DISPOSAL OF SUBSIDIARIES *(Continued)*

Analysis of assets and liabilities over which control was lost:

	HK$'000
Property, plant and equipment *(Note 14)*	72
Loan and interest receivables	8,712
Prepayment, deposits and other receivables	540
Prepaid tax	48
Cash and bank balances	69
Trade payables	(260)
Other payables and accrued expenses	(1,076)
Amounts due to the group companies	(14,093)
Lease liabilities *(Note 39)*	(529)
Net liabilities disposed of	(6,517)

Gain on disposal of subsidiaries

	HK$'000
Cash consideration received	–
Less: net liabilities disposed of	6,517
Less: non-controlling interests	(3,127)
Less: Reclassification of cumulative foreign translation reserve upon disposal of Golden Alliance Group to profit or loss	(79)
Gain on disposal	3,311

Net cash outflow arising on disposal

	HK$'000
Consideration received	–
Less: cash and bank balances disposed of	(69)
Net cash outflow	(69)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

37. RELATED PARTY TRANSACTIONS

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

(a) Compensation of key management personnel of the Group are set out in Note 12 to the consolidated financial statements.

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

38. EVENT AFTER THE END OF THE REPORTING PERIOD

Subsequent to the reporting period, on 3 July 2025, concerning Jinmei Consideration as detailed in Note 29 to the consolidated financial statements, a settlement deed is entered into among the Company, Long Heng Investments Limited ("Long Heng"), the vendor involved in the acquisition of Jinmei Group and Ms. Ma Xiaoming (as the guarantor who owns entire equity interest in the vendor). Pursuant to the settlement deed, subject to fulfilment of condition precedent, (i) the vendor shall return the original copy of the related promissory note to the Company, and the Company shall cancel the related promissory note immediately upon receipt; (ii) Long Heng shall effect the transfer of the entire equity interest in Jinmei to the vendor for a nominal consideration of HK$1; and (iii) Long Heng shall pay the vendor in the sum of HK$12 million which shall be settled by way of the settlement note issued by the Company which shall not carry any interest and mature on 30 June 2026.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Lease liabilities	**Bank borrowings**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
As at 1 April 2023	353	5,684	6,037
Non-cash changes:			
Interest expenses incurred *(Note 9)*	98	229	327
New leases entered *(Note 15)*	366	–	366
Acquisition of subsidiaries *(Note 35)*	1,060	–	1,060
Disposal of subsidiaries *(Note 36)*	(529)	–	(529)
Exchange realignment	(166)	(201)	(367)
Financing cash inflows	–	8,795	8,795
Financing cash outflows	(1,035)	(8,999)	(10,034)
As at 31 March 2024 and 1 April 2024	147	5,508	5,655
Non-cash changes:			
Interest expenses incurred *(Note 9)*	93	159	252
New leases entered *(Note 15)*	1,708	–	1,708
Exchange realignment	(2)	–	(2)
Financing cash inflows	–	5,418	5,418
Financing cash outflows	(862)	(5,667)	(6,529)
As at 31 March 2025	1,084	5,418	6,502

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries are as follows:

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

Notes:

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

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

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

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

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

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

	Beijing Youkang Jianye Medical Equipment Co., Ltd	
	2025	2024
	HK$'000	*HK$'000*
As at 31 March		
Non-current assets	**405**	288
Current assets	**46,212**	58,039
Current liabilities	**(30,544)**	(42,341)
Non-current liabilities	**(63)**	–
Net assets	**16,010**	15,986
Carrying amounts of non-controlling interests	**6,404**	6,394
Year ended 31 March		
Revenue	**27,524**	45,187
Expenses	**(27,236)**	(46,788)
Profit/(Loss) for the year	**288**	(1,601)
Total comprehensive income/(expense) for the year	**25**	(1,073)
Profit/(loss) attributable to non-controlling interests	**115**	(640)
Total comprehensive income/(expense) to non-controlling interests	**10**	(429)
Net cash flow inflow/(outflow) from:		
– operating activities	**(1,930)**	2,030
– investing activities	**1**	(42)
– financing activities	**(157)**	(392)
Net cash (outflow)/inflow	**(2,086)**	1,596

Except for Beijing Youkang Jianye Medical Equipment Co., Ltd, the directors considered that the Group's other non-controlling interests were insignificant to the Group and they are not separately presented in these consolidated financial statements for both year. In addition, no separate financial information of these non-wholly owned subsidiaries is required to be presented.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

41. NON-CASH TRANSACTIONS

The Group entered the following major non-cash investing activities which are not reflected in the consolidated statement of cash flows:

On 27 September 2023, because of the profit guarantee of Beijing Youkang for the year ended 31 March 2023 has been met and total of 7,200,000 ordinary shares were issued to settle the contingent consideration with the amounts of approximately HK$8,928,000.

On 16 June 2023, the Group completed to acquire 51% equity interest in Golden Alliance Group. The Golden Alliance Consideration was settled by issuing of contingent consideration subject to adjustments for which no actual cash was transferred to the vendor.

On 16 November 2023, the Group completed to acquire 100% equity interest in Jinmei Group. The Jinmei Consideration was settled by issuing of contingent consideration subject to adjustments for which no actual cash was transferred to the vendor.

During the year ended 31 March 2025, the Group entered into new leases agreements for the use of office. On the lease commencement, the Group recognised right-of-use assets and lease liabilities of HK$1,708,000 (2024: HK$366,000) respectively.

On 23 April 2024, the Group ceased to hold the entire equity interests in Golden Alliance Group by executed the exit right and the Exit Clause. The Group has no longer be obligated to settled the Completion Consideration and no consideration is received on the disposal. This was an adjusting event as a result of the known effect of Golden Alliance Group was incurred a net loss as at 31 March 2024.

42. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

This note provides a list of other potentially material accounting policies applied in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of China Health Group Limited and its subsidiaries.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

42. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

i. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The Group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date when control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 42.2).

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

ii. Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

42. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

iii. Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 42.7.

42.2 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- the fair values of the assets transferred,
- the liabilities incurred to the former owners of the acquired business,
- the equity interests issued by the group,
- the fair value of any asset or liability resulting from a contingent consideration arrangement, and
- the fair value of any pre-existing equity interest in the subsidiary.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

42. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

42.2 Business combinations *(Continued)*

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- the consideration transferred,
- the amount of any non-controlling interest in the acquired entity, and
- the acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or as a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

42. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

42.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of China Health Group Limited has appointed a strategic steering committee which assesses the financial performance and position of the Group and makes strategic decisions. The steering committee is the group's chief operating decision maker and consists of the chief executive officer, the chief financial officer and the manager for corporate planning.

42.4 Foreign currency translation

i. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollar (HK$), which is China Health Group Limited's functional and presentation currency.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other loss, net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

42. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

42.4 Foreign currency translation *(Continued)*

iii. Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position

- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

42. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

42.5 Property, plant and equipment

All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 42.7).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

42.6 Goodwill

Goodwill is measured as described in Note 42.2. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 6).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

42. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

42.7 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

42.8 Investments and other financial assets

i. Classification

The Group classifies its financial assets in the those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

ii. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all of the risks and rewards of ownership.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

42. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

42.8 Investments and other financial assets *(Continued)*

iii. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset.

- Amortised cost: assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

iv. Impairment

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and loan and interest receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

42. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

42.8 Investments and other financial assets *(Continued)*

iv. Impairment *(Continued)*

At each reporting date, the Group calculates the ECL of financial instruments in different stages. Stage 1 refers to financial instruments that have not had a significant increase in credit risk since initial recognition; Stage 2 refers to financial instruments that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment; Stage 3 refers to financial assets for which there are objective evidence of impairment at the reporting date since initial recognition. For these assets at Stage 1, 12-month ECL are recognised and for assets at stage 2 and 3, life-time ECL are recognised. For financial assets with low credit risks as at the date of the consolidated statement of financial position, the Group recognises 12-month ECL based on the assumption that the credit risks have not significantly increased after initial recognition. The Group determines the level of credit risks according to their internal and external investment grade credit rating and the ages of financial assets. For those financial assets are more than 30 days past due, they would be classified as stage 2 and 3, unless the Group has reasonable and supportable information that demonstrates otherwise.

For financial assets in stage 1 and stage 2, interest income is calculated based on the gross carrying amount of the asset, that is, without deduction for credit allowance, and the effective interest rates. For financial assets in stage 3, interest income is calculated on the net carry amount, that is, net of credit allowances, and the effective interest rates.

Impairment on deposits and other receivables are measured as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime ECL.

42.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

42. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

42.10 Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

42.11 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, demand deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position

42.12 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

42.13 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities, unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

42.14 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

42. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

42.14 Borrowings *(Continued)*

Borrowings are derecognised when the obligation specified in the contract is extinguished, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless, at the end of the reporting period, the group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the group is required to comply with after the reporting period do not affect the classification at the reporting date.

42.15 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

42.16 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and it considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on either the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

42. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

42.16 Current and deferred income tax *(Continued)*

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

42.17 Employee benefits

i. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period, and they are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

42. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

42.17 Employee benefits *(Continued)*

ii. Other long-term employee benefit obligations

The liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have a right, at the end of the reporting period, to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

iii. Post-employment obligations

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

Pension obligations

The liability or asset recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated statement of profit or loss.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

42. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

42.17 Employee benefits *(Continued)*

iii. Post-employment obligations *(Continued)*

Pension obligations (Continued)

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the consolidated statement of changes in equity and in the consolidated statement of financial position.

Certain defined benefit schemes require employees to contribute to reduce the cost of the benefits to the Group.

Contributions from employees are linked to service and hence, the contributions reduce service cost.

The Group attributes the contributions from employees to periods of service on a straight-line basis.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Other post-employment obligations

Some Group companies provide post-employment healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

42. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

42.17 Employee benefits *(Continued)*

iv. Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

v. Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

42.18 Share-based payments

Share-based compensation benefits are provided to employees via the Employee Option Plan and an employee share scheme, the executive short-term incentive scheme and share appreciation. Information relating to these schemes is set out in Note 34.

Employee options

The fair value of options granted under the Employee Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

– including any market performance conditions (such as the entity's share price)

– excluding the impact of any service and non-market performance vesting conditions (such as profitability, sales growth targets and remaining an employee of the entity over a specified time period), and

– including the impact of any non-vesting conditions (such as the requirement for employees to save or hold shares for a specific period of time).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

42. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

42.18 Share-based payments *(Continued)*

Employee options *(Continued)*

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. The entity recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

42.19 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

42.20 Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option,

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

42. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

42.20 Leases *(Continued)*

- lease payments to be made under an extension option if the group is reasonably certain to exercise the option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

42.21 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

42.22 Related Parties

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

(a) A person, or a close member of that person's family, is related to the Group if that person:

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a Group's parent;

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 March 2025

42. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

42.22 Related Parties *(Continued)*

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are the members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of another entity (or of an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person is identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of the parent of the entity).

(viii) The entity, or any member of the Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

43. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 4 July 2025.

Financial Summary

	Year ended 31 March				
	2025	2024	2023	2022	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
Revenue	**38,943**	59,930	76,414	107,025	87,889
Loss before tax	**(67,378)**	(42,294)	(39,383)	(8,709)	(5,331)
Income tax expense	**(443)**	(203)	(177)	(405)	(1,228)
Loss for the year	**(67,821)**	(42,497)	(39,560)	(9,114)	(6,559)
Loss for the year attributable to:					
Owners of the Company	**(67,790)**	(40,187)	(42,046)	(12,205)	(7,744)
Non-controlling interests	**(31)**	(2,310)	2,486	3,091	1,185
	(67,821)	(42,497)	(39,560)	(9,114)	(6,559)

	As at 31 March				
	2025	2024	2023	2022	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES					
Total assets	**147,348**	192,316	221,185	225,957	217,818
Total liabilities	**(147,253)**	(132,563)	(127,235)	(140,825)	(117,832)
Net assets	**95**	59,753	93,950	85,132	99,986