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JBM (Healthcare) Limited



## JBM (Healthcare) Limited

Incorporated in the Cayman Islands with limited liability

Stock Code: 2161

*Agility & Strength*  
Interim Report 2023

## Contents

2	Corporate Information
3	Financial Highlights
4	Our Vision and Mission
5	Corporate Profile
6	Management Discussion and Analysis
16	Other Information
22	Review Report to the Board of Directors
23	Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income
24	Unaudited Consolidated Statement of Financial Position
25	Unaudited Consolidated Statement of Changes in Equity
26	Unaudited Condensed Consolidated Cash Flow Statement
27	Notes to the Unaudited Interim Financial Report
42	Glossary

# Corporate Information

## Board of Directors Executive Director

Mr. Wong Yat Wai, Patrick (Chief Executive Officer)

## Non-executive Directors

Mr. Sum Kwong Yip, Derek (Chairman)

Mr. Yim Chun Leung

Mr. Yeung Kwok Chun, Harry

## Independent Non-executive Directors

Mr. Chan Kam Chiu, Simon

Mr. Luk Ting Lung, Alan

Mr. Lau Shut Lee, Tony

## Audit Committee

Mr. Chan Kam Chiu, Simon (Chairman)

Mr. Luk Ting Lung, Alan

Mr. Lau Shut Lee, Tony

## Remuneration Committee

Mr. Luk Ting Lung, Alan (Chairman)

Mr. Yim Chun Leung

Mr. Chan Kam Chiu, Simon

Mr. Lau Shut Lee, Tony

## Nomination Committee

Mr. Sum Kwong Yip, Derek (Chairman)

Mr. Chan Kam Chiu, Simon

Mr. Luk Ting Lung, Alan

Mr. Lau Shut Lee, Tony

## Authorised Representatives

Mr. Wong Yat Wai, Patrick

Mr. Lam Kau Lap

(Resigned on 23 November 2023)

Mr. Yu Chun Kau

(Appointed on 23 November 2023)

## Company Secretary

Mr. Lam Kau Lap

(Resigned on 23 November 2023)

Mr. Yu Chun Kau

(Appointed on 23 November 2023)

## Registered Office

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

## Hong Kong Headquarters and Principal Place of Business

Units 808-811, 8/F

C-Bons International Centre

108 Wai Yip Street

Kwun Tong, Kowloon

Hong Kong

## Principal Share Registrar And Transfer Office

Conyers Trust Company (Cayman)  
Limited

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

## Hong Kong Branch Share Registrar

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

## Auditor

KPMG

Certified Public Accountants

Public Interest Entity Auditor

registered in accordance with  
the Accounting and Financial Reporting  
Council Ordinance

## Principal Bankers

*(In alphabetical order)*

Chong Hing Bank Limited

Standard Chartered Bank (Hong Kong)  
Limited

The Hongkong and Shanghai  
Banking Corporation Limited

## Public Relations Consultant

Strategic Public Relations Group

## Investor Relations

Email: [jbmhealthcare@sprg.com.hk](mailto:jbmhealthcare@sprg.com.hk)

## Stock Code

2161

## Company Website

[www.jbmhealthcare.com.hk](http://www.jbmhealthcare.com.hk)

## Financial Highlights

	Six months ended 30 September 2023 HK\$'000	Six months ended 30 September 2022 HK\$'000	Change
Revenue			
– Branded medicines	105,545	56,888	85.5%
– Proprietary Chinese medicines	186,316	163,084	14.2%
– Health and wellness products	34,967	16,876	107.2%
<b>Total</b>	<b>326,828</b>	<b>236,848</b>	<b>38.0%</b>
Gross profit	171,122	85,543	100.0%
Gross profit margin (%)	52.4%	36.1%	
Profit attributable to equity shareholders of the Company	62,461	21,561	189.7%
Profit margin attributable to equity shareholders of the Company (%)	19.1%	9.1%	
Adjusted EBITDA <sup>(1)</sup>	109,288	56,682	92.8%
Adjusted EBITDA margin (%) <sup>(2)</sup>	33.4%	23.9%	
Return on equity (%) <sup>(3)</sup>	12.4%	4.6%	

	As at 30 September 2023 HK\$'000	As at 31 March 2023 HK\$'000	Change
Total assets	1,433,200	1,403,085	2.1%
Total liabilities	382,873	372,095	2.9%
Total equity	1,050,327	1,030,990	1.9%

<sup>(1)</sup> Adjusted EBITDA is calculated based on adjusted earnings before interest, taxes, depreciation and amortisation, where “interest” is regarded as including interest income from bank deposits and finance costs. To arrive at adjusted EBITDA, the Group’s earnings are further adjusted for share of losses of joint ventures and an associate.

<sup>(2)</sup> Adjusted EBITDA margin is calculated based on adjusted EBITDA divided by revenue and multiplied by 100%.

<sup>(3)</sup> Return on equity is calculated based on annualised profit for the period divided by the arithmetic mean of the opening and closing balances of total equity in the relevant period and multiplied by 100%.

## Our Vision and Mission



### Enabling Better Health Through Self-care

We aim to be a distinguished branded healthcare partner in Asia, aspiring to empower consumers to live healthier and fuller.

We are committed to the mission of providing self-care products and solutions to allow consumers to better manage and enhance their personal well-being at every stage of life. By enabling better health for people through self-care, we believe in the importance of our role to contribute to a more sustainable healthcare system.

# Corporate Profile

## Dynamic and Forward-Thinking Branded Healthcare Partner in Asia

JBM (Healthcare) Limited is a leading Hong Kong-based company engaged in marketing and distribution of branded healthcare products with product footprint across Greater China, Southeast Asia and other select countries. Our portfolio includes a wide range of branded healthcare products divided into two product categories, namely consumer healthcare products and proprietary Chinese medicines. Our consumer healthcare products consist of branded medicines, which are proprietary medicines primarily distributed over-the-counter, and health and wellness products. Our proprietary Chinese medicines consist of OTC proprietary Chinese medicines and CCMG products.

We have been cultivating the regional markets for years and established solid local distribution networks and collaborative relationships with select product originators. We believe we are well-positioned to develop a sustainable regional platform in Asia for branded healthcare products.

## Our Competitive Strengths

### A Leading Hong Kong-based Brand Operator with a Notable and Growing Brand Portfolio and Proven Brand Management Capability

Our focus on brand management and portfolio development has enabled us to build a notable and growing brand portfolio. We have established a track record of introducing category-leading overseas branded healthcare products and revitalising the brand positioning of our heritage household brands based on changing demographics and consumer behaviors.

We carried a suite of principal brands which comprise a range of third party brands and own brands. These third-party brands mainly consist of notable overseas consumer healthcare brands, including Contractubex of Germany, Smartfish of Norway, Rowatanal Cream of Ireland, Oncotype DX of the United States, and AIM Atropine of Taiwan. Our own brands also include highly recognised household brands among Chinese consumers, such as Po Chai Pills (保濟丸), Ho Chai Kung (何濟公), Tong Tai Chung (唐太宗) and Shiling Oil (十靈油), as well as a leading CCMG brand among Chinese medicine practitioners in Hong Kong.

### A Unique Field Player with a Heritage of Pharmaceutical Background and Quality-driven Culture

With a strong background in pharmaceuticals and a corporate culture deeply rooted in quality from its inception, JBM is a unique player in the field, characterised by its expertise in drugs and a heritage that consistently prioritises product effectiveness and quality. We have the capacity to attract industry professionals with pharmaceutical or medical backgrounds, enabling us to identify and secure third-party brands and products with distinct market niches.

We adhere to the high standard of quality control by establishing and implementing strict quality management procedures to ensure safety, efficacy and quality of products. In addition, we are one of the few GMP-accredited proprietary Chinese medicine manufacturers in Hong Kong.

### Extensive Sales and Distribution Network in Hong Kong with Multi-region Geographical Reach

We have established an extensive sales and distribution network in Hong Kong, with a geographical reach spanning over China, Macau, Taiwan and select countries in Southeast Asia, Europe, North America and the Caribbean Islands. Our stable business relationships with key retailers and distributors, coupled with our reputation in delivering high quality products and our wide distribution network, have enabled us to generate effective retail penetration and commercialisation of our new products.

In Hong Kong, we sell our products both directly and indirectly (through our distributors and our trading company customers) to major modern chain stores, registered pharmacies and drug stores, as well as corporate clients, hospitals and clinics, and end consumers (through online platforms). In addition, we sell CCMG products to a substantial number of active Chinese medicine practitioners in Hong Kong.

We believe we are well-positioned to leverage our geographical presence and develop a sustainable regional platform in Asia for branded healthcare products.

### Seasoned Management Team with In-depth Industry Knowledge and Regional Experience

Our core management team comprises a group of technically seasoned industry veterans with a strong track record and proven execution capabilities. Vast majority of our Directors and senior management team have approximately 25 years of relevant industry experience, are registered pharmacists or have pharmaceutical or medical academic backgrounds. Their technical backgrounds are crucial to the success of our knowledge-driven sourcing methodology in identifying attractive products and acquisition opportunities.

# Management Discussion and Analysis

## BUSINESS REVIEW

Thanks to the lifting of all travel restrictions and COVID-19 measures in Hong Kong and Mainland China in early 2023, normal travel resumed between the two regions. This revival has led to increased local consumer confidence, a rebound in visitor arrivals, and a positive recovery in the retail sector. Over the first eight months of 2023, total retail sales value saw a provisional 19.3% increase compared to the same period in 2022. Notably, Chinese drugs and herbs, as well as medicines and cosmetics categories, experienced year-on-year growth of 32.5% and 39.3% in the first half of 2023, highlighting the strong performance of these retail segments and the overall improving business environment in the retail market.

Leveraging the renewed momentum in the market, the Group successfully harnessed market growth with its robust portfolio and effective brand management drives, resulting in a strong performance for the first half of the financial year. Also, by maintaining a steadfast focus on its growth strategies, the Group continued to fortify its competitive strengths as a prominent player in the branded healthcare sector and established a solid foundation for future growth, adeptly positioned to seize upcoming market opportunities.

## RESULTS

During the Reporting Period, the Group's branded healthcare business, which includes branded medicines, proprietary Chinese medicines, and health and wellness products, achieved remarkable results. It generated a total revenue of HK\$326.8 million, marking an impressive growth of 38.0% compared to the previous period. The Group's gross profit reached HK\$171.1 million in FY2024 Interim, reflecting a 100.1% increase, compared with FY2023 Interim. Furthermore, the consolidated profit attributable to equity shareholders amounted to HK\$62.5 million in FY2024 Interim, representing around threefold compared with the same period of last year. In addition, there was a notable improvement in the gross profit margin, which rose from 36.1% in FY2023 Interim to 52.4% in FY2024 Interim.

The significant increase in consolidated profit was primarily attributable to the favorable market sentiment, coupled with the resurgence of Mainland visitor arrivals following the lifting of pandemic-related restrictions in Hong Kong and the Mainland earlier in the year. Backed by the Group's disciplined implementation of effective brand management strategies, this development has significantly boosted sales revenue across its product segments along with a noteworthy increase in sales margins.

The Group has maintained a sound financial position through disciplined cost management. With a healthy cash reserve, the Group is positioned well to support its ongoing operations and facilitate future growth.

## OPERATION PERFORMANCE

Featuring a diverse range of well-known brands such as Po Chai Pills, Ho Chai Kung and Contractubex, our portfolio has achieved robust growth and maintained strong momentum across all segments. This success is underpinned by the positive recovery of the retail market, driven by the resumption of normal travel between Hong Kong and Mainland China.

### Branded Medicines

During the Reporting Period, the branded medicines segment achieved outstanding results, delivered a remarkable 85.4% increase in revenue. This impressive growth was primarily attributed to the exceptional performance of Ho Chai Kung products.

Ho Chai Kung, our widely recognised household name in the OTC painkiller and fever relief category, capitalised on its ongoing brand marketing and sales initiatives to enhance brand awareness and expand its consumer base. This sustained brand development strategy led to a significant upswing in sales as the retail market rebounded following the easing of pandemic-related restrictions.

With a well-established reputation as a prominent household brand, Ho Chai Kung occupies a pivotal position within our portfolio of branded medicines. Our primary focus is on rejuvenating the brand to resonate with a broader and younger consumer demographic. In an effort to boost brand recognition and solidify its leadership in fast-acting and effective relief, the Group has recently initiated an extensive advertising campaign.

This campaign began with the brand sponsoring the popular television show "Midlife, Sing & Shine! 2 (中年好声音2)", where Ho Chai Kung was prominently featured as the program's title sponsor with embedded advertising. Subsequently, we launched a television commercial featuring our new celebrity endorser, Mr. Hins Cheung (張敬軒), under the creative concept of "Trust Hin Gong, Use Ho Chai Kung (信軒公用何濟公)". This advertisement, accompanied by a catchy jingle, rapidly amassed a substantial number of views and garnered tens of thousands of likes across various social media platforms. This engagement sparked lively discussions among netizens and fans. As a result, "Ho Chai Kung, the Quick Pain and Fever Reliever (何濟公·止痛退燒·快!)" quickly became a trending topic in the city, significantly enhancing the brand's visibility in Hong Kong.

## Proprietary Chinese Medicines

The Group's proprietary Chinese medicines segment overall exhibited an increase of 14.3% in revenue during the Reporting Period, underscored by the remarkable growth of Po Chai Pills and the sustained robust momentum of our CCMG business.

Amid the significant increase in travelers following the resumption of normal travel between Hong Kong, Macau, and Mainland China, Po Chai Pills has successfully seized the opportunity with the resurgence of the retail market and achieved an impressive sales growth. This growth is a testament to the brand equity that Po Chai Pills has diligently cultivated through strategic and persistent brand marketing efforts targeting both local consumers and Mainland Chinese visitors.

In its ongoing efforts to solidify its leadership position in the Chinese gastrointestinal medicine category and appeal to a younger demographic, Po Chai Pills has recently unveiled a new advertisement titled "Ivana's Po Chai Pills Digestive Tune (保濟菴腸胃歌)". This advertisement features the renowned singer-songwriter and musician Ms. Ivana Wong (王菀之), who lends her melodious voice to a reimagined and reworded rendition of the classic jingle, "Take Po Chai Pills for Rapid Relief (快食保濟丸)". The catchy lyrics and playful performance style have resonated with the audience, evoking nostalgic memories of Po Chai Pills from the past. This creative approach has effectively captured the consumers' attention, fostering a connection with consumers and injecting the brand with a renewed sense of energy and vitality.

In our CCMG business, we achieved a remarkable increase in sales revenue compared to the same period last year, consistently building upon its growth momentum. This momentum is driven by the growing public acceptance and the resultant increase in demand for traditional Chinese medical services. As a trusted long-term partner to Chinese medicine practitioners, our CCMG business has consistently achieved double-digit growth, continually enhancing our performance through the introduction of new products, effective cost control, and adept pricing management. The Group currently owns and distributes over 700 single-formula and combo-formula CCMG products to an extensive network of Chinese medicine practitioners in Hong Kong.

Shiling Oil, one of our proprietary medicated oil brands, experienced a remarkable sales rebound during the Reporting Period, mainly due to strong demand in the Caribbean region. This resurgence has even surpassed our pre-pandemic sales levels, as the full reopening of all Caribbean countries has instilled confidence in our importers and dealers, encouraging them to maintain healthy stock levels.

To reinvigorate Flying Eagle Woodlok Oil's brand presence and leverage resurging market demand, we relaunched a popular television advertisement featuring Cantonese Opera star, Mr. Law Kar-ying (羅家英). His spirited performance reinforces the product's key attribute of quick soothing and revitalising. With the slogan "Trust Kar-ying, Choose Fei Ying (信家英 用飛鷹)", our goal is to boost brand recognition and consumer confidence. This television campaign has led to a significant sales increase and expanded distribution in registered pharmacies, drug stores, and shelves in major chain stores.

## Health & Wellness Products

During the Reporting Period, the health and wellness products segment of the Group also achieved an encouraging 107.1% growth in sales. This growth can be attributed to the Group's proactive response to the new normal and market recovery that emerged after the pandemic. Notably, we intensified our 360-degree marketing and sales efforts for our scar management brands, such as Mederma, which showed remarkable growth. With effective promotional campaigns aimed at both local customers and Mainland tourists, we anticipate sustained growth momentum in the second half of the financial year.

Early in the year, the Group completed the acquisition of Seasons and Slimming Expert, two health supplement brands, which further enhanced our presence in the health supplement retail market. The product team streamlined operations and improved sales and marketing performance during the Reporting Period, with Seasons NMN 15000 maintaining its status as a flagship product. In tandem with fortifying our online and offline brand marketing efforts, we are gearing up to enrich our product portfolio to boost profitability in the upcoming year with the launch of a series of new products to cater to the evolving health needs of the mass market.

Sales of Oncotype DX Breast Cancer Recurrence Score Test (Oncotype DX) remained stable during the Reporting Period. To enhance patient recruitment, we strategically expanded our presence into Macau in a bid to tap the potential in the market. With the resumption of normal travel between Macau and China, we are intensifying our marketing and education efforts to engage with Chinese patients, emphasising the well-established and clinically proven reliability of our product. Moreover, we are actively exploring partnerships with Chinese clinics to facilitate patient referrals and offer them the option to visit Macau hospitals and clinics for testing. Oncotype DX has gained significant recognition among hospitals and healthcare professionals in Hong Kong and Macau for its genomic score test for chemotherapy treatment susceptibility.



## BUSINESS DEVELOPMENT

In our business development efforts, we have made steady progress in advancing our strategic priorities. This includes the expansion of local and cross-border e-commerce platforms, exploring opportunities within the traditional Chinese medicine (TCM) sector in Hong Kong and the growing Greater Bay Area market, adapting our product portfolio to meet evolving consumer preferences and enhancing our commercial execution to optimise outcomes.

### Sustaining Development in Cross-border E-commerce

The cross-border e-commerce business sustained its growth and consistently contributed to the Group's profits, primarily driven by robust demand for our in-house brands, Ho Chai Kung and Po Chai Pills, as well as strong performance in the medical devices and beauty products segments.

We continued to enhance collaboration with platform distributors, aiming to expand our offerings through the distributor channels in the cross-border e-commerce market in the second half of the financial year. Additionally, we have actively explored new sales channels to expand our in-house OTC and healthcare products on various cross-border e-commerce platforms. Our Tmall Ho Chai Kung Overseas Flagship Store is scheduled to be launched in the fourth quarter of 2023, aiming at bolstering the brand's image and recognition while expanding our consumer base in Mainland China.

Moreover, we have actively pursued strategic initiatives by exploring partnership opportunities with professional healthcare institution platforms. This involves integrating our products into their mobile apps to reach and provide solutions to their patients in need.

### Capturing Growth Potential in Chinese Medicines

To cater to the growing demands in the thriving TCM market, we have maintained a consistent focus on developing new products within our CCMG portfolio. Furthermore, we have expanded the registration of combo-formula CCMG products, enriching them with enhanced features and benefits that align with patients' requirements. These products are efficiently distributed through our extensive network of Chinese medicine practitioners.

This increase in demand can be attributed to the evolving consumer awareness of TCM's complementary healing benefits and the support of government policies in promoting its heritage and development over the years. Moreover, the collaborative efforts between Hong Kong and Mainland authorities to facilitate the use of TCM products in the Greater Bay Area are poised to create substantial opportunities for manufacturers and market practitioners in Hong Kong.

## OUTLOOK

As we look ahead, the retail market in Hong Kong is poised to sustain its favorable momentum in the second half of the financial year, driven by a robust recovery in the past six months. The resurgence of inbound tourism, increased consumer confidence, favorable labor market conditions, and government-led economic recovery initiatives will continue to exert a positive influence on our business, and we are well-positioned to capitalise on the growth opportunities. Nonetheless, we recognise that challenges persist, stemming from the complex global economic landscape and ongoing geopolitical tensions. While we are optimistic about the future, we exercise prudence in our approach to ensure we navigate these uncertainties effectively.

However, we are confident that the Group's business is strategically positioned for sustained growth, underpinned by several well-established key factors. The sustained optimism in consumer healthcare market demand, particularly in the post-pandemic era marked by heightened health awareness, plays a pivotal role. Additionally, the burgeoning trend of the at-home economy is expected to fuel rapid growth in the online business across multiple markets. Moreover, the increasing demand for TCM, complemented by broad public acceptance and favorable government support, represents a positive growth driver of the Group's proprietary Chinese medicines business. These factors, in conjunction with the Group's robust portfolio of branded healthcare offerings, will contribute to its promising prospects and long-term development in the market.

## Remuneration Policy

As at 30 September 2023, the Group had a total of 258 employees (compared to 234 employees as at 30 September 2022). For the Reporting Period, the total staff cost of the Group was approximately HK\$55.6 million, compared to approximately HK\$34.4 million for the six months ended 30 September 2022 due to group expansion for strategic business development.

All the employees have signed the standard employment contracts with the Group. Employees' remuneration packages include one or more of the following items: basic salary, sales incentive, productivity-related incentives and discretionary performance bonus. The Group sets out performance attributes for the employees based on their positions and job functions. Performance appraisal is conducted regularly to review employees' performance against the Group's strategic objectives and targets. Management and sales related staff members have their performance measured against key performance indicators (KPIs). The result of performance appraisal will be taken into consideration when assessing salary adjustments, bonus awards, promotion, staff development plans and training needs. To maintain the competitiveness in the labour market, the Group provides different staff benefits including annual leave entitlement, mandatory provident fund, group medical insurance and group life insurance. The Group did not experience any strike or labour dispute that would have significant impact on the business during the Reporting Period.

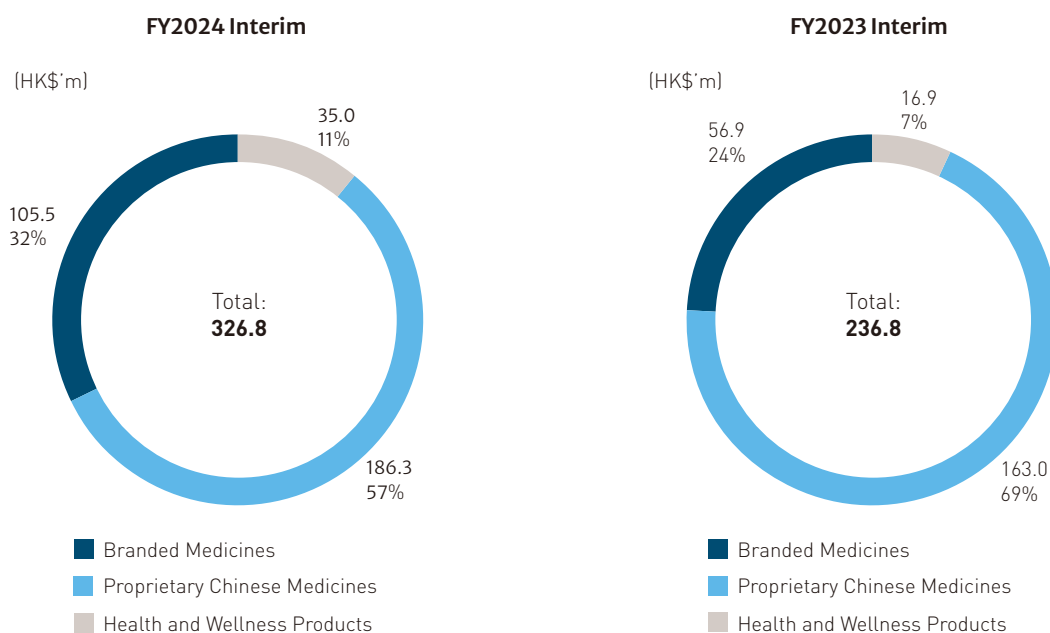
The Company has also adopted the Share Award Scheme for the purpose of recognising and rewarding the contribution of certain eligible person(s) for the growth and development of the Group and to provide them with incentives in order to retain them for the continual operation, development and long-term growth of the Group.

Employees are the most valuable assets to the Group. Therefore, the Group has implemented a comprehensive recruitment procedure for selecting the right candidates, provides competitive compensation and benefit packages to attract and retain talents. The Group also emphasises on training and developing their employees. Different in-house training programs are conducted to enhance employees' job related skill and knowledge. Besides, the Group has a training sponsorship policy to encourage employees to attend external training programs for promoting their job competencies and personal development.

# Financial Review

## Revenue

### Revenue by Operating Segments



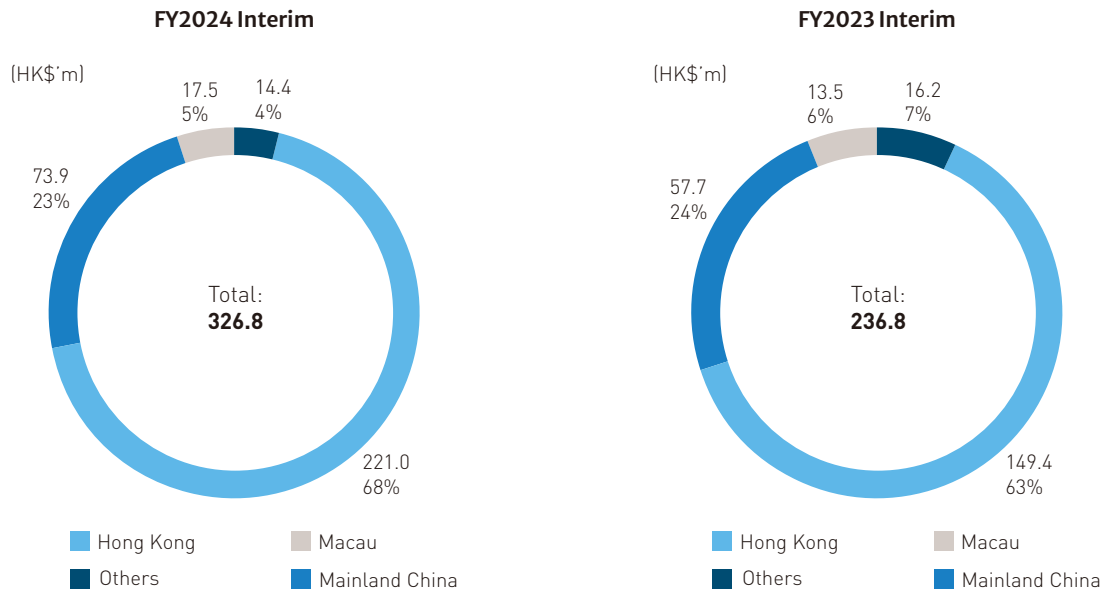
The substantial increase in the Group's total revenue of HK\$90.0 million, or 38.0% compared to FY2023 Interim, was mainly attributable to the significant increase in revenue of HK\$48.6 million in the brand medicines segment, HK\$23.3 million in the proprietary Chinese medicines segment and HK\$18.1 million in the health and wellness segment respectively. The revenue split of the three segments was at the ratio of 32%, 57% and 11%.

The branded medicines segment delivered a robust growth of 85.4% from the FY2023 Interim to FY2024 Interim, primarily due to exceptional performance of Ho Chai Kung brand products driven by robust recovery of the retail sector under revived consumer sentiment and the resurgence of inbound tourism, alongside the persistent brand marketing and sales development endeavors of the Group.

The revenue in the proprietary Chinese medicines segment witnessed a growth of 14.3% from the FY2023 Interim to FY2024 Interim, which was driven by the remarkable growth of Po Chai Pills and the sustained momentum of CCMG business. The boost in Po Chai Pills' revenue can be largely attributed to the recovery of the retail market leveraged by the Group's effective brand marketing and sales strategies. Meanwhile, the revenue from the CCMG business continued to deliver a solid and steady growth, driven by the increasing public acceptance and demand for traditional Chinese medical services.

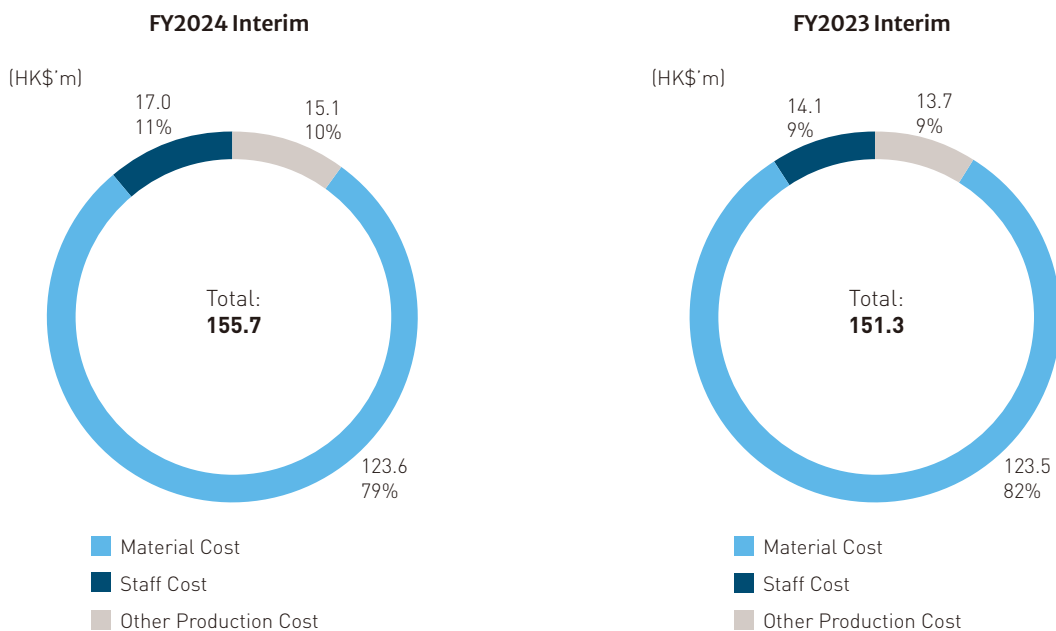
For the health and wellness products segment, the revenue in FY2024 Interim saw a significant increase of 107.1% compared to the previous period. This remarkable growth can be primarily attributed to the sales of two recently acquired health supplement brands, Seasons and Slimming Expert, as well as the sales initiatives aimed at capitalising on the recovery of the retail sector in Hong Kong.

## Revenue by Geographic Locations



Hong Kong continued to be the major revenue stream, representing 68% of the total revenue with a significant increase in revenue of HK\$71.6 million compared to the previous period, which was mainly due to the outstanding performance across all segments. The revenue in Mainland China increased by HK\$16.2 million from the FY2023 Interim to FY2024 Interim, mainly driven by the growing momentum via PRC cross-border e-commerce platforms during the Reporting Period. The increase in revenue in Macau by HK\$4.0 million from the FY2023 Interim to FY2024 Interim was mainly due to the relief of travel restriction measures in Macau during the Reporting Period.

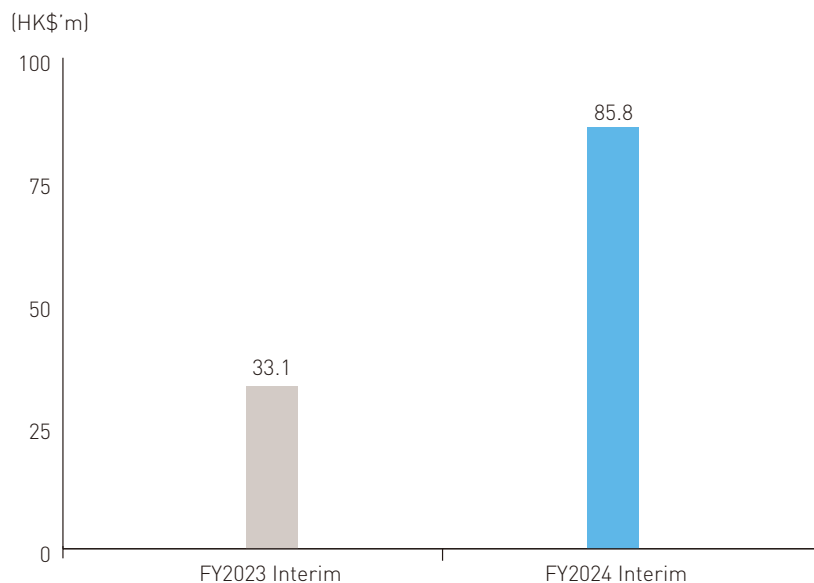
## Cost of Sales



Material cost continued to be the major component which constituted approximately 79% of the total cost of sales for FY2024 Interim. The material costs were maintained at a similar level.

The staff cost increased by HK\$2.9 million or 20.6% and other production costs increased by HK\$1.4 million or 10.2% from FY2023 Interim to FY2024 Interim. It was mainly attributable to the increase in production output to meet the market demand.

## Profit from Operations



The profit from operations increased significantly by HK\$52.7 million or 159.2% to HK\$85.8 million from FY2023 Interim to FY2024 Interim, which was mainly attributable to the increase in gross profit.

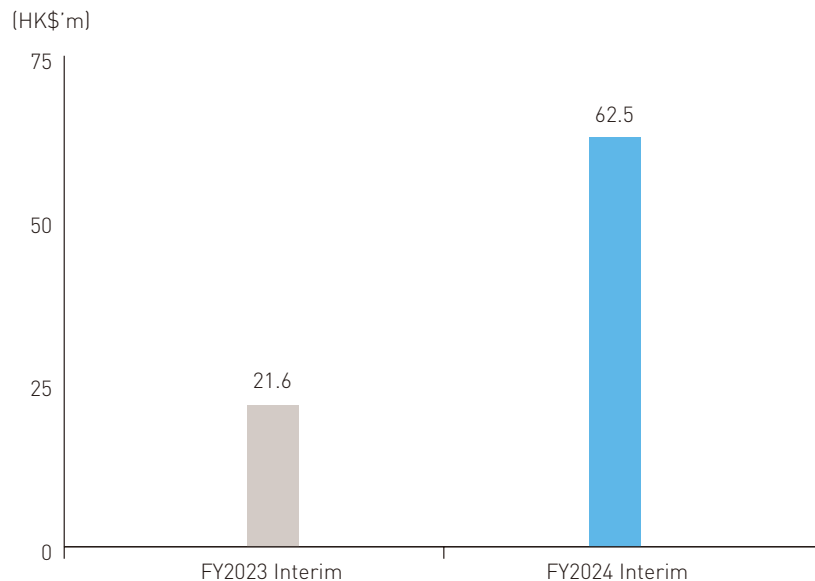
## Finance Costs

During the Reporting Period, the finance costs increased as compared with FY2023 Interim as a result of the increase in interest rates.

## Income Tax

The increase in income tax from FY2023 Interim to FY2024 Interim primarily reflected the higher profit before taxation generated during the Reporting Period. The effective income tax rate of FY2024 Interim maintained at a similar level as compared with FY2023 Interim.

## Profit Attributable to Equity Shareholders



The significant increase in profit attributable to equity shareholders of HK\$40.9 million or 189.4% from FY2023 Interim to FY2024 Interim was mainly driven by the rise in profit from operations.

## Assets

### Property, Plant and Equipment

The decrease in the value of property, plant and equipment as at 30 September 2023, compared with 31 March 2023, principally reflected the depreciation of HK\$12.9 million, which was partly offset by the additions of HK\$1.0 million during the Reporting Period.

### Intangible Assets

The decrease in intangible assets as at 30 September 2023, compared with 31 March 2023, was primarily attributable to amortisation of HK\$11.2 million during the Reporting Period.

### Inventories

The inventory level as at 30 September 2023 maintained at a similar level with an increase of HK\$0.7 million compared with 31 March 2023.

### Cash and Cash Equivalents

Approximately 92.9% of cash and cash equivalents as at 30 September 2023 were denominated in Hong Kong dollars (as at 31 March 2023: 94.7%), while the remaining balances were mainly denominated in Euros, United States dollars, Renminbi and Singapore dollars.

## Liabilities

### Bank Loans

The reduction in bank loans from HK\$155.0 million as at 31 March 2023 to HK\$125.0 million as at 30 September 2023 represented a partial repayment of bank loans. As at 30 September 2023, the bank loans of the Group were denominated in Hong Kong dollars.

## Use of Proceeds

### Use of IPO Proceeds

Net proceeds of HK\$10,523,000 were raised from the initial public offering of the Company (after the deduction of underwriting fees, commissions and expenses paid by the Company in connection with the initial public offering) (the “**IPO Proceeds**”). As at the date of this interim report, there has not been any change to the intended use of the IPO Proceeds or the allocated amount as disclosed in the Prospectus whereas the expected timeline of the use of the unutilised IPO Proceeds has been extended from 31 March 2022 to 31 March 2024, as disclosed in the announcement of the Company dated 9 March 2022.

The Company had fully utilised the IPO Proceeds by 31 March 2023.

## Liquidity, Capital Resources and Capital Structure

The Group consistently adheres to conservative fund management. The solid capital structure and financial strength continue to provide a solid foundation for the Group’s future business development as well as mergers and acquisitions.

The Group’s primary uses of cash are to fund working capital and capital expenditures. During the Reporting Period, the Group funded its cash requirements principally from cash generated from operations and bank loans.

## Charge on Group Assets

The carrying value of assets pledged against bank loans was HK\$72.6 million as at 30 September 2023 (as at 31 March 2023: HK\$73.9 million).

## Net Gearing Ratio

The net gearing ratio of the Group (bank loans less cash and cash equivalents, divided by total equity multiplied by 100%) increased from 0.3% as at 31 March 2023 to 1.0% as at 30 September 2023. The slight increase in net gearing ratio was mainly attributable to the dividend payment and the repayment of bank loans, partially offset by increase in net cash generated from operating activities during the Reporting Period.

## Financial Risk Analysis

Management considered that the Group did not have significant exposure to fluctuation in exchange rates and any related hedges.

## Contingent Liabilities

As at 30 September 2023, the Group did not have any significant contingent liabilities.

## Significant Events after the Reporting Period

Saved for the disposal of 19% equity interests in Beijing Xinleja International Health Technology Co., Ltd. (北京欣樂佳國際健康科技有限 公司) as disclosed in the announcement of the Company dated 3 October 2023, no other significant event has taken place subsequent to 30 September 2023 and up to the date of this interim report.

## Significant Investment Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

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

## Future Plans for Material Investment or Capital Assets

As at the date of this interim report, the Group did not have any plans for material investment and capital assets in the coming year.

## Principal Risks and Uncertainties

The following is a summary of the principal risks and uncertainties identified by the Company which may have material and adverse impact on its business or operation, and how the Company endeavours to manage the risks involved. There may be other principal risks and uncertainties in addition to those shown below which are not known to the Company or which may not be material now but could turn out to be material in the future.

- Our success is attributable to the well-established brands of our products and our ability to manage the brands effectively. We devoted significant resources in brand marketing, promotion and management to enhance their appeal and recognition. However, the marketing and promotional initiatives may not always be successful. Furthermore, our business could be negatively impacted if any of our products suffers substantial harm to its brand reputation due to product recall, defects, product misuse, negative or inaccurate reports, postings on social media etc.
- Our branded healthcare products typically compete in three market segments, namely the branded medicines, health and wellness and proprietary Chinese medicine markets, which are highly competitive and rapidly evolving with frequent introduction of new brands and products and high consumer expectations on quality and value. We face intense competition from existing competitors and new entrants, including multinational companies, as well as domestic manufacturers and distributors of products that have competing market positioning or similar efficacies that can be used as substitutes for our products.
- The nature of our business exposes us to the risk of product liability, personal injury or wrongful death claims that are inherent in the development, manufacture and sales of consumer products. Manufacturers or vendors of defective products could be subject to civil liability for loss or physical injury to any affected person. In Hong Kong, manufacturers of defective products could also be subject to criminal liability and have their business licenses revoked. In the event a lawsuit is brought against us, we may have to incur substantial costs to defend the lawsuit or be held liable for significant damages, and we may be unable to seek full indemnification from our suppliers, third-party manufacturers or third-party brand owners or be fully covered by our insurance for our liability and costs.

The Company believes that risk management is essential to the Group's efficient and effective operation. The Company's management assists the Board in evaluating material risk exposure in the Group's business, participating in formulating appropriate risk management and internal control measures, and ensuring its implementation in the daily operational management.

## Environmental Policies and Performance

The Group is primarily engaged in production, sales and distribution of branded healthcare products and proprietary Chinese medicines which does not have any material impact on the environment. The key environmental impacts from the Group's operation are related to electricity, water and paper consumption. The Group is fully aware of the importance of sustainable environmental development, and has implemented a number of measures to encourage environmental protection and energy conservation.

During the Reporting Period, there was no significant regulatory non-compliance with applicable environmental laws and regulations.

## Compliance with Laws and Regulations

During the Reporting Period, the Group is in compliance with the applicable laws and regulations which have significant impacts on the Group in all material respects.



## Other Information

### Corporate Governance Highlights

The Board is committed to maintaining high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has applied the code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules as its own code of corporate governance.

The Company has complied with all the code provisions of the CG Code, including Part 2 of Appendix 14 to the Listing Rules, and adopted most of the recommended best practices set out therein throughout the six months ended 30 September 2023.

### Model Code for Securities Transactions

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions of the Directors. All Directors confirmed that they have complied with the required standard as set out in the Model Code throughout the Reporting Period.

### Purchase, Sale or Redemption of the Company’s Listed Securities

During the six months ended 30 September 2023, the Company repurchased a total of 16,314,000 Shares of the Company on the Stock Exchange for an aggregate consideration of approximately HK\$19.4 million before expenses. The repurchased Shares were cancelled during the Reporting Period. The repurchase was effected for the enhancement of shareholder value in the long term. Details of the Shares repurchased are as follows:

Month of Shares repurchased	Number of Shares repurchased and cancelled	Purchase consideration per Share Highest price paid HK\$	Lowest price paid HK\$	Aggregate consideration paid (excluding expenses) HK\$'000
August 2023	16,314,000	1.19	1.15	19,364

Save as disclosed above and in the Note 15 to the unaudited interim financial report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 September 2023.

### Audit Committee

The Audit Committee currently consists of all three independent non-executive Directors, namely Mr. Chan Kam Chiu, Simon (chairman of the Audit Committee), Mr. Luk Ting Lung, Alan and Mr. Lau Shut Lee, Tony. The primary duties of the Audit Committee shall be to assist the Board in its oversight of the completeness, accuracy and fairness of the financial statements of the Company, of the effectiveness and adequacy of risk management and internal control systems, of the independence of the external auditor and of the performance of the Company’s internal audit and compliance function.

### Review of Interim Results

The interim results for the six months ended 30 September 2023 are unaudited, but have been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included on page 22. The Audit Committee, together with management of the Company, has also reviewed the interim results for the six months ended 30 September 2023.

### Interim Dividend

The Board declared the payment of an interim dividend per ordinary share for the six months ended 30 September 2023 of HK3.45 cents for the total amount of approximately HK\$31.0 million (six months ended 30 September 2022: HK0.5 cent for the total amount of approximately HK\$4.5 million). The interim dividend will be paid on 28 December 2023 (Thursday) to shareholders whose names appear on the register of members of the Company on 12 December 2023 (Tuesday), the record date. The details of interim dividend of the Group are set out in note 9 of the unaudited interim financial report.

## Closure of Register of Members

In order to determine the entitlement of shareholders of the Company to receive the interim dividend, the register of members of the Company will be closed from 11 December 2023 (Monday) to 12 December 2023 (Tuesday), both days inclusive, during which period no transfer of shares of the Company will be registered. All transfer documents, accompanied by the relevant share certificates, shall be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on 8 December 2023 (Friday).

## Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 September 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were taken or deemed to have under such provisions of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to section 347 of the SFO and the Model Code were as follows:

### (I) Interests in Shares of the Company

Name of Director	Capacity/Nature of Interest	Number of shares	Approximate percentage of issued share capital of the Company	Long position/ Short position/ Lending pool
Mr. Sum <sup>(1)</sup>	Beneficial owner Interests in controlled corporation Settlor of trusts Beneficiary of trusts	504,523,346	56.22%	Long position
Mr. Wong Yat Wai, Patrick	Beneficial owner	620,862	0.07%	Long position
Mr. Yim Chun Leung	Beneficial owner	12,996,390	1.45%	Long position
Mr. Yeung Kwok Chun, Harry	Beneficial owner	379,500	0.04%	Long position
Mr. Chan Kam Chiu, Simon	Beneficial owner	37,950	0.01%	Long position

Note:

- (1) Mr. Sum is the registered and beneficial owner of 57,126,550 shares in the Company. Queenshill, a company wholly-owned by Mr. Sum, also holds 120,951,318 shares of our Company. Lincoln's Hill (a fellow subsidiary of Trust Co) holds 322,834,578 shares of our Company, for the purpose of trust asset management of the Kingshill Trust. Furthermore, the trustee of The Queenshill Trust, a discretionary trust established by Mr. Sum (as the settlor) with Mr. Sum and his family members as discretionary beneficiaries, holds 3,610,900 shares in the Company through the wholly-owned company under The Queenshill Trust.

Lincoln's Hill is wholly-owned by Trust Co under The Kingshill Trust, a discretionary trust established by Mr. Sum (as the settlor) with Mr. Sum and his family members as the discretionary beneficiaries. Trust Co is in turn wholly-owned by UBS Trustees (B.V.I.) Limited (the trustee of The Kingshill Trust) through its nominee, UBS Nominees Limited.

By virtue of the SFO, Mr. Sum is deemed to be interested in the shares of the Company in which Lincoln's Hill, Queenshill and The Queenshill Trust are interested.

## Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures (Continued)

### (II) Interests in Shares of Jacobson Pharma (an associated corporation of the Company)

Jacobson Pharma declared the payment of a special dividend in the form of a distribution in specie on a basis of 509 shares in the Company for every 2,000 shares of Jacobson Pharma held by a qualifying shareholder on the record date of 18 August 2023. For details, please refer to Jacobson Pharma's circular dated 10 July 2023. On 24 August 2023, after the distribution in specie, Jacobson Pharma ceased to be an associated corporation of the Company.

Save as disclosed above, so far as known to any Directors as at 30 September 2023, none of the Directors or chief executive of the Company or any of their close associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which they were taken or deemed to have under such provisions of the SFO, or which were required to be recorded in the register to be kept by the Company pursuant to section 352 of the SFO, or which were required, pursuant to section 347 of the SFO and the Model Code, to be notified to the Company and the Stock Exchange.

### Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 September 2023, within the knowledge of the Directors, the following persons or corporations had or deemed or taken to have an interest or a short position in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

#### Interests in Shares of the Company

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate percentage of issued share capital of the Company	Long position/ Short position/ Lending pool
Lincoln's Hill <sup>(1)</sup>	Beneficial owner	322,834,578	35.98%	Long position
Trust Co <sup>(1)</sup>	Interests in controlled corporation	322,834,578	35.98%	Long position
UBS Trustees (B.V.I.) Limited <sup>(1)</sup>	Interests in controlled corporation Trustee	322,834,578	35.98%	Long position
Queenshill <sup>(3)</sup>	Beneficial owner	120,951,318	13.48%	Long position
Mr. Sum <sup>(1)(2)(3)(4)</sup>	Beneficial owner Interests in controlled corporation Settlor of trusts Beneficiary of trusts	504,523,346	56.22%	Long position
Yunnan Baiyao Group	Beneficial owner	75,900,000	8.46%	Long position
Profit Cape Limited <sup>(5)</sup>	Beneficial owner	55,000,000	6.13%	Long position

## Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares (Continued)

### Interests in Shares of the Company (Continued)

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate percentage of issued share capital of the Company	Long position/ Short position/ Lending pool
Million Effort Investment Limited <sup>(5)</sup>	Interests in controlled corporation	55,000,000	6.13%	Long position
Dynasty Garden Limited <sup>(5)</sup>	Interests in controlled corporation	55,000,000	6.13%	Long position
Tycoon Capital Investment Ltd <sup>(5)</sup>	Interests in controlled corporation	55,000,000	6.13%	Long position
Tycoon Group Holdings Limited <sup>(5)</sup>	Interests in controlled corporation	55,000,000	6.13%	Long position
Tycoon Empire Investment Limited <sup>(5)</sup>	Interests in controlled corporation	55,000,000	6.13%	Long position
Mr. Wong Ka Chun Michael <sup>(5)</sup>	Interests in controlled corporation	55,000,000	6.13%	Long position
Ms. Ngai Sze Kei <sup>(5)</sup>	Interests in spouse	55,000,000	6.13%	Long position
New Heritage Healthcare Limited <sup>(6)</sup>	Beneficial owner	50,483,471	5.63%	Long position
Gavett Limited <sup>(6)</sup>	Interests in controlled corporation	50,483,471	5.63%	Long position
Fortstar Limited <sup>(6)</sup>	Interests in controlled corporation	50,483,471	5.63%	Long position
United Islands Group Limited <sup>(6)</sup>	Interests in controlled corporation	50,483,471	5.63%	Long position
Mr. Tao Richard <sup>(6)</sup>	Interests in controlled corporation	50,483,471	5.63%	Long position
Ms. Choi Siu Ping <sup>(6)</sup>	Interests in spouse	50,483,471	5.63%	Long position
Mr. Tao Paul <sup>(6)</sup>	Interests in controlled corporation Interests in spouse	50,508,921	5.63%	Long position
Ms. Hon Hing Tong Patricia <sup>(6)</sup>	Interests in spouse Beneficial owner	50,508,921	5.63%	Long position

## Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares (Continued)

### Interests in Shares of the Company (Continued)

Notes:

- (1) Lincoln's Hill holds 322,834,578 shares in our Company.

Lincoln's Hill is wholly-owned by Trust Co under The Kingshill Trust, a discretionary trust established by Mr. Sum (as the settlor) with Mr. Sum and his family members as the discretionary beneficiaries. Trust Co is in turn wholly-owned by UBS Trustees (B.V.I.) Limited (the trustee of The Kingshill Trust) through its nominee, UBS Nominees Limited. By virtue of the SFO, each of Trust Co, UBS Trustees (B.V.I.) Limited and Mr. Sum is deemed to be interested in the Shares in which Lincoln's Hill is interested.

- (2) Mr. Sum is the registered and beneficial owner of 57,126,550 shares in our Company.
- (3) Mr. Sum is the sole shareholder of Queenshill. By virtue of the SFO, Mr. Sum is deemed to be interested in the 120,951,318 shares held by Queenshill.
- (4) The trustee of The Queenshill Trust, a discretionary trust established by Mr. Sum (as the settlor) with Mr. Sum and his family members as discretionary beneficiaries, through the wholly-owned company under The Queenshill Trust, holds 3,610,900 shares in the Company. By virtue of the SFO, Mr. Sum, as the settlor and a discretionary beneficiary of The Queenshill Trust, is deemed to be interested in the 3,610,900 shares of the Company held by the wholly-owned company under The Queenshill Trust.
- (5) Mr. Wong Ka Chun Michael holds 100% interest in Tycoon Empire Investment Limited which in turn holds 56.01% in Tycoon Group Holdings Limited. Tycoon Group Holdings Limited is interested in 55,000,000 shares in our Company through multiple layers of wholly-owned subsidiaries, including Tycoon Capital Investment Ltd, Dynasty Garden Limited, Million Effort Investment Limited and Profit Cape Limited. Mr. Wong Ka Chun Michael is deemed to be interested in such number of shares in the Company indirectly owned by Tycoon Empire Investment Limited by virtue of the SFO.
- Ms. Ngai Sze Kei, being the spouse of Mr. Wong Ka Chun Michael, is deemed to be interested in her spouse's interests in the 55,000,000 shares in our Company by virtue of the SFO.
- (6) Each of Mr. Tao Richard and Mr. Tao Paul holds 37.5% interest in United Islands Group Limited. United Islands Group Limited is interested in 50,483,471 shares in our Company through multiple layers of wholly-owned subsidiaries, including Fortstar Limited, Gavett Limited and New Heritage Healthcare Limited. Each of Mr. Tao Richard and Mr. Tao Paul is deemed to be interested in such number of shares in the Company indirectly owned by United Islands Group Limited by virtue of the SFO.
- Ms. Choi Siu Ping, being the spouse of Mr. Tao Richard, is deemed to be interested in her spouse's interests in the 50,483,471 shares in our Company by virtue of the SFO.
- Ms. Hon Hing Tong Patricia, being the spouse of Mr. Tao Paul, is deemed to be interested in 50,483,471 shares in our Company by virtue of the SFO. In addition, she holds 25,450 shares in our Company directly. Mr. Tao Paul, being the spouse of Ms. Hon Hing Tong Patricia, is deemed to be interested in his spouse's interests in the 25,450 shares in our Company by virtue of the SFO.

## Share Award Scheme

The Share Award Scheme of the Company was adopted by the Board on 18 January 2021 and amended on 21 September 2023. The purpose of the Share Award Scheme is to recognise and reward the contribution of certain eligible person(s) for the growth and development of the Group and to provide them with incentives in order to retain them for the continual operation, development and long-term growth of the Group and to attract suitable personnel for further development of the Group.

The eligible person(s) for the Share Award Scheme includes any individual who is an employee (whether full time or part time), director, officer, consultant or advisor of any member of the Group or any entity in which any member of the Group holds any equity interest who is considered by the Board, in its sole discretion, to have contributed to or will contribute to the Group, and is selected by the Board for achieving the purposes of the Share Award Scheme.

On 18 January 2021, an Award Committee was established for the purpose of the Share Award Scheme, and delegated with the power and authority by the Board to administer the Share Award Scheme. An Independent Third Party has been appointed as a trustee (the “Trustee”) under the Share Award Scheme.

The Share Award Scheme constitutes a share scheme for the purpose of Chapter 17 of the Listing Rules.

Unless otherwise terminated or altered, the Share Award Scheme should be valid and effective for a period of ten years commencing from 18 January 2021. Pursuant to the Share Award Scheme, the Trustee will purchase existing shares of the Company from the market out of the money contributed by the Group, and such shares will be held on trust for selected participants of the scheme until such awarded shares are vested with the relevant selected participants. At no point in time shall the Trustee be holding more than 5% of the total number of shares of the Company in issue under the Share Award Scheme. In addition, unless approved by the Board, the Award Committee shall not grant any awarded shares to any selected participant if the granting of such awarded shares would result in the total number of shares vested or to be vested in the relevant selected participant during any 12 month period exceeding 1% of the total issued shares of the Company (save and except that any grant of awarded shares to an independent non-executive Director should not result in the total number of shares vested or to be vested in that person (under the Share Award Scheme or otherwise) during any 12 month period exceeding 0.1% of the total issued shares of the Company). The Share Award Scheme does not specify a minimum vesting period. The Award Committee may, at its discretion, determine the vesting criteria and conditions or periods for the share award to be vested. No payment by the selected participant is required for acceptance of the share award granted under the Share Award Scheme. Details of the rules of the Share Award Scheme were set out in the Prospectus. On 21 September 2023, the Share Award Scheme was amended such that the scheme will be funded by existing shares of the Company only.

During the Reporting Period, the Trustee purchased 5,700,000 existing Shares of the Company from the market. During the Reporting Period, no share award was granted to any selected participant under the Share Award Scheme.

The Company granted a total of 6,000,000 awarded shares to an eligible grantee on 30 March 2023 and the said 6,000,000 awarded shares were vested to the said eligible grantee on 18 May 2023 at nil consideration.

Details of the movements of the share award under the Share Award Scheme during the Reporting Period are as follows:

Grantee	Date of grant	Balance of unvested awarded shares as at 1 April 2023	Number of Shares			Balance of unvested awarded shares as at 30 September 2023	Vesting date
			Granted during the Reporting Period	Vested during the Reporting Period	Lapsed/ Cancelled during the Reporting Period		
<b>Director</b> Mr. Sum	30 March 2023	6,000,000	–	(6,000,000)	–	–	18 May 2023

Note: The share award was not subject to any performance target and was vested in full on 18 May 2023. The weighted average closing price of the vested shares immediately before the vesting date was HK\$1.04 per share.

## Arrangement to Purchase Shares or Debentures

Other than the Share Award Scheme, at no time during the Reporting Period 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 debt securities including debentures of, the Company or any other body corporate.

# Review Report to the Board of Directors

## JBM (Healthcare) Limited

*(Incorporated in the Cayman Islands with limited liability)*

## Introduction

We have reviewed the interim financial report set out on pages 23 to 41 which comprises the consolidated statement of financial position of JBM (Healthcare) Limited (the “**Company**”) as of 30 September 2023 and the related consolidated statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 September 2023 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

## KPMG

*Certified Public Accountants*

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

22 November 2023

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2023 – unaudited (Expressed in Hong Kong dollars)

	Note	Six months ended 30 September	
		2023 HK\$'000	2022 HK\$'000
<b>Revenue</b>	4	<b>326,828</b>	236,848
Cost of sales		(155,706)	(151,305)
<b>Gross profit</b>		<b>171,122</b>	85,543
Other net income	5	6,914	7,149
Selling and distribution expenses		(66,961)	(41,243)
Administrative and other operating expenses		(25,273)	(18,384)
<b>Profit from operations</b>		<b>85,802</b>	33,065
Finance costs	6(A)	(4,138)	(3,373)
Share of loss of an associate		(737)	(516)
Share of losses of joint ventures		(193)	(519)
<b>Profit before taxation</b>	6	<b>80,734</b>	28,657
Income tax	7	(16,200)	(5,556)
<b>Profit for the period</b>		<b>64,534</b>	23,101
<b>Other comprehensive income for the period</b>			
<i>Item that will not reclassified subsequently to profit or loss, net of nil tax:</i>			
Revaluation of financial assets at fair value through other comprehensive income		(2,384)	(5,701)
<i>Item that may be reclassified subsequently to profit or loss, net of nil tax:</i>			
Exchange differences on translation of financial statements of operations outside Hong Kong		(234)	(769)
<b>Other comprehensive income for the period</b>		<b>(2,618)</b>	(6,470)
<b>Total comprehensive income for the period</b>		<b>61,916</b>	16,631
<b>Profit attributable to:</b>			
Equity shareholders of the Company		62,461	21,561
Non-controlling interests		2,073	1,540
<b>Total profit for the period</b>		<b>64,534</b>	23,101
<b>Total comprehensive income attributable to:</b>			
Equity shareholders of the Company		59,843	15,091
Non-controlling interests		2,073	1,540
<b>Total comprehensive income for the period</b>		<b>61,916</b>	16,631
		<b>HK cents</b>	HK cents
<b>Earnings per share</b>			
Basic and diluted	8	6.87	2.41

The notes on pages 27 to 41 form part of this interim financial report.



# Consolidated Statement of Financial Position

At 30 September 2023 – unaudited (Expressed in Hong Kong dollars)

	Note	As at 30 September 2023 HK\$'000	As at 31 March 2023 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	10	152,480	164,330
Intangible assets		849,448	857,915
Interest in an associate		13,375	14,112
Interests in joint ventures		3,424	3,616
Other non-current assets		19,776	13,096
Other financial assets	12	13,719	16,103
Deferred tax assets		3,191	2,829
		<b>1,055,413</b>	<b>1,072,001</b>
<b>Current assets</b>			
Inventories		55,294	54,563
Trade and other receivables	11	207,460	123,426
Current tax recoverable		825	829
Cash and cash equivalents	13	114,208	152,266
		<b>377,787</b>	<b>331,084</b>
<b>Current liabilities</b>			
Trade and other payables and contract liabilities	14	114,919	82,459
Bank loans		71,200	91,200
Lease liabilities		10,679	11,624
Current tax payable		25,070	9,381
		<b>221,868</b>	<b>194,664</b>
<b>Net current assets</b>		<b>155,919</b>	<b>136,420</b>
<b>Total assets less current liabilities</b>		<b>1,211,332</b>	<b>1,208,421</b>
<b>Non-current liabilities</b>			
Banks loans		53,800	63,800
Lease liabilities		9,053	13,473
Deferred tax liabilities		98,152	100,158
		<b>161,005</b>	<b>177,431</b>
<b>NET ASSETS</b>		<b>1,050,327</b>	<b>1,030,990</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	15(A)	8,916	9,076
Reserves		993,857	976,433
<b>Total equity attributable to equity shareholders of the Company</b>		<b>1,002,773</b>	<b>985,509</b>
Non-controlling interests		47,554	45,481
<b>TOTAL EQUITY</b>		<b>1,050,327</b>	<b>1,030,990</b>

The notes on pages 27 to 41 form part of this interim financial report.

# Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023 – unaudited (Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Shares held for Share Award Scheme HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Fair value reserve (non-recycling) HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2022	8,937	703,540	–	(1,238)	151	(10,720)	228,532	929,202	39,988	969,190
Profit for the period	–	–	–	–	–	–	21,561	21,561	1,540	23,101
Other comprehensive income	–	–	–	–	(769)	(5,701)	–	(6,470)	–	(6,470)
Total comprehensive income for the period	–	–	–	–	(769)	(5,701)	21,561	15,091	1,540	16,631
Shares held for Share Award Scheme (Note 15(B))	(38)	–	(2,998)	–	–	–	–	(3,036)	–	(3,036)
At 30 September 2022	8,899	703,540	(2,998)	(1,238)	(618)	(16,421)	250,093	941,257	41,528	982,785
At 1 April 2023	9,076	722,540	(5,287)	(985)	(231)	(20,761)	281,157	985,509	45,481	1,030,990
Profit for the period	–	–	–	–	–	–	62,461	62,461	2,073	64,534
Other comprehensive income	–	–	–	–	(234)	(2,384)	–	(2,618)	–	(2,618)
Total comprehensive income for the period	–	–	–	–	(234)	(2,384)	62,461	59,843	2,073	61,916
Dividend declared and paid in respect of the previous year	–	–	–	–	–	–	(22,842)	(22,842)	–	(22,842)
Shares acquired for Share Award Scheme (Note 15(B))	(57)	–	(6,242)	–	–	–	–	(6,299)	–	(6,299)
Shares vested for the Share Award Scheme (Note 15(B))	60	–	5,184	(313)	–	–	995	5,926	–	5,926
Purchase of own shares (Note 15(C))	(163)	(19,201)	–	–	–	–	–	(19,364)	–	(19,364)
	(160)	(19,201)	(1,058)	(313)	–	–	(21,847)	(42,579)	–	(42,579)
At 30 September 2023	8,916	703,339	(6,345)	(1,298)	(465)	(23,145)	321,771	1,002,773	47,554	1,050,327

The notes on pages 27 to 41 form part of this interim financial report.

# Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2023 – unaudited (Expressed in Hong Kong dollars)

	Note	Six months ended 30 September	
		2023 HK\$'000	2022 HK\$'000
<b>Operating activities</b>			
Cash generated from operations		62,913	64,006
Income tax paid		(2,869)	(2,247)
<b>Net cash generated from operating activities</b>		<b>60,044</b>	<b>61,759</b>
<b>Investing activities</b>			
Payment for purchase of property, plant and equipment and intangible assets		(9,574)	(3,983)
Proceeds from disposals of property, plant and equipment		–	31
Interest received		529	7
<b>Net cash used in investing activities</b>		<b>(9,045)</b>	<b>(3,945)</b>
<b>Financing activities</b>			
Capital element of lease rentals paid		(6,173)	(11,143)
Interest element of lease rentals paid		(295)	(428)
Proceeds from bank loans		32,000	–
Repayment of bank loans		(62,000)	(75,000)
Other borrowing costs paid		(3,843)	(2,575)
Proceeds from loans from a fellow subsidiary		–	60,000
Payments for shares held for Share Award Scheme	15(B)	(6,299)	(3,036)
Payment for purchase of own shares	15(C)	(19,364)	–
Dividend paid		(22,842)	–
<b>Net cash used in financing activities</b>		<b>(88,816)</b>	<b>(32,182)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(37,817)</b>	<b>25,632</b>
<b>Cash and cash equivalents at 1 April</b>		<b>152,266</b>	<b>69,843</b>
<b>Effect of foreign exchange rate changes</b>		<b>(241)</b>	<b>(777)</b>
<b>Cash and cash equivalents at 30 September</b>	13	<b>114,208</b>	<b>94,698</b>

The notes on pages 27 to 41 form part of this interim financial report.

# Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

## 1 Corporate information

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The Company is an investment holding company. The Company and its subsidiaries are principally engaged in manufacturing and trading of proprietary medicines and distributing health and wellness products. The Company's shares were listed on the Main Board on 5 February 2021.

## 2 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). It was authorised for issue on 22 November 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the consolidated financial statements for the year ended 31 March 2023, except for the accounting policy changes that are expected to be reflected in the consolidated financial statements for the year ending 31 March 2024. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the financial statements for the year ended 31 March 2023. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 22.

The financial information relating to the financial year ended 31 March 2023 that is included in the interim financial report as comparative information does not constitute the company's annual consolidated financial statements for that financial year but is derived from those financial statements.

### 3 Changes in accounting policies

#### (A) NEW AND AMENDED HKFRSs

The Group has applied the following new and amended HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new and amended HKFRSs are discussed below:

#### **HKFRS 17, *Insurance Contracts***

HKFRS 17, which replaces HKFRS 4, sets out the recognition, measurement, presentation and disclosure requirements applicable to issuers of insurance contracts. The standard does not have a material impact on the financial statements as the Group does not have contracts within the scope of HKFRS 17.

#### **Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates***

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on the financial statements as the Group's approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

#### **Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction***

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities in the annual financial statements, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under HKAS 12.

#### **Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules***

The amendments introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development, including tax laws that implement qualified domestic minimum top-up taxes described in those rules. The amendments also introduce disclosure requirements about such tax. The amendments are immediately effective upon issuance and require retrospective application. The amendments do not have a material impact on the financial statements as the Group's effective tax rate is above minimum rate required by Pillar Two model rules.

### 3 Changes in accounting policies (Continued)

#### (B) NEW HKICPA GUIDANCE ON THE ACCOUNTING IMPLICATIONS OF THE ABOLITION OF THE MPF-LSP OFFSETTING MECHANISM

In June 2022, the Government of the Hong Kong SAR (the “**Government**”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”), which will eventually abolish the statutory right of an employer to reduce its long service payment (“**LSP**”) and severance payment payable to a Hong Kong employee by drawing on its mandatory contributions to the mandatory provident fund (“**MPF**”) scheme (also known as the “**offsetting mechanism**”). The Government has subsequently announced that the Amendment Ordinance will come into effect from 1 May 2025 (the “**Transition Date**”). Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee’s service from the Transition Date. However, where an employee’s employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee’s service up to that date; in addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 and recognise such deemed contributions as reduction of current service cost in the period the related service is rendered, and any impact from ceasing to apply the practical expedient is recognised as a catch-up adjustment in profit or loss with a corresponding adjustment to the LSP liability during the year ended 31 March 2023.

In the interim financial report and in prior periods, consistent with the HKICPA guidance the Group has been accounting for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed employee contributions towards the LSP. However, the Group has been applying the above-mentioned practical expedient.

The Group has assessed the implications of this new guidance on the above accounting policies and has decided to change those accounting policies to conform with the guidance. The management has commenced the processes on implementing the change including additional data collection and impact assessment. However, the impact of the change is not reasonably estimable at the time this interim financial report is authorised for issue, as the Group has yet to fully complete its assessment of the impact of the HKICPA guidance. The Group expects to adopt this guidance with retrospective application in its annual financial statements for the year ending 31 March 2024.

## 4 Revenue and segment reporting

### (A) REVENUE

The principal activities of the Group are manufacturing and trading of proprietary medicines and distributing health and wellness products. All the revenue for the six months ended 30 September 2023 and 2022 was recognised in accordance with HKFRS 15, *Revenue from Contracts with Customers*.

Revenue represents the sales value of goods supplied to customers less returns and sales rebates and is after deduction of any trade discounts.

### (B) SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Branded medicines: this segment develops, manufactures and distributes branded medicines with chemical compounds as active ingredients. Currently the activities in this regard are primarily carried out in Hong Kong.
- Proprietary Chinese medicines: this segment develops, manufactures and distributes registered Chinese medicines composed solely of any Chinese herbal medicines specified in the Chinese Medicine Ordinance, or any materials of herbal, animal or mineral origin customarily or widely used by the Chinese. Currently the activities in this regard are primarily carried out in Hong Kong.
- Health and wellness products: this segment distributes and sells supplements, medical consumables and other non-pharmaceutical products for the general health and wellness of consumers. Currently the activities in this regard are primarily carried out in Hong Kong.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is gross profit.

Segment assets and liabilities of the Group are not reported to the Group's chief operating decision makers regularly. As a result, reportable assets and liabilities have not been presented.

No inter-segment sales have occurred during the six months ended 30 September 2023 and 2022.

## 4 Revenue and segment reporting (Continued)

### (B) SEGMENT REPORTING (Continued)

#### (i) Segment revenue and results

Information regarding the Group's reportable segments as provided to the Group's chief operating decision makers for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Branded medicines		Proprietary Chinese medicines		Health and wellness products		Total	
	Six months ended 30 September		Six months ended 30 September		Six months ended 30 September		Six months ended 30 September	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Revenue from external customers and reportable segment revenue recognised at a point in time	105,545	56,888	186,316	163,084	34,967	16,876	326,828	236,848
Reportable segment gross profit	73,287	32,740	82,956	47,542	14,879	5,261	171,122	85,543

#### (ii) Reconciliations of reportable segment revenue and profit or loss

	Six months ended 30 September	
	2023 HK\$'000	2022 HK\$'000
<b>Revenue</b>		
Reportable segment revenue and consolidated revenue	326,828	236,848
<b>Profit</b>		
Reportable segment gross profit	171,122	85,543
Other net income	6,914	7,149
Selling and distribution expenses	(66,961)	(41,243)
Administrative and other operating expenses	(25,273)	(18,384)
Finance costs	(4,138)	(3,373)
Share of loss of an associate	(737)	(516)
Share of losses of joint ventures	(193)	(519)
Consolidated profit before taxation	80,734	28,657
Interest income from bank deposits	(529)	(7)
Finance costs	4,138	3,373
Depreciation and amortisation	24,015	23,624
Share of loss of an associate	737	516
Share of losses of joint ventures	193	519
Adjusted EBITDA*	109,288	56,682

\* Represents "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including interest income from bank deposits and finance costs. To arrive at adjusted EBITDA, the Group's earnings are further adjusted for share of loss of an associate and share of losses of joint ventures.



## 4 Revenue and segment reporting (Continued)

### (B) SEGMENT REPORTING (Continued)

#### (iii) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the goods are distributed to the distributors or the ultimate customers by the Group.

	Six months ended 30 September	
	2023 HK\$'000	2022 HK\$'000
<b>Revenue from external customers</b>		
Hong Kong (place of domicile)	221,002	149,437
Mainland China	73,891	57,684
Macau	17,524	13,497
Singapore	4,629	5,368
Others	9,782	10,862
	<b>326,828</b>	<b>236,848</b>

The following table sets out information about the geographical location of the Group's property, plant and equipment, intangible assets, other non-current assets, interests in an associate and joint ventures ("specified non-current assets"). The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment and non-current prepayments for property, plant and equipment, the location of the operations to which they are allocated, in the case of intangible assets, non-current prepayments for distribution rights and other non-current prepayments, and the location of operations, in the case of interests in an associate and joint ventures.

	As at	As at
	30 September 2023 HK\$'000	31 March 2023 HK\$'000
<b>Specified non-current assets</b>		
Hong Kong (place of domicile)	1,024,404	1,037,919
Mainland China	14,099	15,150
	<b>1,038,503</b>	<b>1,053,069</b>

#### (iv) Information about major customers

For the six months ended 30 September 2023, the Group's customer base includes one (six months ended 30 September 2022: one) customer of proprietary Chinese medicines and branded medicines segments with whom transactions have exceeded 10% of the Group's revenue. Revenue from sales of proprietary Chinese medicines and branded medicines to this customer amounted to HK\$70,382,000 (six months ended 30 September 2022: HK\$26,410,000).

## 5 Other net income

	Six months ended 30 September	
	2023 HK\$'000	2022 HK\$'000
Commission income	1,311	1,072
Interest income from bank deposits	529	7
Government grants (Note)	–	4,589
Net foreign exchange gain	3,245	1,320
Net loss on disposals of property, plant and equipment	(5)	(61)
Others	1,834	222
	<b>6,914</b>	<b>7,149</b>

Note: In 2022, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong Special Administrative Region Government. The purpose of the funding was to provide financial support to employers to retain their current employees or hire more employees when the business revives. Under the terms of the grant, the Group was required to employ a sufficient number of employees with reference to its proposed employee headcounts in each subsidy month.

## 6 Profit before taxation

Profit before taxation is arrived at after charging:

### (A) FINANCE COSTS

	Six months ended 30 September	
	2023 HK\$'000	2022 HK\$'000
Interest on bank loans	3,843	2,575
Interest expense on loan from a fellow subsidiary	–	370
Interest on lease liabilities to		
– third parties	93	92
– fellow subsidiaries	172	336
– related parties	30	–
	<b>4,138</b>	<b>3,373</b>

### (B) OTHER ITEMS

	Six months ended 30 September	
	2023 HK\$'000	2022 HK\$'000
Depreciation		
– owned property, plant and equipment	6,673	6,400
– right-of-use assets	6,183	6,926
	<b>12,856</b>	<b>13,326</b>
Amortisation of intangible assets	11,159	10,298
Write-down of inventories	1,463	1,020

## 7 Income tax

	Six months ended 30 September	
	2023 HK\$'000	2022 HK\$'000
Current tax	18,569	7,927
Deferred tax	(2,369)	(2,371)
	<b>16,200</b>	<b>5,556</b>

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (six months ended 30 September 2022: 16.5%) to the six months ended 30 September 2023. Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.

## 8 Earnings per share

### (A) BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$62,461,000 (six months ended 30 September 2022: HK\$21,561,000) during the interim period, and the weighted average ordinary shares in issue calculated as follows:

	Six months ended 30 September	
	2023 '000	2022 '000
Shares of the Company issued at the beginning of the period	907,586	893,686
Effect of shares held for Share Award Scheme	4,341	(654)
Effect of shares repurchased and cancelled	(2,820)	–
Weighted average number of ordinary shares in issue during the period	<b>909,107</b>	<b>893,032</b>

### (B) DILUTED EARNINGS PER SHARE

Diluted earnings per share for the six months ended 30 September 2023 and 2022 were the same as the basic earnings per share as there were no potentially dilutive ordinary shares in existence during both periods.

## 9 Dividends

### (A) DIVIDENDS PAYABLE TO EQUITY SHAREHOLDERS ATTRIBUTABLE TO THE RELEVANT REPORTING PERIOD

	Six months ended 30 September	
	2023 HK\$'000	2022 HK\$'000
Interim dividend declared after the relevant reporting period of HK3.45 cents per share (six months ended 30 September 2022: HK0.5 cent per share)	30,959	4,468

The interim dividend has not been recognised as a liability at the end of the relevant reporting period.

### (B) DIVIDENDS PAYABLE TO EQUITY SHAREHOLDERS ATTRIBUTABLE TO THE PREVIOUS FINANCIAL YEAR, APPROVED AND PAID DURING THE RELEVANT REPORTING PERIOD

	Six months ended 30 September	
	2023 HK\$'000	2022 HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the following reporting period, of HK2.5 cents per share (six months ended 30 September 2022: Nil)	22,842	–
Less: Dividend of shares held by Share Award Scheme	(3)	–
	22,839	–

## 10 Property, plant and equipment

### RIGHT-OF-USE ASSETS

During the six months ended 30 September 2023, the Group entered into a number of lease agreements for use of warehouses, office buildings and production building housing, and therefore recognised the additions to right-of-use assets of HK\$807,000 (six months ended 30 September 2022: HK\$2,538,000).

## 11 Trade and other receivables

	As at 30 September 2023 HK\$'000	As at 31 March 2023 HK\$'000
Trade receivables		
– third parties	173,080	107,827
– fellow subsidiaries	–	2,829
– related parties	2,710	–
	<b>175,790</b>	110,656
Other receivables	64	1,359
Deposits and prepayments	31,410	11,215
Amount due from a fellow subsidiary	–	196
Amount due from a related party	196	–
	<b>207,460</b>	123,426

As at the end of the Reporting Period, the ageing analysis of trade receivables (which are included in trade and other receivables) based on the invoice date and net of loss allowances is as follows:

	As at 30 September 2023 HK\$'000	As at 31 March 2023 HK\$'000
Less than 1 month	73,133	48,079
1 to 6 months	91,656	57,752
Over 6 months	11,001	4,825
	<b>175,790</b>	110,656

The ageing analysis of trade receivables (net of loss allowance) by due date is as follows:

	As at 30 September 2023 HK\$'000	As at 31 March 2023 HK\$'000
Current	147,887	97,467
Less than 1 month past due	18,768	3,695
1 to 3 months past due	8,699	6,622
Over 3 months past due	436	2,872
	<b>175,790</b>	110,656

## 12 Other financial assets

	As at 30 September 2023 HK\$'000	As at 31 March 2023 HK\$'000
Equity securities designated at fair value through other comprehensive income ("FVOCI") (non-recycling)		
– Unlisted	13,719	16,103

The Group designated its investment in equity securities at FVOCI (non-recycling) under HKFRS 9, *Financial Instruments* which is represented by the investment in Smartfish AS. Such designation was chosen as the investments are held for strategic purposes. No dividends were received on the investment since acquisition.

## 13 Cash and cash equivalents

	As at 30 September 2023 HK\$'000	As at 31 March 2023 HK\$'000
Cash at bank and in hand	114,208	152,266

## 14 Trade and other payables and contract liabilities

	As at 30 September 2023 HK\$'000	As at 31 March 2023 HK\$'000
Trade payables		
– third parties	26,156	29,988
Salary and bonus payables	22,474	20,874
Other payables and accruals	60,637	25,961
Amount due to a joint venture	2,000	2,000
Amount due to a fellow subsidiary	–	707
Amounts due to related parties	465	–
Contract liabilities	3,187	2,929
	114,919	82,459

As at the end of Reporting Period, the ageing analysis of trade payables (which are included in trade and other payables and contract liabilities), based on the invoice date, is as follows:

	As at 30 September 2023 HK\$'000	As at 31 March 2023 HK\$'000
Less than 1 month	14,875	21,255
1 to 6 months	11,145	8,589
Over 6 months	136	144
	26,156	29,988

## 15 Capital and reserves

### (A) SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 each at 31 March 2023, 1 April 2023 and 30 September 2023	5,000,000	50,000
<b>Issued:</b>		
At 31 March 2023 and 1 April 2023	907,586	9,076
Shares acquired for Share Award Scheme (note 15(B))	(5,700)	(57)
Shares vested for Share Award Scheme (note 15(B))	6,000	60
Repurchase and cancellation of shares (note 15(C))	(16,314)	(163)
At 30 September 2023	891,572	8,916

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

### (B) EQUITY SETTLED SHARE-BASED TRANSACTIONS

#### Share Award Scheme

The Share Award Scheme was adopted by the Company on 18 January 2021 and amended on 21 September 2023. Pursuant to the Share Award Scheme, the directors of the Company are authorised, at their discretion to determine individuals, including directors and employees of any companies in the Group, for granting them the Company's shares. The Share Award Scheme will be valid and effective for a period of 10 years commencing from 18 January 2021.

The Company's shares to be granted under the Share Award Scheme will be purchased and held by a trustee. The maximum of purchases by the trustee in any financial year will be fixed by the Company's board of directors but such purchases will not result the trustee holding at any time more than 5% of the total issued shares of the Company.

In addition, unless approved by the Company's board of directors, no awarded shares will be granted to any individual if granting of such awarded shares would result in the total number of shares granted to the individual during any 12-month period exceeding 1% of the total issued shares of the Company (0.1% of the total issued shares of the Company in case for an independent non-executive director of the Company).

During the six months ended 30 September 2023, the trustee of the Share Award Scheme acquired 5,700,000 shares through purchases on the open market at a total cost of HK\$6,299,000. During the six months ended 30 September 2022, the trustee of the Share Award Scheme acquired 3,814,000 shares through purchases on the open market at a total cost of HK\$3,036,000.

There was no awarded shares granted under the Share Award Scheme during the six months ended 30 September 2023 and 2022.

The Company granted a total of 6,000,000 awarded shares to an eligible grantee on 30 March 2023 and the said 6,000,000 awarded shares were vested to the said eligible grantee on 18 May 2023 at nil consideration.

## 15 Capital and reserves (Continued)

### (C) PURCHASE OF OWN SHARES

During the Reporting Period, the Company repurchased and cancelled its own shares on the Stock Exchange as follows:

Month/year	Number of shares repurchased and cancelled	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate price paid HK\$'000
August 2023	16,314,000	1.19	1.15	19,364

## 16 Fair value measurement of financial instruments

### FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

#### (i) Fair value hierarchy

HKFRS 13, *Fair value measurement* categorises fair value measurements into a three-level hierarchy. The level into which fair value is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group engages external valuer for assessing the valuations for the unlisted equity investments which is categorised into Level 3 of the fair value hierarchy. The Group prepares analysis of changes in fair value measurement at each interim and annual report date. Discussion of the valuation process and results with the board of directors is held twice a year, to coincide with the reporting dates.

The following table presents the Group's financial assets that were measured at fair value at 30 September 2023.

	Fair value at 30 September 2023	Fair value measurements at 30 September 2023 categorised into		
	HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
<b>Financial assets:</b>				
Financial assets at FVOCI				
– Unlisted	13,719	–	–	13,719

	Fair value at 31 March 2023	Fair value measurements at 31 March 2023 categorised into		
	HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
<b>Financial assets:</b>				
Financial assets at FVOCI				
– Unlisted	16,103	–	–	16,103

There were no transfers between Level 1 and Level 2 or transfers into or out of Level 3 during the six months ended 30 September 2023 and year ended 31 March 2023.

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in the which they occur.



## 16 Fair value measurement of financial instruments (Continued)

### FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (Continued)

#### (ii) Information about level 3 fair value measurement

	Valuation technique	Significant unobservable input	Discount rate
Unlisted financial assets at FVOCI	Discounted cash flow method	Discount rate	15% (31 March 2023: 14%)

The fair value of unlisted equity instruments is determined using discounted cash flow method. The fair value measurement is negatively correlated to discount rate. As at 30 September 2023, it is estimated that with all variable held constant, a decrease/increase in discount rate by 1% would have increased/decreased the Group's other comprehensive income by HK\$2,120,000/HK\$1,786,000 (31 March 2023: increased/decreased by HK\$2,679,000/HK\$2,217,000).

## 17 Capital commitments

Capital commitments outstanding at the end of each Reporting Period not provided for in the interim/annual financial report were as follows:

	As at 30 September 2023 HK\$'000	As at 31 March 2023 HK\$'000
Authorised and contracted for – Purchase of intangible assets	22,461	22,461

## 18 Material related party transactions

In addition to the transactions and balances disclosed elsewhere in the interim financial report, the Group entered into the following material related party transactions:

### (A) KEY MANAGEMENT PERSONNEL EMOLUMENTS

Emoluments for key management personnel of the Group, who are also Directors of the Company, are as follows:

	Six months ended 30 September	
	2023 HK\$'000	2022 HK\$'000
Short-term employee benefits	1,590	1,429
Post-employment benefits	9	9
Equity compensation benefits	5,926	–
	7,525	1,438

## 18 Material related party transactions (Continued)

### (B) TRANSACTIONS WITH RELATED PARTIES

	Six months ended 30 September	
	2023 HK\$'000	2022 HK\$'000
Logistic services fee to fellow subsidiaries	1,715	1,566
Logistic services fee to related parties	467	–
Sales to fellow subsidiaries (Manufacturing Services Agreement)	1,381	1,386
Sales to related parties (Manufacturing Services Agreement)	705	–
Purchase from fellow subsidiaries (Manufacturing Services Agreement)	50	40
Overseas sales administrative services fee to fellow subsidiaries	387	383
Overseas sales administrative services fee to related parties	65	–

## 19 Non-adjusting events after the Reporting Period

On 3 October 2023, an indirect wholly-owned subsidiary of the Company (“**Seller**”) entered into an equity transfer agreement with an indirect wholly-owned subsidiary of Jacobson Pharma Corporation Limited in relation to the disposal of its 19% equity interests in an associate at a consideration of RMB16,000,000 to the Seller. No adjustment has been made in this interim financial report in this regard.

## Glossary

“associate(s), chief executive(s), connected person(s), substantial shareholder(s)”	each has the meaning as described in the Listing Rules
“Audit Committee”	the audit committee of the Company
“Award Committee”	the award committee of the Company
“Board”	the board of directors of the Company
“BVI”	the British Virgin Islands
“CCMG”	concentrated Chinese medicine granule, traditional Chinese herbal medicines processed through modern extraction and concentration technologies to arrive at a granular form for easy dispensary and administration
“Chairman”	the chairman of the Board
“China”, “Mainland China”, “PRC” or “the PRC”	the People’s Republic of China excluding, for the purpose of this interim report, Hong Kong, Macau and Taiwan
“Company”, “our Company” or “the Company”	JBM (Healthcare) Limited, an exempted company incorporated in the Cayman Islands with limited liability on 7 January 2020
“Controlling Shareholder(s)”	refers to Mr. Sum, Queenshill and Lincoln’s Hill, each being a controlling shareholder within the meaning of the Listing Rules
“COVID-19”	Coronavirus disease 2019
“Director(s)”	the director(s) of the Company
“Employment Support Scheme”	the scheme launched by the HKSAR Government in 2022 to provide wage subsidies
“FY2023”	the year ended 31 March 2023
“FY2023 Interim”	the six months ended 30 September 2022
“FY2024 Interim” or “Reporting Period”	the six months ended 30 September 2023
“GMP”	Good Manufacturing Practice, a set of detailed guidelines on practices governing the production of pharmaceutical products designed to protect consumers by minimising production errors and the possibility of contamination
“Greater Bay Area”	the “Guangdong–Hong Kong–Macau Greater Bay Area”, referring to the region linking two special administrative regions, namely Hong Kong and Macau, and the nine cities in Guangdong Province, namely Guangzhou, Shenzhen, Zhuhai, Foshan, Zhongshan, Dongguan, Huizhou, Jiangmen and Zhaoqing and forming an integrated economic and business hub under PRC government’s scheme
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“HKSAR Government”	Government of Hong Kong
“Hong Kong” or “HKSAR”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	any entity or person who, to the best knowledge of our Directors, is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules
“Jacobson Pharma”	Jacobson Pharma Corporation Limited (雅各臣科研製藥有限公司), a company with limited liability incorporated under the laws of the Cayman Islands, the shares of which are listed on the Main Board (stock code: 2633)
“JBM”, “Group”, “our Group”, “the Group”, “we”, “us” or “our”	the Company and its subsidiaries and, in respect of the period before we became the holding company of our present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
“Lincoln’s Hill”	Lincoln’s Hill Development Limited, a company with limited liability incorporated under the laws of the BVI on 12 November 2020, being one of our Controlling Shareholders
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	Main Board of the Stock Exchange
“Mr. Sum”	Mr. Sum Kwong Yip, Derek, our Chairman, non-executive Director, being one of our Controlling Shareholders
“over-the-counter” or “OTC”	a term used to describe medicines that can be sold directly to a consumer without a prescription from a healthcare professional, as compared to prescription drugs, which are sold only to consumers possessing a valid prescription
“Prospectus”	the prospectus issued by the Company dated 26 January 2021
“Queenshill”	Queenshill Development Limited, a company with limited liability incorporated under the laws of the BVI on 12 December 2012, being one of our Controlling Shareholders
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	ordinary share(s) in the capital of the Company with nominal value of HK\$0.01 each
“Share Award Scheme”	the share award scheme adopted by our Company on 18 January 2021 and amended on 21 September 2023

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“The Kingshill Trust”	a discretionary trust established by our non-executive Director and Chairman, Mr. Sum (as the settlor), on 16 May 2016 with Mr. Sum and his family members as the discretionary beneficiaries
“Trust Co”	Kingshill Development Group Inc., a company incorporated in the BVI which is wholly-owned by UBS Nominees Limited as nominee for UBS Trustees (B.V.I.) Limited, the trustee of The Kingshill Trust, which holds the entire issued share capital of Lincoln’s Hill
“Yunnan Baiyao Group”	Yunnan Baiyao Group Co., Ltd.* (雲南白藥集團股份有限公司), a joint stock limited company incorporated in the PRC with limited liability

\* For identification purpose only